



Annual Report 2011
Christchurch Ōtautahi

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Council vision

The Christchurch City Council has a vision for this City:

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

Children Network Specialist Tania Gibson's Storytimes session attracts a crowd of children at South Library.



Introduction

Annual Report 2011

Christchurch Ōtautahi

Welcome to the Christchurch City Council's Annual Report 2011. The introduction to this report describes what sort of city we live in and outlines the Council's vision for the future. It includes a message from Christchurch Mayor Bob Parker and Council Chief Executive Tony Marryatt, reflecting on the Council's achievements over the past year.

What is the Annual Report?

The Annual Report for the financial year July 2010 to June 2011 sets out what the Christchurch City Council did in the past year, why we did those things, how much they cost, and how they were funded.

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

The report shows the Council's overall financial position and performance as measured by its achievement against its financial key performance indicators. It would also normally include a statement of service performance for each group of activities in the *Council activities and services* section of the report. Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for Council to prepare these statements of service provision (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/19)). The requirement for the statement of service performance to be audited was also removed.

Although we are not required to publish performance information this year, where information is available we prefer to make that information public. The results for 2011 are obviously not complete. Due to the severe impacts across Council's services they are also not robust enough to stand up to full audit processes. However, the information set out in the *How did we measure up* section of this report is the best information currently available in relation to Council's performance against 2011 level of service targets.

In a normal year the Council would expect to receive an unqualified audit report from Audit New Zealand and the Auditor General. This would mean, among other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However for the 2011 annual report the Council is not yet able to make a reasonable estimate of the value of damage that the earthquakes have caused to Council's physical assets. Our current best estimate is that our assets, historically valued at about \$5.4 billion, have suffered in excess of \$2.4 billion of damage. However, this estimate is plus or minus approximately \$0.5 billion.

Also, in the normal course of events the Council would have commissioned independent valuations of its land, buildings, storm-water, waterways and wetlands infrastructure assets, and works of art assets in June 2011. The land, buildings, storm-water, waterways and wetlands infrastructure assets were not valued because independent valuers advised that insufficient asset condition information and market data existed to value the assets at year end. Works of art assets were not able to be valued because the Christchurch Art Gallery was inaccessible to valuers while it was being used as office space by Civil Defence and the Council.

There is, therefore, insufficient information to account for asset destruction, impairment, and valuations appropriately. It is our view that any adjustment made to the accounts on the basis of this estimate would be misleading to the reader and for this reason the Council has chosen not to reflect the value of earthquake damage in its 2011 financial statements.

Consequently the Council has not complied with accounting standards that require the value of damaged or destroyed physical assets to be removed from the value of our assets. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on 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 and how Council has accounted for this damage and the surrounding uncertainty is included in an introductory note to the financial statements.

From the Mayor and Chief Executive

The past year has been a challenging one for the Christchurch City Council and for all the people of our city.

Like everyone else in the city, the Council thought on 21 February that we had a good idea of where we were heading in the future and the projects and services that would be required by the city. Of course, that all changed for us on 22 February when the 6.3 magnitude earthquake struck and put our plans on hold. Just like our residents, we were faced with a whole new set of priorities and we are still working through the ramifications.

Immediately after the February quake, our city swung into action to provide the essential emergency response services that were required in the days and weeks following.

Everyone had a part to play in the initial response to the earthquake. As a city, we can be proud of the way our communities rallied together to help those in need and provide support for neighbours, family and friends. From the destruction and difficulty caused by the earthquake, we can take some positives: we have grown stronger together through adversity and we will continue to rely on each other as we rebuild what was damaged.

At the epicentre of the earthquake response, Council staff played a key role in the establishment of the Civil Defence Emergency Operations Centre at Christchurch Art Gallery. At the peak of the response, the paintings and sculptures that usually take pride of place in the Gallery made way for around 600 Civil Defence staff and their equipment.

As a city we learned a lot from our earthquake response efforts and we found out just how much we can achieve. Rubbish collection after both earthquakes did not miss a beat, with trucks on the road as scheduled in September and all pick-ups completed in the week following the February earthquake. Water supply was restored to all homes within a week of the first earthquake and in just over a month following the second. Staff coordinated the distribution of 2900 portable toilets and 45,000 chemical toilets to ensure residents without functioning household toilets had alternatives available. Our City Water and Waste Team worked around the clock to repair damaged pipes with the aim of having all residents back on the system by the end of August – a tough goal but one that the team was able to meet for our residents.

This is the time of year when we would usually look back on the projects and services delivered to take stock of our success and look at how we can do better next year. In the past year, our whole way of working has changed; our priorities have been reset, planning goals shifted and our day-to-day business transformed.

We are now working closely with Central Government on the rebuild of our city and coordinating our efforts with those of the Canterbury Earthquake Recovery Authority (CERA) and other agencies. By working together, we will ensure the best outcomes for our city and deliver an efficient, cost-effective rebuild.

The Council has been tasked by the Government with planning for

the rebuild of our devastated central city. Starting from just after the 22 February earthquake, staff have pulled out all stops to have a plan ready to present to the Government by the end of the year. We took into account around 106,000 ideas for the future of our central city, shared by our residents and people from around the world, to prepare a draft plan for the rebuild. Our residents got the chance in September and October to tell us what they thought of that plan before it is finalised. This is an exciting opportunity for the city and one that is not likely to present itself again. We will build a better city and Christchurch will emerge stronger from the rubble.

In addition to the plan for the central city, we are working on the rebuild and regeneration of our outlying suburban centres to create attractive and functional community hubs across the city.

This work will be underpinned by the rebuild of around \$2 billion of damaged infrastructure. An innovative Alliance partnership has been set up to drive the rebuild of our underground sewer, stormwater and water pipes, roads and parks. This model sees the Council, CERA and the New Zealand Transport Agency working with key contractors to deliver the rebuild. This will be one of the largest civil engineering projects ever undertaken in New Zealand and, while the task is great, we know we can achieve our goals by working together.

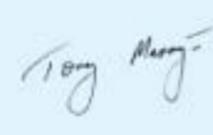
All of these projects will need to be funded and our city – and the whole country – is facing significant extra costs as a result.

At the end of June 2011, the Council adopted its Annual Plan and budget for the coming financial year. The Plan includes a 5.34 per cent rate increase and an additional 1.76 per cent rate increase per annum over five years to pay for the earthquake-related operating deficits planned for each of the next three years. As an organisation, we worked hard to keep the increase as low as possible. We understand that the city is facing tough times and the earthquake has caused economic hardship and we are doing the best we can for everyone.

We are living in unprecedented times and it has been a tough year for all of us. Despite the challenges we face, there has been plenty of work done already to plan for the rebuild of our broken city. By working together we can be sure we will achieve our goals and build a better future.



Bob Parker
Mayor of Christchurch



Tony Marryatt
Chief Executive
Christchurch City Council

Statement of compliance

Compliance

The Council and management of the Christchurch City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002 as modified by the Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/19) have been complied with, other than the exceptions detailed below.

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

Because of the reasons set out in the introductory note to the Financial Statements, *Impact of the 2010 and 2011 Canterbury earthquakes* on pages 138 to 143, it has not been possible to comply with:

- NZ IAS 36 – Impairment of Assets

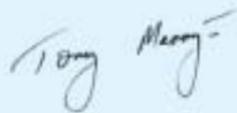
Assets with earthquake damage have been written off when it is certain that they have been destroyed. No impairment has been recognised for other earthquake damaged assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

- NZ IAS 16 – Property, Plant and Equipment

Assets due for valuation in 2011 were land, buildings, storm-water, waterways and wetlands infrastructure assets, and works of art. These assets were not valued and therefore their carrying value represents their depreciated 2008 fair value. Evidence suggests that other asset categories of roading, water and wastewater should have been revalued in the 2011 year. This did not occur. Further information about the reason for this is set out in the introductory note to the financial statements and in note 23.



Bob Parker - Mayor
27 October 2011



Tony Marryatt - Chief Executive
27 October 2011

Christchurch at a glance

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

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

Christchurch is also known as the gateway to New Zealand's South Island. Christchurch International Airport saw more than 6 million travellers in the year to 30 June 2011, and 99 per cent of Canterbury's trade passes through Lyttelton Port.

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

The Council has been tasked by Central Government with planning for the rebuild of our central city. The organisation will also work in a partnership to carry out the massive repair of damaged city infrastructure – our roads, parks and underground water, wastewater and stormwater networks.

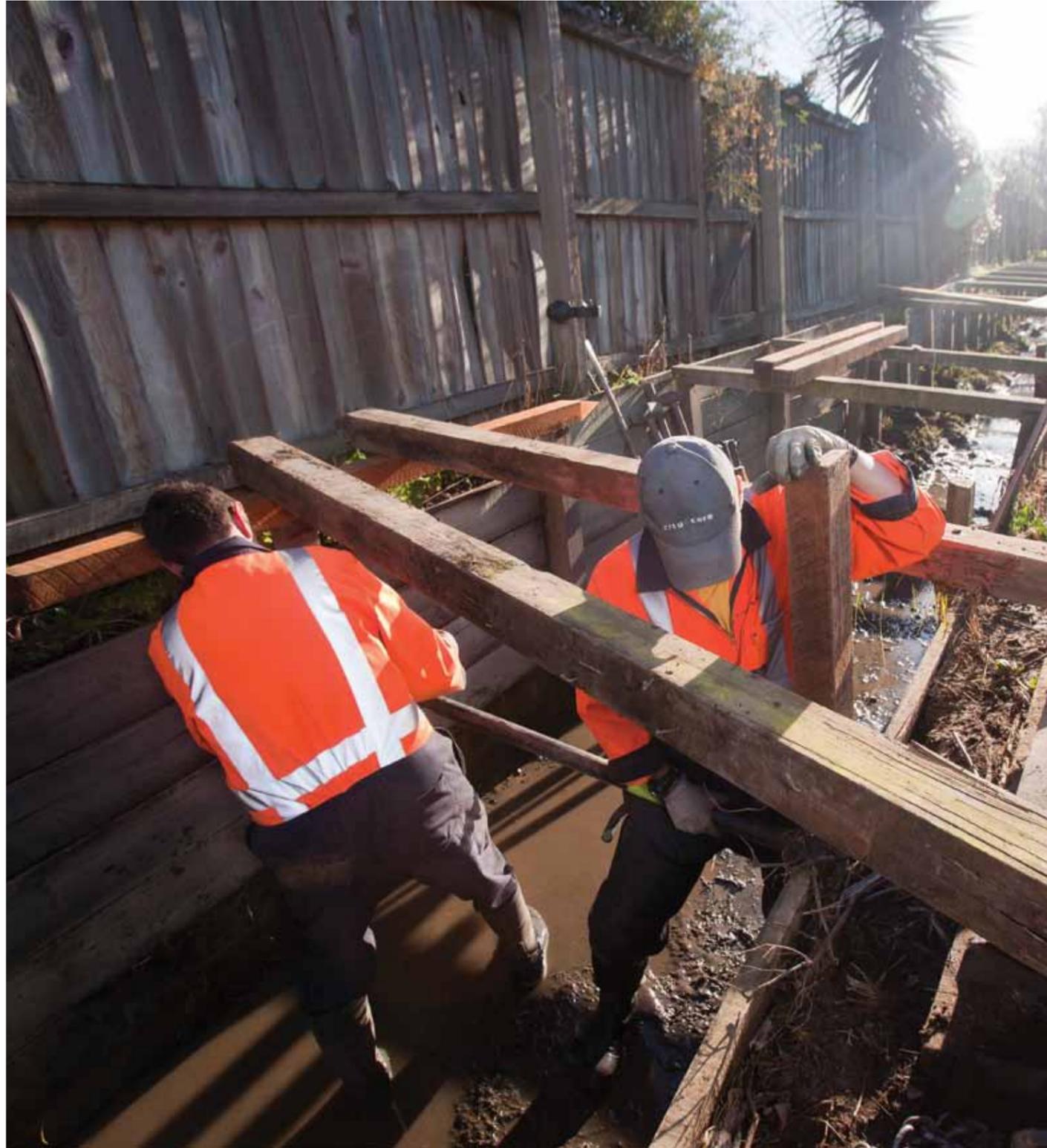
Despite the large task ahead, our city is already taking steps toward the future. Many of our businesses, parks and public facilities are back up and running for our residents to enjoy. Good progress will continue to be made over coming months and years as our city rebuilds and looks to the future.

Snapshot of the City

Population	376,700 people live in Christchurch
Diversity	Christchurch is home to 37 ethnicities, speaking 191 languages

The above information was sourced from Statistics New Zealand 2006 Census of Population and June 2011 population.

City Care staff carry out repairs to earthquake-damaged waterways as part of Christchurch's infrastructure rebuild.



Highlights

Annual Report 2011

Christchurch Ōtautahi

The Christchurch City Council delivers the core services necessary to keep the city running, such as water supply and rubbish collection. It also undertakes large infrastructure, building and community projects to build an even better city for the future. Some of the highlights of the past year are outlined in this section.

Our achievements

Much of the Council's work over the past financial year has been focused on emergency response, repairs and recovery following the recent earthquakes.

Up until 4 September 2010 the Council was making progress on a number of large city projects, as well as continuing to provide those essential services necessary to keep the city running smoothly, such as rubbish collection, water supply and the operation of libraries and leisure centres.

The city was pushing ahead with many of these projects once again by early 2011, however the earthquake of 22 February resulted in significant damage across the city and the Council has had to adjust its budgets and plans for the year.

The earthquake, and subsequent aftershocks, have impacted our planning for the year ahead and created extra costs in the past financial year. Much of these costs will be covered by insurance and Government subsidies and the Council will continue working with these agencies to secure the best deal for the city. However, the city will still be faced with significant costs which are unbudgeted and will impact on our activities, services and major projects.

Providing essential services to the community

Immediately following the 4 September and 22 February earthquakes, the Council played a key role in the establishment and ongoing coordination of Civil Defence emergency response efforts. As part of this, Council staff worked around the clock to restore essential services to the city as quickly as possible in the days and weeks following the earthquakes.

Rubbish collection

The kerbside collection of the city's recycling and rubbish continued despite the disruptions. Collection trucks were back on the streets on the Monday following the Saturday 4 September earthquake, collecting rubbish as usual. Collection was stopped on the day following the February earthquake, however the trucks were back on task the following day and everyone's bins were picked up that week. Weekly collection of wheelie bins around the city was carried out for four weeks following the February earthquake.

Wastewater

Christchurch's wastewater network suffered serious damage in the 22 February earthquake and thousands of residents were left without the use of their toilets and drains. During the emergency response period the Council, operating as part of Civil Defence, coordinated the provision of alternative services for residents. This included placing portable toilets on city streets, the distribution of around 45,000 chemical toilets to the worst-affected properties and installation of disposal tanks.

Council staff and contractors have been working since then on the clearing of silt and sand from underground pipes to restore services to homes, on emergency repair work and on temporary wastewater solutions for the worst-affected areas so that people can start using their household toilets and drains again as soon as possible. The Council set itself a deadline of restoring wastewater services to all city homes by the end of August 2011. The earthquakes of 13 June were a set-back for this target, however a great effort from staff and contractors meant the target was achieved.

From early May 2011, as work gradually progressed, people were told they no longer needed to use chemical toilets and portable toilets were removed from city streets.

Water supply

Returning water supply to our residents was a key priority for the Council. Supply was returned to all city residents one week after the September quake and it took just over a month to return full water supply after the February earthquake. Tankers of water were placed around the city immediately following all the earthquakes so that residents had access to water. Chlorination plants were introduced at 26 sites around the city after the February event to ensure that water remains potable. These plants will remain in place to ensure a safe water supply until Community and Public Health allow them to be removed.

Transport

Damage to city roads and cordons put in place around dangerous buildings had a significant impact on transport around the city, with congestion becoming a problem for commuters – particularly around peak times.

The Council, working closely with the New Zealand Transport Agency, developed a range of initiatives to improve traffic flows which were prioritised and introduced across the city. In total, 35 measures were introduced at different pressure points across the city and the result was a rapid improvement in congestion for road users. The measures included introducing additional lanes, creating additional turning lanes and extending merge lanes at intersections. Traffic light phasing was modified at almost every signalised intersection in the city to help ease congestion. Some of the measures were only required for a short period, while others have remained in place for longer periods.

City planning

Planning for the recovery and rebuild of Christchurch has been a big task for the Council, working alongside a range of other agencies.

One of the biggest projects tackled by the Council was that of planning for the rebuild of our extensively damaged Central City. Out of this natural disaster has come a rare opportunity to develop a new vision for the Central City, one which builds on the character and heritage that remains and creates a great city for future generations.

This new vision is being developed by the Council in conjunction with its local community. This vision will cover the area within the four avenues and will look at what kind of public spaces and buildings are desired; how people will move around the Central City; what cultural, recreational and entertainment activities will be enjoyed in this area; and how to support businesses returning to the Central City. A draft Central City Plan, based on around 106,000 ideas provided by our community, was presented to the Council on 11 August 2011 and released for public consultation the following week. The final plan, which will be presented to the Canterbury Earthquake Recovery Authority at the end of the year, will provide a path for the future of our Central City.

Human Resources staff members Jacky Galvin (left) and Sharon McFarlane at work in the Council's Civic Offices.



Your Council

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Christchurch Ōtautahi

The Council is a large organisation with many facets and responsibilities. In this section you will find out who makes up the Council, how the organisation works and what activities it carries out.

How the Council works

Elected members

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

Council

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

In 2005, the Council asked the community what these goals should be. They are called the Community Outcomes; our residents have determined Christchurch will be:

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

Community Boards

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

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

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

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

The Council organisation

The Council is responsible for employing the Chief Executive – the only member of staff who reports directly to elected members. Tony Marryatt was employed as the Chief Executive of the Christchurch City Council in May 2007. He employs all the other staff in the Council.

Council structure

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

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

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

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

Community Outcomes

Christchurch people have described what sort of city they want to live in; they have set nine goals for our future and the Christchurch City Council is responsible for achieving them. We call these nine goals our Community Outcomes and everything the Council does is focused on reaching them.

Our residents want Christchurch to be:

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

How did we identify our goals?

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

The Community Outcomes are aligned with other Council planning documents and processes, which themselves are the result of consultation with the community. Submissions on significant policies, such as the City Plan, were considered as part of the Community Outcomes identification process. Christchurch people have described what sort of city they want to live in; they have set nine goals for our future and the Christchurch City Council is responsible for achieving them. We call these nine goals our Community Outcomes and everything the Council does is focused on reaching them.

How do we achieve our goals?

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

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

How are we doing as a community?

The Council routinely monitors performance in these areas to make sure it is on the right track. It is required to produce a monitoring report at least once every three years, to identify where progress is being made and what areas require more attention. The full monitoring report is online at www.ccc.govt.nz/LTCCP/CommunityOutcomes/Monitoring.

Legislation adopted by central Government following the February earthquake has temporarily removed the requirement for Christchurch City Council to present this information (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). This exception is due to the fact that many Council services, along with services provided by other organisations that contribute towards these outcomes, were severely affected (or even completely suspended) at one stage or another through the course of this year. Also, in many instances the measurement systems and devices used to arrive at performance results were severely compromised. In other cases results are not available because resident surveys (scheduled for early March) were not conducted, for obvious reasons.

Because the information held by Council about our performance against Community outcomes goals is now largely outdated or irrelevant in the aftermath of the earthquakes it has not been included in this Annual Report.

Community Outcomes (continued)



1. Security

A safe city

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

Community Outcomes (continued)



2. Community

A city of inclusive and diverse communities

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

Community Outcomes (continued)



3. Environment

A city of people who value and protect the natural environment

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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



4. Governance

A well-governed city

Community Outcome

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

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

Community Outcomes (continued)



5. Prosperous

A prosperous city

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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



6. Healthy

A healthy city

Community Outcome

We live long, healthy and happy lives.

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

Community Outcomes (continued)



7. Recreation

A city for recreation, fun and creativity

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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



8. Knowledge

A city of lifelong learning

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

Community Outcomes (continued)



9. Development

An attractive and well-designed city

Community Outcome

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

We will know we are succeeding when:

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

Progress is measured using these headline indicators:

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

The elected Council



Back Row (from left): Councillor Helen Broughton MA (Hons), Dip.Ed. (Counselling), Dip.Tchg., Councillor Jimmy Chen MComm B.Sc., Deputy Mayor Ngaire Button, Councillor Sally Buck M.Ed (Dist), Dip.Tchg., Dip. TESOL, Councillor Yani Johanson, Councillor Jamie Gough.

Front Row (from left): Councillor Glenn Livingstone B.A., B.Th, Mayor Bob Parker, Councillor Sue Wells B.A., Councillor Barry Corbett, Councillor Claudia Reid.

Absent: Councillor Tim Carter M.E.M., BE (Hons), Councillor Aaron Keown.

Chief Executive and Executive Team



Back Row (from left): Peter Mitchell Regulation and Democracy Services, Michael Theelen Strategy and Planning, Kevin Locke Capital Programme, Chris Till Human Resources, Lydia Aydon Public Affairs
Front Row (from left): Tony Marryatt Chief Executive, Michael Aitken Community Services, Jane Parfitt City Environment, Paul Anderson Corporate Services

Community Board Members

Community Board members representing Akaroa-Wairewa

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

Councillor

Claudia Reid

Community Board members representing Burwood-Pegasus Ward

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

Councillors

Glenn Livingstone – B.A., B.Th
Chrissie Williams – B.Tech. (Maths) (Hons), Dip.Tchg.
PG Cert Anta Stud

Community Board members representing Fendalton-Waimairi Ward

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

Councillors

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

Community Board members representing Hagley-Ferrymead Ward

Bob Todd (Chairperson) – OBE JP
Islay McLeod (Deputy Chairperson)
David Cox – MNZM, FNZIM
Brenda Lowe-Johnson – JP
Nathan Ryan

Councillors

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

Community Board members representing Lyttelton-Mt Herbert

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

Councillor

Claudia Reid

Community Board members representing Riccarton-Wigram Ward

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

Councillors

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

Community Board members representing Shirley-Papanui Ward

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

Councillors

Ngairie Button (Deputy Mayor)
Aaron Keown

Community Board members representing Spreydon-Heathcote Ward

Phil Clearwater (Chairperson) – MA (Hons)
Tim Scandrett (Deputy Chairperson)
Rev Paul McMahon BA (Hons), MTh
Karolin Potter - JP
Mike Thorley

Councillors

Barry Corbett
Sue Wells – B.A.

Governance and management

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

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

Divisions between Council and management

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

Training elected representatives

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

Listening to the community

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

Legislative compliance

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

Accountability

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

Audit

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

Internal audit

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

Risk management

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

Monitoring Council-controlled organisations

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

The CCTOs include: Orion New Zealand Limited, Christchurch International Airport Limited, City Care Limited, Lyttelton Port Company Limited, Red Bus Limited, Christchurch City Networks Limited and EcoCentral Limited. Each is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the CCTO's objectives, the nature and scope of its activities, its performance targets and the measures by which these can be judged. CCTOs are required to report quarterly and annually.

These activities are set out in more detail in the upcoming section: *Group Structure*.

Māori involvement in decision-making

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

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

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

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

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

Our activities at a glance

The work carried out by the Christchurch City Council is organised into categories called Council activities and services. They are:

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.

February 2011's earthquake caused extensive damage to Christchurch's Central City. Many of the city's buildings have been badly damaged and much of the city as people knew it has changed forever.

Out of this natural disaster has come a rare opportunity to develop a new vision for the Central City, one which builds on the character and heritage that remains and creates a great city for future generations.

This new vision is being developed by the Council in conjunction with its local community. This vision will cover the area within the four avenues and will look at what kind of public spaces and buildings are desired; how people will move around the Central City; what cultural, recreational and entertainment activities will be enjoyed in this area; and how to support businesses returning to the Central City.

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 and make its Cultural Precinct, around Worcester Boulevard, the most visited cultural tourism site in New Zealand.

Some of the facilities which housed the Council's cultural and learning services suffered damage in the 22 February earthquake and were closed to the public. Making repairs or providing alternative services has been 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.

Our activities at a glance (continued)

Economic development

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

The Council has interests in other organisations. Through its wholly owned subsidiary Christchurch City Holdings Limited (CCHL) the Council owns shares in a number of major local companies including: Orion New Zealand Limited, Christchurch International Airport Limited, City Care Limited, Lyttelton Port Company Limited, Red Bus Limited, EcoCentral Limited and Christchurch City Networks 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 upcoming 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 Christchurch International Airport Limited and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy.

Parks, open spaces and reserves

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

The Council, Canterbury Earthquake Recovery Authority (CERA), NZ Transport Agency (NZTA), and the Alliance contractor companies are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, waste water, and road network assets over the coming years. In the meantime 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.

A Sport and Recreation Earthquake Leadership Group was formed following the February earthquake and one of its key purposes is to advise CERA and the Council on planning for new recreation and sport facilities and services. Council will provide 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 wheeler bin waste collection system. The system – with a bin for each of recycling, compost, and general rubbish – has increased the amount and range of material that residents recycle thereby significantly reducing the amount of waste our city sends to landfill.

Regulatory services

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

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

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

Regulatory services staff were key to delivering a response and leading the recovery from the significant earthquake events that have occurred since September 2010. 4,188 red placards, 2,098 yellow placards and 59,956 green placards were affixed to buildings to designate their immediate suitability for their intended use.

Our activities at a glance (continued)

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, New Zealand Transport Authority (NZTA), and the Alliance contractor companies 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.

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 damaged city infrastructure has been ongoing over past months, with a focus on emergency response and repair work to restore temporary services to homes, make the roads safe and repair critical underground infrastructure.

At the same time, planning for the wider rebuild, which is likely to take more than five years, has also progressed.

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.

As a result of the earthquakes 150 kilometres, or 9 per cent, of the city's network of water pipes have suffered damage. Immediately following the February earthquake 80 per cent of the city was without a reticulated water supply. Significant work will be undertaken to replace damaged water mains and sub-mains during the next 12 months. Plastic pipe and other design improvements are being incorporated into renewal works to improve system resilience.

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.

Biannual survey of residents

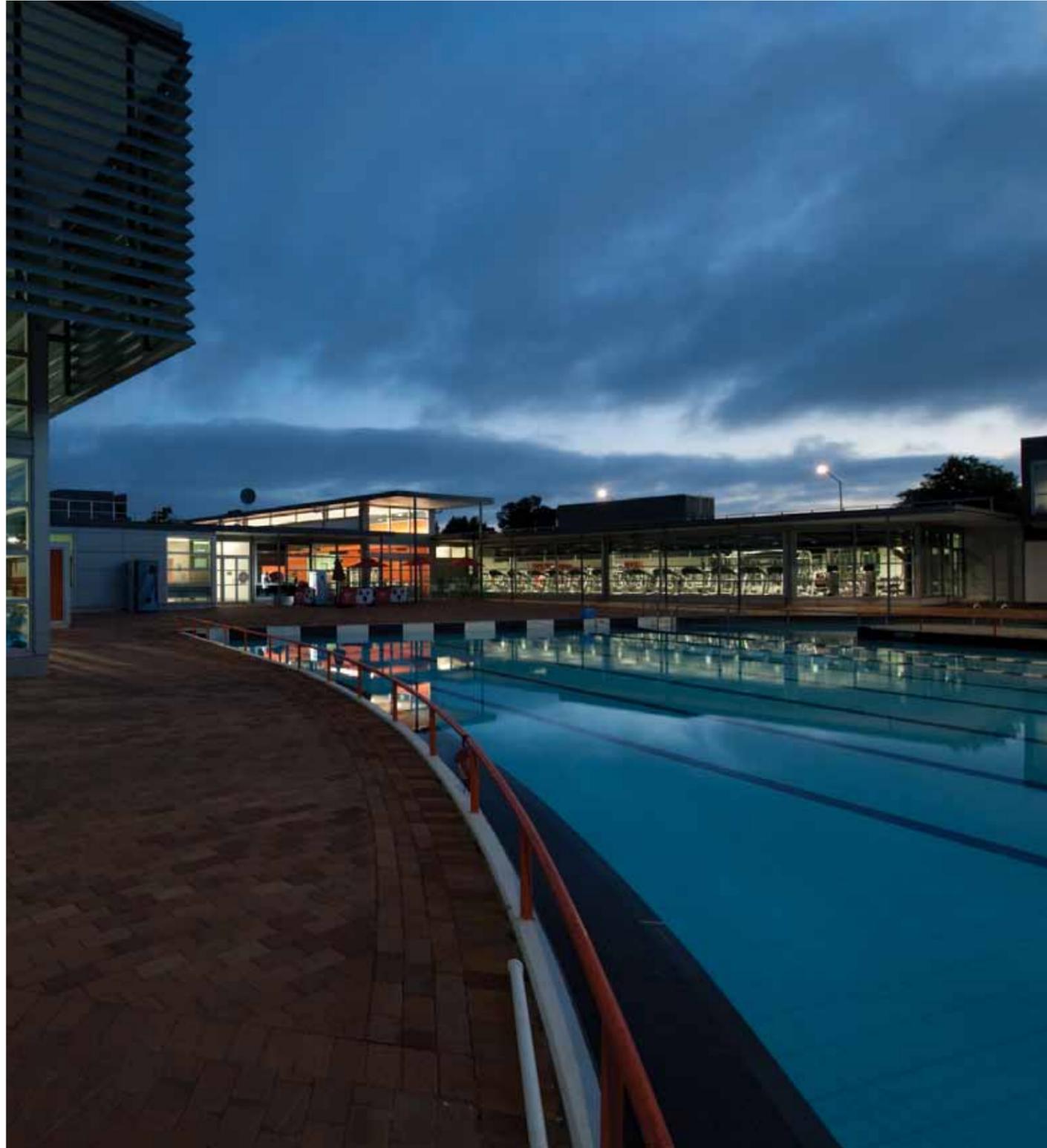
Each year, the Council undertakes two forms of resident survey: a general survey to gauge resident satisfaction with key services, and point of contact surveys for more specific services.

The 22 February earthquake has had an impact on the usual process, with no further point of contact surveys carried out following the earthquake and the general satisfaction survey unable to be completed. As a result, the Council is this year unable to provide results or reports for the majority of our satisfaction levels of service. In addition, some of these levels of service have been impacted by the earthquake.

Results from the point of contact surveys that had been carried out before 22 February showed:

- Community services – residents like the community facilities provided by the Council, with 97 per cent saying they were either satisfied or very satisfied with the service provided by the Council's community facilities – up 2 per cent on the previous year. Residents are also keen on our library services – 99.3 per cent were satisfied with service at Council libraries. Eighty-seven per cent of residents were satisfied or very satisfied with support provided to community groups through the Strengthening Communities programme.
- Parks and gardens – neighbourhood parks were popular with residents as 73.9 per cent said they were satisfied with the range of recreation facilities at Council parks, while 84 per cent were satisfied with facilities available at Council sport parks. Of residents surveyed, 98.7 per cent were satisfied with the appearance and condition of the Botanic Gardens while 75 per cent were satisfied with other garden and heritage parks and 91.4 per cent satisfied with regional parks.
- Infrastructure – the survey showed: 97.1 per cent satisfaction with off-street car parking services; 66 per cent satisfaction with the number and quality of bus stops in the city; and 72 per cent satisfaction with bus exchange services in the Central City.
- Customer services and communications – the survey showed 95 per cent satisfaction with walk-in customer services; 87 per cent satisfaction with phone customer services; and 57 per cent satisfaction with Council communications.

A view across Jellie Park's outdoor pool in the early morning.



Council activities and services

Annual Report 2011

Christchurch Ōtautahi

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

Council activities and services

Summary financial chart

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

Cost of services for the year ended 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
City planning and development	19,032	2,471	16,561	17,540	14,963
Community support	105,521	41,925	63,596	25,573	22,772
Cultural and learning services	42,654	4,519	38,135	41,335	40,547
Democracy and governance	9,843	351	9,492	11,087	9,283
Economic development	9,026	411	8,615	9,059	10,435
Parks, open spaces and waterways	53,812	19,718	34,094	38,546	40,482
Recreation and leisure	32,728	48,619	(15,891)	18,775	18,896
Refuse minimisation and disposal	39,110	10,616	28,494	31,330	31,101
Regulatory services	41,225	27,861	13,364	5,896	4,667
Streets and transport	175,677	87,860	87,817	67,361	56,726
Wastewater collection and treatment	99,302	75,450	23,852	27,205	27,080
Water supply	47,386	29,434	17,952	18,428	16,788
Corporate activities	53,973	421,250	(367,277)	(327,929)	(398,985)
Total cost of service delivery	729,289	770,485	(41,196)	(15,794)	(105,245)

A reconciliation of the cost of services summary above to the statement of comprehensive income is shown in note 2 of the financial statements section.

Council activities and services

Summary financial chart

Capital summary for the year ended 30 June 2011

	2011			2010
	Net cost	Plan net cost	Net cost	Net cost
	\$000	\$000	\$000	\$000
City planning and development	356	1,283	337	
Community support	2,158	6,011	4,404	
Cultural and learning services	7,538	10,962	8,562	
Democracy and governance	-	-	2	
Economic development	217	104	149	
Parks, open spaces and waterways	15,134	35,045	27,175	
Recreation and leisure	10,403	4,932	7,361	
Refuse minimisation and disposal	3,010	1,046	3,710	
Regulatory services	6	10	135	
Streets and transport	34,197	75,620	69,028	
Wastewater collection and treatment	34,121	56,752	44,101	
Water supply	11,773	13,763	11,179	
Corporate activities	98,387	38,798	73,603	
Gross capital cost	217,300	244,326	249,746	

City planning and development

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

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

Why is the Council involved in city planning and development?

The aim is to promote the wellbeing of our community – in social, cultural, economic and environmental terms - and to ensure that the City's development meets not only the needs of current residents, but anticipates the needs of future generations.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities, for the present and the future. The Canterbury Earthquake Recovery Act 2011 provides direction on the recovery strategy and recovery plans, and requires that the Council develops a recovery plan for the Central City (the Central City Plan).

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

How does it affect me?

We all want to live in a city that is well laid-out and offers exciting opportunities for work and recreation. By protecting our environment and managing growth, city planning and development helps to make Christchurch a great place to live. Further, by being proactive in the recovery of our Central City the Council is ensuring that the Central City Plan will deliver a quick, effective and sustainable recovery for the area within the four avenues.

What activities are involved in city planning and development?

City and community long-term policy and planning

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

District plan

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

Heritage protection

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

Since the earthquakes of September and December 2010, February and June 2011 Council has continued its heritage protection role, although the Canterbury Earthquake Recovery Agency (CERA) is responsible for decision-making regarding the demolition and 'make safe' of heritage buildings damaged in the earthquakes.

Energy conservation

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

City planning and development

What did we achieve?

The Climate Smart Strategy and Public Open Space Strategy were both adopted by Council in July 2010. During the year the newly established Christchurch Agency for Energy (CAFÉ) has met and made progress on programmes to reduce energy use and increase the proportion of renewable energy used in Christchurch. Stormwater management plans for the South West and Styx catchments have been developed and applications for catchment consents are underway.

In response to the earthquakes a number of recovery initiatives have begun. In latter months the main focus was on the recovery plan for the Central City, provision of temporary accommodation, and work to aid the recovery of suburban centres.

In the District planning activity seven plan changes were notified (a mix of private and Council led plan changes), three hearings were completed and 11 Plan Change Decisions were released. Six Plan Changes have been made operative and five plan changes were under appeal with Court hearings or out of Court discussions taking place. Appeals against Proposed Change 1 to the Canterbury Regional Council's Regional Policy Statement were under negotiation between appellants and Urban Development Strategy partners.

Since April, the Christchurch City Council has been working on the redevelopment of the Central City, having been given responsibility to develop the draft Central City Plan under the Canterbury Earthquake Recovery Act 2011, working with CERA, Te Rūnanga o Ngāi Tahu, Environment Canterbury (ECan) and the greater Christchurch community.

Within 10 weeks of the February earthquake, the Council launched Share an Idea, a campaign designed to get the community involved by sharing their ideas on how they would like the Central City to be redeveloped following the earthquake. This yielded 106,000 ideas from our community and key stakeholders which were read and entered into a data analysis program to be coded into common themes. This allowed the searching of common themes, topics and words; the information being sorted and grouped into emerging themes, and to reveal great one-off ideas.

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "*How did we measure up?*".

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

The coming year will see the completion of the Central City Plan and Council staff working closely with CERA staff as they develop a Recovery Strategy for the city. The draft Central City Plan, released in August 2011, has been written based on the themes identified both by the community and key stakeholders. The Central City Plan will guide the redevelopment of the Central City during the next 10 to 20 years. It sets out how the Council will work with CERA, ECAN and Ngāi Tahu, as well as central government, private investors, developers, businesses and the community to rebuild and redevelop the Central City in line with what the community identified as critical to make Christchurch a great city again.

Rebuild and recovery plans will be developed for Lyttelton, Sydenham, Stanmore Road and Selwyn Street, and Council will support a community led plan for Sumner. We will also investigate whether this planning process will be suitable for Aranui, Edgeware, Linwood, Woolston and New Brighton. In other suburban commercial centres, case managers will be appointed to support property owners by arranging architectural and urban design advice on their building proposals, and helping owners to navigate through the Council's (resource and building) consent processes.

The City Plan and Banks Peninsula Plan which together make up the District Plan for Christchurch will be made operative (i.e. come fully into force). Changes to that Plan proposed by Council or other interested parties will progress through the statutory process required before they become operative.

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

Service delivery in 2011/12

Although city planning and development activities will have a large earthquake recovery focus in 2011/12, there will be no change to the Council's capacity to deliver this activity. All activities will be focused on the Central City Plan, suburban centre plans, urban renewal and regeneration, heritage conservation, and support for housing development. Council's staff resources have been increased to cope with the requirement for increased capability in these areas.

Council activities and services

City planning and development

What did it cost?

Statement of cost of services for the year ending 30 June 2011

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
City & community long-term policy and planning	10,087	401	9,686	10,030	8,511
District plan	4,040	459	3,581	3,806	3,386
Heritage protection	4,032	883	3,149	3,695	3,178
Energy conservation	873	728	145	9	(112)
Cost of service	19,032	2,471	16,561	17,540	14,963
Capital expenditure					
Renewals and replacements			323	1,037	125
Improved service levels			-	-	-
Increased demand			33	246	212
Total capital expenditure			356	1,283	337

Explanation of significant cost of service variances

The City and community long-term policy and planning budget for 2011 was \$1.5 million higher than 2010 because a number of new projects were due to be undertaken in 2011, particularly the new District Plan. While earthquakes interrupted much of this work, 2011 costs were close to plan as staff became heavily involved in the Central City Plan project.

Heritage protection net cost was \$0.5 million lower than plan largely due to Arts Centre, Heritage Incentive and Music Centre grants not being fully paid out as a result of the earthquakes. There was also less staff time and consultant spend on this activity.

Significant capital expenditure

\$0.3 million was spent on the Grubb Cottage heritage upgrade.

Explanation of significant capital expenditure variances

Planned heritage renewals of \$0.7 million and urban renewal projects of \$0.2 million were put on hold following the earthquake events.

Council activities and services

Community support

What is community support and what does the Council do?

Community Support provides housing, community facilities, project funding, community programmes and emergency management for the benefit of our community. Through Civil Defence we prepare the city in case of disaster and co-ordinate our response when that occurs. Community facilities and funding enable people to socialise and carry out voluntary work for the good of the city, and programmes aimed at those at risk help make our city a better place to live.

Why is the Council involved in community support?

We provide opportunities for meeting and socialising and develop strong and inclusive communities within the city.

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

Community support activities contribute to the cultural and social well-being of the community by ensuring that Civil Defence initiatives are in place, that community groups receive support and funding for further development, and that a wide range of services and facilities, including social housing, are available for the use of the community.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, a city of diverse and inclusive communities, a well-governed city, and a prosperous city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made through funding and working with community organisations to support their communities, involving them in Council decision making processes and helping them stand on their own feet so they are able to prosper.

How does it affect me?

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

What activities are included in community support?

Civil Defence and emergency management

We co-ordinate local Civil Defence, including training of operations centre staff and community volunteers. We also promote community awareness of the likely impact of a disaster and encourage everyone to be prepared.

Community grants

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

Community facilities

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

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

Early learning centres

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

Social housing

We provide affordable housing for Christchurch people on low incomes, for the elderly and people with disabilities. The housing is financially sustainable and is not funded through general rates.

Strengthening communities

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

Community Engagement refers to the process of involving communities in planning and development of services in their own area. The community engagement process is essential for the legitimacy and responsiveness of local government. The Local Government Act 2002 requires local authorities to place emphasis upon enhancing opportunities for public participation in local decision-making. It is important to recognise, however, that differing levels of public participation will be appropriate depending on the circumstances.

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

Council activities and services

Community Support

What did we achieve?

Early learning centres

The Education Review Office visit to Pioneer Early Learning Centre (ELC) confirmed we provide high quality education and care. Pioneer ELC provided flexible care to meet community needs and support the Sports & recreation facility. Children experienced quality interactions in a positive, supportive, stimulating environment. Council's provision of ELC activities supports the community outcome goals of community and prosperity. Tuam ELC was closed as part of a change proposal in 2010 and QEII Park Preschool was closed due to significant damage following the February 22 earthquake.

Social housing and Community facilities

Social housing is a key contributor to the community outcome and traditionally provides over 2,649 tenancies with an average occupancy rate of 97 per cent. However following the earthquakes the number of habitable units has decreased to 2,410 units and it is possible this will decrease further. The earthquakes have also impacted on the occupancy rate through tenants leaving Christchurch and the need to direct staff resource to tenant welfare associated work. The current occupancy rate is 95.8 per cent.

Safer Christchurch

Safer Christchurch is linked directly to the "safe city" Community Outcome and introduced a number of successful new initiatives during the 2011 financial year including; the Graffiti Office citywide graffiti scan; the migrant taxi driver safety training; approval for a new graffiti database; an improved Christchurch Safe City Officer service; a combined Crime Prevention Through Environmental Design/ Injury Prevention Through Environmental Design mall safety accreditation project and the summer holiday safety pack. Added to all this new work was a strengthening of established stakeholder relationships and identifying and building new collaborations.

Community grants

In the 2010/11 funding year, over \$7.5 million was distributed via the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to 1,150 projects across the city. A high level of customer satisfaction was achieved. These grants directly contribute to the ability of community organisations to support their communities, and supports the community outcome goals of community, governance and prosperity.

Strengthening communities

Strengthening communities teams continued to provide expert information, advice and guidance to a range of partners (including other Council units, Canterbury Earthquake Recovery Authority and other Government agencies and community groups) throughout the year. By providing networking opportunities across the city, the teams maintained close links to community groups and residents associations. Using their expert local knowledge, Strengthening Communities Teams have played a key role in the aftermath of the recent earthquakes, providing an insight on how community groups have fared and in the development of a number of local community profiles that have been used by a wide range of decision-makers. This involved:

- meeting with community organisations across a number of sectors such as arts, recreation, social services, safety, older adults, disability and multi-cultural to collate and document information to assist decision-makers in the aftermath of the earthquakes.

- meeting with local residents groups to identify and document local neighbourhood issues. Staff engaged with agencies such as Age Concern, the Christchurch Migrant Centre, Neighbourhood Support, NZ Police, Fire Service and CERA to assist with community and welfare planning and response.
- working with government departments such as Ministry of Social Development, Department of Internal Affairs and Te Puni Kokiri on "cross government funding" to support community organisations who provided support and services to communities, families and individuals following the earthquakes.
- assessing applications for funding support from community organisations delivering services and support to the wider Christchurch and Banks Peninsula communities.

Civil Defence and Emergency Management

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

Plans are produced prior to any emergency that set out local response arrangements. Plans had been produced for the following: Emergency Operation Centre (multi-agency coordination emergency response centre); Emergency Welfare; Pandemic; and Tsunami Evacuation. A draft Recovery Plan had been produced but has not been finalised or adopted. The arrangements within these Plans came into effect due to the earthquakes occurring on 4 September 2010, Boxing Day 2010, 22 February 2011, and 13 June 2011.

An Emergency Operation Centre (EOC) was activated within 60 minutes of each of the above mentioned earthquakes occurring. Council staff fulfilled management, logistic, planning/intelligence, public information management, emergency welfare, building evaluation and operation infrastructure. Council staff were required to liaise with or work along side personnel from emergency services, other infrastructure providers, local, national and international media and VIPs, other Council's personnel, and hundreds of CDEM volunteers as they responded to the many challenges that resulted from the damage caused by the earthquakes.

A State of Local Emergency was declared shortly after the September earthquake by the Mayor and by doing so special powers are provided to the CDEM Controllers. This declaration remained in place for two weeks.

Following the February earthquake a State of National Emergency was declared which remained in place for almost nine weeks.

Council staff fulfilled various roles within the EOC with credit. Generally, favourable comments have been received locally and from throughout the country regarding the manner in which the response to the earthquakes was managed. Furthermore, the EOC was in monitor mode due to two national tsunami warnings being issued.

A project for capturing the 'learning points' in relation to the response to the earthquakes commenced in August, which will result in the development of an action plan to ensure learnings are implemented.

Council activities and services

Community Support

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "*How did we measure up?*".

What assets do we use to deliver these activities?

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

The Council has traditionally provided over 2,649 social housing tenancies, but due to earthquake damage the number of habitable units has decreased to 2,410 units.

Council's community facilities have also been significantly impacted. A number of facilities have been demolished or have been deemed beyond economic repair, such as the Mount Pleasant, Sumner, St Albans and Shirley Community Centres. Work continues to determine the status of other buildings and when and how they can be repaired or replaced.

The QEII Park Preschool was closed due to significant damage following the 22 February earthquake, but other facilities remain open.

Where are we heading?

Early learning centres

Pioneer Early Learning Centre will continue under Council ownership and management. The Council will continue to support and fund a number of community education and care services. The QEII Park Preschool was closed due to significant damage following the 22 February earthquake and may not reopen in 2011/12.

Strengthening communities:

Strengthening communities teams will continue to provide expert local knowledge to our partners and other community stakeholders, further developing local community profiles to provide an evidence base upon which decisions can be made. Teams will work with community organisations and the voluntary and not-for-profit sector to provide networking opportunities, support, advice, information and advocacy services to facilitate stronger communities. This will involve:

- providing direct advice to groups in relation to governance skills, funding application skills and strategic planning

- providing sector-based or geographic networking opportunities for community organisations
- providing funding information

Community grants

We will continue to provide contestable community grants to support community organisations to undertake projects and services that support and provide benefit to the wider Christchurch community, local communities and communities of interest.

Civil Defence Emergency Management

Reviewing procedures and plans will be a major focus for the CDEM Unit this coming year along with delivering additional training to staff that have an Emergency Operations Centre role. Following the recent earthquakes many communities are looking to Council's civil defence staff to assist with community resilience projects such as the pilot community resilience work that was undertaken with the South New Brighton/Southshore communities. As mentioned in the "What did we achieve?" section above a project commenced early in the new financial year to capture all the key learning points relating to responses to the September and February earthquakes and various major aftershocks.

Social housing and Community facilities

Because of the damage to a number of our social housing complexes and community facilities, and the possibility that some cannot be rebuilt, the opportunity will be taken 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, no decisions have been made by the Council about the number and location of replacement tenancies and facilities.

Safer Christchurch

In the next year, Safer Christchurch will be concentrating on greater collaboration amongst all stakeholders to deliver measurable safety projects across the city. Due to the earthquake rebuild, Crime Prevention through Environmental Design has become a very important component of future planning for Christchurch and Safer Christchurch plan to build our expertise and access national expert knowledge in this field. Later in the year a sub committee will need to be formed from the Safer Christchurch Interagency Group to ensure our international safe community reaccreditation process is successful.

Service delivery in 2011/12

In the 2011/12 year the Council's ability to deliver Community support activities will be limited by the damage to social housing and community facilities assets. The process of determining the appropriate repair or replacement strategy for damaged buildings, and agreeing this strategy with insurers, is time consuming. The Council does not expect to be able to provide pre-earthquake levels of service for Community facilities, Social housing, and Early learning centres during the 2011/12 year. Other Community support activities, however, are largely unaffected by the Canterbury earthquakes or damage to Council assets.

Council activities and services

Community support

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Community facilities	3,534	601	2,933	1,636	1,918
Early learning centres	1,807	1,290	517	242	309
Strengthening communities	4,548	413	4,135	5,064	4,020
Community grants	15,922	204	15,718	12,765	11,099
Social housing	16,632	15,993	639	2,184	2,192
Civil Defence and emergency management	60,738	17,082	43,656	971	860
Walk in customer services	2,340	78	2,262	2,711	2,374
Capital revenues	-	6,264	(6,264)	-	-
Cost of service	105,521	41,925	63,596	25,573	22,772
Capital expenditure					
Renewals and replacements			2,055	4,329	4,404
Improved service levels			103	1,682	-
Increased demand			-	-	-
Total capital expenditure			2,158	6,011	4,404

Explanation of significant cost of service variances

Community facilities

In 2011 Community facilities has a \$1.3 million unfavourable result compared to plan and a \$1.0 million unfavourable result compared to the 2010 actual result. This is primarily the result of the impairment or write off of \$1.7 million of earthquake damaged assets. This is partially offset by deferred maintenance savings of \$0.2 million against plan and \$0.3 million against the previous year's actual result, and depreciation savings of \$0.1 million against plan and the previous year actual result.

Strengthening communities

In 2011 Strengthening communities has a \$1.0 million favourable result to plan as a result of staff being redeployed away from Strengthening community activities to earthquake related activities involved in supporting communities and welfare. The following areas were under plan; Community engagement projects \$0.4 million, Target Group/community development projects \$0.2 million and Safety projects \$0.2 million.

Community grants

In 2011 Community grants has a \$3.0 million unfavourable result to plan as a result of \$3.5 million paid to the Rod Donald Banks Peninsula Trust. The money came from proceeds of sale of the Banks Peninsula District Council endowment properties and was not included in the original 2011 budget. Offsetting this are \$0.5 million of grants which were not paid out or carried forward to the 2011/12 financial year. The unfavourable variance of \$4.6 million compared to the 2010 result is due to the payment to the Rod Donald Trust and a \$2.0 million capital grant to the City Mission.

Social housing

In 2011 Social housing has a \$1.5 million favourable result to plan and a \$1.6 million favourable result compared to the 2010 actual result. These are both as a result of deferred maintenance spending of \$1.7 million, operating and professional advice expenditure savings of \$0.3 million and depreciation savings of \$0.2 million. These savings are offset by the loss of rental income of \$0.8 million resulting from severe earthquake related damage to 239 housing units.

Civil Defence and emergency management

The Civil Defence and Emergency Management Activity was \$42.7 million more than planned and \$42.8 million more than in the previous year. This was due to emergency response costs associated with running the Emergency Operations Centre and immediate welfare needs following the Canterbury earthquakes.

Significant capital expenditure

\$1.6 million was spent on social housing renewals and \$0.5 million on community facilities renewals.

Explanation of significant capital expenditure variances

The earthquakes have resulted in delays or cancellation of planned works including: \$1.5 million of Social housing and \$0.5 million of Community Facility renewals; \$0.3 million for Early learning centre renewals: \$1.1 million for the expansion of the St Albans Resource Centre (this facility is to be demolished following the February earthquake); and \$0.2 million for the Tsunami Warning System.

Council activities and services

Cultural and learning services

What are cultural and learning services?

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

Why is the Council involved in cultural and learning services?

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

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

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

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

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

How does it affect me?

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

What activities are involved in cultural and learning services?

Art gallery and museums

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

Libraries

City libraries provide recreational and learning material, create opportunities for life-long learning and literacy, and provide community spaces for the public. Christchurch libraries are well used, with membership around 79 per cent of the Christchurch population.

What did we achieve?

Art gallery and museums

The Christchurch Art Gallery was closed following the September earthquake when it was used for the Civil Defence Emergency Operations Centre. It was used again after the February event, initially as the operations centre and then as office accommodation for Council staff until September. Despite being open to the public for such a limited time the gallery drew large audiences with total visitors exceeding 450,000. More than 135,000 visitors saw 'Ron Mueck', a major National Gallery of Victoria touring exhibition, making it the most-visited pay-to-view art exhibition ever held in Christchurch. 'Brought to Light', the Gallery's long-term collection display, 'Blue Planet' and other temporary exhibitions and our accompanying public programmes were also well received.

'Brought to Light' was refreshed twice during the year. While the earthquake events resulted in several exhibitions being cancelled or postponed, the Gallery did successfully mount 'Roger Boyce'; 'Uncanny Valley'; 'Van der Velden: Otira'; 'De-Building'; and 'Leo Benemann: 'A Fantastic Art Adventure' in addition to 'Ron Mueck.'

Two exhibitions toured to other centres, and new projects were initiated in the foyer and forecourt as part of the popular Outer Spaces programme. The range of projects and exhibitions offered throughout the year contributed towards the community and recreation community outcomes. Three significant new publications were produced in 2010-11, Van der Velden: Otira, Andrew Drummond: Observation / Action / Reflection, and De-building as well as the Gallery's 'Bulletin.'

Libraries

The earthquakes caused serious disruption to the Council's network of libraries. The September earthquake forced the libraries to close until they had been inspected by engineers, but all were re-opened prior to the end of September. The February earthquake caused greater disruption, with several libraries being used as temporary office accommodation for staff. Papanui library did not reopen until September and at the time of writing the Central, Fendalton, Linwood, Sumner and Upper Riccarton Libraries remain closed.

In response to the temporary closure of some libraries, hours were extended at other centres to meet customer demand. Visitor numbers, collection use and website visits have remained strong.

A new web catalogue titled 'Bibliocommons' has been successfully implemented, and preliminary work for the introduction of radio frequency identification (RFID) technology (Smart Library) was completed.

Highlights in the area of learning events and activities included:

- "Books for Babies" celebrated its 21st Birthday with an estimated 100,000 books distributed over this time.
- Library-wide events celebrating NZ Book and Music Month were very successful.
- Central Library's Aotearoa New Zealand Centre's Family History ran a successful open day as part of heritage week.
- A feature of the "Summertime reading programme" was Bonnie Phipps (United States) interesting presentations which included a diverse repertoire of stories and songs.

Council activities and services

Cultural and learning services

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

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

Redcliffs, Woolston and St Martin's Libraries have been demolished and the Central and Sumner Libraries have suffered significant earthquake damage. The Central Library cannot be accessed by visitors because it is within the inner-city cordon, Sumner is unsafe, Linwood is undergoing repair, and Fendalton and Upper Riccarton Libraries remain closed while they are used as temporary office accommodation for Council staff.

Where are we heading?

Art gallery and museums

The Canterbury Museum re-opened in September 2011; it is not clear when the Christchurch Art Gallery will be able to re-open. In the interim, a range of back-of-house projects, web enhancements and outreach projects is being addressed. Activity at the Akaroa Museum has been less disrupted and it will continue to focus on fully cataloguing its collections, now in the new storage area.

Libraries

In the immediate term, our focus will be on delivering key library services in the current challenging circumstances. This includes delivering a range of programmes and events, access to online resources and website, and access to a diverse collection at our network of libraries. Re-establishing library services that are non-operational or severely disrupted is a priority.

In the context of Central City planning, the Library will be investigating options for a replacement Central Library in the central business district. This was already signalled in the 2009-2019 LTCCP. Work will continue on the planning for the new Aranui library.

Service delivery in 2011/12

The Christchurch Art Gallery building was vacated by staff in mid-September 2011, and it will be repaired and re-opened to the public following the demolition of a neighbouring building. The timing of the re-opening is not yet known.

While library services have been disrupted, the Council has established temporary library facilities in Linwood and the South City Shopping Centre. As a result the Council expects to maintain pre-earthquake levels of service in 2011/12.

Council activities and services

Cultural and learning services

What did it cost?

Statement of cost of services for the year ending 30 June 2011

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Libraries	27,826	1,670	26,156	28,095	27,584
Art gallery and museums	14,828	2,582	12,246	13,980	13,044
Capital revenues	-	267	(267)	(740)	(81)
Cost of service	42,654	4,519	38,135	41,335	40,547
Capital expenditure					
Renewals and replacements			5,099	6,743	7,933
Improved service levels			2,439	3,946	617
Increased demand			-	273	12
Total capital expenditure			7,538	10,962	8,562

Explanation of significant cost of service variances

Libraries

Libraries spending was \$1.9 million below plan and \$1.4 million below that spent in 2010. Both variances are the result of decreased operational and staff costs partially offset by a \$0.4 million write-down of earthquake damaged assets.

Art gallery and museums

Art galleries and museums cost was \$1.7 million below plan as a result of additional revenue received from the Ron Mueck exhibition and the deferral of \$0.6m planned for the Canterbury Museum. This has been carried forward to 2013/2014. The favourable variance of \$0.8 million compared to the 2010 result was also due to the Ron Mueck exhibition.

Significant capital expenditure

\$4.6 million was spent on library book purchases and \$0.6 million on art gallery acquisitions. \$0.5 million was spent on the new Aranui Library and \$0.7 million on the Library RFID Project. The remaining \$1.0 million of capital expenditure relates to the renewal of library and gallery buildings, and furniture and equipment.

Explanation of significant capital expenditure variances

The earthquakes delayed planned work including the new Aranui library, (\$1.8 million) and \$1.6 million of upgrades to existing facilities.

Council activities and services

Democracy and governance

What is democracy and governance?

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

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

The people of Christchurch choose their Mayor, City Councillors and Community Board members at elections held every three years. The Council 'governs' by making strategies, policies and decisions which set the direction for the future of Christchurch. The Council regularly seeks community input on a range of issues, including draft policies, local capital works projects, and the Council's 10-year community plan.

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

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

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

How does it affect me?

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

What activities are included in democracy and governance?

City governance and decision-making

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

Public participation in democratic processes

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

What did we achieve?

The Council made the arrangements for the local body elections held in October and coordinated a comprehensive programme that involved briefing potential candidates prior to the election and conducting an induction and training programme for the newly elected members. A by-election for a vacant Community Board seat for the Akaroa community was also held in February.

New governance structures were established for the new triennium. The Council retained its bimonthly meeting timeframe and established a number of Standing Committees and ad-hoc Committees and Working Parties. Meetings of those Committees were for the most part suspended temporarily from February, as a result of re-aligning the Council's immediate priorities following the 22 February earthquake. In addition, during the periods in which a state of emergency was declared the Council did not meet as its powers are suspended during a declared emergency.

The eight Community Boards met either monthly or bimonthly. Joint seminars continued to be held for all Community Boards to share information on current key topics. The eight Community Boards continued to fund and support community organisations and community development projects.

Around 60 submissions were received on the Draft Annual Plan 2011/12. After the events of 22 February the initial Draft Annual Plan was reworked to reflect the changed conditions. A revised Draft was issued for consultation on 10 June with only written public feedback allowed, due to time constraints.

During the last two months of the 2010/11 year a public participation process was carried out to gather the community's ideas on the future Central City. More than 10,000 people visited the Share an Idea Community Expo, and more than 106,000 ideas have been submitted by people of all ages including professionals, community groups and schools.

Council activities and services

Democracy and governance

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

A key focus for the Council will be the development of a Draft Central City Plan, which was available in late August for public feedback through a formal consultation process. Submissions on the Draft Central City Plan closed in September. The Council will hold hearings for written submissions in October, from which the Central City Plan will be finalised and presented to the Minister of Earthquake Recovery in December 2011 for consideration and approval.

Another key focus will be consultation around, and decisions on, the rebuild of infrastructure across the city.

Regular meetings of the Council's Standing Committees will resume as earthquake priorities allow, and the Community Boards will continue to engage with and assist their communities with local recovery efforts.

There will be a by-election held in late 2011 to replace the retiring Councillor, Chrissie Williams, in the Burwood-Pegasus ward.

Democracy and governance

What did it cost?

Statement of cost of services for the year ending 30 June 2011

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
City governance and decision-making	7,270	3	7,267	8,753	7,987
Public participation in democratic processes	2,573	348	2,225	2,334	1,296
Cost of service	9,843	351	9,492	11,087	9,283
Capital expenditure					
Renewals and replacements			-	-	2
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			-	-	2

Explanation of significant cost of service variances

City governance and decision-making

The number of formal elected member meetings was considerably reduced, having an impact on activities that support those meetings and resulting in costs being significantly under budget for the year. This reduction was due both to the "down time" around the time of the election period, and the disruption from both the September and February earthquakes. In addition, the communications allowance and mileage allowances were paid out at a lower rate than forecast as a result of decisions made by the Remuneration Authority.

Public participation in democratic process

Costs have increased from 2010 as a result of election costs incurred this year.

Significant capital expenditure

There was no capital expenditure

Explanation of significant capital expenditure variances

There were no variances.

Economic development

What is economic development and what does the Council do?

We support Christchurch businesses and key industries to grow, helping to build a prosperous city. Increasing the number of visitors and tourists helps boost the local economy, while civic and international relations programmes help build useful international partnerships and foster cultural understanding within the local community.

Why is the Council involved in economic development?

A sound economy is essential for the city to achieve its goals. Economic prosperity, shared fairly among all Christchurch residents, enables improved access to health care, education and other services. An economy based on technology and added value places fewer demands on the natural environment.

Local Government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future, and for contributing towards the achievement of the city's Community Outcomes.

Economic development activities contribute to the economic and social well-being of the community by ensuring that a range of employment, business start up and other programmes are available to support individuals and business. There is a significant impact through tourism and promotion of the region. These and other economic development activities carried out by the Council help make Christchurch a prosperous city – one of the nine goals included in our Community Outcomes.

How does it affect me?

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

What activities are included in economic development?

Regional economic development, business support and welfare development

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

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

City promotions

We promote Christchurch as an attractive place to work and to do business. Promotional brochures, websites and displays advertise events and attractions.

Civic and international relations

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

What did we achieve?

The Christchurch Economic Development Strategy (CEDS) was endorsed by the Council in July 2010. Challenging goals for the city's economy were developed and a series of projects to begin the transformation of the Christchurch economy identified.

A significant proportion of CDC's resources have been redirected into Recover Canterbury, a joint venture with the Canterbury Employers' Chamber of Commerce. CDC also established the Canterbury Business Recovery Trust Fund to provide grants to cover approved earthquake-related business costs.

Progress has continued on some of the key CEDS projects:

- Project Workforce has projects designed to ensure that the right skills and labour are available to recover and to grow the economy.
- Project Infrastructure has provided an audit of existing and planned infrastructure that helps recovery.
- Project Capital Cluster is a private-sector led initiative to diagnose the capital needs of high-growth potential businesses and connect them to the capital markets.
- Project Inner City is finding expression as part of the Council's Central City Plan.
- Project Innovation supports industry sectors to move to higher value-add products and higher wage jobs.

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 incoming visitor numbers. Holiday arrivals were significantly reduced following the September earthquake but back to only 5 per cent down by December 2010 following active marketing by Christchurch and Canterbury Tourism (CCT). Following the February earthquake, the planned Rugby World Cup matches were transferred to other cities as a result of the damage to AMI Stadium and the inner city.

CCT receives significant funding from membership levies by businesses in the visitor industry. The impact of the earthquakes has been a significant drop in funding for CCT and the number of staff employed has been halved.

Council activities and services

Economic development**How did we measure up?**

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

The Christchurch Economic Development Strategy (CEDS) continues to provide clear direction for both Canterbury Development Corporation's and the Council's work to help transform the city's economy. Work with the Canterbury Business Leaders Group, the Canterbury Earthquake Recovery Authority and others will allow the reprioritisation and reshaping of projects as necessary to respond to the impact of the earthquakes, and to re-lay the foundations for delivering the longer-term goals of CEDS.

In the tourism area CCT will look to stabilise its business and operations, and continue to operate the Christchurch and Akaroa I-Sites. The Council and CCT, with partners Christchurch International Airport Limited and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy.

Service delivery in 2011/12

Although economic development activities will have a large earthquake recovery focus in 2011/12, there will be no change to the Council's capacity to deliver this activity.

Council activities and services

Economic development**What did it cost?****Statement of cost of services for the year ending 30 June 2011**

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Civic and international relations	1,135	313	822	934	903
Regional economic development, business support and employment development	7,171	98	7,073	7,402	8,812
City promotions	720	-	720	723	720
Cost of service	9,026	411	8,615	9,059	10,435
Capital expenditure					
Renewals and replacements			217	104	149
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			217	104	149

Explanation of significant cost of service variances

The cost for Regional economic development, business support and employment development was \$1.7 million lower than in 2010 because the previous year cost included a one-off adjustment for depreciation on the Town Hall.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Parks, open spaces and waterways

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

The Council maintains and manages 1,000 separate parks and reserves covering nearly 9,000 hectares within the greater Christchurch City area. The Council is also responsible for a number of gardens and sports areas, managing the city's 2,000 kilometres of stormwater drains and waterways, harbour facilities and the rural fire fighting service.

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

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

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

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

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

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. We protect community health and safety by maintaining waterways, by providing cemeteries and managing rural fire fighting.

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

Neighbourhood parks

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

Sports parks

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

Garden and heritage parks

The Botanic Gardens and other heritage parks are maintained to protect Christchurch's biodiversity and our Garden City image, as well as to provide relaxation and enjoyment.

Regional parks

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

Cemeteries

We maintain cemeteries and administer burials.

Waterways and land drainage

By maintaining natural waterways and stormwater drainage systems, we protect the community from flooding, enhance waterways for aesthetic and ecological purposes, and provide for recreational opportunities.

Harbours and marine structures

We manage wharves, moorings and boat ramps at Lyttelton Harbour, Akaroa Harbour and around the peninsula, for recreational and commercial use.

Rural fire fighting

We train rural fire officers and volunteers, educate the public about fire safety and manage the issue of fire permits.

Parks, open spaces and waterways

What did we achieve?

The September 2010 earthquake delayed operational and capital programmed expenditure and caused the deferral of the majority of the asset renewal programme. The February and June 2011 earthquakes further prolonged these works and led to the cancellation of the remainder of the asset renewal programme.

Resources were diverted to emergency response efforts and initial recovery works to provide temporary asset repairs, while planning for the rebuild of damaged assets continued.

A large amount of damage occurred to the city's Parks, Open Spaces and Waterways assets, in particular the waterways and the stormwater pipe network. Land subsidence has necessitated the rebuilding of many stop-banks and work on stormwater pipe outlets has been undertaken to prevent flooding during high tides. Several waterway and open drain sections sustained both bank damage and repeated inundations of liquefaction, requiring bank remediation works and removal of large amounts of silt.

Damage to parks have included silt deposits on turf areas, damage to some trees and some park buildings, as well as to paths, tracks, driveways and fences. Approximately 3 per cent of sports grounds have received significant land damage and will not be accessible until well into the 2011-2012 financial year, and many regional parks require clearing of loose or dangerous rocks and restabilising.

Despite the upheaval, over 150 kilometres of regional park tracks have been maintained and kept accessible over the year. Native bird populations have recorded increases of up to 125 per cent for some species and previously absent species are now residing in reserves where permanent animal pest control is present.

Throughout the year over 1,500 tonnes of aquatic weed from the city's three main rivers was removed and 2,000 kilometres of natural waterways, 133 kilometres of manmade drains, 800 kilometres of under road stormwater drainage pipes, 100 water detention basins and 12 kilometres of stop banks were able to be maintained.

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

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What assets do we use to deliver these activities?

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

An assessment of the value of earthquake damage to land has not been completed. The Council is aware that land beside waterways has suffered a degree of lateral spread, or slumping. Despite any land damage all Council parks and reserves are now open, although some areas within parks and reserves are cordoned off where the area or Council facilities are unsafe (for example where there is a danger of rockfall).

Damage to Council's waterways and land drainage infrastructure is estimated to be \$140 million, with the majority of damage to riverbanks and pipes. However, damage estimates completed by Council have necessarily focused on the essential services of water supply and wastewater, and assessments of damage to the land drainage network are continuing.

The Botanic Gardens has suffered damage estimated to be \$1.4 million dollars, \$1 million of that relating to Cunningham House. Similarly, regional parks and sports parks have suffered an estimated \$1 million of damage each, with the most significantly damaged assets being The Sign of the Kiwi (Regional parks, \$0.6 million estimated) and the St Albans Park Pavilion (\$0.4 million estimated).

Council activities and services

Parks, open spaces and waterways

Where are we heading?

The Council, Canterbury Earthquake Recovery Authority (CERA), NZ Transport Agency (NZTA), and the Alliance contractor companies are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, waste water and road network assets over the coming years. In the meantime Council will continue to maintain the existing Parks, Open Spaces and Waterways assets to meet immediate operational needs.

Planning is progressing well for the new Botanic Gardens Centre which will provide a new focus of learning and visitor experience as well as providing enhanced facilities for our indoor plant collection. Construction is expected to start in spring 2011.

We will continue to provide a safe, accessible and attractive sports, garden, heritage, neighbourhood and regional parks and reserves network, to maintain Christchurch's identity as the Garden City. We will continue to provide cemeteries to meet the current and future needs of the city, and continue to beautify these facilities.

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

We will continue to provide safe, accessible and appropriately located wharves and other marine structures, including the New Brighton Pier and the wharves at Akaroa and Diamond Harbour.

Service delivery in 2011/12

In general service delivery in 2011/12 will not be significantly affected by the Canterbury earthquakes. It is possible that some flooding problems may occur in relation to the land drainage network, the number of slipways and wharves will be below historic targets, and some parks and waterways visitor satisfaction targets have been reduced to reflect the damaged condition of these public spaces as a result of the earthquakes.

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Neighbourhood parks	4,968	378	4,590	10,090	8,655
Sports parks	8,154	192	7,962	8,418	8,428
Garden and heritage parks	5,939	285	5,654	6,286	5,984
Regional parks	7,137	602	6,535	6,756	6,831
Cemeteries	1,590	947	643	513	659
Waterways and land drainage	24,732	10,102	14,630	16,060	15,217
Harbours and marine structures	584	318	266	380	375
Rural fire fighting	708	173	535	784	738
Capital revenues	-	6,721	(6,721)	(10,741)	(6,405)
Cost of service	53,812	19,718	34,094	38,546	40,482
Capital expenditure					
Renewals and replacements			4,980	10,683	8,088
Improved service levels			521	4,709	603
Increased demand			9,633	19,653	18,484
Total capital expenditure			15,134	35,045	27,175

Council activities and services

Parks, open spaces and waterways

Explanation of significant cost of service variances

Neighbourhood Parks

The \$5.5 million decrease in net cost over plan was from the result of a \$5.8 million gain from the sale of land to the Southern Motorway, off-set by earthquake emergency and recovery costs net of recoveries of \$1.2 million, and a reduction of \$0.9 million in allocated internal charges due to earthquake related savings.

The \$4.1 million decrease in net cost over last year is also due to the gain on sale off-set by earthquake emergency and recovery costs net of recoveries of \$1.2 million, and a net saving of \$0.2 million of normal maintenance costs because of earthquake related activity.

Garden & Heritage Parks

The \$0.6 million net cost under plan was due to earthquake related savings in normal operating, staff and maintenance costs.

Waterways and Land Drainage

The \$1.4 million lower net cost than plan includes \$11.0 million of earthquake emergency and recovery costs with \$10.1 million of insurance and general recoveries, and \$2.3 million in earthquake related savings in normal costs of maintenance, staff costs and allocated internal charges.

The \$0.6 million decrease in net cost over last year is also due to the earthquake costs and recoveries along with \$1.5 million in earthquake related reductions in normal costs of maintenance, staff costs and allocated internal charges.

Capital Revenues

The \$4.0 million below budget result is due to \$3.0 million less stormwater/land drainage and \$1.4 million less parks cash development contributions due to reduced land development activity since the September earthquake. This was slightly off-set by \$0.4 million of earthquake capital recoveries.

Significant capital expenditure

\$1.1 million was spent on renewing or improving a wide range of existing land drainage assets and \$5.9 million was spent on new land drainage assets. \$0.5 million was spent repairing earthquake damage across a wide range of parks assets. \$0.6 million was spent on the Botanic Gardens Entry Pavilion planning and design work and \$1.3 million on future Neighbourhood reserves land purchases. \$0.7 million was spent on tree and planted area renewals, and \$0.4 million on playground renewals. The balance of capital expenditure relates to a number of small projects, particularly in parks and waterways and land drainage activities.

Explanation of significant capital expenditure variances

The earthquakes have resulted in delays of planned works including: \$5.9 of new land drainage assets; \$3.0 million Botanic Gardens Entry Pavilion; \$2.7 million of new Neighbourhood Park land purchases; \$1.2 million new park development works; \$1.1 million new land drainage works; as well as \$7.1 million deferred renewals works across all Parks and Open Spaces assets.

Council activities and services

Recreation and leisure

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

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

Why is the Council involved in recreation and leisure?

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

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

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

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

How does it affect me?

You use the Council's recreation and leisure services if you use facilities like Pioneer or Jellie Park recreation and sport centres. You also use them if you attend any Council events such as Christmas in the Park or Classical Sparks, or a Council-supported sporting event in the city, such as PGA Golf.

What activities are included in recreation and leisure?**Recreation and sports services**

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

Events and festivals

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

What did we achieve?

Services at many of the city's venues were suspended following the September, February and June earthquake events. QEII Park, Centennial Recreation and Sport Centres, Cowles Stadium, Rugby League Park and Porritt Park remain closed. Alternative venues have been successfully found for many of the customers who frequented these facilities. Construction of the new learn to swim pool at Pioneer, the Graham Condon Recreation and Sport Centre and the ASB Park football field continues and these facilities will be available to the community in late 2011 and early 2012.

Participation in the pools, gyms and group fitness classes was very strong in response to improving customer service and efforts made to ensure the community was aware of which recreation and sport centres were available across the city. The new Kiwi-Sport learn to swim initiative has been very successful with more than 80 per cent of available space taken up by children who may not otherwise have had the opportunity to learn to swim. The number of participants attending the Council's recreation and sport centres exceeded 3,000,000 in 2010-2011.

The International Paralympic Committee athletics meet was a sporting highlight in early 2011 along with the NZ Women's Open. Partner organisations have been secured for the coming year's national and international events including the NZ Men's Open, the World Bowls Championship and a series of host games for the FIFA men's under 20s competition.

Building capacity with community, recreation and sporting bodies across the city continues to support the provision of a variety of opportunities. This enables people to participate in healthy and enjoyable physical activity at all levels. The Council supported community events, including Garden City Summer Times, the World Buskers Festival, Dancing Under the Stars, and New Zealand Cup and Show Week, which were able to run in spite of the obvious challenges posed by the earthquakes and these attracted strong interest and participation.

Council activities and services

Recreation and leisure

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "*How did we measure up?*".

What assets do we use to deliver these activities?

The main assets used to deliver recreation and sports activities are the recreation and sports centres and leisure centres – QEII, Pioneer, Jellie Park, and Centennial. While the majority of these facilities suffered only minor earthquake damage and were quickly reopened following the February earthquake, Centennial pool is still being assessed and QEII suffered major damage and will be closed for some time.

The Council also operates two community pools, four public outdoor pools, and four stadia; of those assets, Governors Bay (community) Pool, Lyttelton (public) Pool and Cowles Stadium have suffered serious structural damage. Waltham Pool is still being assessed.

Where are we heading?

A Sport Recreation Earthquake Leadership Group was formed and one of its key purposes is to advise CERA and the Council on planning for new recreation and sport facilities and services.

We will provide recreation services for the community from the remaining facilities and the new ones at Pioneer and Graham Condon that are due to be completed in the new calendar year. Developing swimming ability, especially for children, remains a key focus.

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, along with Le Race and SBS Marathon. The Rugby World Cup will be a highlight, with a Fanzone in North Hagley Park, live screening of games, and a range of events including opportunities for community members to be involved in activities with visiting teams.

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

Council activities and services

Recreation and leisure

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recreation and sports services	25,724	9,773	15,951	15,068	14,551
Events and festivals	6,989	616	6,373	5,169	4,702
Capital revenues	15	38,230	(38,215)	(1,462)	(357)
Cost of service	32,728	48,619	(15,891)	18,775	18,896
Capital expenditure					
Renewals and replacements			1,023	1,655	3,314
Improved service levels			8,324	3,277	3,407
Increased demand			1,056	-	640
Total capital expenditure			10,403	4,932	7,361

Explanation of significant cost of service variances

Recreation and sports services

Recreation and sports services differed from plan by \$0.9 million. This is largely due to a grant of \$0.5m to the Canterbury Hockey Association for artificial turf which was bought forward from 2011/12. The balance of the variance was due to the permanent closure of QEII and Centennial recreation and sports centres and the limited closures of other centres, which resulted in a loss of revenue partially offset by operational savings and reduced expenditure. The unfavourable variance compared to the prior year is due to the Canterbury Hockey grant, and lower revenues as a result of the earthquakes.

Events and festivals

The unfavourable variance of \$1.2m in events and festivals is primarily due to the Ellerslie International Flower Show being cancelled due to the earthquake. The closure was only days from when the event was due to open and all costs had already been incurred. This resulted in a loss of \$1.5m offset by some grants which were not allocated to events due their postponement for the same reason. There were no other significant variances in this activity.

Capital revenues

\$37.0 million of this \$36.8 million variance to plan relates to insurance recoveries for damage to assets at the QEII sports facility.

Significant capital expenditure

\$6.2 million was spent on the Graham Condon Leisure Centre. \$1.0 million was spent on improvements at QEII Park for the International Paralympic Committee Games. \$0.9 million was spent on the Pioneer Learn to Swim Pool. \$0.7 was spent on English Park Artificial Turf project. \$1.4 million was spent on renewals across a number of facilities.

Explanation of significant capital expenditure variances

\$6.2 million on the Graham Condon Leisure Centre and \$0.7 million on the English Park Artificial Turf were carried; forward from the previous year; \$1.0 million was spent on improvements at QEII Park for the International Paralympic Committee Games. These are offset by \$0.8 million of equipment and building renewals deferred after the September earthquake; delays in projects resulting in actual spent below plan of \$0.8 million for Test Cricket; \$0.7 million for Pioneer Learn to Swim; and \$0.4m for a Mobile Grandstand.

Council activities and services

Refuse minimisation and disposal

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

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

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

Why is the Council involved in refuse minimisation and disposal?

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

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

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

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

How does it affect me?

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

What activities are included in refuse minimisation and disposal?

Recyclable materials collection and processing

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

Organic material collection and composting

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

Residual waste collection and disposal

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

Commercial and industrial waste minimisation

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

What did we achieve?

The Burwood gas project continues to perform very well. The gas reticulation pipelines to the Christchurch Wastewater Treatment Plant and a line to feed Christchurch Art Gallery and the new Civic Building were completed and Art Gallery energy needs are now provided by landfill gas. The new Civic Building has been commissioned on landfill gas and this is now operational. In 2010/11 we received our second payment for carbon credits associated with the Burwood gas project. In addition we have sold \$138,700 of grey carbon credits.

The kerbside collection system continues to perform well. Diversion figures are in line with expectations. The system was valuable during the earthquakes of 2010 and 2011 in providing robust waste service receptacles for residents. Collections were maintained throughout the events despite surges of material after each earthquake.

Sales of compost to the agriculture market have improved significantly in the last 12 months and the compost plant currently sells for all material produced. The plant sustained considerable damage to the tunnel structures after the February 2011 earthquake and was shut until 23 May while repairs were completed. These repairs withstood the 13 June earthquake.

During the year we continued to monitor progress towards our community outcomes. One of the measures for environment is quantity of waste to landfill per person. This had decreased significantly from 677 kilograms in 2008 to 484.7 kilograms in 2010, but increased this year to 618 kilograms due to the earthquakes. This was not unexpected given the amount of material destroyed and perishable product that needed to be safely disposed of after each event.

Council activities and services

Refuse minimisation and disposal

In December 2010 after operating the company for 18 months, the Council sold EcoCentral Limited to Christchurch City Holdings Limited. The company operates the City's solid waste transfer stations and the materials recovery facility (recycling centre). In the period under Council ownership past operational problems and inefficiencies were corrected and issues with glass recycling were resolved. The company is now performing strongly.

A construction and demolition recovery park was established behind Burwood Landfill after the February earthquake to receive construction and demolition material from the city's CBD and residential demolitions. The site also received over 500,000 tonnes of liquefaction silt from property, road and pipe clearing operations.

The Target Sustainability programme has continued to be very successful with the business community.

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

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

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What assets do we use to deliver these services?

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

As mentioned above, the compost plant did receive some damage after the February 2011 earthquake but was fully functional by 30 June.

The refuse transfer stations and materials recovery facility also suffered some damage but remained operational throughout the year other than for some minor interruptions. Other assets suffered only minor damage and there has been no earthquake related interruption to services.

Where are we heading?

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

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

The capping programme at Burwood Landfill was completed in 2011 and the site utilised for storage of liquefaction silt materials. The Burwood Recovery Park will receive, store and process construction and demolition waste from the rebuild of the city.

With the damage to QEII Recreation and Sport Centre the surplus landfill gas from this site will be used to run the biosolids drying facility thereby reducing operating costs at the treatment plant.

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

The 2006 Waste Management Plan will be reviewed in the 2011/12 financial year.

Service delivery in 2011/12

Normal levels of service are anticipated for the 2011/12 year.

Council activities and services

Refuse minimisation and disposal

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recyclable materials collection and processing	6,930	1,208	5,722	6,496	5,892
Residual waste collection and disposal	18,605	5,854	12,751	11,658	11,565
Organic material collection and composting	13,108	1,478	11,630	12,274	12,919
Commercial and industrial waste minimisation	467	-	467	902	725
Capital revenues	-	2,076	(2,076)	-	-
Cost of service	39,110	10,616	28,494	31,330	31,101
Capital expenditure					
Renewals and replacements			2,647	305	2,766
Improved service levels			363	741	944
Increased demand			-	-	-
Total capital expenditure			3,010	1,046	3,710

Explanation of significant cost of service variances

Recyclable materials collection and processing cost \$0.8 million less than plan because of earthquake interruptions to out waste avoidance programmes and public place recycling. Similarly, commercial waste minimisation was lower than plan by \$0.4 million because of interruptions to the Target Sustainability programme.

Residual waste was \$1.1 million more than plan due to additional residual waste tonnages (\$1.1 million) and additional landfill aftercare costs of \$1.9 million. This was offset by \$1 million of unbudgeted profit share revenue from EcoCentral Limited resulting from the high volume of earthquake related waste being processed through the EcoDrop waste transfer stations. There was also unplanned revenues at Burwood landfill from post earthquake commercial waste disposal (\$0.9m).

Organic collection and composting costs were \$0.6m less than plan due to the closure of the organics processing plant after the February event.

The capital revenues were earthquake related insurance recoveries.

The 2010 result includes \$1 million of Waste Minimisation Levy under the residual waste activity. This was moved to the organics activity for the 2011 year as it better reflects the intent of that grant to divert waste from landfill.

Significant capital expenditure

\$1.0 million was spent on post earthquake repairs to the Organics Processing Plant and another \$1.0 million to establish the Burwood Recovery Centre. \$0.4 million was spent on Landfill Gas (LFG) Stage 3 Pipeline & Compressor.

Explanation of significant capital expenditure variances

\$2.0 million was spent on earthquake repairs as detailed above and \$0.4 million for the LFG Stage 3 Pipeline and Compressor was carried forward from the previous year. This is partly offset by a \$0.3 million reduction in the allowance for the future cost of managing closed landfills.

Prior year expenditure included \$2.2 million for completion of the final stage of the landfill gas pipeline to Christchurch Art Gallery and Civic building which is now in operation.

Council activities and services

Regulatory services

What are regulatory services and what does the Council do?

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

Why is the Council involved in regulatory services?

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

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

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

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

How does it affect me?

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

What activities are included in regulatory services?

Enforcement and inspections

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

Regulatory approvals

These are the building inspectors and administration officers who ensure that development in Christchurch complies with relevant legislation, national standards, and statutory timeframes. Their aim is to make it easy for property owners, builders, developers and others to do business with the Council. At the same time, they must ensure that the outcomes of individual planning proposals meet the objectives of local policy and national legislation. Day-to-day business includes issuing building consents, land use resource consents, subdivision consents, and Land Information Memorandum (LIM) and Project Information Memorandum (PIM) reports.

What did we achieve?

Regulatory services staff were key to delivering a response and leading the recovery from the significant earthquake events that have occurred since September 2010. Since that time, 4,188 red placards, 2,098 yellow placards and 59,956 green placards have been affixed to buildings to designate their immediate suitability for their intended use.

There was less demand for building consents due to the earthquakes, a slowing local economy and changes in the Building Act which exempted some work from requiring a building consent. Consents granted during the year included 5,133 for buildings, 934 resource consents and 228 for subdivisions.

There were 7,500 LIMs issued, 24,000 building inspections for buildings under construction and 4,500 code compliance certificates issued at the completion of building works.

LIM and consent processing was impeded over the period 4 September 2010 to 9 February 2011, and for a short period following the 22 February earthquake, while Council buildings and hard copy records were inaccessible. In response to this the Government passed legislation extending the 10 working day period for issuing LIMs requested before 4 October 2010.

The Chief Executive of the Department of Building and Housing extended the Council's Building Consent Authority status until September 2012 as she was satisfied with the work underway to meet the demand from the rebuild activities and that the conditions of the Building Consent Authority Regulations were being met.

Enforcement activity continues to grow with a number of high profile issues to address:

- Noise complaints continue to increase
- Breaches of the Building Act 2004, Resource Management Act 1991 and the Dog Control Act 1996 have resulted in a number of successful prosecutions.

Council activities and services

Regulatory services

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

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

Where are we heading?

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

The Council has agreed to be a party to the new Government Weathertight Financial package which will see Council and the Government each contribute 25 per cent of the remediation cost. All claims are expected to be settled by 2015.

Service delivery in 2011/12

While these activities are expected to have an earthquake focus in 2011/12, particularly the resource consent monitoring and building consent processing, the Council's ability to deliver regulatory services activities has not been compromised by the series of Canterbury earthquakes. During 2011/12 the Council will also provide additional services relating to: the Royal Commission of Inquiry into the Canterbury Earthquakes; cordon management; demolition consent processing; and management of the rock fall risk assessment and mitigation process.

Council activities and services

Regulatory services

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries) \$000	Income \$000	Net cost \$000	Plan net cost \$000	Net cost \$000
Operational service result					
Enforcement and inspections	21,646	14,699	6,947	1,719	2,105
Regulatory approvals	19,579	13,162	6,417	4,177	2,562
Cost of service	41,225	27,861	13,364	5,896	4,667
Capital expenditure					
Renewals and replacements			6	-	90
Improved service levels			-	10	45
Increased demand			-	-	-
Total capital expenditure			6	10	135

Explanation of significant cost of service variances

Enforcement and inspections net cost of service was \$5.2 million higher than plan primarily due to \$4.3 million of earthquake response costs including building evaluations and demolitions. Additionally there was a reduction in parking enforcement revenue as a result of the closure of many parking facilities in the Central Business District (CBD) red zone and the six months of free parking on the CBD fringes following the February earthquake and subsequent aftershocks. In addition to the \$4.3 million in earthquake related costs, the net cost for 2011 differs from 2010 because of the reduction in parking revenue (\$4.8 million) which was partially offset by increased staff costs.

Regulatory approvals net cost of service was \$2.2 million greater than plan and \$3.9 million greater than last year. These variances are primarily due to the reduction in consent applications, building inspections and LIMS experienced in 2010-2011, leading to \$1.7 million net cost greater than budget (\$3.2 million greater than 2010). In addition a net cost of \$1.2 million was incurred in relation to earthquake response matters including CBD demolition planning and processing. The number of weathertight homes claims declined leading to a reduced demand on rates revenue of \$0.4m.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances

Council activities and services

Streets and transport

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

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

Why does the Council provide streets and transport?

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

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

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

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

How does it affect me?

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

What activities are included in streets and transport?

Road network

We are responsible for the city's roading, including planning, building, and maintaining roadways, providing drainage and landscaping, operating street lighting, and running the traffic safety programmes.

Active travel

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

Parking

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

Public transport infrastructure

We provide the integrated bus infrastructure used by the city's bus companies to provide the public passenger transport services. This includes the central bus exchange, bus stops, shelters, bus priority systems, and the free Central City shuttle.

What did we achieve?

The September 2010 earthquake caused delays in both operational and capital programmed expenditure and the deferral of a significant portion of the asset renewal programme. The February 2011 earthquake further delayed programmed works and effectively stalled the remainder of the asset renewal programme.

Resources were diverted to emergency response efforts and initial recovery works in order to provide temporary asset repairs, while planning for the rebuild of damaged assets continued.

The city's road network suffered an enormous amount of earthquake damage, with some damage to nearly half the city's 2,293 kilometres of roads and the worst damage concentrated in eastern parts of the city. As well as roads, footpaths, kerb and channels, street lighting, and traffic signals all suffered extensive damage, as did the central business district amenity areas, tram tracks, bus exchange, and off-street parking facilities.

Following each earthquake the Council has carried out extensive programmes of silt removal and temporary repairs including road smoothing and sealing. In addition, the displacement of residents from their homes has significantly altered traffic patterns, combined with changes to the locations of schools, businesses and shops. Relief was achieved with the implementation of a significant number of medium-term temporary changes to affected roads and this strategy continues to be refined to respond to immediate needs and improve traffic flows. This included installing safety barriers, creating new lanes as well as new merging and turning lanes, removing right turns, installing new traffic signals, removing parking spaces, and prioritising the completion of road smoothing.

As part of our normal business, the traffic light network was significantly upgraded with the building of a high speed data network to 100 of the inner city intersections connecting both traffic signals and traffic observation cameras to the upgraded servers, and the traffic systems hub was successfully moved from the old Civic Building in Tuam Street to the refurbished Hereford Street site. New wireless radio technology (WiMax) was successfully trialled for use by the remaining 160 intersections. Upgrading of signal lights to LED continued during the year while the RTI bus finder communication system was upgraded, and two further school speed zones installed.

Council activities and services

Streets and transport

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

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

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

Council also has a significant investment in parking assets, in particular the parking buildings on Lichfield Street, Manchester Street, Oxford Street, the City Art Gallery, Farmers, and The Crossing. The Lichfield, Manchester, and Farmers Carparks have all suffered significant earthquake damage, with each site estimated to cost in excess of \$10 million to repair (if repair is possible and economic).

Where are we heading?

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

The Council and the Canterbury Earthquake Recovery Authority (CERA) are currently working on a strategy for the rebuilding of the Central City which is expected to deliver significant benefits to streets and transport facilities and result in improved traffic flows, pedestrian and cycle accessibility, and increased vehicle parking and bus network routes (including the location of bus exchange facilities).

The Council, CERA, New Zealand Transport Authority (NZTA), and the Alliance contractor companies are responsible for rebuilding the city's damaged infrastructure, which includes the road, water supply, waste water, and land drainage network assets. As this work is undertaken over the forthcoming years the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

NZTA and the Council have combined a number of planning projects for the northern area into a single planning project for 2011/12. Construction on the northern arterial road project is expected to commence by 2016/17, with a number of support projects commencing during the 2015/16 year.

The upgrade, widening, and strengthening of the Ferrymead Bridge has been delayed by the earthquakes, but will continue and is estimated to be completed by December 2013. The roll-out of the traffic signal change to WiMax for the remaining 160 intersections will commence in 2011/12 and is now scheduled for completion by December 2013 when Telecom plans to withdraw the current service.

Service delivery in 2011/12

While the majority of roads are now open, damage to the roads means that travel times and congestion targets for the roading network activity will not be met in 2011/12. Similarly, the travel time targets for the public transport infrastructure activity will not be met.

There is no demand for parking in the Central City and no ability to provide it. The hospital car park reopened in September and the Art Gallery car park will reopen once the building has been repaired. At the time of writing this report this is estimated to be February 2012.

Council activities and services

Streets and transport

What did it cost?

Statement of cost of services for the year ending 30 June 2011

				2011	2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Road network	148,135	69,954	78,181	66,938	60,276
Active travel	13,376	367	13,009	15,273	12,955
Parking	7,186	6,131	1,055	(4,136)	(4,039)
Public transport infrastructure	6,976	1,208	5,768	4,111	4,508
Capital revenues	4	10,200	(10,196)	(14,825)	(16,974)
Cost of service	175,677	87,860	87,817	67,361	56,726
Capital expenditure					
Renewals and replacements			14,544	43,200	40,479
Improved service levels			16,364	25,300	24,021
Increased demand			3,289	7,120	4,528
Total capital expenditure			34,197	75,620	69,028

Explanation of significant cost of service variances

Road network

The \$11.2 million increase in net cost over plan is due to the earthquake repairs. \$81.6 million was incurred of which \$20.6 million could not be recovered from insurance or Government agencies. In addition we received \$1.2 million less from NZTA and \$0.4 million less commercial revenue because of the interruption to normal activity. This was partly offset by a \$3.1 million decrease in depreciation as a result of the deferral of the road renewals programme. In addition, maintenance and staff costs were under-spent by \$6 million and \$0.6 million respectively and of internal Council charges were \$1.5 million below plan as a result of the earthquake.

The \$17.9 million increase in net cost over last year is also due to the unrecovered expenditure on roading partly off-set by a \$2 million reduction in depreciation, a \$2 million reduction in allocated internal charges, and \$0.8 million reduction in normal maintenance.

Active travel

The \$2.3 million decrease in net cost against plan is largely due to a \$0.7 million decrease in depreciation due to the deferral of the footpaths renewals programme, along with \$0.7 million less maintenance, \$0.3 million reduced staff costs and \$0.4 million reduction in internal charges. All of these variances are earthquake related.

Parking

The \$5.2 million variance to plan was due to a \$5.4 million reduction in revenues, \$2.1 million from on-street parking and \$3.3 million from off-street facilities due to closures of parking facilities and free parking offered within the inner city following the September earthquake, followed by a complete closure following the February event. Staff costs were over spent by \$1.1 million due to the delay in automating the car park buildings and a staff restructuring which was completed earlier than planned. Depreciation was \$0.4 million under plan and maintenance and operating costs \$0.9 million below as a result of the closure of facilities.

The \$1.2 million extra spend over 2010 is a combination of the same variances.

Public transport

The \$1.7 million increase in net cost compared to plan is due to the \$1.7 million cost of accelerating the depreciation for buildings on the new bus interchange site and a \$0.4 million reduction in revenue from NZTA and other sources, partly offset by lower operating costs of \$0.4 million following the closure of the Bus Exchange. The \$1.3 million increase against last year is due to the same reasons.

Council activities and services

Streets and transport*Capital revenue*

The \$4.6 million decrease in capital revenue against plan is due to \$1.9 million less cash development contributions as subdivision activity slowed following the September earthquake, and \$3.3 million less NZTA capital subsidy due to the deferred streets renewal and resurfacing programmes. This is partially off-set by \$0.6 million of earthquake related NZTA capital subsidy.

The \$6.8 million decrease in capital revenue compared to last year is due to a \$7.4 million reduction in NZTA capital subsidy because of the deferral of much of the road renewal programme (note that most of the NZTA subsidy re the earthquake emergency and recovery work are included in the Road Network activity) partially off-set by the \$0.6 million of NZTA capital subsidy.

Significant capital expenditure

The majority of capital expenditure was spent on the road network including kerb and channel (new and renewals \$5.3 million) and bridges and structures renewals (\$1.8 million). \$1.1 million was spent on footpath resurfacing and cycleways. Other capital projects include Hereford and High Street upgrades (\$2.6 million), work on the extended tram base (\$3.2 million), Southern Motorway Cycleway and Auxiliaries and other related roading works (\$5.8 million), and Ferrymead Bridge (\$0.9 million). \$3.2 million was spent on the Transport Interchange project, \$2.3 million on off-street parking automation, and \$0.8 million on earthquake related street renewal works. The balance of \$7 million relates to over 100 other projects.

Explanation of significant capital expenditure variances

The earthquakes have resulted in delays of planned works including: \$3.8 million of footpath resurfacing; \$29.7 million of Road Network renewals; \$2.6 million for the Transport Interchange; and \$1.1 million on Bus Priority Routes. These were partially offset by unplanned earthquake expenditure of \$0.8 million.

Council activities and services

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

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

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

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

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

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

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

How does it affect me?

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

What activities are included in wastewater collection and treatment?**Wastewater collection**

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

Wastewater treatment and disposal

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

What did we achieve?

Significant damage has occurred to the wastewater reticulation system in the last 12 months due to three large earthquakes. The damage is principally located in the east of the city, with approximately 14 per cent of Council's network suffering damage. The flushing of silt from pipes continues to enable complete inspection of pipes, but it is estimated that 764 kilometres of pipes have been damaged. There has also been significant damage to

pump stations, siphons, vents and other associated assets. Seven of the city's 135 pump stations will require complete replacement and 83 repair.

This damage resulted in the interruption of sewer services to an estimated 75,000 houses, sewerage overflows, and peak discharges of 67,000 cubic metres per day of untreated sewerage into waterways and rivers. Repairs to the wastewater network progressively reduced the scale of discharge, reducing to approximately 20,000 litres per day at the end of June 2011.

In response to this damage the Council deployed temporary toilet solutions in the east of the city (3,000 portable toilets, 42,000 chemical toilets, diesel over-pumping to stormwater and waterways and temporary tank solutions). Pipe cleaning operations ran from September through to June to remove silt which had entered the sewerage system as a result of liquefaction during earthquake events.

The Christchurch Wastewater Treatment Plant (CWTP) received extensive damage after the February earthquake with major repair works required on the clarifiers and oxidation pond banks as well as general structural and mechanical repairs to all areas of the plant. These works were under construction at the end of the financial year.

The impact of the earthquakes has delayed the final commissioning of the Biosolids Drying Facility. Testing shows that the Ocean Outfall pipeline, commissioned in April 2010, appears to have come through the earthquakes to date without damage.

A new 1 megawatt emergency generator was commissioned at the CWTP in late June 2011. This unit replaces 40 year old plant and improves the plant's resilience in times of electrical power failure. The design work for the replacement cogeneration gas engine has been completed and construction will take place in 2011.

The algae to biofuel trial which commenced in late 2009 with Solray Energy and NIWA has been badly disrupted. We are working with our partners to move this trial forward when conditions are suitable to do so.

Sewer renewal works outside the Christchurch urban area were completed in line with the asset renewal programme requirements. Approximately 11 km of pressure sewer mains is currently under construction. These essential pipelines, when commissioned, will greatly reduce sewer overflows into the city's waterways.

The Western Interceptor and Fendalton Duplicator trunk sewers are under construction. The projects have been frustrated by the earthquakes and progress has slowed. Work had recommenced on both major pipelines at the end of June 2011.

Modelling and initial investigation works for Pressure Main 60 (south west of the city) and the Northern Relief trunk sewer progressed well during the year.

Design for the Wainui wastewater scheme is complete but we are awaiting the outcome of an appeal under the Resource Management Act before a tender can be let and site works for the Stage 1 works can commence.

The Akaroa Harbour working party has been looking at options for wastewater treatment and disposal. The working party is programmed to report to Council in late 2011.

Council activities and services

Wastewater collection and treatment

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "How did we measure up?".

What assets do we use to deliver these activities?

The Council's wastewater collection activity uses the network of sewer pipes throughout the city along with the associated laterals (which connect Council pipes to individual properties), manholes, flush tanks, pump stations and other structures. These assets have a combined value in excess of \$0.5 billion.

The wastewater treatment and disposal activity relies on the sewer treatment plant at Bromley, along with smaller treatment plants on the Banks Peninsula, and the ocean outfall. These assets have a combined value of nearly \$0.2 billion.

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

Where are we heading?

Work to repair damaged city infrastructure has been ongoing over past months, with a focus on emergency response and repair work to restore temporary services to homes, make the roads safe and repair critical underground infrastructure.

At the same time, planning for the wider rebuild, which is likely to take more than five years, has also progressed. An Alliance partnership has been put in place to manage the rebuild, between the Canterbury Earthquake Recovery Authority (CERA), New Zealand Transport Agency (NZTA), Christchurch City Council, and contractors Fulton Hogan, Fletcher, McConnell Dowell, Downer and City Care. An interim agreement between these agencies was signed on 3 May 2011, and that was formalised on 22 September 2011 with the signing of the Alliance Agreement by all partners.

The jetting of pipes to flush sediment will continue through 2011. This will assist in returning the network to its pre-earthquake capacity and to enable further inspection of network condition. Also, the collection of wastewater from septic tanks and low-points in the gravity network will continue throughout 2011/12.

Strengthening of the CWTP electrical network will continue in 2011/12 to reduce the risk of disruption of the plant's operation.

Sand and grit removal facilities at CWTP will be upgraded to help combat the effects of liquefaction materials arriving at the plant through a damaged reticulation network.

Modelling of wastewater catchment will be undertaken to support the efforts of the Alliance and CERA in the recovery of the city's networks.

The Council is working with University of Canterbury and other research groups on improved resilience measures to be incorporated into assets to be rebuilt or repaired post the earthquakes. These measures are being integrated into new pump station designs, manhole and pump station connections to pipes and new underground pipe work. Alternative sewer technologies will be investigated and employed where they meet council requirements and improve resilience and programme delivery.

The bio solids drying facility will be fully commissioned in 2011. Significant resources will continue to go into the repair of damage at the CWTP including repairs to all four clarifiers and the entire oxidation pond embankments. It is hoped to complete all work by June 2012, subject to no further large earthquakes, and this will return the plant to its pre-earthquake capacity.

Construction on the Western Interceptor and Fendalton Duplicator will continue and is currently programmed to be completed by June 2012. Automation upgrades to rural pump stations and wastewater treatment plants (to increase reliability) will continue in 2011/12.

Construction work will commence for a new co-generation engine for the treatment plant. This is to replace equipment used to generate electricity from gas made at the plant, which is reaching the end of its useful life. The new equipment will be more efficient and reliable.

Design and consenting work associated with water and wastewater reticulation systems in Charteris Bay will be completed in 2011/12. Construction will start late in 2011/12 and flow into the 12/13 year. The Charteris Bay community currently has no water supply or wastewater service. Originally a weekend bach community, it is increasingly becoming a place of permanent homes. Many failing septic tanks and an expectation that the same services should be applied to all significant Lyttelton Harbour communities has led to the inclusion of these works in the programme.

Service delivery in 2011/12

Despite damage to the wastewater collection network, wastewater service will be provided to all residents in 2011/12. In parts of the city where the network is not performing as it should and the Council will continue to provide temporary services such as the provision of chemical toilets or portable toilets. Substantial resources will be deployed through the city wide Alliance to complete the condition assessment of the wastewater network and to commence the rebuild of the wastewater infrastructure in those areas where housing will be maintained. In red zone areas temporary services will be maintained until residents vacate the areas.

Council activities and services

Wastewater collection and treatment

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Wastewater collection	85,785	59,014	26,771	21,477	20,933
Wastewater treatment and disposal	13,517	6,335	7,182	13,173	9,614
Capital revenues	-	10,101	(10,101)	(7,445)	(3,467)
Cost of service	99,302	75,450	23,852	27,205	27,080
Capital expenditure					
Renewals and replacements			11,797	7,652	13,047
Improved service levels			16,623	37,693	23,527
Increased demand			5,701	11,407	7,527
Total capital expenditure			34,121	56,752	44,101

Explanation of significant cost of service variances

The wastewater collection activity has incurred significant spend as a result of the three events. This totals \$65.6 million of which \$59.0 million is recoverable. Depreciation expense was \$0.7 million higher than planned, normal maintenance costs were \$1 million less than planned, and planning and asset management cost were \$0.7 million less as resources were diverted to earthquake repairs. The \$6.6 million net non-recoverable earthquake related costs offset by reduced maintenance costs explain the variance to prior year.

The wastewater treatment activity cost \$6.0 million less than planned. This was the result of \$1.3 million of extra trade waste revenues, \$0.8 million of extra tankered waste revenues, \$1.2 million of extra recoveries for the laboratory due to additional earthquake related water sampling, \$0.5 million less depreciation and \$2.2 million less in maintenance and operating costs on normal business as resources were diverted to earthquake repairs. The \$2.4 million variance to prior year is explained by the additional revenues resulting from the earthquakes.

Capital revenues were \$2.7 million higher than planned. This was the result of \$6 million of earthquake related capital recoveries, offset by reduced development contributions of \$3.3 million. The \$6.5 million variance to the prior year is mostly explained by the earthquake related recoveries.

Significant capital expenditure

\$5.9 million was spent on earthquake related rebuilding across the wastewater network. A total of \$16.7 million was spent on the Western Interceptor Upgrade and Fendalton Duplication (part of the major sewer upgrade project). This project continues from previous years. \$3.5 million related to the final stages of completion of the Bio-solids Drying Facility at Christchurch Wastewater Treatment Plant. The remainder of the expenditure related to various renewals and replacements across the wastewater network.

Explanation of significant capital expenditure variances

The earthquakes have resulted in delays of planned works including: \$21.0 million for the Western Interceptor Future Stages; \$5.6 million for the Bio-solids Drying facility; and \$2.7 million of deferred renewals. This is partly offset by \$5.9 million spent on earthquake related rebuilding.

In the prior year \$19.1 million was spent on the Bio-solids Drying Facility, compared to \$4.2 million in the current year and \$6 million on the final stages of the Ocean Outfall project. \$7.3 million more has been spent on the major sewer upgrade projects in the current year than in 2010.

Council activities and services

Water supply

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

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

Why is the Council involved in water supply?

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

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

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

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

How does it affect me?

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

What activities are included in water supply?

Water conservation

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

Water supply

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

What did we achieve?

As a result of the earthquakes 150 kilometres, or 9 per cent, of the city's network of water pipes, have suffered damage. Immediately following the February earthquake 80 per cent of the city was without a reticulated water supply.

The city has been placed under three "boil water" notices due to earthquake damage to the pipes and associated infrastructure in the last 12 months. Following each of the earthquake events the Council worked very closely with Community and Public Health to remove these notices as soon as practical. The city laboratory has undertaken five times the amount of testing in the last 12 months as compared to a normal year. This additional testing has been required to keep the water supply safe for the community.

The city introduced chlorination plants at 26 sites around the city after the February event. These plants are designed to keep the free chlorine on the east site of the city (including Lyttelton Harbour basin) above 0.2 mg/litre. These plants will remain in place to ensure a safe water supply until Community and Public Health allow them to be removed. The north and west of the city still have un-chlorinated water and are isolated from the chlorinated zones.

With the earthquakes in the last 12 months we have had to continuously inspect and repair well head security arrangements. This programme will continue as long as it is required. More than 100 commercial and industrial premises fitted backflow prevention to their supply mains in the year. Both these measures are designed to protect the public water supply from contamination.

Significant leak detection resources have been deployed in the city since September 2010 to help repair crews in the initial response and then to find the smaller leaks. The aim is to restore the city to its pre-earthquake leakage rates.

Birdlings Flat and Pigeon Bay water treatment plants were commissioned in the 2010/11 year. The upgraded Duvauchelle drinking water treatment plant will be commissioned in early July 2011. Design work on upgrading the Akaroa Water Treatment Plant and improving the security of supply of water to Takamutua and Akaroa progressed well this year. This work feeds into the work being undertaken by the Akaroa Water Working Party.

The strengthening of the Rapaki water supply for fire fighting purposes was completed in the financial year.

Council activities and services

Water supply

How did we measure up?

Legislation adopted by Central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

We would normally include a statement of service performance for each of the activities and services in this part of the report. Although we're not required to prepare the statement much of the information required has been collected, and the Council considers that it should be published as it helps describe what was achieved in the year. This information is now included in the separate section "*How did we measure up?*".

What assets do we use to deliver these activities?

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

Significant damage has occurred to the city's water main and submain reticulation systems, with approximately 9 per cent suffering earthquake damage. Asbestos cement pipe and galvanised sub-mains have fared particularly poorly. Ten kilometres of mains were replaced after the September earthquake using HDPE and PVC pipe and these pipes have survived the subsequent earthquakes of February and June.

The city lost five wells and one water pump station at Palmers Road through the earthquakes. A replacement pump station is under design and will be built once a suitable land area is found. Seventy-four other wells (roughly half of all wells) have suffered repairable earthquake damage as well as sand and sediment accumulation which has affected flow rates.

While the water supply network suffered interruption following the first two events, temporary repairs have ensured that it is functional and supplying potable water throughout the city. However, the estimated cost of completing permanent repairs to the network is \$0.1 billion.

Council activities and services

Water supply

Where are we heading?

The Council is working with University of Canterbury and other research groups on improved resilience measures to be incorporated into those assets which are being rebuilt or repaired. These measures are being integrated into new well designs, pump station connections to pipes and new underground pipework.

Significant work will be undertaken to replace damaged water mains and sub-mains during the next 12 months. Plastic pipe and other design improvements are being incorporated into renewal works to improve system resilience.

A well drilling programme is in place to refurbish and/or replace damaged wells.

The Health (Drinking Water) Act 2007 requires public water supplies to meet the Drinking Water Standards. This is the driver for the programme of water treatment plant upgrade works on Banks Peninsula. Within Christchurch the chlorination plants introduced after the February earthquake will remain in place to ensure a safe water supply until Community and Public Health allow them to be removed.

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

Design work will be completed for upgrading the Little River water treatment plant and associated reticulation system. Construction is planned to commence in 2012/13.

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

Design work on reticulating water to Charteris Bay will be completed 2011/12 with construction planned to start later in the 2011/12 year. This work will be conducted at the same time as the wastewater reticulation works.

A new water booster pump station will be constructed in the Ferrymead area. This is part of a number of works being carried out to increase security of supply to Lyttelton Harbour.

Review of the restricted water supply areas and upgrading of the water network automation and monitoring systems will continue in the 2011/12 year. This is to increase their reliability and provide consistency in the levels of service within Banks Peninsula.

Service delivery in 2011/12

The Council anticipates that it will be able to provide continuous potable water to all customers throughout 2011/12. However, due to the condition of pipes and the number of leaks it is not expected that water conservation level of service targets will be met until permanent repairs to the network are completed.

Council activities and services

Water supply**What did it cost?****Statement of cost of services for the year ending 30 June 2011**

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Water supply	47,265	25,376	21,889	21,435	18,857
Water conservation	108	-	108	180	173
Capital revenues	13	4,058	(4,045)	(3,187)	(2,242)
Cost of service	47,386	29,434	17,952	18,428	16,788
Capital expenditure					
Renewals and replacements			7,543	9,221	7,972
Improved service levels			2,579	1,928	1,959
Increased demand			1,651	2,614	1,248
Total capital expenditure			11,773	13,763	11,179

Explanation of significant cost of service variances

Although the net cost of the water supply activity is only \$0.5 million more than plan there are significant items that net off against each other. \$25.2 million was incurred in earthquake related repairs, of which \$22.7 million was recovered from insurers and the Ministry of Civil Defence and Emergency Management. There was also \$1.7 million of additional depreciation over the amount planned and a reduction in excess water revenue of \$0.7 million. These are offset by a reduction in normal maintenance and planning costs as resources were diverted to earthquake recovery. The net cost of the water supply activity was \$3.0 million more than in the prior year. This primarily relates to \$2.5 million of net additional earthquake related costs (as described above) and \$0.7 million of reduced excess water revenues.

Capital revenues were \$0.9 million more than plan due to \$2 million of earthquake capital recoveries, offset by a \$0.9 million reduction in development contributions.

Significant capital expenditure

\$4.1 million has been spent on earthquake related rebuilding of headworks and water mains across the water supply network. \$6.8 million was spent on renewals and replacements and \$0.6 million on new connections to the network.

Explanation of significant capital expenditure variances

The earthquakes have resulted in delays of planned works including \$5.0 million of deferred renewals and \$1.0 million of water supply upgrade works offset by \$4.1 million of earthquake repairs

Council activities and services

Corporate activities**What are Council's corporate activities?**

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

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

What revenue and costs are included in corporate activities?

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

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

What capital expenditure is included in corporate activities?

Corporate capital expenditure includes the budgets for strategic land purchases, costs relating to Council's office accommodation, information and communication technology, and investment in CCOs.

Council activities and services

Corporate activities

What did it cost?

Statement of cost of services for the year ending 30 June 2011

	2011				2010
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Cost of services					
Interest - on lending and equity investments	24,583	-	24,583	18,409	15,855
Internal service providers	9,667	-	9,667	8,401	5,499
Property costs and other expenses	19,723	-	19,723	(458)	7,113
	53,973	-	53,973	26,352	28,467
Revenue from services					
Rates		273,813	(273,813)	(271,157)	(259,958)
Dividends	-	37,480	(37,480)	(39,858)	(41,784)
Contributions from subsidiaries	-	8,035	(8,035)	(8,035)	(73,275)
Interest from on lending	-	14,705	(14,705)	(14,563)	(14,263)
General and special fund interest	-	9,817	(9,817)	(8,586)	(9,552)
Internal service providers	-	6,441	(6,441)	(5,807)	(5,802)
Other income	-	70,959	(70,959)	(6,275)	(22,818)
	-	421,250	(421,250)	(354,281)	(427,452)
Net cost of services	53,973	421,250	(367,277)	(327,929)	(398,985)
Capital expenditure					
Renewals and replacements			41,719	21,692	15,009
Improved service levels			50,750	13,617	59,467
Increased demand			5,918	3,489	(873)
Total capital expenditure			98,387	38,798	73,603

Council activities and services

Corporate activities

Explanation of significant cost of service variances

Interest costs are \$6.2 million higher than plan. This is the result of the accounting treatment required for the lease of the new Civic Building. Financial reporting standards require that Council treat the lease as a financing lease, showing the building as an asset in its financial statements, a corresponding debt to the building owner, and breaking down lease payments into notional interest plus repayment of that debt. This notional interest of \$6.8 million was budgeted for as a lease payment. The variance to 2010 relates to the \$6.8 million of notional interest on the Civic Building financing lease plus the full year cost of borrowing drawn down part way through 2010 for on-lending to, or investment in, Vbase and Civic Building Limited.

Internal service providers had a number of variances which gave rise to the \$1.3 million over-spend. Underspends of \$6.8 million relate to the transfer of Civic Building lease costs to Interest, net savings on the move to the new Civic Building in August were \$0.5 million and rental savings of \$2.8 million relate to the periods following the September and February earthquakes when Council was unable to occupy the building. This is offset by the operational cost of internal service units of \$11.4 million that would normally be recovered from other Council units but could not be in 2010 because of earthquake interruptions to routine Council operations. The \$4.2 million increase in net cost from 2010 to 2011 relates primarily to the \$6.8 million of Civic Building lease costs.

Property costs and other expenses were overspent and higher than 2010 due to \$1.6 million for the disposal of assets in the old Civic Building, \$11 million of earthquake costs that do not relate to any of Council's planned activities and therefore fall into Corporate costs by default, with the balance relating to the write down of earthquake damaged assets.

The \$2.7 million of rates revenue collected by the Council in excess of plan is the result of pre-September earthquake growth in the rating base and in a lower than expected number of objections to rating valuations.

In 2010 Council received a special dividend from Christchurch City Holdings Limited. That dividend was one-off and the reason that 2011 Contributions from subsidiaries are so much lower than in 2010.

Other income for 2011 is significantly above the plan. The variance is principally made up of the unplanned receipt of Christchurch Earthquake Mayoral Relief fund donations of \$5.5 million and the balance relates to insurance and other earthquake recoveries.

Significant capital expenditure

Council has entered into a number of contracts with contractors and lately an alliance contracting arrangement for the infrastructure rebuild across the city. \$25.5 million for infrastructure and facilities rebuild programmes was spent on contractor set up costs and works in progress that will be allocated across the rebuild programme as works are completed. \$10.3 million was spent on Strategic Land Purchases on Wigram and Annex Roads to support growth projects. \$5.2 million was spent completing the fit out of the new civic building on Hereford Street. \$7.2 million was spent on information technology systems renewals and development. \$50 million relates to debt to equity conversions detailed below.

Explanation of significant capital expenditure variances

During the year, \$41 million of existing Vbase advances and \$9 million of existing Tuam Limited advances were converted to equity. These were not included in the plan and involved no cash outlay. Partly offsetting this, \$7.9 million was budgeted for the Town Hall upgrade, which hasn't proceeded due to the impact of the February earthquake. \$25.5 million was spent on unplanned rebuild costs as stated above. \$3.8 million of the new Civic building fit out was delivered in the previous year. Strategic Land Purchases are as planned however the allocation of prior year purchases to capital works projects is \$3.0 million less than planned due to earthquake related delays.

The earthquakes have also resulted in \$2.7 million of IT, fleet and corporate property renewals being deferred. The plan also included a corporate provision of \$5 million representing a catch-up in capital projects that were carried forward from the previous year.

How did we measure up?

In its Annual Report Council would normally include its statement of service performance for each group of activities in the Council activities and services section of the report.

Legislation adopted by central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

This exception is due to the fact that many Council services were severely affected (or even completely suspended) at one stage or another through the course of this year. Also, in many instances the measurement systems and devices used to arrive at performance results were severely compromised. In other cases results are not available because resident surveys (scheduled for early March) were not conducted, for obvious reasons.

Although we are not required to publish performance information this year, where information is available we prefer to make that information public. On a less formal note reporting them is, at least in part, a form of recognition for the performance of Council staff during the emergency periods. Behind the statistical results set out in the following pages there was a very high degree of commitment by staff to maintain damaged or otherwise compromised services, either in their Council role or as a Civil Defence volunteer.

The results for 2011 are obviously not complete. Due to the severe impacts across Council's services they are also not robust enough to stand up to full audit processes. However, the information set out below is the best information currently available in relation to Council's performance against 2011 level of service targets.

How did we measure up?

City planning and development

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
City and community long-term policy and planning	Advice is provided on key issues that affect the social, cultural, environmental and economic wellbeing of Christchurch	At least 85% of milestones agreed for each year are achieved	At least 85% of milestones agreed for each year are achieved	Advice was provided in a range of policy issues. Milestone topics affected by earthquakes so many matters proposed to be considered by Council were deferred. Advice relevant to the earthquake circumstances was provided
		Council approves a work programme by 30 June for the following financial year	Council approves a work programme by 30 June for the following financial year	Work plan submitted to Council in June 2011. Council chose to defer consideration until workshop had been completed
	Area plans are progressed		Draft Belfast Area Plan implementation plan is completed by March 2011	On hold due to other priorities but aim to meet target of March 2012
			Progress on the South West Area Plan implementation plan is reported on biannually	Reported on once only during 2010/11
	Community Outcomes are monitored	Community Outcomes progress report published by 31 August 2011	Community Outcomes progress report published by 31 August 2011	Work on a Community Outcomes progress report has not been progressed
		Regularly updated Community Outcomes reports are available to the public (ongoing)	Regularly updated Community Outcomes reports are available to the public (ongoing)	The Community Outcomes database has been updated as circumstances permitted, but reports have not been published as staff have been committed to earthquake response and recovery
Community Outcomes are reviewed according to statutory requirements	Review of Community Outcomes completed by 30 June 2012	Review of Community Outcomes completed by 30 June 2012	Review of Community Outcomes were largely completed by staff prior to the February 2011 earthquake. They still require political input and adoption	
Development of policy and plans to direct intensified development of the Christchurch urban area	First intensification plan started by end of December 2010.	First intensification plan started by end of December 2010.	Plan started by end of December 2010	
		Investigations and advice to progress suburban intensification is provided by 30 June 2012	On track	

How did we measure up?

City planning and development (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
City and community long-term policy and planning (continued)	Development of policy and plans to direct the Councils work to implement the Central City Revitalisation Strategy	Business retention and development programme milestones will be reported against as part of key strategy monitoring and reporting	Business retention and development programme milestones will be reported against as part of key strategy monitoring and reporting	Progress was made on funding mechanisms, but further work halted due to earthquakes
		Concept designs completed for two Central City street upgrades per year	Advice is provided to support street and amenity upgrades in the Central City as per the capital programme	Not possible as programme delayed due to earthquakes and subsequent work on the Central City Plan
			Central City South Masterplan is implemented with an annual progress report prepared	Not achieved due to earthquakes. Resources committed to preparing the Draft Central City Plan
			Concept designs completed for two Central City street upgrades per year	Not achieved due to earthquakes. Resources committed to preparing the Draft Central City Plan
			The top five priority actions in 'A City for People' are investigated and reported to Council prior to the 2012-2022 LTCCP	Not achieved due to earthquakes. Resources committed to preparing the Draft Central City Plan
District plan	Development of policy and plans to implement the Councils components of the Greater Christchurch Urban Development Strategy (UDS) Action Plan	At least 85% of milestones agreed for each year are achieved	At least 85% of milestones agreed for each year are achieved	Only 50% of milestones achieved due to earthquakes
		Council approves a work programme, based on the approved UDS Action Plan, by 30 June for the following financial year	Council approves a work programme, based on the approved UDS Action Plan, by 30 June for the following financial year	Work programme approved
		A prioritised work programme, matched to staff capacity and availability, to be presented for Council approval annually by 30 June for the following financial year	A prioritised work programme, matched to staff capacity and availability, to be presented for Council approval annually by 30 June for the following financial year	Prioritised work programme approved
	Processing of all privately requested plan changes complies with statutory processes and timeframes	100%	100%	100%

How did we measure up?

City planning and development (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
District plan (continued)	The Christchurch City District Plan is fully operative		Both territorial sections of the Plan are fully operative by 30 June 2011	There are 2 outstanding designations to be resolved by NZTA.
	The effectiveness of Christchurch City District Plan is monitored	First monitoring report released by November 2010	First monitoring report completed by November 2010	Completed by November 2010
Energy conservation	A programme is developed to contain increase in the amount of energy used in Christchurch (to reduce increase in energy use to +12.0% per year by 2014)	By 30 June 2011	By 30 June 2011	Christchurch Agency for Energy are progressing work on preparing a programme
	Programme developed to encourage an increase in the proportion of renewable energy used in the City (to 23% by 2014)	By 30 June 2011	By 30 June 2011	Christchurch Agency for Energy are progressing work on preparing a programme
Heritage protection	A programme to ensure a consistent level of heritage protection in Christchurch and Banks Peninsula is implemented	A programme of research and documentation is completed by June 2015	A programme of research and documentation is completed by June 2015	Background work completed, but the programme is on hold as all resources have been re-directed to heritage retention following the September earthquake
	All grants meet Heritage Incentives Grants policy and guidelines	100%	100%	100%
	Asset management plans, which include heritage conservation principles and priorities, are in place for all Council owned restricted heritage assets	Plans in place by June 2015	Plans in place by June 2015	On track
	Incentive grant recipients satisfied with heritage advice and grant process	75% satisfaction	75% satisfaction	Survey not undertaken in 2010/11

How did we measure up?

Community support

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Civil Defence Emergency management	An Emergency Operations Centre (EOC) is available for the coordination of a multi-agency response in the event of an emergency	At all times	At all times	Target achieved. The EOC primary location is the Function room Hereford Street Civic Offices. The alternate EOC at the Art Gallery has been used for the response to the September and February earthquakes due to damage to the Civic Offices. Plans are in place to use 28 Hereford Street plus marquees if the Art Gallery is unavailable
	Approved Civil Defence and Emergency management plans covering local response and recovery arrangements and specific contingencies are in place	At all times	At all times	Not achieved: Civil Defence response and specific contingencies plans were in place. However, the recovery plan was in draft and had not been approved
	Build upon national/regional initiatives to promote the need for individuals to be prepared for when a disaster occurs	Two major civil defence and emergency management promotions occurs annually via Council publications	One major civil defence and emergency management promotions occurs, focused on the tsunami alerting system	Not achieved due to earthquakes
	Fully equipped Light Rescue Response Teams maintain their national registered status	Three teams	Three teams	Three teams maintained national registered standards and status. These teams played an active role in the response to the recent earthquakes in the following capacities: Urban Search and Rescue, business and residential owners access and safety role for engineers in the red zone
	Key sections of the community are informed of a pending civil defence emergency in a timely manner (those that are registered with the on-line alerting system)	Communication sent within one hour of civil defence and emergency management confirming warnings	Communication sent within one hour of civil defence and emergency management confirming warnings	The Earthquake Recovery News and Information (ERNI) utilised the Readynet system
	Relevant hazards and risks are identified and managed in the City's District and Civil Defence Emergency plans	Hazards and risks framework maintained at all times	Hazards and risks framework maintained at all times	Not achieved. Hazards are identified in the District Plan and the Civil Defence and Emergency Management Group and Local Plans. However work on the development of the framework has been interrupted by the response to the recent earthquakes

How did we measure up?

Community support (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Community facilities	The portfolio of community centres/halls/cottages is maintained	Maintain the number of community centres, halls and cottages at 52: that is 1 community centre/hall/cottage per 6700 residents	Maintain the number of community centres, halls and cottages at a minimum of 45	Minimum of 33 retained as usable following the earthquakes
Community grants	Grants schemes are properly administered	Administer grant schemes in a manner that is consistent with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative NZ scheme	Administer grant schemes in a manner that is consistent with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative NZ scheme	Grant scheme administered in a consistent manner
Early learning centres	Provide five day a week half, full-day and flexible-hours care at early learning centres	Provide 164,120 hours of childcare per annum at QEII and Pioneer early learning centres	Provide 158,520 hours of childcare per annum at QEII and Pioneer early learning centres.	125,400: QEII 62,040 hours and Pioneer 63,360 hours; reduced hours due to closures following the February earthquake
		Maintain 75-85% occupancy	Maintain 75-85% occupancy	Pioneer 82%. QEII was closed following the February earthquake
		18-25% of attendees at QEII and Pioneer attend the leisure centres	18-25% of attendees at QEII and Pioneer attend the leisure centres	Pioneer 27%. QEII not surveyed due to the February earthquake
	Quality, high standard of professional childcare is provided that satisfies customers' needs	80-99% of early learning centre staff are trained, qualified and registered teachers	80-99% of early learning centre staff are trained, qualified and registered teachers	Pioneer 98%. No data available for QEII as it was closed following the February earthquake
		85-95% customer satisfaction with quality of care	85-95% customer satisfaction with quality of care	Survey not conducted due to the earthquakes
Social housing	Council housing complexes are well managed	Maintain average occupancy rate at 97%	Maintain average occupancy rate at 97%	Average occupancy rate of 97% achieved
	Maintain portfolio of rental units and owner/occupier units	Minimum of 2,649 rental units and 28 owner/occupier units	Minimum of 2,580 rental units and 28 owner/occupier units	2,461
	Tenants are satisfied with quality of tenancy service provided	More than 80% of tenants surveyed are satisfied with the quality of the tenancy service provided	More than 80% of tenants surveyed are satisfied with the quality of the tenancy service provided	Survey not completed following February 2011 earthquake
Strengthening communities	Community development projects are provided	Successfully deliver projects across each target area and within budget allocation	Successfully deliver projects across each target area and within budget allocation	Projects successfully delivered across each target area. Some examples: Youth Quake forum – held for all youth in Christchurch in response to the September earthquake – collaboration with White Elephant, MYD and Council

How did we measure up?

Community support (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Strengthening communities (continued)				Barriers to Sport and Recreation for Migrant Young People forum – collaboration between Human Rights, Police and Council 14 young people to Outward Bound – collaboration between Outward Bound, Human Rights and Council Youth United Nations national conference in Christchurch – collaboration with Council.
	Safety Projects – working towards making Christchurch safer	Maintain safe city accreditation (every 5 years)	Maintain safe city accreditation (every 5 years)	Currently have accreditation until 2013
Walk-in customer services	All walk-in customer services staff are identifiable as Council employees	All front-line staff have a suitable corporate uniform	All front-line staff have a suitable corporate uniform	Front-line staff have a suitable uniform
	Customer service centres are provided	Maintain current walk-in services at 11 locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton)	Maintain current walk-in services at 11 locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton)	11 walk-in service locations were maintained prior to the February earthquake, after which Sockburn and Civic were no longer available
	Customers are satisfied with walk-in services	95% of customers are satisfied with walk-in services	95% of customers are satisfied with walk-in services	95% achieved
	Number of walk-in customer service hours provided	Total of 451 hours per week	Total of 451 hours per week	Achieved excluding closure for earthquakes
		8 hours per day at Civic, Akaroa, Little River, Lyttelton, Fendalton, Riccarton, Beckenham, Shirley, Papanui	8 hours per day at Civic, Akaroa, Little River, Lyttelton, Fendalton, Riccarton, Beckenham, Shirley, Papanui	8 hours per day, excluding closure for earthquakes
		8.5 hours per day at Linwood and Sockburn	8.5 hours per day at Linwood and Sockburn	8.5 hours per day, excluding closure for earthquakes
		3 hours per day on a Saturday (10am-1pm) at Shirley and Papanui	3 hours per day on a Saturday (10am-1pm) at Shirley and Papanui	3 hours per day on a Saturday (10am-1pm), excluding closure for earthquakes
	There are minimal wait-times for walk-in services	Less than 3 minutes, 80% of the time	Less than 3 minutes, 80% of the time	Result not available as survey not undertaken

How did we measure up?

Cultural and learning

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Art gallery and museums	Hours of opening	Minimum hours open to the public: approx 2,793 hrs per annum by end 2010	Minimum hours open to the public: approx 2,712 hrs per annum by end 2010	1,783. Due to the earthquake on 22 February the Gallery was closed for 138 days of the year
	Exhibitions and publications presented	15-18 exhibitions presented per annum 4-6 publications per annum, with at least 1 significant publication every 2 years	15-18 exhibitions presented per annum 4-6 publications per annum, with at least 1 significant publication every 2 years	8 exhibitions produced. Target not achieved due to gallery closure following the February earthquake 3 significant publications produced: Andrew Drummond, Van der Velden's Otira and Debuilding. 4 editions of Bulletin produced. (print run of B.163 reduced due to earthquake)
	Public programmes and school-specific programmes delivered	Average of 25,000 attending advertised public programmes per annum 15,000 attend school programmes per annum	Average of 25,000 attending advertised public programmes per annum 13,500 attend school programmes per annum	Average for last 3 years 28,685 (24,466 for period of July 2010 - 22 February 2011) 9,647
	Collection items available on web	80% of collection on line with images	80% of collection on line with images	There are 5,564 works currently available for view on the gallery website. This figure represents 90% of the collection
	Number of visitors per annum	Visitors per annum within a range of 370,000 - 410,000	Visitors per annum within a range of 370,000 - 410,000	457,733 visitors until midday on 22 February 2011
	Visitor satisfaction with their gallery experience	At least 90% of visitors rate their experience as good, very good, or excellent	At least 90% of visitors rate their experience as good, very good, or excellent	93% of visitors to Christchurch Art Gallery said they were satisfied or very satisfied with their overall experience
	Administer the Canterbury Museum levy as per statutory requirements	Canterbury Museum levy funding paid as required	Canterbury Museum levy funding paid as required	Canterbury Museum levy funding paid as required
	Akaroa Museum: hours of opening	Minimum of 2,093 opening hours per annum	Minimum of 2,071 opening hours per annum	Achieved 2,038 opening hours, 33 below target
	Akaroa Museum: number of visitors per annum	Visitors per annum for Akaroa Museum to be a range of 14,250 - 15,750	Visitors per annum for Akaroa Museum to be a range of 14,250 - 15,750	Achieved 12,672 visitors

How did we measure up?

Cultural and learning (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Libraries	Collections are available to and meet the needs of the community	Maintain collections at 3 to 3.5 items per capita	Maintain collections at 3 to 3.5 items per capita	3.2 items per capita. Have met the collection items per capita target, however following closures due to the earthquakes, only 55% of the collection has been available
		Maintain number of issues per capita of city population, per year, at national average or better	Maintain number of issues per capita of city population, per year, at national average or better	12.8 issues per capita (national average figures not yet available but estimated to be 12.7)
	Residents have access to a physical library relevant to local community need or profile	Weekly opening hours - metropolitan 72 hours	Weekly opening hours - metropolitan 72 hours	72 hours provided except for closures due to earthquakes. The Central Library has been closed since February
		Weekly opening hours - large suburban: 57 to 67 hours	Weekly opening hours - large suburban: 57 to 67 hours	57 to 67 hours provided except where earthquake damage prevented opening. Two libraries were closed to the public when their facilities were required to relocate staff following the February earthquake
		Weekly opening hours - medium suburban: 48 to 57 hours	Weekly opening hours - medium suburban: 48 to 57 hours	48 to 57 hrs provided. One medium library was closed following the February earthquake
		Weekly opening hours - neighbourhood: 43 to 57 hours	Weekly opening hours - neighbourhood: 43 to 57 hours	43 to 57 hours provided. One neighbourhood library was closed due to the February earthquake
		Maintain a mobile library service	Maintain a mobile library service	Mobile library service provided and increased to compensate for closed libraries elsewhere
		Maintain visits per capita of National average or better, per annum, for level 1 NZ Public Libraries	Maintain visits per capita of National average or better, per annum, for level 1 NZ Public Libraries	8.2 visits per capita (national average figures not yet available but estimated to be 9.3)
		Provide for 10 voluntary libraries - rent free facilities including building and maintenance	Provide for 10 voluntary libraries - rent free facilities including building and maintenance	10 voluntary libraries provided prior to the earthquakes, dropped to 5 post-February
	Provide for 10 voluntary libraries - support for collections	Provide for 10 voluntary libraries - support for collections	10 voluntary libraries - support for collections provided	

How did we measure up?

Cultural and learning (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Libraries (continued)	Residents have access to information via walk-in, library website, phone, email, professional assistance and online customer self service and on-site access to computers/internet	Maintain number of reference and research enquiries from customers per year at national average or better	Maintain number of reference and research enquiries from customers per year at national average or better	1.4 reference and research enquiries (national average figures not yet available but estimated to be 1.7)
	Residents have access to information via walk-in, library website, phone, email, professional assistance and online customer self service and on-site access to computers/internet	Online catalogue, library website and digital content attracts 10.45 million page views to the website	Online catalogue, library website and digital content attracts 10.45 million page views to the website	11,351,846 views
		Online catalogue, library website and digital content attracts 7.59 million external page views to the online catalogue	Online catalogue, library website and digital content attracts 7.59 million external page views to the online catalogue	9,368,701 views
		Provide free bookable time on public PCs with charges for ancillary services	Provide free bookable time on public PCs with charges for ancillary services	498,927 sessions
	Provide programmes and events to meet customers diverse lifelong learning needs	Maintain participation of 200 - 230 per 1000 of population	Maintain participation of 200 - 230 per 1000 of population	201 per 1000 population

How did we measure up?

Democracy and governance

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
City governance and decision-making	Council and community board decisions comply with statutory requirements	100%	100%	Achieved
	Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch	48%	48%	Survey not undertaken due to the February 2011 earthquake
	Percentage of residents who understand how Council makes decisions	40%	40%	General resident survey not undertaken in 2010/11
Public participation in democratic processes	All elections and polls comply with relevant legislation	100%	100%	100%
	Percentage of residents who feel the public has some or a large influence on decisions the Council makes	61%	61%	Survey not undertaken due to the February 2011 earthquake

How did we measure up?

Economic development

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
City promotions	Residents are satisfied with the information available about events, activities and attractions in Christchurch	80% annual residents survey	80% annual residents survey	Survey not undertaken due to the February 2011 earthquake
Civic and international relations	All Sister City Committee Annual Plans are assessed and within budget funding approved for activities meeting the requirements of the International Relations Policy for culture, education and business	100% of plans assessed (by staff)	100% of plans assessed (by staff)	Plans assessed and funding distributed
Regional economic development, business support and workforce development	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes	All major events delivered annually - season opening function, Antarctic Festival, Antarctic UC scholarship	All major events delivered annually - season opening function, Antarctic Festival, Antarctic UC scholarship	Events delivered
		Council remains an active partner within Antarctic Link Community	Council remains an active partner within Antarctic Link Community	Christchurch continues to be part of Antarctic Link Community
	Christchurch and Canterbury Tourism (CCT) promotes Christchurch and Canterbury as the best value destination for conventions, incentive travel and exhibitions	17% market share of conference delegate days by 2015, unless agreed otherwise by CCT's Board	17% market share of conference delegate days by 2015, unless agreed otherwise by CCT's Board	Achieved as of 31 March 2011. The regions market share as at 31 March was 19%. There have been no convention venues available since the February earthquake
		3% increase in conference delegate days per annum (ongoing), unless agreed otherwise by CCT's Board	3% increase in conference delegate days per annum (ongoing), unless agreed otherwise by CCT's Board	Achieved up until March 2011 but will not be achieved for full year due to 95% of booked conferences being cancelled or relocated in the last quarter of the 2010/11 year
	CCT provides support to and works collaboratively with tourism business partners and suppliers	Private sector funding contribution for domestic and Australian consumer campaigns is at least \$1.2 million per annum, unless agreed otherwise by CCT's Board	Private sector funding contribution for domestic and Australian consumer campaigns is at least \$1.2 million per annum, unless agreed otherwise by CCT's Board	At June 2011 \$856,000 had been achieved
	CCT supports tourism operators to improve the environmental and cultural sustainability of their businesses	10% increase per annum in businesses adopting environmental programmes (Green Globe, Carbon Zero and Qualmark) unless agreed otherwise by CCT's Board	10% increase per annum in businesses adopting environmental programmes (Green Globe, Carbon Zero and Qualmark) unless agreed otherwise by CCT's Board	For Qualmark Enviromark certification, in June 2011 there were 136 certified operators in Canterbury, a 16% increase on June 2010. There has also been a 26% increase in EnviroGold certification (the premier achievement)

How did we measure up?

Economic development (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Regional economic development, business support and workforce development (continued)		5% per annum increase in Qualmark licensed operators with a starting base in 2007 of 285, unless agreed otherwise by CCT's Board	5% per annum increase in Qualmark licensed operators with a starting base in 2007 of 285, unless agreed otherwise by CCT's Board	At June 2011 there were 291 Qualmark licensed operators in the region, a 17% decrease on June 2010 (351). Many operations in the region have been damaged or remain closed following the earthquakes
	Canterbury Development Corporation (CDC) delivers a programme supporting existing and emerging high growth industry sectors	Identify and support 5 high-growth-potential industry sectors and/or cluster groups (ongoing)	Identify and support 5 high-growth-potential industry sectors and/or cluster groups (ongoing)	Five high-growth potential sectors identified and support provided to them
	CDC delivers customised business acceleration services to businesses with high growth potential	80% of Enterprise Training Programme delivered to support needs of high-growth-potential businesses, unless agreed otherwise by CDC's Board	80% of Enterprise Training Programme delivered to support needs of high-growth-potential businesses, unless agreed otherwise by CDC's Board	Achieving this level of service target has not been possible given earthquake impacts. Resources have been diverted to helping businesses survive the immediate earthquake impacts
	CDC develops centres of expertise in economic research, workforce and investment	10 high-growth-potential businesses and projects that meet investment objectives of Canterbury Economic Development Forum are identified each year, unless agreed otherwise by CDC's Board	10 high-growth-potential businesses and projects that meet investment objectives of Canterbury Economic Development Forum are identified each year, unless agreed otherwise by CDC's Board	Achieving this level of service target has not been possible given earthquake impacts. Resources have been diverted to helping businesses survive the immediate earthquake impacts
		Key economic indicators for Christchurch and Canterbury are published quarterly, unless agreed otherwise by CDC's Board	Key economic indicators for Christchurch and Canterbury are published quarterly, unless agreed otherwise by CDC's Board	Achieving this level of service target has not been possible given earthquake impacts. Resources have been diverted to helping businesses survive the immediate earthquake impacts
	CDC initiates and/or implements priority economic development projects identified through Christchurch Economic Development Strategy or Canterbury Regional Economic Development Strategy	Three projects (new and ongoing) per annum, unless agreed otherwise by CDC's Board	Three projects (new and ongoing) per annum, unless agreed otherwise by CDC's Board	Three projects significantly progressed albeit with changed focus following the earthquakes: Canterbury Workforce Strategy; Capital Cluster and Infrastructure Strategy
	Council develops a framework for its involvement in economic development	A strategic framework for Councils involvement in economic planning and development is completed by 30 June 2011	N/A	Work not completed
	Council to work with CCT to implement strategic plan that supports and delivers on visitor strategy	Three year strategic plan completed annually by 15 June	Three year strategic plan completed annually by 15 June	CCT has developed a three year strategic plan
	Visitors strategy implementation progress is monitored and reviewed with key stakeholders as part of the strategic planning process	Visitors strategy implementation progress is monitored and reviewed with key stakeholders as part of the strategic planning process	Not achieved	

How did we measure up?

Parks, open spaces and waterways

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Cemeteries	Maintain furniture/signs: Frequencies will vary based on seasonal demands, minimum weekly	Furniture kept clean, safe and serviceable condition	Furniture kept clean, safe and serviceable condition	Specifications were achieved except for the months February and March due to the February earthquake
		Painting and staining as required	Painting and staining as required	Specifications were achieved except for the months February and March due to the February earthquake
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed	Rubbish bins clean, emptied, serviceable and surrounding loose litter removed	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain hard surfaces/paths	Surfaces maintained in a clean, safe and serviceable condition	Surfaces maintained in a clean, safe and serviceable condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Major damage/faults made safe and reported within 24 hours	Reported major damage/faults made safe by repair, mitigation, or isolation within 24 hours of report, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Painted markings are clearly visible	Painted markings are clearly visible	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain shrub gardens	Plants maintained for long term display and health	Plants maintained for long term display and health	Specifications were achieved except for the months February and March due to the February earthquake
		Weeds controlled within specification: no flower or seed heads and height <50 mm	Weeds controlled within specification: no flower or seed heads and height <50 mm	Specifications were achieved except for the months February and March due to the February earthquake
		Mulch minimum depth of 75mm	Mulch minimum depth of 75mm	Specifications were achieved except for the months February and March due to the February earthquake
		Plant pests and diseases are monitored, reported and controlled	Plant pests and diseases are monitored, reported and controlled	Specifications were achieved except for the months February and March due to the February earthquake

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Cemeteries (continued)		That irrigation is performed to an agreed programme	That irrigation is performed to an agreed programme, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain turf areas	Mown areas are kept within the height parameters 25mm - 60mm	Mown areas are kept within the height parameters 25mm 60mm	Specifications were achieved except for the months February and March due to the February earthquake
		Turf shall be kept in a healthy, dense, uniform condition	Turf shall be kept in a healthy, dense, uniform condition	Specifications were achieved except for the months February and March due to the February earthquake
	Interment capacity meets the needs of the city	Reduce the number available burial plots to meet the two year capacity target, by 2014	Reduce the number available burial plots to meet the two year capacity target, by 2014	On track
		Reduce the number of available ash plots to meet the two year capacity target, by 2012	Reduce the number of available ash plots to meet the two year capacity target, by 2012	On track
	Response time to burial plot applications	All applications for interment will be confirmed within one working day of receiving the application	All applications for interment will be confirmed within one working day of receiving the application	100%
	Maintain toilets, changing rooms and buildings	Major damage and faults reported within 24 hours of notice	Reported major damage/ faults made safe by repair, mitigation, or isolation within 24 hours of report, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Toilets/changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand	Toilets/changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake	
Customer satisfaction with Council cemetery services	95%	95%	Survey not undertaken due to earthquakes	
Garden and heritage parks	Maintain the Christchurch Botanic Gardens	Continue to provide Christchurch Botanic Gardens	Continue to provide Christchurch Botanic Gardens	Achieved
	Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained	Maintain heritage garden parks 49	Maintain heritage garden parks 49	Specifications were achieved except for the months February and March due to the February earthquake

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results	
Garden and heritage parks (continued)		Maintain Clocks 8	Maintain Clocks 8	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain Fountains 21	Maintain Fountains 20 (Bowker fountain restoration in 2012)	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain Buildings 3	Maintain Buildings 3	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain Bridges 1	Maintain Bridges 1	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain War memorials 22	Maintain War memorials 22	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain Statues 8	Maintain Statues 8	Specifications were achieved except for the months February and March due to the February earthquake	
		Proportion of visitors satisfied with the appearance of the Botanic Gardens	≥89% satisfied or very satisfied with the Botanic Gardens	≥89% satisfied or very satisfied with the Botanic Gardens	98.7% satisfaction
		Proportion of visitors satisfied with the appearance of garden and heritage parks	≥87% satisfied or very satisfied with garden and heritage parks (excluding the Botanic Gardens)	≥87% satisfied or very satisfied with garden and heritage parks (excluding the Botanic Gardens)	75%
		Number of visits to the Botanic Gardens	≥1.3 million visits	≥1.3 million visits	1,180,000
		Provision of Botanic Garden Services	Visitor Centre opening hours 8.30-5.00pm 7 days a week	Visitor Centre opening hours 9.00-4.00pm weekdays, plus 10.15-4.00pm weekends, except for September 2010	Achieved except following February earthquake
		Permanent displays, educational area, changing exhibitions: six per year	Permanent displays, educational area, changing exhibitions: six per year	Botanic Gardens History, Weed busters, Surveillance plants, Plant weeds, Curators House, <i>What's on where</i> display	

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Garden and heritage parks (continued)		Herbarium environment standards achieved	Herbarium environment standards achieved	Environment standards achieved
		Restricted access (for reference only) to Herbarium library, archives for wider community - 2 hours per day, by appointment	Restricted access (for reference only) to Herbarium library, archives for wider community - 2 hours per day, by appointment	Restricted access provided
		Environmental education programmes 20 per annum	Environmental education programmes 20 per annum	22 programmes held
		Community exhibition and education information - 4 per year	Community exhibition and education information - 4 per year	4+ edible gardens workshops, friends seasonal talks
		Science and research, partnerships with Crown Research Institutes, other research institutes, higher learning institutions and Government departments: 160 hours per year	Science and research, partnerships with Crown Research Institutes, other research institutes, higher learning institutions and Government departments: 160 hours per year	400+ hours University of Canterbury summer research projects, Cockayne Collection, and naturalised indigenous plants, rose and turf trials
		Cafe open 7 days, 9am-5pm	Cafe open 7 days, 9am-5pm, except for period of closure due to September 2010 earthquake	Cafe open 7 days, 9am-5pm, except for period of closure due to earthquakes
		Between two and four events/promotions each year	Between two and four events/promotions each year	4 events held - Lazy Sunday, Summer bandstand, World Buskers Festival and Burst
Regional parks	Biodiversity values are protected	Ecological restoration projects at regional parks: 20 to 30 per year	Ecological restoration projects at regional parks: 20 to 30 per year	30
		Nil notices of direction served, following inspection by Environment Canterbury	Nil notices of direction served, following inspection by Environment Canterbury	Nil
		Site monitored (bird counts, pest numbers etc): 20-30 per year	Site monitored (bird counts, pest numbers etc): 20-30 per year	30
	Number of students attending environmental education programmes each year	9,500 - 10,500 each year (on parks and other Council sites like waste facilities)	8,000 - 9,500 each year (on parks and other Council sites like waste facilities)	5,089 students attended the environmental education programmes over the year
	Participant satisfaction with Environmental Education programmes	≥95% each year	≥95% each year	100% of teachers evaluation were received and above 95%
		Tour vehicle operates within Botanic Gardens	Tour vehicle operates within Botanic Gardens	Caterpillar tours operated, except following the February earthquake
		Between two and four events/promotions each year	Between two and four events/promotions each year	4 events held - Lazy Sunday, Summer bandstand, World Buskers Festival and Burst

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Regional parks (continued)	Proportion of customers satisfied with their experience of regional parks	≥87%	≥87%	91.40%
	Satisfactory management of regional parks	Ranger service provided 24 hours, seven days per week to meet community needs for advocacy and information, conservation and amenity, recreation and asset management, emergency management	Ranger service provided 24 hours, seven days per week to meet community needs for advocacy and information, conservation and amenity, recreation and asset management, emergency management	Achieved
Neighbourhood parks	Customer satisfaction with the range of recreation facilities available, including; playgrounds skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment	≥90% customers satisfied each year with the range of recreation facilities available on neighbourhood parks	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes
	Maintain furniture/signs: Frequencies will vary based on seasonal demands, minimum weekly	Furniture kept clean, safe, and serviceable condition	Furniture kept clean, safe, and serviceable condition	Specifications were achieved except for the months February and March due to the February earthquake
		Painting and staining as required	Painting and staining as required	Specifications were achieved except for the months February and March due to the February earthquake
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed	Rubbish bins clean, emptied, serviceable and surrounding loose litter removed	Specifications were achieved except for the months February and March due to the February earthquake
Maintain hard surfaces/paths	Surfaces maintained in a clean, safe and serviceable condition	Surfaces maintained in a clean, safe and serviceable condition	Surfaces maintained in a clean, safe and serviceable condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Major damage/faults made safe and reported within 24 hours	Reported major damage/faults made safe by repair, mitigation, or isolation within 24 hours of report, except for September 2010		Specifications were achieved except for the months February and March due to the February earthquake
	Painted markings are clearly visible	Painted markings are clearly visible		Specifications were achieved except for the months February and March due to the February earthquake

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Neighbourhood parks (continued)	Maintain playground equipment	Playground equipment kept safe, clean and serviceable	Playground equipment kept safe, clean and serviceable	Specifications were achieved except for the months February and March due to the February earthquake
		Fortnightly safety inspections are conducted	Fortnightly safety inspections are conducted	Specifications were achieved except for the months February and March due to the February earthquake
		Damaged, worn or missing equipment repaired/replaced. Unsafe equipment is made safe or immobilised within 2 hour of notice	Damaged, worn or missing equipment repaired/ replaced, excluding September 2010	Maintained to specifications
		Reported unsafe equipment is made safe by repair, mitigation, or isolation within 2 hours of report	Reported unsafe equipment is made safe by repair, mitigation, or isolation within 2 hours of report, excluding September 2010	Maintained to specifications
		Bark under surfacing 200mm depth	Bark under surfacing 200mm depth	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain shrub gardens	Accidents are investigated and reported within 2 working days	Accidents are investigated and reported within 2 working days	Specifications were achieved except for the months February and March due to the February earthquake
		Plants maintained for long term display and health	Plants maintained for long term display and health	Specifications were achieved except for the months February and March due to the February earthquake
		Weeds controlled within specification: no flower or seed heads and height ≤50 mm	Weeds controlled within specification: no flower or seed heads and height ≤50 mm	Specifications were achieved except for the months February and March due to the February earthquake
		Mulch minimum depth of 75mm	Mulch minimum depth of 75mm	Specifications were achieved except for the months February and March due to the February earthquake
		Plant pests and diseases are monitored, reported and controlled	Plant pests and diseases are monitored, reported and controlled	Specifications were achieved except for the months February and March due to the February earthquake

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results	
Neighbourhood parks (continued)	Maintain irrigation	That irrigation is performed to an agreed programme	That irrigation is performed to an agreed programme, excluding September and October 2010	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain toilets (changing rooms and buildings)	Toilets (changing rooms) are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand	Toilets (changing rooms) are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
			Major damage and faults reported within 24 hours of notice	Reported major damage/ faults made safe by repair, mitigation, or isolation within 24 hours of report, except for September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain turf areas		Mown areas are kept within the following parameters: Cricket wickets 5mm to 20mm; Rugby, League, Soccer and Hockey 20mm to 50mm	Mown areas are kept within the height parameters 25mm to 60mm, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
			Turf shall be kept in a healthy, dense, uniform condition	Turf shall be kept in a healthy, dense, uniform condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
			Line marking are clearly visible		Specifications were achieved except for the months February and March due to the February earthquake
		Overall customer satisfaction with neighbourhood parks	≥90% customers satisfied each year with the appearance and condition of neighbourhood parks	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes
	Sports parks	Customer satisfaction with the range of recreation facilities available, including; playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment	≥90% customers satisfied each year with the range of recreation facilities available on sports parks	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes
		Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly	Furniture kept clean, safe, and serviceable condition	Furniture kept clean, safe, and serviceable condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
			Painting and staining as required	Painting and staining as required, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Sports parks (continued)		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed	Rubbish bins clean, emptied, serviceable and surrounding loose litter removed, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain hard surfaces/ paths	Surfaces maintained in a clean, safe and serviceable condition	Surfaces maintained in a clean, safe and serviceable condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Major damage/faults made safe and reported within 24 hours	Reported major damage/faults made safe by repair, mitigation, or isolation within 24 hours of report, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Painted markings are clearly visible	Painted markings are clearly visible, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain playground equipment	Playground equipment kept safe, clean and serviceable	Playground equipment kept safe, clean and serviceable, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Fortnightly safety inspections are conducted	Fortnightly safety inspections are conducted	Specifications were achieved except for the months February and March due to the February earthquake
		Damaged, worn or missing equipment repaired/replaced	Damaged, worn or missing equipment repaired/replaced, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Unsafe equipment is made safe or immobilised within 2 hour of notice	Reported unsafe equipment is made safe by repair, mitigation, or isolation within 2 hours of report, excluding September 2010	Maintained to specifications
		Bark under surfacing 200mm depth	Bark under surfacing 200mm depth	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain shrub gardens	Accidents are investigated and reported within 2 working days	Accidents are investigated and reported within 2 working days	Specifications were achieved except for the months February and March due to the February earthquake
Plants maintained for long term display and health		Plants maintained for long term display and health	Specifications were achieved except for the months February and March due to the February earthquake	

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Sports parks (continued)		Weeds controlled within specification: no flower or seed heads and height <50 mm	Weeds controlled within specification: no flower or seed heads and height <50 mm	Specifications were achieved except for the months February and March due to the February earthquake
		Mulch minimum depth of 75mm	Mulch minimum depth of 75mm	Specifications were achieved except for the months February and March due to the February earthquake
		Plant pests and diseases are monitored, reported and controlled	Plant pests and diseases are monitored, reported and controlled	Specifications were achieved except for the months February and March due to the February earthquake
		That irrigation is performed to an agreed programme	That irrigation is performed to an agreed programme, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain toilets, changing rooms and buildings	Toilets/changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand	Toilets/changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Major damage and faults reported within 24 hours of notice	Reported major damage/faults made safe by repair, mitigation, or isolation within 24 hours of report, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Maintain turf areas	Mown areas are kept within the following parameters: 25mm to 60mm	Mown areas are kept within the following parameters: Cricket wickets 5mm to 20mm; Rugby, League, Soccer, Hockey 20mm to 50mm, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
		Turf shall be kept in a healthy, dense, uniform condition.	Turf shall be kept in a healthy, dense, uniform condition, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake
	Overall customer satisfaction with sports parks	≥90% customers satisfied with the appearance and condition of sports parks	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes
	Waterways and land drainage	Houses are safe from flooding during normal rain events	Less than 10 properties flooded per year	Less than 10 properties flooded per year
Customer satisfaction with the maintenance of waterways and their margins		At least 66% customers satisfied with the maintenance of waterways and their margins	At least 66% customers satisfied with the maintenance of waterways and their margins	Survey not undertaken in 2010/11

How did we measure up?

Parks, open spaces and waterways (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results	
Harbours and marine structures	Marine structures are maintained for public recreation and commercial use	Maintain New Brighton Pier	Maintain New Brighton Pier	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain 22 wharves/jetties	Maintain 17 wharves/jetties (5 damaged in September 2010 earthquake - repair date to be advised)	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain 12 slipways	Maintain 10 slipways (2 damaged in September 2010 earthquake - repair date to be advised)	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain 1 pile mooring group	Maintain 1 pile mooring group	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain 2 swing moorings	Maintain 2 swing moorings	Specifications were achieved except for the months February and March due to the February earthquake	
		Maintain various associated grounds, buildings and shelters	Maintain various associated grounds, buildings and shelters, excluding September 2010	Specifications were achieved except for the months February and March due to the February earthquake	
Rural fire fighting	An approved and operative Rural Fire Plan is in place	At all times	At all times	Operative plan in place. Plan approved by Council 25 March 2010	
		Adequate response to NZ Fire Service requests for fire-fighters and equipment	Response turnout initiated within 30 minutes from NZ Fire Service call for assistance	Response turnout initiated within 30 minutes from NZ Fire Service call for assistance	
		Fire permits are issued in a timely manner	80% within 3 working days	80% within 3 working days	100% (22 permits issued all within target)
			95% within 5 working days	95% within 5 working days	100% (22 permits issued all within the 3 day period)
Community informed of fire season status	Public notice in the daily newspaper prior to each fire season change	Public notice in the daily newspaper prior to each fire season change	100% - All public notices issued within target		
	Signage changed within 7 days of any notified fire season change	Signage changed within 7 days of any notified fire season change	Signs required changing 4 times during the fire season. Sign changes met target 100% of the time		

How did we measure up?

Recreation and leisure

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results	
Events and festivals	Manage and develop iconic events	Two events in place. (NZ Cup and Show Week, Ellerslie International Flower Show)	Two events in place. (NZ Cup and Show Week, Ellerslie International Flower Show)	Ellerslie International Flower Show cancelled for 2011 due to the February earthquake	
		Options assessed for a third event, and recommendations presented to Council by 30 December 2010	Options assessed for a third event, and recommendations presented to Council by 30 December 2010	Delivered in June 2011	
		Produce top quality events	90% attendee satisfaction across five Council-funded events	90% attendee satisfaction across five Council-funded events	Not all events held due to earthquakes. Tracked above 90% for the two events surveyed
Recreation and sports services	Provide and support year-round programme of events delivered	90% resident satisfaction with events (Annual Residents Survey)	90% resident satisfaction with events (Annual Residents Survey)	Survey not undertaken due to the February 2011 earthquake	
		Residents have access to fit-for-purpose recreation and sporting facilities	Monday to Friday Centennial, Graham Condon, Jellie Park, Pioneer, QEII: 6am - 9pm	Monday to Friday - Jellie Park, Pioneer, QEII: 6am - 9pm (open 352 days/year); Monday to Friday - Centennial: 6am - 9pm (open 321 days/year) [opening hours subject to maintenance, public holiday and Christmas schedules]	Due to the earthquake on 22 February, Pioneer and Jellie Park were open a total of 313 days for 2010/11. QEII and Centennial were open a total of 224 days for 2010/11
			Saturday/Sunday: Centennial: 7am - 7pm, Graham Condon, Jellie Park, QEII: 7am - 8pm, Pioneer: 8am - 8pm	Saturday/Sunday: Jellie Park, QEII: 7am - 8pm, Pioneer: 8am - 8pm (open 352 days/year) Saturday/Sunday: Centennial: 7am - 7pm (open 321 days/year) [opening hours subject to maintenance, public holiday and Christmas schedules]	Due to the earthquake on 22 February, Pioneer and Jellie Park were open a total of 313 days for 2010/11. QEII and Centennial were open a total of 224 days for 2010/11
			Wharenui: Monday to Thursday 6.30am - 9pm, Friday 6.30am - 8pm, Saturday/Sunday 9am - 5pm	Wharenui: Monday to Thursday 6.30am - 9pm, Friday 6.30am - 8pm, Saturday/Sunday 9am - 5pm (open 341 days/year) [opening hours subject to maintenance, public holiday and Christmas schedules]	305 days
Residents have access to fit-for-purpose recreation and sporting facilities	6 public outdoor pools open seasonally: Jellie Park, Lyttelton, Waltham, Halswell: open November to March, Belfast: open December to February, Templeton: open January to February	2 community outdoor pools open seasonally: Governors Bay, Port Levy	2 community outdoor pools open seasonally: Governors Bay, Port Levy	Achieved	
		9 paddling pools open seasonally: open November to March	9 paddling pools open seasonally: open November to March	Closed early on 22 February	

How did we measure up?

Recreation and leisure (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Recreation and sports services (continued)		4 stadiums available for hire 364 days per year	4 stadiums available for hire 352 days per year	Available 201 days
		1 multi sensory centre, open between 48 - 56 hrs per week, 6 - 7 days per week, 50 weeks per year	1 multi sensory centre, open between 48 - 56 hrs per week, 6 - 7 days per week, 50 weeks per year	Multi Sensory Centre open 48 - 56 hours per week, 6 - 7 days per week (excluding two weeks closure post September and closure post 22 February) for a total of 29 weeks (178 days)
		Maintain and lease 16 sporting and recreation facilities (opening hours subject to maintenance, public holiday and Christmas schedules)	Maintain and lease 15 sporting and recreation facilities (opening hours subject to maintenance, public holiday and Christmas schedules)	Short-term and long-term closures due to earthquakes
	Provide facilities that have current PoolSafe accreditation	PoolSafe accreditation maintained for all eligible pools	PoolSafe accreditation maintained for all eligible pools	All eligible pools have current PoolSafe accreditation
	Facility-based recreation and sporting activities and programmes are provided	Participants using recreation and sport centres, outdoor pools and stadiums: 2010/11: 4.20 to 4.65 million	Participants using recreation and sport centres, outdoor pools and stadiums: 2010/11: 3.95 to 4.35 million	3.05 million
		4.75 to 5.75 visits to aquatic facilities/head of population	4.75 to 5.75 visits to aquatic facilities/head of population	4.61
	Provide advice and resources to community based organisations and networks to support their ability to develop, promote and deliver recreation and sport in Christchurch	9,200 staff hours advice provided to 300 - 400 organisations	9,200 staff hours advice provided to 300-400 organisations	9,200 staff hours advice provided to 300 - 400 organisations
	Community-based recreation and sport programmes/events are delivered	745 - 825 programmes and events per annum	745 - 825 programmes and events per annum	1,406
		95 - 100% of programmes and events targeted on populations with accessibility challenges	95 - 100% of programmes and events targeted on populations with accessibility challenges	99%
	Deliver economic benefit to the city by supporting a range of regional, national and international sporting events consistent with Council Policy, in liaison with CCC Events Team	Spend Council allocation provided in support of a range of regional, national and international sporting events, in line with the Physical Recreation and Sports Strategy and the Events Strategy	Spend Council allocation provided in support of a range of regional, national and international sporting events, in line with the Physical Recreation and Sports Strategy and the Events Strategy	Allocation used in support of 32 regional, national and international sporting events, including: SBS Marathon, Wicker Weekend, Boys High Rugby Festival, Speights Coast to Coast, ITF Tennis Championships, NZ Women's Open, South Island Squash Tournament and South Island Junior Netball Tournament

How did we measure up?

Refuse minimisation and disposal

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Commercial and industrial waste minimisation	Businesses actively taking part in target sustainability	Average of 100 businesses actively taking part in target sustainability each year	Average of 100 businesses actively taking part in target sustainability each year	100 business sites actively took part in target sustainability in 2010/11
	Proportion of businesses actively taking part in target sustainability satisfied with the advice and support received	≥85% customer satisfaction each year	≥85% customer satisfaction each year	Survey not undertaken due to the February 2011 earthquake
Organic material collection and composting	Amount of organic material composted at the Council composting plant	200 kg +/-10% organic material/person/year	200 kg +/-10% organic material/person/year	150.73 kg
	Customer satisfaction with kerbside collection service for organic material	≥80% customers satisfied with Councils kerbside collection service for organic material each year	≥80% customers satisfied with Councils kerbside collection service for organic material each year	Survey not undertaken due to the February 2011 earthquake
	Kerbside wheelie bins for organic material emptied by Council services	≥99.5% kerbside wheelie bins for organic material, that are free of contamination, emptied when correctly placed at the kerbside, each year	≥99.5% kerbside wheelie bins for organic material, that are free of contamination, emptied when correctly placed at the kerbside, each year	99.76% - Service was able to be maintained despite the earthquakes
Recyclable materials collection and processing	Proportion of incoming organic material that is contaminated and sent to landfill	<2.5% (by weight) contamination of incoming organic material	<2.5% (by weight) contamination of incoming organic material	0.12%
	Customer satisfaction with kerbside collection service for recyclable materials	≥80% customers satisfied with Councils kerbside collection service for recyclable materials each year	≥80% customers satisfied with Councils kerbside collection service for recyclable materials each year	Survey not undertaken due to the February 2011 earthquake
	Kerbside wheelie bins for recyclables emptied by Council services	≥99.5% kerbside wheelie bins for recyclable materials, that are free of contamination, emptied when correctly placed at the kerbside each fortnight	≥99.5% kerbside wheelie bins for recyclable materials, that are free of contamination, emptied when correctly placed at the kerbside each fortnight	99.81%- Service was able to be maintained despite the earthquakes
	Proportion of incoming recyclable materials that are contaminated and sent to landfill	<10% (by weight) contamination of incoming recyclable materials	<10% (by weight) contamination of incoming recyclable materials	7.40%
	Recyclable materials collected and received by Council services for processing at the Materials Recovery Facility	120 kg +/- 10% recyclable materials/person/year collected and received by Council services	120 kg +/- 10% recyclable materials/person/year collected and received by Council services	114.97 kg

How did we measure up?

Refuse minimisation and disposal (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Residual waste collection and disposal	Customer satisfaction with kerbside collection service for residual waste	≥80% customers satisfied with Council's kerbside collection service for residual waste	≥80% customers satisfied with Council's kerbside collection service for residual waste	Survey not undertaken due to the February 2011 earthquake
	Kerbside wheelie bins for residual waste emptied by Council services	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week	99.89% - Service was able to be maintained despite the earthquakes
	Residual waste collected at the kerbside by Council services	≤90 kg residual waste collected at the kerbside by Council service/person/year	≤120 kg residual waste collected at the kerbside by Council service/person/year	125 kg per person
	Residual waste sent to landfill from Christchurch	≤620 kg total residual waste sent to landfill/person	≤700 kg total residual waste sent to landfill/person	618 kg

How did we measure up?

Regulatory services

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Enforcement and inspections	A minimum of 15% of swimming pools are inspected annually	100%	100%	16.99% pools inspected
	All food premises are inspected at least once each year	100%	100%	1,520 premises were inspected as of 28 June which is 100% of all registered food premises operating at this date
	All high risk liquor premises (assessed using CCC Liquor Licensing Team risk assessment methodology) are inspected at least twice a year	100%	100%	100%. 40/40 visits to 20 high risk premises
	Court proceedings taken by the Council are fair and in the public interest	100%	100%	5 prosecutions approved in 2011-12
	Per cent of complaints about excessive noise responded to within one hour	95%	95%	Not achieved: 87% (12,383 of 14,297 complaints)
	Per cent of investigations into reports of matters that pose a serious risk to public health or safety are commenced within 24 hours of reporting	100%	100%, excluding September and October 2010	100%. 1,668/1,668 reported and commenced within 24 hours
	Per cent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 2 hours (rural)	95%	95%	212 priority 1 complaints received being 100% (aggressive behaviour by dogs and wandering stock) responded to within 2 hours (rural)
	Per cent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 60 minutes (urban)	95%	95%	10 complaints received being 100% (aggressive behaviour by dogs and wandering stock) responded to within 60 minutes (urban)
	Priority 1 dog complaints involving serious injury are referred to the Police call centre within 10 minutes	100%	100%	10 complaints being 100% involving serious injury were referred to the Police call centre within 10 minutes
	Upon confirmation by Council staff of non-compliance, at least one written warning regarding corrective action is given within 30 days (for breaches of City Plan, Resource Management Act, Building Act, bylaws)	95%	95%, excluding September and October 2010	100%. 1,495 / 1,495 warnings given regarding non-compliance

How did we measure up?

Regulatory services (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Regulatory approvals	Per cent of regulatory applications are processed within statutory timeframes	Simple consents: 100% of project information memoranda and simple consent applications are processed within 15 days Complex consents: 80% of complex applications (i.e. not simple consent applications) and of notified resource consents are processed within statutory timeframes	Simple consents: 90% of project information memoranda and simple consent applications are processed within 15 days Complex consents: 80% of complex applications (i.e. not simple consent applications) and of notified resource consents are processed within statutory timeframes	Achieved. 98% - 4,545 out within 15 days Not Achieved. 1,088 consents exceeded timeframes out of 3,979 complex consents. 27.3%
	Council retains 'building consent authority' status for all building works, except dams	Council retains 'building consent authority' status for all building works, except dams	Council retains 'building consent authority' status for all building works, except dams	The 'building consent authority' status is still current
	Per cent of customers satisfied with service provided by the planning, building and building inspection services	70% of customers satisfied with the resource management and building consent and building inspection service	70% of customers satisfied with the resource management and building consent and building inspection service	Level of service survey not conducted because of the earthquakes
	Per cent of customers satisfied with walk-in regulatory services	Baseline to be established in 2010	90% of walk in customers satisfied with service provided	91.2% of residents surveyed were satisfied with walk-in customer services
	Resource consent hearings are appropriately and fairly conducted	0% of decisions are lost via appeal/judicial review	0% of decisions are lost via appeal/judicial review	Achieved

How did we measure up?

Streets and transport

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Active travel	Per cent of total trips per person per year by active travel (cycling)	To be maintained at or around 2.4%	To be maintained at or around 2.3%	Surveying not completed by Ministry of Transport due to September and February earthquakes
	Per cent of total trips per person per year by active travel (walking)	To be maintained at or around 9.3%	To be maintained at or around 20%	Surveying not completed by Ministry of Transport due to September and February earthquakes
	Cycle Safe education programmes delivered	81% of primary schools in Christchurch City Council area have a Cycle Safe programme	81% of primary schools in Christchurch City Council area have a Cycle Safe programme	75.50%
	School travel plans	4 school travel plans per year	4 school travel plans per year	4 schools were recruited and signed registrations. One school has commenced work on their plan with the remaining three schools rescheduling due to the earthquakes
Parking	Metered on-street parking spaces provided	2,500 metered parking spaces	2,100 - 2,400 metered parking spaces (except for spaces blocked by earthquake related activity)	Target not meet due to spaces being unavailable in the red zone and meter removal due to demolition
	Metered on-street parking spaces usage	≥2,695,705 parking events	≥1,900,000 parking events	Not achieved due to meters not being enforced and in the red zone. Also 58 out of 2,420 meters taken out for demolition
	Customer satisfaction with ease of use of meters	97%	65%	Survey not undertaken in 2010/11
	Off-street, short term parking usage	Total of 2,477 spaces: Lichfield Street 529, Tuam Street 118, Manchester Street 221, Oxford Street 232, Art Gallery 118, Kilmore Street 125, Hospital building 355, Hospital site 151, Farmers 334, The Crossing 171, Rolleston Avenue 84, Centennial Pool 39	Total of 2,335 spaces: Lichfield Street 529, Tuam Street 78, Manchester Street 169, Oxford Street 162, Art Gallery 118, Kilmore Street 145, Hospital building 355, Hospital site 151, Farmers 334, The Crossing 171, Rolleston Avenue 84, Centennial Pool 39, except September and October	Not achieved. All listed car parks closed to the public following the February 2011 earthquake

How did we measure up?

Streets and transport (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Parking (continued)		First-hour-free available to all short term parkers at: Lichfield Street, Manchester Street, Farmers, The Crossing	First-hour-free available to all short term parkers at: Lichfield Street, Manchester Street, Farmers, The Crossing. Extended to first-two-hours free parking at all off-street parking buildings (including Tuam Street) until 30 January 2011 (excluding September and October)	Not achieved - all the specified car parks were closed due to the February 2011 earthquake
	Off-street, short term parking is used	47% overall average occupancy	39% overall average occupancy	Not achievable as all car parks closed after the February 2011 earthquake
	Customer satisfaction with service provided by Councils off-street car parking attendants	Maintain 95%	Maintain 95%	97.10%
	Customer perceptions of motor vehicle safety in parking buildings	Maintain 93%	Maintain 93%	81.95%
	Public transport infrastructure	Total trips on public transport as a percentage of total travel trips, per person, per year	Public transport to be maintained at or around 3.4%	Public transport to be maintained at or around 3.2%
	Shuttle bus usage	850,000 passenger trips per year	850,000 passenger trips per year	It is estimated that approximately 750,000 passengers were carried for the full year on shuttle and link services
	Peak travel times for buses		23 mins 30 secs	Not achieved. Travel times highly disrupted due to earthquake related road works, the Central City being closed and bus rerouting
	Resident satisfaction with the number and quality of bus stops and bus shelters at bus stops		67.50%	66.00%
Road network	Congestion: Peak travel times for private motor vehicles (7.30am-9.30am, and 4pm-6pm)	17 min 34 sec	17 min 45 sec	16 mins 50 Seconds as measured by NZTA in November 2010
	Congestion: Interpeak travel times for private motor vehicles (inter-peak 10.00am-12midday)	13 min 49 sec	14 min 00 sec	14 mins and 40 seconds as measured by NZTA in November 2010
	Total trip proportion by private motor vehicles	To be maintained at or around 84.9%	To be maintained at or around 84.9%	72.80%

How did we measure up?

Streets and transport (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Road network (continued)	Safety programmes (programmes designed around NZTA crash, fatality and injury statistics)	9 safety programmes annually	A maximum of 9 safety programmes annually	Two road safety programmes were fully delivered with the remaining 7 programmes only partly delivered due to the earthquakes
	Resident satisfaction with road and footpath quality	Baseline to be established in 2010	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes
	Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported	Arterial roads - at least 95% within 24 hrs	Arterial roads - at least 95% within 24 hrs	Not scored
		Collector/local roads - at least 95% within 48 hours	Collector/local roads - at least 95% within 48 hours	Not scored
		Rural roads - at least 95% within 72 hours	Rural roads - at least 95% within 72 hours	Not scored

How did we measure up?

Wastewater collection

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Wastewater collection	Response time for blockages	≥90% blockages responded to within 1 hour within urban areas	Level of service suspended due to earthquakes	Level of service suspended. Resources committed to emergency responses following the earthquakes
		≥99% blockages responded to within 2 hours within urban areas	≥99% blockages responded to within 2 hours within urban areas, excluding months of September and October 2010	Not met. Resources committed to emergency responses following the earthquakes
		≥90% blockages responded to within 2 hours within rural areas	≥90% blockages responded to within 2 hours within rural areas, excluding September 2010	Not met. High demand for resources in the City has slowed response to rural jobs
		≥99% blockages responded to within 4 hours within rural areas	≥99% blockages responded to within 4 hours within rural areas, excluding September 2010	Not met. High demand for resources in the City has slowed response to rural jobs
	Properties served affected by service interruptions or maintenance activities	≤80 properties served affected/year	≤80 properties served affected/year, excluding badly damaged areas of Bexley, Southshore, Halswell, Avonside-Dallington-Burwood, Spencerville and Brooklands	Not met. Over 40,000 properties were without service for varying periods of time following the February earthquake
	Customer satisfaction with wastewater services	≥90% customer satisfaction with Council's wastewater services each year	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes; survey not undertaken
	Odour complaints are minimised	≤4 odour complaints/10,000 properties served/year	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes; however the number of complaints was within target prior to the September earthquake
Wastewater treatment and disposal	Consent conditions regarding wet weather overflows are complied with	No major and/or persistent non compliance with resource consent for the Avon and Heathcote Rivers relating to wet weather sewer overflows each year, as reported by Environment Canterbury	Level of service suspended due to earthquakes	Level of service suspended due to earthquakes, which resulted in a large number of breakages and increased infiltration into the system
	Odour complaints from wastewater treatment plants are minimised	≤1 odour event/10,000 properties served/year	≤1 odour event/10,000 properties served/year	0.27/10,000 properties
	Wastewater treatment plants comply with consents	Environment Canterbury conditions of air discharge consent are complied with	Environment Canterbury conditions of air discharge consent are complied with	Zero breaches
		No major or persistent breaches of resource consent for wastewater treatment plants and associated discharges each year, as reported by Environment Canterbury	Achieved the post-September earthquake target. All conditions met except for disinfection	

How did we measure up?

Water supply

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Water conservation	The amount of water abstracted each year for the public water supply is quantified and monitored, with a view to reducing consumption	≤71% (+/-10%) of total cap of 75M m3 potable water abstracted per year	≤71% (+20%/-10%) of total cap of 75M m3 potable water abstracted per year	+2%
		≤352 m3 +/-10% water abstracted per property served per year	≤352 m3 +20%/-10% water abstracted per property served per year	+17%
	The water supply network is inspected for leaks	≥12.5% of the water supply network is inspected for leaks each year	≥12.5% of the water supply network is inspected for leaks each year	Approximately 25% of the city was night flow tested in 2010 and 25% to be done in winter 2011
	The public is aware of water conservation	≥70% public awareness/year	≥70% public awareness/year	Survey not undertaken due to the February 2011 earthquake
	Council runs water conservation campaigns	The Waterwise campaign is run between October and February each year	The Waterwise campaign is run between October and February each year	Waterwise campaign ran between October and February
Water supply	Continuous potable water is supplied to all customers	≤9 unplanned interruptions/1,000 properties served per year	≤9 unplanned interruptions/1,000 properties served per year, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes
		≤1 unplanned interruption ≥4 hours on average per week each year	≤1 unplanned interruption ≥ 4 hours on average per week each year, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes
		≥95% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council	≥95% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes
		≥95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council	≥95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes

How did we measure up?

Water supply (continued)

Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual results
Water supply (continued)	Continuous potable water is supplied to all customers	≥95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council	≥95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes
		≥95% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council	≥95% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council, excluding September, October and November 2010	Not achieved as a result of massive interruptions to service after September, February and June earthquakes
		Maintain Ba grading for all city supplies, excluding the Northwest supply zone (Da)	Maintain Ba grading for all city supplies, excluding the Northwest supply zone (Da)	The Ministry of Health has not carried out compliance testing this year because of the earthquakes and associated boil water notices and chlorination of the supply
		Move Da to Ba grading for the Northwest supply zone by 2013	Move Da to Ba grading for the Northwest supply zone by 2013	Cc
		Undertake improvements to achieve Cc, or better, risk grading from the Ministry of Health for all rural area water supplies by 2012	Cc or better risk grading from the Ministry of Health for all rural area water supplies by Dec 2013 - seeking extension by one year from Ministry of Health due to programme delays due to the earthquakes	Cc. Pigeon Bay and Duvuachelle water treatment plant upgraded in year in line with programme. Akaroa and Little River progressing in 2011/12
		≥100 backflow prevention devices installed (at owners cost) for highest risk premises each year	≥70 backflow prevention devices installed (at owners cost) for highest risk premises each year	Project on target at 30 June 2011

Christchurch school children learn all about being safe on their bikes from Daniel Anstiss, Council's Senior Cycle Safe Instructor.



Financial statements

Annual Report 2011

Christchurch Ōtautahi

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

Financial statements

Financial highlights

The effects of the Canterbury earthquakes are spread throughout this year's Annual Report. The costs to date of response and recovery, along with the funding we have received for that work, and the reduced revenue and costs that have resulted from the closure of facilities is shown in our financial statements. The enormous response effort carried out by Council staff and contractors, along with the impact of earthquakes on Council activities is detailed in the *Council activities and services* and *How did we measure up* sections.

The Council's current estimate is that the earthquake-related response and recovery costs faced by the Council will total \$2.9 billion. The largest component of this is the cost of the infrastructure rebuild programme. Infrastructure assets consist of roads (which are eligible for NZ Transport Agency subsidies) and underground assets (e.g. water reticulation and wastewater), which are insured with the Local Authority Protection Programme (LAPP).

The Council's above-ground assets are insured with Civic Assurance, which has adequate reinsurance to cover the estimated damage to these assets of \$362 million. The Council has also made an estimate for additional remediation costs, increased costs of working (covered by insurance), uninsured assets (largely parks and stormwater) and insurance excesses of \$246 million over five years.

The immediate emergency management costs are funded jointly by the Council, Ministry of Civil Defence and Emergency Management (MCDEM), NZTA and insurance. These costs are estimated to be in the order of \$306 million. Discussions are underway with all these parties to ensure maximum subsidies are available.

The Council is continuing to work with the Government and insurers to determine the amount of the rebuild which must be funded by the Council. Subject to future decisions by the Council, it is likely that this amount will be funded through borrowing and repaid through an ongoing reduction in the asset renewals programme for a period of approximately 10 years along with long-term growth in the rating base.

Financial result

The Council recorded a profit for 2011 of \$44.1 million compared to its budget of \$31.0 million. Total comprehensive income was \$25.1 million compared to a budget of \$77.8 million. The Council budgets for an accounting surplus because under accounting standards we are required 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 New Zealand Transport Agency (NZTA) subsidies, and vested assets, (footpaths, water and drainage infrastructure and reserves land), which are vested to Council by developers. The surplus also includes interest received on funds that are held in the balance sheet for special purposes.

The major reasons for the \$52.7 million difference between actual and budgeted total comprehensive income were:

- \$91.9 million lower than expected gain on the revaluation of assets because the planned revaluations of land, buildings, storm-water, waterways and wetlands infrastructure assets and works of art did not take place and impairment of buildings due to the earthquakes
- \$12.5 million lower than anticipated development contributions revenue due to the impact of the earthquakes on property development

- \$4.3 million lower than expected capital subsidies from NZ Transport Agency due to the deferral of capital projects
- \$4.7 million less in parking fees because of earthquake closure of the central business district
- \$275.0 million of earthquake response costs offset by revenue of \$182.3 million of earthquake related response and rebuild recoveries plus \$93.4 million of insurance proceeds.
- \$4.5 million of additional rates revenue relating to higher than expected growth in 2010
- \$14.4 million of gains on the sale of EcoCentral Limited (formerly CCC Two Limited) and on the disposal of assets
- \$4.5 million reduction in depreciation costs as a result of earthquake enforced delays in capital projects
- \$13.0 million of losses on assets sold or written off
- \$11.7 million more than budget assets vested in Council
- \$29.5 million higher than anticipated gain on revaluation of investments in Council subsidiary companies

Although the Council has recorded total comprehensive income of \$25.1 million, the financial results do not properly record the financial impact of earthquake damage to Council assets. Accounting standards require that when an asset has been destroyed it should be removed, or written off, from the financial statements. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment). It is clear from the Council's work to date that:

1. Some of its infrastructural and building assets have been damaged beyond repair, and NZ International Accounting Standard 16 Property Plant and Equipment (NZIAS 16) requires Council to write-off those assets. (Note that where we were able to determine with certainty that an asset had been destroyed or impaired we have recognised it and accordingly have written off \$9.5 million of assets impaired a further \$44.5 million). This write-off would be expensed in the Statement of Comprehensive Income and impact the surplus or deficit for the year.
2. Much of its infrastructural and building assets have been impaired, and NZ International Accounting Standard 36 Accounting for Impairment (NZIAS 36) requires the Council to recognise an impairment loss on those assets. An impairment is recognised in other comprehensive income against revaluation reserves for that class of asset. Only any excess of impairment above the revaluation reserve is expensed.

Based on the information available to date it is generally not possible to determine whether individual assets are damaged beyond repair and should be written off or can be repaired and therefore should be impaired. In most cases final decisions about write-off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies.

Should the Council have been able to recognise impairment based on the unadjusted repair estimate, and on the assumption that all damaged assets were to be impaired rather than written off, the effect on the financial statements would have been to:

- impair the value of property plant and equipment by \$2.4 billion
- reduce the value of (asset revaluation) reserves by \$1.1 billion
- reduce total comprehensive income by \$1.3 billion

Financial statements

Financial highlights

Alternatively, should the Council have been required to write-off all damaged assets because they were beyond repair the effect on the financial statements would have been to:

- reduce the value of property plant and equipment by \$2.4 billion
- reduce the surplus and total comprehensive income by \$2.4 billion

Offsetting this unrecognised damage to Council assets are the recoveries that we expect to receive from insurers and government agencies. Because of the high degree of uncertainty around the amount and timing of these recoveries they have not been recognised as an asset but disclosed as a contingent asset in Council's financial statements. None of these amounts have been recognised in the financial statements.

After adjusting for non-cash items we have made a cash operating deficit for the year of \$30.1 million compared to the planned surplus of \$131.5 million. The difference between the planned surplus and actual deficit is essentially the result of earthquake-related payments to suppliers. This has been funded by reducing Council expenditure on the capital programme, the receipt of insurance proceeds, and though the use of funds Council previously had invested.

Sources of operating income

Total income for the year ended 30 June 2011 is \$771 million. It was received from the following sources:

	Actual \$m	Plan \$m
Rates revenue	273.8	269.4
Sale of goods/services	33.7	42.7
Rental revenue	29.1	30.9
Interest revenue	24.5	23.1
Dividends	45.5	47.9
Development contributions	13.7	26.2
NZ Transport Agency subsidies (excl Earthquake)	18.3	22.6
Earthquake subsidies & revenue	273.6	-
Other revenue	58.3	37.2
Vested assets	3.3	15.0

The \$273.8 million of rates collected equates to \$28.95 per week for the average residential ratepayer. In 2011 the Council used this to fund Council activities and services as shown below:

Council activity and service	Cents per dollar of Rates	Average Residential Rates / Week
City planning and development	5.1c	1.48
Community support	19.5c	5.65
Cultural and learning services	11.7c	3.39
Democracy and governance	2.9c	0.84
Economic development	2.6c	0.75
Parks, open spaces and waterways	10.5c	3.04
Recreation and leisure ¹	-4.9c	-1.42
Refuse minimisation and disposal	8.8c	2.55
Regulatory services	4.1c	1.19
Streets and transport	26.9c	7.78
Wastewater collection and treatment	7.3c	2.11
Water supply	5.5c	1.59
	100.0c	28.95

Note: ¹ The receipt of insurance proceeds for damaged recreation and leisure buildings resulted in this activity making a surplus for the year.

Financial statements

Financial highlights

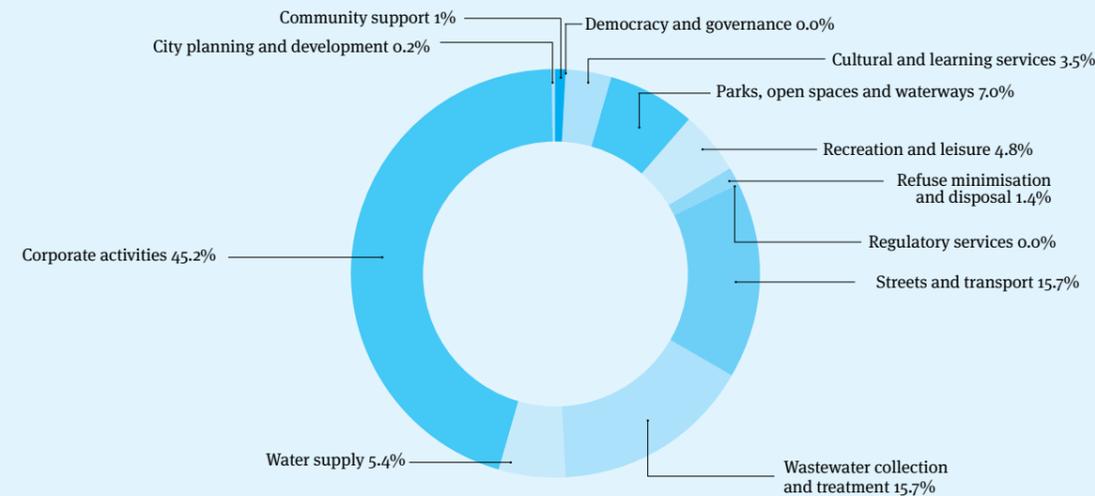
Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2011 was \$729.3 million. Key components include:

	Actual	Plan
	\$m	\$m
Depreciation and amortisation	111.7	116.2
Finance costs	25.7	21.7
Personnel costs	129.4	128.1
Grants / Donations	33.8	30.1
Earthquake expenses	236.5	-
Other operating expenses	192.2	188.1

Investing in the assets of the city

The Council's investment across the city slowed as staff and contractors focused on earthquake response and recovery instead of the capital programme. Despite this change in focus, the Council spent \$217.3 million across a wide range of capital projects, compared to the budget of \$244.3 million. Highlights are below with more detail in the Council activities and services pages.



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Financial highlights

Achievements

Major capital projects completed for the year included:

- sewer renewal works outside the Christchurch urban area were completed in line with the asset renewal programme requirements. Approximately 11 kilometre of pressure sewer mains is currently under construction. These essential pipelines, when commissioned, will greatly reduce sewer overflows into the city's waterways
- the Council has entered into a number of contracts with contractors and more recently an alliance contracting arrangement for the infrastructure rebuild across the city. \$25.5 million for the infrastructure and facilities rebuild programmes was spent on contractor set-up costs and works in progress that will be allocated across the rebuild programme as works are completed
- \$1.0 million was spent on improvements at QEII Park for the International Paralympic Committee Games
- \$0.4 million was spent on Landfill Gas (LFG) Stage 3 Pipeline & Compressor. The gas reticulation pipelines to the Christchurch Wastewater Treatment Plant and a line to feed the Art Gallery and new Civic Building were completed and Art Gallery energy needs are now provided by landfill gas. The new Civic Building has been commissioned on landfill gas and this is now operational
- \$2.3 million on off-street parking automation
- the traffic light network was significantly upgraded with the building of a high-speed data network to 100 of the inner city intersections connecting both traffic signals and traffic observation cameras to the upgraded servers, and the traffic systems hub was successfully moved from the old Civic building in Tuam Street to the refurbished Hereford Street site. New wireless radio technology (WiMax) was successfully trialled for use by the remaining 160 intersections
- \$10.3 million was spent on strategic land purchases on Wigram and Annex Roads to support growth projects
- \$5.2 million was spent completing the fit-out of the new Civic Building on Hereford Street
- during the year, \$41 million of existing Vbase Limited advances and \$9 million of existing Tuam Limited advances were converted to equity. These were not included in the plan and involved no cash outlay. Partly offsetting this, \$7.9 million was budgeted for the Town Hall upgrade, which hasn't proceeded due to the impact of the February earthquake
- Birdlings Flat and Pigeon Bay water treatment plants were commissioned in the 2010/11 year
- the upgraded Duvauchelle drinking water treatment plant was commissioned in early July 2011
- the strengthening of the Rapaki water supply for fire fighting purposes was completed
- a new 1 megawatt emergency generator was commissioned at the Christchurch wastewater treatment plant in late June 2011. This unit replaces 40-year-old plant and improves the plant's resilience in times of electrical power failure. The design work for the replacement cogeneration gas engine has been completed and construction will take place in 2011

- \$1.0 million was spent on post-earthquake repairs to the Organics Processing Plant and another \$1.0 million to establish the Burwood Recovery Centre
- \$4.1 million has been spent on earthquake-related rebuilding of headworks and water mains across the water supply network
- \$5.9 million was spent on earthquake-related rebuilding across the wastewater network.

Operational achievements for the year include:

- an Emergency Operation Centre (EOC) was activated within 60 minutes of each of the major earthquakes occurring. Council staff fulfilled management, logistic, planning/intelligence, public information management, emergency welfare, building evaluation, and operation infrastructure roles
- a construction and demolition recovery park was established behind Burwood Landfill after the February earthquake to receive construction and demolition material from the city's CBD and residential demolitions. The site also received over 500,000 tonnes of liquefaction silt from property, road and pipe clearing operations
- Regulatory Services staff were key to delivering a response and leading the recovery from the significant earthquake events that have occurred since September 2010. 4188 red placards, 2098 yellow placards and 59,956 green placards were affixed to buildings to designate their immediate suitability for their intended use
- the city's road network suffered an enormous amount of earthquake damage, with some damage to nearly half the city's 2,293 kilometres of roads. Following each earthquake, the Council carried out extensive programmes of silt removal and temporary repairs including road smoothing and sealing
- earthquake damage resulted in the interruption of sewer services to an estimated 75,000 houses. In response to this damage, the Council deployed temporary toilet solutions in the east of the city (3,000 portable toilets, 42,000 chemical toilets, diesel over-pumping to storm-water and waterways and temporary tank solutions)
- since April, the Council has been working on the redevelopment of the Central City. Within 10 weeks of the February earthquake, the Council launched Share an Idea, which yielded 106,000 ideas from our community and key stakeholders
- despite the earthquake upheaval, over 150 kilometres of regional park tracks have been maintained and kept accessible over the year. Native bird populations have recorded increases of up to 125 per cent for some species and previously absent species are now residing in reserves where permanent animal pest control is present
- the International Paralympic Committee athletics meet was a sporting highlight in early 2011
- the kerbside collection system performed extremely well throughout the year and provided robust and reliable waste service receptacles for residents

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Financial highlights

- after operating the company for 18 months, the Council sold EcoCentral Limited to Christchurch City Holdings Limited. In the period under Council ownership, its operational problems and inefficiencies were corrected and issues with glass recycling resolved. The company is now performing strongly
- over \$7.5 million was distributed via the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to 1,150 projects across the city
- although only open to the public for a limited time the Christchurch Art Gallery drew large audiences with total visitors exceeding 450,000. More than 135,000 visitors saw the Ron Mueck exhibition.

Financial Position

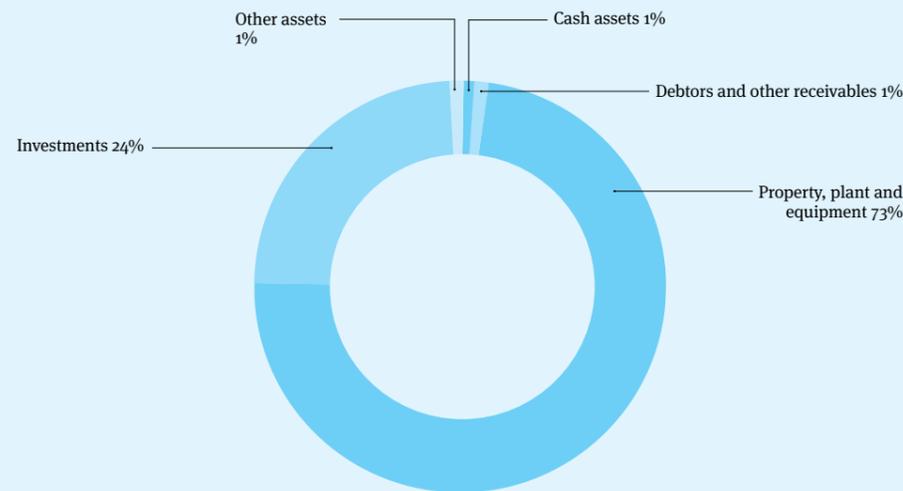
The Council's balance sheet shows a strong position with total assets of \$7.6 billion and net assets of \$6.9 billion. However, as noted above the Council has not yet recognised the majority of earthquake damage to its assets, which may reduce the Council's net assets by \$2.4 billion (plus or minus \$0.5 billion). Partially offsetting this future write down of assets will be Government funding and insurance payments. The Council cannot yet accurately calculate what the net difference between earthquake damage and earthquake funding will be.

The Council's total assets of \$7.6 billion are higher than budget by \$181 million. Current assets of \$400 million are higher than budget by \$243 million. This is mainly due to additional debtors and accrued costs relating to the recovery of costs incurred due to the earthquake. Non current assets of \$7.2 billion are lower than budget by \$62 million. The main reasons for the variance are:

- impairment (\$44.5 million) and write off (\$9.5 million) of buildings as a result of the earthquakes
- sale of EcoCentral Limited for \$1.1 million in share capital and its repayment of an advance of \$17.8 million
- a decrease in the valuation of investments for Christchurch City Holdings Limited (CCHL) of \$67 million, offset by,
- an increase of \$13.5 million in the valuation of Vbase
- \$103 million additions to property, plant and equipment due to the new Civic Building being accounted for as a finance lease
- higher than anticipated software additions of \$17.5 million

Total liabilities of \$701 million are higher than budget by \$190 million. Total borrowings are higher than budget by \$111 million because of additional borrowings required to fund earthquake related expenses partially offset by lower than expected borrowings for the capital programme which was delayed by the earthquakes. Creditors and other payables are \$52.8 million higher than budget due to unplanned accruals at year end. All other liabilities were higher than budget by \$26 million mainly as a result of the fair value of cash flow hedges of \$17 million and recognition of the service concession arrangement of \$9 million.

Our asset breakdown is as shown:



Financial statements

Financial highlights

Looking forward

The major focus of the Council in 2012 will be the rebuild of our city. Planning for the rebuild, which is likely to take more than five years, has progressed. An Alliance partnership has been put in place to manage the rebuild, between the Christchurch Earthquake Recovery Authority (CERA), New Zealand Transport Agency (NZTA), Christchurch City Council, and contractors Fulton Hogan, Fletcher, McConnell Dowell, Downer and City Care. This Alliance is responsible for rebuilding the city's damaged infrastructure, which includes the road, water supply, waste water, and land drainage network assets. As this work is undertaken over the forthcoming years, the Council will continue to maintain existing assets to meet the immediate needs of the community.

Major capital works planned for the year to June 2012 include the following, although this may change as earthquake recovery work is given priority:

- the impact of the earthquakes has delayed the final commissioning of the Biosolids Drying Facility at the Christchurch Wastewater Treatment Plant. This will be completed in the 2012 financial year
- completion and full opening of the Graham Condon Leisure Centre will take place in October 2011
- work will continue on project associated with the Southern Motorway
- the Western Interceptor Upgrade and Fendalton Duplication project continues from previous years
- design work on upgrading the Akaroa Water Treatment Plant and improving the security of supply of water to Takamatua and Akaroa will continue to progress
- construction work will commence for a new co-generation engine for the wastewater treatment plant. This is to replace equipment used to generate electricity from gas made at the plant, which is reaching the end of its useful life
- the upgrade, widening, and strengthening of the Ferrymead Bridge has been delayed by the earthquakes, but will continue and is estimated to be completed by December 2013
- planning is progressing well for the new Botanic Garden Centre which will provide a new focus of learning and visitor experience as well as providing enhanced facilities for our indoor plant collection. Construction is expected to start in the 2012 financial year.

The coming year will see the completion of the Central City Plan and Council staff working closely with CERA staff as they develop a Recovery Strategy for the city. The draft Central City Plan, released in August 2011, has been written based on the themes identified both by the community and key stakeholders. The Central City Plan will guide the redevelopment of the Central City during the next 10 to 20 years. It sets out how the Council will work with CERA, ECan and Ngāi Tahu, as well as central government, private investors, developers, businesses and the community to rebuild and redevelop the Central City in line with what the community identified as critical to make Christchurch a great city again.

Rebuild and recovery plans will be developed for Lyttelton, Sydenham, Stanmore Road and Selwyn Street, and the Council will support a community-led plan for Sumner. We will also investigate whether this planning process will be suitable for Aranui, Edgeware, Linwood, Woolston and New Brighton. In other suburban commercial, centres case managers will be appointed to support property owners by arranging architectural and urban design advice on their building proposals, and helping owners to navigate through the Council's (resource and building) consent processes.

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

The Christchurch Economic Development Strategy (CEDS) continues to provide clear direction for both Canterbury Development Corporation's and the Council's work to help transform the city's economy. Work with the Canterbury Business Leaders Group, the CERA and others will allow the reprioritisation and reshaping of projects as necessary to respond to the impact of the earthquakes and to re-lay the foundations for delivering the longer term goals of CEDS.

In the tourism area, CCT will look to stabilise its business and operations and continue to operate the Christchurch and Akaroa i-SITES. The Council and CCT, with partners Christchurch International Airport Limited and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy.

A Sport Recreation Earthquake Leadership Group was formed and one of its key purposes is to advise CERA and the Council on planning for new recreation and sport facilities and services.

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, along with the Le Race and SBS Marathon. The Rugby World Cup will be a highlight, with a Fanzone in North Hagley Park, live screening of games and a range of events including opportunities for community members to be involved in activities with visiting teams.

The damage to a number of our social housing complexes and community facilities 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, no decisions have been made by the Council about the number and location of replacement tenancies and facilities.

In the next year, Safer Christchurch will be concentrating on greater collaboration amongst all stakeholders to deliver measurable safety projects across the city. Due to the earthquake rebuild, Crime Prevention Through Environmental Design has become an important component of future planning for Christchurch and Safer Christchurch plans to build its expertise and access national expert knowledge in this field. Later in the year, a sub committee will need to be formed from the Safer Christchurch Interagency Group to ensure our international safe community reaccreditation process is successful.

Financial statements

Group results

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

	2011	2010
	\$000	\$000
Revenue from operations	1,375,671	977,853
Operating surplus (before tax)	111,035	95,423
Total assets	8,432,428	8,276,527
Total liabilities	1,617,711	1,367,374
Total equity	6,814,717	6,909,153

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 helping to fund the rebuild of Christchurch.

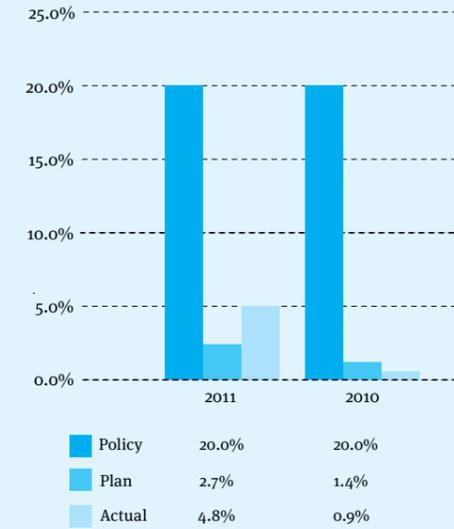
In July 2011, Standard and Poor's lowered the Council's and Christchurch City Holdings Limited's long-term rating from AA+ to AA and short-term rating from A-1+ to A.

Financial statements

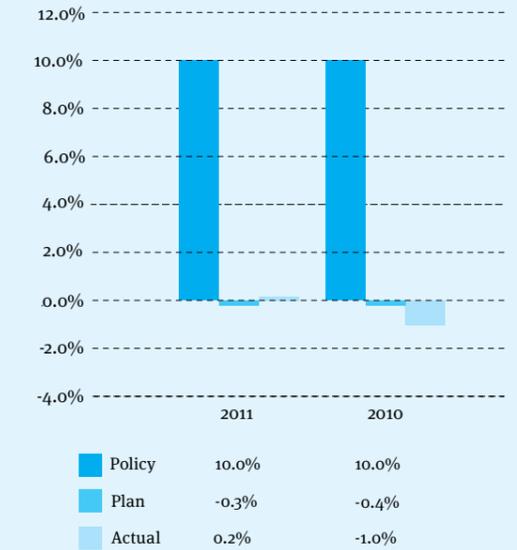
Financial ratios

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%



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

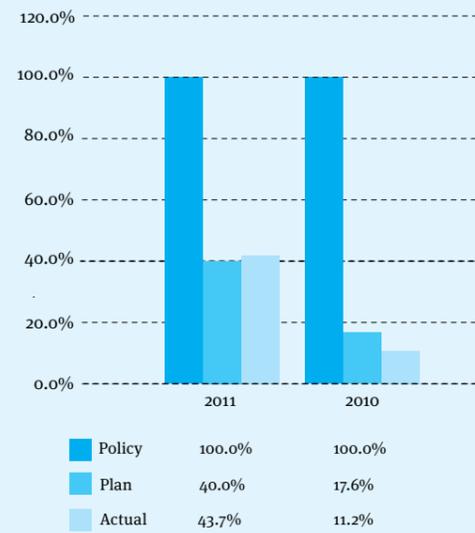




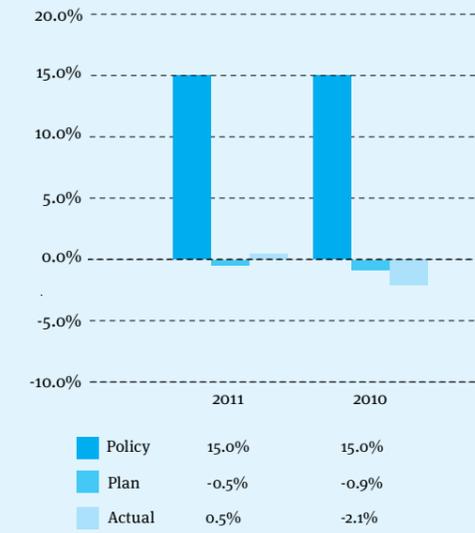
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Financial ratios

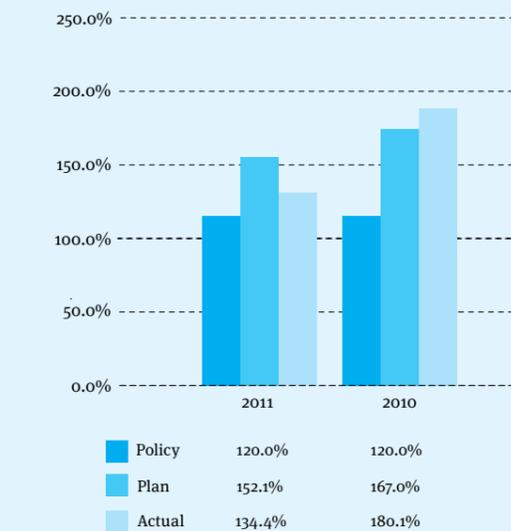
Net debt as a percentage of total revenue
Ratio policy <100%



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



Liquidity
Ratio policy >120%



Financial statements

Audit New Zealand report

To the readers of Christchurch City Council and group's Annual Report for the year ended 30 June 2011.

The Auditor General is the auditor of Christchurch City Council (the City Council) and group. The Auditor General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the City Council and group's financial statements and other information required by schedule 10 of the Local Government Act 2002, as modified by the Canterbury Earthquake (Local Government Act 2002) Order 2011, (other information), on her behalf.

We have audited:

- the financial statements of the City Council and group on pages 137 to 264, that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and particular information required by schedule 10 of the Local Government Act 2002; and
- the other information that comprises Maori involvement in decision-making, Council activities and services and group structure on pages 34, 41 to 85 and 268 to 291.

We would normally audit the City Council and group's non-financial performance information. However, due to the Canterbury earthquakes, the Local Government Act 2002 requirement to prepare and have audited the non-financial performance information was removed by the Canterbury Earthquake (Local Government Act 2002) Order 2011. Notwithstanding this, the City Council has prepared non-financial performance information on pages 86 to 121, which we have not audited.

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

Reasons for our disclaimer of opinion

As a result of a series of earthquakes, the City Council's property, plant, and equipment assets have been significantly damaged. This damage has not been 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.

The City Council has disclosed on pages 138 to 143 of the financial statements information about the effects of the earthquakes on its assets and the reasons why the financial effect from that damage is not reflected in these financial statements. We consider that the City Council's approach to reporting these matters in the financial statements is appropriate and that the note provides the best information available about the financial effects of the damage.

The City Council also carries certain property, plant, and equipment asset classes at fair value. New Zealand Equivalent to International Accounting Standard 16 *Property, Plant and Equipment* (NZ IAS 16) requires these asset classes to be revalued with sufficient regularity to ensure the carrying value is not materially different to fair value. For market-based valuations of land and buildings, the City Council's independent valuer has advised that there is no market evidence available to perform a revaluation as at 30 June 2011. 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 parent balance sheet is \$5.463 billion, which represents 76% of total City Council assets and 65% of group assets as at 30 June 2011. 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. In addition, the surplus for the year for the City Council and group should reflect losses from the write off of irreparable assets, and other comprehensive income should reflect impairment of damaged but repairable 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. Vbase has accounted for the earthquake damage in its financial statements. However, there was insufficient reliable evidence to support the \$57 million impairment recognised in other comprehensive income, the impairment of \$41 million and reversal of impairment of \$41 million recognised in expenditure, or to support the \$158 million carrying value of land and buildings included in the financial statements.

Because the City Council has not accounted for damage to property, plant, and equipment 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.

Audit New Zealand report

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

Because of the significance of the matters described in the "Reasons for our disclaimer of opinion" above, we have been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether the financial statements as a whole, other than the cash flow statement, of the City Council and group on pages 137 to 264:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the City Council and group's financial position as at 30 June 2011; and
 - the results of operations for the year ended on that date.

Information for which sufficient appropriate audit evidence has been obtained

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

- the carrying amount of property, plant, and equipment, asset revaluation reserves, and retained earnings in the balance sheet;
- the related impairment losses, loss on disposals, and depreciation charged to the 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.

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

In our opinion, the cash flow statement on page 150 and 151 complies with generally accepted accounting practice in New Zealand and fairly reflects the City Council and group's cash flows for the year ended 30 June 2011.

Qualified opinion on the City Council and group's other information

Reasons for our qualified opinion

Because of the matters described in the "Reasons for our disclaimer of opinion", we have been unable to obtain sufficient appropriate audit evidence to support the 'what did it cost' sections of the other information and the associated variance explanations set out on pages 41 to 85.

Qualified opinion on the City Council and group's other information

In our opinion, except for the possible effects of the matter described in the "Reasons for our qualified opinion" above, the other information of the City Council and group on pages 34, 41 to 85 and 268 to 291 complies with the requirements of Schedule 10 of the Local Government Act 2002 as modified by the Canterbury Earthquake (Local Government Act 2002) Order 2011 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 27 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and other information. We are unable to determine whether there are material misstatements because the scope of our work was limited, as we referred to in our disclaimer of opinion and our qualified opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the City Council and group's financial statements and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

Audit New Zealand report

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and other information; and
- the overall presentation of the financial statements and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and other information. As explained above, we have not obtained all the information and explanations we have required and consequently we have issued a disclaimer of opinion on the financial statements other than the cash flow statement, and a qualified opinion on the other information.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 as modified by the Canterbury Earthquake (Local Government Act 2002) Order 2011 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002 and the Canterbury Earthquake (Local Government Act 2002) Order 2011.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit, we carried out other assignments in certain of the City Council's subsidiaries. These assignments were issuing audit certificates pursuant to the Commerce Act (Electricity 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 audit, the audit of an amendment to the Long Term Council Community Plan and the assignments detailed above, we have no relationship with or interests in the City Council or any of its subsidiaries.



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial statements for the year ended 30 June 2011

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Summary of consolidating CCTOs

The following pages report the financial results of Christchurch City Council and its subsidiaries and associates for the year ended 30 June 2011.

Christchurch City Council parent statements include:

- Christchurch City Council
- Various bequest and special funds
- Mayor's Welfare Fund
- The Christchurch Earthquake Mayoral Relief Fund

The Council Group in the financial statements comprises the Christchurch City Council parent plus the subsidiaries and associates listed below.

Subsidiaries and associates are:

- *Christchurch City Holdings Limited (CCHL)*
The company is a wholly owned company formed to hold Christchurch City Council's investments in subsidiaries and associates.
The financial statements consolidated are for the year ended 30 June 2011. Major subsidiaries and associates of this company are:
 - *Christchurch City Networks Limited*
This wholly owned company was established to make an investment in fibre-optic networks and ducting in the city. The financial statements consolidated are for the year ended 30 June 2011.
 - *Christchurch International Airport Limited*
This company is 75 per cent owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2011.
 - *City Care Limited*
This wholly owned company provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2011.
 - *EcoCentral Limited (previously CCC Two Limited)*
This company is wholly owned by Christchurch City Holdings Limited. EcoCentral Limited was wholly owned by Christchurch City Council until 19 January 2011, at which time ownership was transferred to Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2011.
 - *Lyttelton Port Company Limited*
This company is 79.2 per cent owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2011.

- *Orion New Zealand Limited*
This company owns Connetics Limited and is an energy network management company. Christchurch City Holdings Limited has an 89.3 per cent interest in Orion New Zealand Limited. The financial statements consolidated are for the year ended 31 March 2011.
- *Red Bus Limited*
Red Bus Limited is a public transport company and is wholly owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2011.
- *Selwyn Plantation Board Limited*
This associate company is 39.3 per cent owned by Christchurch City Holdings Limited. The financial statements for the year ended 30 June 2011 are equity accounted.
- *Vbase Limited*
This company is wholly owned by Christchurch City Council. It owns the Christchurch Convention Centre, CBS Arena, AMI Stadium and the Town Hall. The financial statements consolidated are for the year ended 30 June 2011.
This company owns 100 per cent of Jet Engine Facility Limited, a company which was set up to construct, own and lease an aero engine testing facility.
- *Tuam Limited*
This company is wholly owned by Christchurch City Council. It owns and manages the former Tuam Street Civic Offices and related Tuam Street properties. The financial statements consolidated are for the year ended 30 June 2011.
- *Civic Building Limited*
This company is wholly owned by Christchurch City Council. This company owns the Council's 50 per cent interest in the joint venture with Ngāi Tahu Property Limited which owns and manages the new Civic Building on Worcester Boulevard. The financial statements consolidated are for the year ended 30 June 2011.
- *Transwaste Canterbury Limited*
This Company has the principal purpose of operating a non-hazardous landfill in Canterbury. The Council has 39 per cent of the shareholding. The financial statements for the year ended 30 June 2011 are equity accounted.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

Overview

The series of earthquakes following the 4 September 2010 Darfield earthquake have caused significant damage to the Council's assets. Because of the nature of the Council assets, many of which are underground and difficult to inspect, and the sheer scale of the damage, the Council does not yet have an accurate assessment of the value of that damage.

The best information currently available estimates damage to the Council's horizontal infrastructure (essentially our pipes and streets and the associated assets) of \$2.2 billion and \$0.2 billion of damage to non-infrastructure buildings. In addition there are expected to be \$0.2 billion more costs to maintain services temporarily until permanent repairs can be completed. However, this estimate is still being refined and the final cost of horizontal infrastructure repair is expected to range somewhere between \$1.8 billion and \$3.0 billion. Also, it has not yet been possible to estimate the cost of any land remediation that may be necessary.

29 September 2011 repair estimate	\$ billion
Cost to maintain temporary services	0.176
Damage to infrastructure (impairment and write-offs)	1.839
Contingency and cost escalation	0.355
	2.370

20 April 2011 repair estimate	\$ billion
Damage to buildings	0.225

Only the comparatively small amount of \$54 million has been recognised in these financial statements for the write off and impairment of earthquake damaged assets. The \$2.4 billion estimated damage has not been recognised as it is not sufficiently reliable, and as yet there is insufficient information to appropriately account for the damage caused.

Description of seismic events

The Canterbury region has suffered a huge number of earthquakes and aftershocks since the first big earthquake centred outside Darfield. That first earthquake on 4 September measured 7.1 on the Richter Scale. A second major event occurred on 22 February, with a shallow 6.3 magnitude earthquake two kilometres west of Lyttelton. A third major event occurred on 13 June with a 6.3 magnitude earthquake located in the Heathcote Valley.

Damage caused by these earthquakes and the associated aftershocks has been most severe in the city centre, eastern suburbs and the hill suburbs, including Lyttelton. Damage has also been concentrated around current and historic water courses. Council land, buildings and infrastructure have been significantly damaged by these seismic events.

In addition to the widespread damage and destruction caused by shaking during the earthquakes, the Council's underground infrastructure and roading has been severely damaged by liquefaction (where saturated sandy soils are forced to the surface when subjected to the pressures of an earthquake) and the lateral movement or slipping of soils.

Overview of damage to Council assets

Preparing the damage estimate

Following the 4 September 2010 earthquake, the Council established a Rebuild Management Office and tasked it with preparing a cost estimate for repairing Council assets. Council management engaged Bond Construction Limited and WT Partnerships Infrastructure (WTPI) together with external engineering management consultants to advise on the establishment of the office.

The general approach to preparing the repair estimate has been to make Best Case and Worst Case damage assessments based on the judgement of the field staff to establish a broad work scope definition and quantification of the physical rebuild/repair works required. This was then priced on historic cost data and in some cases high level assessment. The cost estimate has been built-up using this base input, to which other allowances have been applied for design fees and contractor's management fees and margins, together with allowances for Council management costs, labour premiums and a general contingency.

The most recent and comprehensive city-wide estimate of damage is dated 29 September 2011. This estimate is for the repair of horizontal infrastructure and associated assets only. It does not include buildings or land remediation costs. The cost to repair buildings was completed in April, and it has not yet been possible to estimate the possible costs of land remediation.

Because of the extent of the damage to the infrastructure, and in particular to those elements below ground, this cost estimate contains significant quantities of information that is subjective and based on observation and qualitative judgement. Consequently, the estimate can only be viewed as a very high level assessment.

In addition to the uncertainty over the full extent of damage there is uncertainty about the likely cost to repair Council assets, such as the scale of likely local wage and price inflation. It seems certain that restricted supply coupled with the enormous demand for staff, raw materials, and construction machinery will increase the cost of

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

the Council's rebuild. To accommodate this cost pressure a 16 per cent premium has been built into the repair costs along with a 7 per cent allowance for general inflation, but this is an estimate only.

It is also important to note that repair estimates have been made by engineers whose principle focus during the exercise was to ensure the ongoing operation of the Council's water, wastewater and roading networks. They have not set out to provide an accurate valuation of the damage for use in the preparation of the Council's financial statements.

Damage estimate

The 29 September estimate of the cost to replace or repair destroyed or damaged assets was \$2.4 billion, plus 27 per cent or minus 25 per cent. To this needs to be added the \$0.2 billion of damage to buildings, along with the as yet un-calculated cost of land remediation.

When the cost of maintaining temporary services (the interim repair and maintenance of assets prior to the completion of the permanent rebuild) is excluded, the cost of damage to Council assets is estimated to be \$2.4 billion, plus 26 per cent or minus 25 per cent (more than \$0.5 billion).

Accounting for earthquake damage

Accounting standards require that when an asset has been destroyed it should be removed, or written off, from the financial statements. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment). It is clear from the Council's work to date that:

1. some of its infrastructural and building assets have been damaged beyond repair, and NZ International Accounting Standard 16 Property Plant and Equipment (NZIAS 16) requires Council to write-off those assets. This write-off would be expensed in the Statement of Comprehensive Income and impact the surplus or deficit for the year.
2. much of its infrastructural and building assets have been impaired, and NZ International Accounting Standard 36 Accounting for Impairment (NZIAS 36) requires Council to recognise an impairment loss on those assets. An impairment is recognised in other comprehensive income against revaluation reserves for that class of asset. Only any excess of impairment above the revaluation reserve is expensed.

Based on the information available to date, it is generally not possible to determine whether individual assets are damaged beyond repair and should be written off or can be repaired and therefore should be impaired. In most cases final decisions about write-off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies.

As a result the Council has been unable to account for any disposal or impairment other than in the limited cases set out below.

Recognition of assets written off in these financial statements

Where the Council is able to determine with certainty that an asset has been destroyed and cannot be repaired, it has been written-off in these financial statements.

At the time of approving this annual report the value of assets that had clearly been destroyed by earthquakes was:

	Book value \$ million
Buildings	4,867
Water pumping stations	0,376
Sewer pumping stations	4,039
Historic land and buildings	0,235
	9,517

Recognition of impaired assets in these financial statements

The Council had received confirmation from its insurers that a number of buildings have been significantly damaged to the extent that the insurer had agreed to pay the indemnity value of those buildings. The indemnity amount of these buildings is \$44.463 million, and that amount has been recognised as the amount of asset impairment for the affected buildings by reducing the value of the assets in the Council's financial statements and by reducing the value of the Council's asset revaluation reserves by an equal amount. No decision has been reached on whether the assets need to be demolished.

Revaluations

The Council revalues the following items of property, plant and equipment to fair value:

- Land (other than land under roads)
- Buildings
- Infrastructure assets
- Heritage assets
- Works of art

Fair value for a public benefit entity like the Council is depreciated replacement cost. Under NZIAS 16 the Council needs to be able to demonstrate that the carrying value of its assets is recorded at fair value at balance date. However, the unit rates being proposed for replacement or repair of assets are significantly higher than the unit rates included in the current valuations.

In addition to the higher unit rates there is an expectation that costs will increase further due to allowances for items such as increased wage costs likely to result from a shortage of labour and other cost escalations. These are expected, but cannot be accurately quantified yet until contracts are let and work gets underway.

While the exact level of cost increase cannot be determined, there is sufficient evidence to suggest that the unit rates underpinning the valuation of assets included in the financial statements are no longer appropriate. Given the size of the differences in rates, the difference between the carrying values and the fair value (even ignoring the impact of impairment and disposals not recognised) could be substantial. In these circumstances to comply with the standard the Council would need to revalue its assets. However, it cannot because of uncertainties around the damage or the appropriate unit rates to use.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

Further, the Council was unable to revalue land and buildings. This is due to the uncertain extent of damage and because the firm commissioned to complete the Council's Land Valuation, Knight Frank Christchurch, advised that in the wake of the earthquakes there was insufficient market activity to provide reliable market valuations.

Conclusion

The Council estimates that its physical assets have sustained approximately \$2.4 billion of damage. It also acknowledges that since its total physical assets have a recorded value of \$5.4 billion, an unrecognised damage estimate of this amount is material to the Council's financial statements. However, the Council is not able to reliably estimate the appropriate level of impairment that should be recognised in accordance with NZIAS 36 or the amounts regarded as a disposal in accordance with NZIAS16. The best information available to the Council at present is effectively plus or minus \$0.5 billion.

The Council considers that any attempt to recognise impairment in the financial statements may provide readers with the erroneous impression that it is possible to assess impairment with some level of accuracy. We have therefore chosen not to comply with the requirements of NZIAS 36 and with the exception of buildings, have not recognised any earthquake related impairment or disposal in these financial statements.

In addition the Council has not been able to determine the fair value of the remaining undamaged assets and cannot assert compliance with NZIAS 16 for this.

Estimate of the possible impact on Council's financial statements

Should the Council have chosen to recognise impairment based on the unadjusted repair estimate, and on the assumption that all damaged assets were to be impaired rather than written off, the effect on the financial statements would have been to:

- impair the value of property plant and equipment by \$2.4 billion
- reduce the value of (asset revaluation) reserves by \$1.1 billion
- reduce total comprehensive income by \$1.3 billion

Alternatively, should the Council have been required to write-off all damaged assets because they were beyond repair the effect on the financial statements would have been to:

- reduce the value of property plant and equipment by \$2.4 billion
- reduce the surplus and total comprehensive income by \$2.4 billion

None of these amounts have been recognised in the financial statements.

Treatment of insurance and other earthquake recoveries

The Council's financial statements include insurance/recovery revenue of \$277 million and includes as a receivable \$212 million. This is based on the costs incurred to 30 June 2011, mostly in relation to response and recovery activities rather than infrastructure repairs and for which the Council reasonably expects reimbursement from various insurers and Government agencies in accordance with agreements in place.

This insurance/recovery revenue is split in the following manner:

	30 Jun 11
	Actual
	\$000
Revenue	
Insurance proceeds recognised	93,421
Government grants or other assistance	182,298
Other revenue as result of earthquake	1,309
	<u>277,028</u>

With the exception of \$44 million recognised for the impaired buildings referred to earlier, and \$6 million from the Earthquake Commission (EQC) for residential properties where the EQC insurance cap has been exceeded, no amount is recognised as revenue in these financial statements for damage to the Council's assets. The recoveries shown above are principally for earthquake response costs. Future claims for the ongoing cost of rebuilding will be made in subsequent years. Any insurance and recoveries relates to these balances are therefore contingent assets. A note to this effect has been included in the financial statements, however it is not possible to specify a likely amount.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

Funding the rebuild

The Council's current estimate is that the earthquake-related response and recovery costs faced by the Council will total \$2.9 billion. This includes ongoing costs relating to the emergency response (such as maintaining cordons), costs associated with maintaining temporary services while permanent repairs are made, and the permanent repairs themselves.

The largest component of this is the \$2.2 billion cost of the infrastructure rebuild programme. Infrastructure assets consist of roads (which are eligible for NZTA subsidies) and underground assets (e.g. water reticulation and wastewater), which are insured with the Local Authority Protection Programme (LAPP).

The damage to the Council's above-ground assets is covered by our policy with Civic Assurance, which has adequate reinsurance to cover the estimated claim for damage to these assets of \$362 million. The Council has also made an estimate for additional remediation costs, increased costs of working (covered by insurance), uninsured assets (largely parks and stormwater) and insurance excesses of \$246 million over five years.

Following the September 2010 earthquake, the Council took immediate action to reduce its renewals programme by \$56 million for the year to June 2011. Net of NZTA subsidies, this exercise provided funds of \$50 million to be set aside in an Earthquake Recovery Fund to be subsequently put towards the Council's recovery costs. In January 2011 the Council resolved to apply \$9.3 million of these funds towards the immediate costs of the earthquake leaving \$40.7 million still available.

The 2011/12 Annual Plan adopted by the Council included a further reduction in the renewals programme for 2011/12. Net of NZTA subsidies, another \$50 million reduction has been set aside in an Earthquake Recovery Fund to be used to fund the gap between the overall response and recovery costs and the likely subsidies Council will receive from insurers and the Government (estimated to be \$21.7 million in 2011/12).

The Council is continuing to work with the Government and insurers to determine the amount of the rebuild which must be funded by the Council. In the 2011/12 Annual Plan, and based on the best information available at the time, the Council has adopted a funding strategy which plans to fund this amount through borrowing and repay it through an ongoing reduction in the renewals programme for a period of about 10 years along with long-term growth in the rating base. This strategy is subject to future decisions by the Council and Central Government.

Insurance

Prior to 30 June 2011 all Council facilities were insured. Most of these were insured for replacement value with a few at demolition or indemnity value. Council's total above ground insurance programme prior to 30 June 2011 totalled \$1.9 billion.

The material damage insurance cover that the Council currently has in place is 2,239 residential housing units insured at replacement value for \$414 million. This covers fire perils and is subject to EQC Earthquake peril cover (\$0.1 million cap cover per housing unit), but excludes certain housing units that had earthquake damage and roading housing.

No other Council buildings currently have insurance cover. Note, CBS Arena which is owned by Vbase, and now managed by the Council is insured for fire.

The Council's below ground assets are not currently insured, however Central Government has agreed to cover a minimum of 60 per cent of any major new earthquake damage.

Impact on assets held by Council's subsidiaries

Several of the Council's subsidiaries have significant physical asset holdings which have been impacted by the series of earthquakes. Specifically:

Lyttelton Port Company Limited

Port assets were written down by \$29 million following the September 2010, February 2011 and June 2011 earthquakes. A total of \$33 million has been approved by the Port's board to enable urgent repair and remediation works. These urgent temporary repairs are ensuring that the Port remains operative. There will be significant further expenditure required to rebuild the infrastructure over a number of years.

Civic Building Limited

Civic Building Limited owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture with Ngai Tahu Property Limited that owns the new Civic Building in Hereford Street. The building suffered significant non-structural damage in the series of Canterbury earthquakes. The repairs, which will be funded by insurance, are estimated to cost \$11 million and at 30 June 2011 the building was still under repair.

Tuam Limited

The major asset of Tuam Limited is the former Civic Building in Tuam Street. The building has suffered significant damage from the Canterbury earthquakes and at the time of writing no decision has been made about its future.

Tuam Limited received a qualified audit opinion due to the uncertainties over the appropriate value of the old Civic Building and the land underneath. These assets are reflected in the Council group financial statements at \$9 million.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

Vbase Limited

The February earthquake caused significant damage to the Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, and AMI Stadium. The Convention Centre is subject to a demolition order, and it is unknown when or if the other facilities will be able to resume operation. Vbase's other major asset, the CBS Arena, has not suffered significant earthquake damage and is operational.

Vbase also received a qualified audit opinion due to uncertainties over the appropriate values of their buildings and the impairment that needed to be recognised due to earthquake damage. The amounts in question which are included in the Council group financial statements are \$158 million for land and buildings and impairment of \$57 million.

Orion New Zealand Limited

Orion's cable network was damaged as a result of the series of Canterbury earthquakes, however 90 per cent of the damage has since been restored. Despite the damage most of the parts were able to be restored and be reused and that the amount of network that has been subsequently written off has not been material.

The consequences of this earthquake for Orion will result over the next five years:

- increased maintenance
- increased capital expenditure
- a loss of income from areas where power has not yet been restored and from general depopulation in the short term

Orion has two key insurance policies relevant to the recent earthquakes as follows:

- material damage – this is a full replacement policy and covers the company's corporate properties and most of its key substations (not those substations sited in customers' premises). Network overhead lines and underground cables were not insured as it has not been economic to do so
- business interruption – lost revenues and additional costs are claimable if they arise "...as a consequence of..." damage to the company's insured assets and occur within the first eighteen months following the earthquake.

Orion's insurance policies have a combined excess of \$750,000 per event for earthquakes. The company is virtually certain to receive insurance proceeds on both policies, but the quantum of the likely proceeds cannot be reliably measured, because of the wide range of possible outcomes that will be negotiated with the group's insurers following completion of detailed engineering and financial assessments. Hence, no insurance proceeds receivable have been recognised as assets within their financial statements or within the Council's Group financial statements.

Despite the damage to Orion's network, the value of the company, which is calculated on its future earnings potential, has not been harmed.

Christchurch International Airport Limited

Christchurch International Airport incurred some damage from the earthquakes, but there was no structural damage to either the runways or the terminals.

The company has assessed the recoverable amount of fixed assets damaged in the earthquake and compared this to the carrying value of those assets, and concluded there was no need to make any allowance for impairment.

The company is covered by insurance for material damage in respect of all earthquake events. However such events have a deductible allowance of 2½ per cent of the loss with a minimum deductible of \$2 million for each event. The damage caused in September 2010, February 2011 and June 2011 was below this minimum deductible. In addition construction work in progress on the new Integrated Terminal and Regional Lounge also incurred some earthquake damage. The cost to remediate such damage in excess of the minimum deductibles (\$25,000 and \$10,000 respectively) is presently the subject of insurance claims.

The total cost of earthquake damage to date is \$2.70 million, of which the company has a contingent asset for recovery of costs reimbursable through insurance of \$0.77 million. These are still subject to acceptance by the insurance assessor.

Red Bus Limited

The company has notified its insurer of a loss of profits claim under its Business Interruption Insurance Policy. This claim is at the early stages of discussion, and final claim is unable to be estimated.

The workshop building suffered major damage and is beyond repair. The insurer has accepted the claim, but the final settlement is yet to be agreed. The financial statements include \$6.36 million of insurance income and costs of assets derecognised of \$0.17 million.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

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 11 Actual \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
Revenue				
Insurance proceeds recognised	93,421	-	164,057	-
Government grants or other assistance	182,298	-	186,438	-
Other revenue as result of earthquake	1,309	-	1,309	-
	277,028	-	351,804	-
Expenses				
Impairment of P,P&E (in excess of revaluation reserve)	-	-	36,366	-
Repair and clean up provisions	-	-	13,521	-
Other direct costs of earthquake	275,026	-	300,401	-
	275,026	-	350,288	-
Balance sheet				
Impairment written off against revaluation reserves	44,463	-	165,843	-
Revenue accrued	212,126	-	264,400	-
Expenses accrued	33,800	-	49,381	-
Deferred tax decrease due to asset write-offs/impairment	-	-	-38,354	-
Inventories increase/(decrease)	-	-	1,500	-

Financial statements

Statement of comprehensive income

For the year ended 30 June 2011

	Note	Parent			Group	
		30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual \$000	Plan \$000	Actual \$000	Actual \$000	Actual \$000
Rates revenue	2(a)	273,813	269,357	257,364	268,338	252,633
Operating and other revenue	2(b)	457,777	207,460	278,399	1,086,526	706,867
Finance income	3	24,450	23,149	22,712	13,486	14,114
Other gains	4	14,445	-	1,416	7,321	4,239
Total income		770,485	499,966	559,891	1,375,671	977,853
Depreciation, amortisation and impairment	5	111,744	116,243	112,293	236,246	194,424
Finance costs	6	25,712	21,678	17,278	56,627	44,895
Personnel costs	7	129,380	128,089	121,394	311,031	287,523
Other expenses	8	449,399	218,161	198,960	628,797	357,865
Other losses	4	13,054	-	7,315	39,978	5,258
Total operating expenses		729,289	484,171	457,240	1,272,679	889,965
Share of (losses)/profits of associates	20	-	-	-	4,737	466
Profit before asset contributions		41,196	15,795	102,651	107,729	88,354
Vested assets	9	3,306	15,004	7,069	3,306	7,069
Profit before income tax expense		44,502	30,799	109,720	111,035	95,423
Income tax expense/(credit)	11	392	-	1,863	39,007	91,577
Profit for the period		44,110	30,799	107,857	72,028	3,846

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Statement of comprehensive income (continued)

	Note	Parent			Group	
		30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual \$000	Plan \$000	Actual \$000	Actual \$000	Actual \$000
Other comprehensive income						
Property, plant and equipment valuation gain/(loss)		(439)	47,000	356,555	(107,519)	383,131
Gains/losses from:						
Investment revaluation gain/(loss)		29,467	-	(113,033)	(652)	-
Cash flow hedges gain/(loss)		(3,597)	-	(3,174)	(6,393)	(8,654)
Share of other comprehensive income (after tax) of associates		-	-	-	(760)	(1,441)
Income tax relating to components of other comprehensive income		-	-	641	52,480	9,554
Property, plant and equipment impairment loss		(44,463)	-	-	(101,745)	-
Transfers and other		-	-	(39)	-	(226)
Other comprehensive income for the period, net of tax		(19,032)	47,000	240,950	(164,589)	382,364
Total comprehensive income for the period, net of tax		25,078	77,799	348,807	(92,561)	386,210
Profit for the period attributable to:						
Parent Entity		44,110	30,799	107,857	58,469	(3,122)
Minority interest		-	-	-	13,559	6,968
		44,110	30,799	107,857	72,028	3,846
Total comprehensive income attributable to:						
Equity holders of the parent		25,078	77,799	348,807	(100,145)	374,187
Minority interests		-	-	-	7,584	12,023
		25,078	77,799	348,807	(92,561)	386,210

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Balance sheet

As at 30 June 2011

	Note	Parent			Group	
		30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual	Plan	Actual	Actual	Actual
		\$000	\$000	\$000	\$000	\$000
Current assets						
Cash and cash equivalents	12	48,417	57,538	80,892	80,777	103,855
Debtors and other receivables	13(a)	78,819	39,011	43,086	127,221	83,191
Derivative financial instruments	15(a)	-	-	84	39	91
Other financial assets	16(a)	54,500	59,128	116,943	52,079	117,055
Prepayments		3,205	-	2,903	8,661	7,370
Inventories	17(a)	2,248	1,407	1,470	15,407	12,382
Current tax assets	11(b)	118	-	98	-	809
Non-current assets classified as held for sale	18	246	-	-	27,818	3,841
Other	19(a)	212,126	-	-	259,060	160
Total current assets		399,679	157,084	245,476	571,062	328,754
Non-current assets						
Debtors and other receivables	13(b)	-	-	3,000	25,321	29,744
Investments in associates	20	6,196	-	6,196	28,312	36,439
Derivative financial instruments	15(b)	2,747	-	1,525	2,747	1,917
Other financial assets	16(b)	1,690,653	1,823,797	1,667,286	77,105	63,907
Prepayments		-	-	-	9,277	9,866
Property, plant and equipment	23	5,463,592	5,418,649	5,363,582	7,538,046	7,651,568
Investment property	24	-	-	-	105,268	85,510
Intangible assets	25	30,859	13,354	27,471	41,138	38,005
Deferred tax assets	11(c)	-	-	-	12,807	11,253
Goodwill	26	-	-	-	21,036	19,385
Other	19(b)	-	-	-	309	179
Total non-current assets		7,194,047	7,255,800	7,069,060	7,861,366	7,947,773
Total assets		7,593,726	7,412,884	7,314,536	8,432,428	8,276,527

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Balance sheet (continued)

	Note	Parent			Group	
		30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual	Plan	Actual	Actual	Actual
		\$000	\$000	\$000	\$000	\$000
Current liabilities						
Creditors and other payables	27	121,647	68,898	72,558	184,461	133,984
Borrowings	28(a)	31,838	121,090	45,266	169,596	232,307
Derivative financial instruments	15(c)	-	-	-	1,557	1,083
Employee entitlements	30(a)	13,985	11,496	12,656	38,374	33,365
Current tax liabilities	11(b)	-	-	-	2,405	-
Provisions	31(a)	2,749	611	2,394	3,045	3,094
Other	32(a)	5,601	-	4,014	6,313	4,231
Total current liabilities		175,820	202,095	136,888	405,751	408,064
Non-current liabilities						
Borrowings	28(b)	472,288	271,908	262,117	827,894	539,995
Derivative financial instruments	15(d)	14,126	-	9,963	36,224	28,937
Employee entitlements	30(b)	5,970	6,309	6,013	7,221	7,111
Deferred tax liabilities	11(c)	3,774	2,116	3,382	315,981	358,772
Provisions	31(b)	17,298	28,948	15,855	17,372	15,855
Other	32(b)	11,703	-	12,649	7,268	8,640
Total non-current liabilities		525,159	309,281	309,979	1,211,960	959,310
Total liabilities		700,979	511,376	446,867	1,617,711	1,367,374
Net assets		6,892,747	6,901,508	6,867,669	6,814,717	6,909,153
Equity						
Capital and other equity instruments						
Reserves	33	4,938,000	4,883,455	4,905,944	4,021,578	4,139,617
Retained earnings	34	1,954,747	2,018,053	1,961,725	2,545,922	2,522,647
Parent entity interest		6,892,747	6,901,508	6,867,669	6,567,500	6,662,264
Minority interest	35	-	-	-	247,217	246,889
Total equity		6,892,747	6,901,508	6,867,669	6,814,717	6,909,153

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Statement of changes in equity

For the year ended 30 June 2011

	Parent								Total
	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Minority interests	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Balance as at 1 July 2009	1,466,737	1,307,776	(3,466)	147,641	1,733,853	1,866,321	6,518,862	-	6,518,862
Profit for period	-	-	-	-	-	107,857	107,857	-	107,857
Other comprehensive income for year (net of tax)	357,157	(113,033)	(3,174)	-	-	-	240,950	-	240,950
Transfer to/from retained earnings	(29,322)	(11)	-	41,786	-	-	12,453	-	12,453
Transfer to/from reserves	-	-	-	-	-	(12,453)	(12,453)	-	(12,453)
Balance as at 30 June 2010	1,794,572	1,194,732	(6,640)	189,427	1,733,853	1,961,725	6,867,669	-	6,867,669
Profit for period	-	-	-	-	-	44,110	44,110	-	44,110
Other comprehensive income for year (net of tax)	(44,902)	29,467	(3,597)	-	-	-	(19,032)	-	(19,032)
Transfer to/from retained earnings	(6,933)	-	-	58,021	-	-	51,088	-	51,088
Transfer to/from reserves	-	-	-	-	-	(51,088)	(51,088)	-	(51,088)
Balance as at 30 June 2011	1,742,737	1,224,199	(10,237)	247,448	1,733,853	1,954,747	6,892,747	-	6,892,747

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Statement of changes in equity (continued)

For the year ended 30 June 2011

	Group								
	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Minority interests	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2009	1,853,826	(219)	(11,892)	147,641	1,733,853	2,564,968	6,288,177	242,706	6,530,883
Profit for period	-	-	-	-	-	(3,122)	(3,122)	6,968	3,846
Other comprehensive income for year (net of tax)	382,935	(11)	(6,805)	-	-	1,190	377,309	5,055	382,364
Transfer to/from retained earnings	(1,497)	-	-	41,786	-	-	40,289	-	40,289
Transfer to/from reserves	-	-	-	-	-	(40,289)	(40,289)	-	(40,289)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	(100)	(100)	(117)	(217)
Dividends paid or provided for	-	-	-	-	-	-	-	(7,723)	(7,723)
Balance as at 30 June 2010	2,235,264	(230)	(18,697)	189,427	1,733,853	2,522,647	6,662,264	246,889	6,909,153
Profit for period	-	-	-	-	-	58,469	58,469	13,559	72,028
Other comprehensive income for year (net of tax)	(152,512)	(652)	(5,482)	-	-	32	(158,614)	(5,975)	(164,589)
Transfer to/from retained earnings	(17,414)	-	-	58,021	-	-	40,607	-	40,607
Transfer to/from reserves	-	-	-	-	-	(40,607)	(40,607)	-	(40,607)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	5,381	5,381	(474)	4,907
Dividends paid or provided for	-	-	-	-	-	-	-	(6,782)	(6,782)
Balance as at 30 June 2011	2,065,338	(882)	(24,179)	247,448	1,733,853	2,545,922	6,567,500	247,217	6,814,717

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Cash flow statement

For the year ended 30 June 2011

Note	Parent			Group	
	30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Plan \$000	Actual \$000	Actual \$000	Actual \$000
Cash flows from operating activities					
Receipts from customers and other sources	395,041	428,714	419,962	914,622	955,776
Interest received	24,887	23,150	22,266	11,651	11,755
Dividends received	28,190	47,893	115,059	-	85
Subvention receipts	4,028	-	-	-	-
Payments to suppliers and employees	(514,635)	(346,580)	(316,680)	(827,162)	(649,687)
Interest and other finance costs paid	(25,684)	(21,678)	(17,129)	(58,782)	(45,024)
Income tax paid	-	-	-	(25,778)	(27,083)
Net GST movement	(3,343)	-	(2,514)	(2,685)	(2,514)
Insurance/Earthquake proceeds	61,466	-	-	61,850	-
Net cash provided by/(used in) operating activities	36 (30,050)	131,499	220,964	73,716	243,308
Cash flows from investing activities					
Payment for investment securities	(25,527)	(15,091)	(78,590)	(27,552)	(78,590)
Proceeds from sale of investment securities	75,681	-	1,000	76,118	36,329
Payment for equity investment in subsidiaries	(21,750)	-	(52,098)	-	-
Proceeds from subsidiary/associate shares repaid	12,000	-	-	10,268	-
Proceeds from repayment of advances	73	-	642	73	642
Proceeds from repayment of related party loans	26,800	1,700	4,388	-	-
Amounts advanced to related parties	-	-	(38,916)	-	-
Payment for property, plant and equipment	(179,837)	(234,937)	(186,100)	(358,802)	(415,759)
Proceeds from sale of property, plant and equipment	9,237	4,403	38,329	18,379	8,292
Payment for intangible assets	-	-	(10,163)	(4,524)	(15,031)
Payment for goodwill	-	-	-	-	(4,129)
Payment for acquisition of business	-	-	-	-	(82)
Proceeds from sale of businesses	9,170	-	-	-	-
Payment for investment properties	-	-	-	(12,820)	(1,274)
Proceeds from sale of investment properties	-	-	-	248	-
Deferred acquisition payment	-	-	-	37	(368)
Insurance Proceeds	-	-	-	35,540	-
Cash acquired in business combinations	-	-	-	881	-
Net cash (used in)/provided by investing activities	(94,153)	(243,925)	(321,508)	(262,154)	(469,970)

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial statements

Cash flow statement (continued)

	Parent			Group	
	30 Jun 11	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Plan \$000	Actual \$000	Actual \$000	Actual \$000
Cash flows from financing activities					
Proceeds from borrowing	120,000	114,895	139,624	276,050	315,549
Repayment of borrowings	(28,272)	(2,469)	(42,571)	(103,519)	(86,730)
Repayment of finance leases	-	-	-	(389)	(409)
Dividends paid - minority interests	-	-	-	(6,782)	(7,723)
Net cash provided by/(used in) financing activities	91,728	112,426	97,053	165,360	220,687
Net decrease in cash and cash equivalents	(32,475)	-	(3,491)	(23,078)	(5,975)
Cash and cash equivalents at beginning of year	80,892	57,538	84,383	103,855	109,830
Cash and cash equivalents at end of year	48,417	57,538	80,892	80,777	103,855

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to financial statements

1. Statement of 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 the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a public benefit entity (“PBE”) for the purposes of New Zealand Equivalents to International Financial Reporting Standards (“NZ IFRS”). Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of the Council are for the year ended 30 June 2011. The financial statements were approved by the Council on 27 October 2011. The Council does not have the authority to amend the financial statements after this date.

Basis of preparation

- i) The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6 Section 98 and Section 111, and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities with the following exceptions related to 2011:
- 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. No impairment has been recognised for other earthquake damaged assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.
 - NZ IAS 16 – Property, Plant and Equipment
 - Assets due for valuation in 2011 were land, buildings, stormwater, waterways and wetlands infrastructure assets and works of art. These assets were not valued and therefore their carrying value represents their depreciated 2008 fair value. Further information about this is set out in note 23 to the financial statements.
 - NZ IAS 16 requires the Council to review the useful lives and residual values of its assets annually. Because of the scale of earthquake damage the Council has not complied with this requirement for 2011.

All of the above have flow on effects to depreciation, impairment of assets carrying values, revaluation reserves, and retained earnings.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

Except where specified the accounting policies set out below have been applied consistently to all periods presented in these financial statements. Further information about these exceptions is set out in the Impact 2010 and 2011 Canterbury earthquakes note set out in pages 138 to 143.

- ii) New accounting standards and interpretations
- (a) Changes in accounting policy and disclosures.
- There have been no changes in accounting standards during the financial year.

Notes to financial statements

1. Statement of accounting policies (continued)**Principles of consolidation****(i) Subsidiaries**

Subsidiaries include special purpose entities and are those over which the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Council controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and balance sheet.

(ii) Associates

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the parent’s financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council’s investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council’s share of its associates’ post acquisition profits or losses is recognised in the profit and loss, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent’s profit and loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

(iii) Joint Ventures

Joint ventures are those over whose activities the Group has joint control, established by contractual agreement. The Group’s share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group’s financial statements on a line-by-line basis using the proportionate method.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging Policy).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Notes to financial statements

1. Statement of accounting policies (continued)**Hedging**

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are recycled through profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or cancelled, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

Property, plant and equipment

Normally the following assets (except for investment properties) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

- Land (other than land under roads)
- Buildings
- Electricity distribution network
- Airport sealed surfaces
- Infrastructure assets
- Heritage assets
- Works of art

Those asset classes that are revalued are normally valued on a three-yearly valuation cycle. Assets due for valuation in 2011 were land, buildings, stormwater, waterways and wetlands infrastructure assets, and works of art. Further information on property plant and equipment valuations is set out in note 23 to these financial statements.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Notes to financial statements

1. Statement of accounting policies (continued)

Assets to be depreciated include:

Operational Assets:

Buildings	1-100 YRS
Office and computer equipment	1-10 YRS
Mobile plant including vehicles	2-30 YRS
Buses	17-26 YRS
Sealed surfaces (other than roads)	9-100 YRS
Container cranes	30 YRS
Harbour structures	3-50 YRS
Seawalls	100 YRS
Telecommunications infrastructure	12-50 YRS
Electricity distribution system	60 YRS
Electricity load control equipment	60 YRS
Leasehold land improvements	5-100 YRS
Library books	3-8 YRS
Vessels	5-25 YRS
Resource consents and easements	5-10 YRS

Infrastructure Assets:

Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 YRS
Footpaths and cycleways	20-80 YRS
Surface	1-25 YRS
Streetlights and signs	15-40 YRS
Kerb, channel, sumps and berms	80 YRS
Landscape/medians	8-80 YRS
Drain pipes/culverts/retaining walls	20-100 YRS
Bridges	70-100 YRS
Bus shelters and furniture	15-30 YRS
Water supply	55-130 YRS
Water meters	20-25 YRS
Stormwater	20-150 YRS
Waterways	15-120 YRS
Sewer	50-150 YRS
Treatment plant	15-100 YRS
Pump stations	10-100 YRS

Restricted Assets:

Planted areas	5-110 YRS
Reserves – sealed areas	10-40 YRS
Reserves – structures	25-150 YRS
Historic buildings	100 YRS
Art works	1000 YRS
Heritage assets	1000 YRS

Normally the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date in accordance with the requirements of NZ IAS 16 – Property, Plant and Equipment. Because of the scale of earthquake damage the Council has not complied with this requirement for 2011.

Normally an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of NZ IAS 36 – Impairment of Assets. However, for 2011 assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building the Council has recognised the indemnity amount as an impairment to the building. No impairment has been recognised for other earthquake damaged assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

Notes to financial statements

1. Statement of accounting policies (continued)**Non current assets (or disposal groups) held for sale**

Non current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of de-recognition.

Non current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

Intangible assets**(i) Goodwill**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions prior to the transition to NZ IFRS on 1 July 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see Impairment Policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit and loss.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(iii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment Policy).

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are:

Software	1-10 yrs
Resource consents and easements	5-10 yrs
Patents, trademarks and licenses	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Investments

The Council classifies its investments in the following categories:

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(d) Financial assets at fair value through equity

Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Notes to financial statements

1. Statement of accounting policies (continued)**(i) Parent company investment in subsidiaries**

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are held in a revaluation reserve until the subsidiary is sold.

(ii) Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised through profit and loss.

General and community loans are designated as loans and receivables. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

Financial instruments classified as held-for-trading or fair value through equity investments are recognised/derecognised by the Council on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/derecognised on the day they are transferred to/by the Council.

(iii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the Group's business and/or these services could not be provided efficiently and effectively by the lessee in another location.
- The property is being held for future delivery of services.
- The lessee uses services of the Group and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the Group, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the Group is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the Group occupies an insignificant portion.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location

Notes to financial statements

1. Statement of accounting policies (continued)

and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through profit and loss.

Rental income from investment property is accounted for as described in the Revenue Policy below.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately before transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit and loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

Trade and other receivables**(i) Construction work in progress**

Construction work in progress is stated at cost plus profit recognised to date (see Revenue Policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment Policy).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Notes to financial statements

1. Statement of accounting policies (continued)**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the balance sheet.

Impairment

Normally the carrying amounts of the Council's assets, other than investment property (see Investments Policy) and deferred tax assets (see Income Tax Policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. However, for 2011 assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building the Council has recognised the indemnity amount as an impairment to the building. No impairment has been recognised for other earthquake damaged assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Impairment losses on property, plant and equipment are recognised through profit and loss. Impairment losses on revalued assets offset any balance in the asset revaluation reserve for that class of assets, with any remaining impairment loss being posted to profit and loss.

For goodwill, other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a public benefit entity, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. For the Group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to financial statements

1. Statement of accounting policies (continued)**Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised through profit and loss over the period of the borrowings on an effective interest basis.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Landfill aftercare provision

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure.

The provision is calculated based on:

- The estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- The estimated costs have been discounted to their present value using a discount rate of 6.00%.
- The estimated length of time needed for post-closure care is 35 years.
- The Council also has a legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

(ii) Weathertight homes

The Council through its insurers is processing a number of weathertight home claims.

The provision is calculated based on:

- The number of known claims,
- The average actual settlement costs,
- The average actual claims settled per year.
- Costs in future years have been adjusted for inflation and discounted to their present value using a discount rate of 6.00%.

Notes to financial statements

1. Statement of accounting policies (continued)

This method of calculation is consistent with previous years. However, other metropolitan local authorities, including Wellington City Council and Auckland Council, are using independent actuarial calculations of their weathertight homes liability, particularly in relation to claims not yet lodged. Christchurch City Council has chosen not to follow this approach for these financial statements due to earthquake-related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers, or
- are in government red zones and will be abandoned.

Employee entitlements

The Group's employee compensation policy is based on Total Cash Remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of the Council's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

These estimated amounts are discounted to their present value using an interpolated 10-year government bond rate.

Superannuation is provided as a percentage of remuneration.

(iii) National Provident Fund's Defined Benefit Plan Scheme (the 'Scheme')

Council participates in the Scheme, which is a multi-employer defined benefit plan. However, because it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers the Council participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

Notes to financial statements

1. Statement of accounting policies (continued)

Leases

(i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Revenue

(i) Rates, goods sold and services rendered

Revenue from rates is recognised through profit and loss at the time of invoicing. Revenue from the sale of goods is recognised through profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through profit and loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised through profit and loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately through profit and loss.

(iii) Finance Income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised through profit and loss as it accrues, using the effective interest method.

(iv) Rental income

Rental income from investment and other property is recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Government grants

Grants from the government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Notes to financial statements

1. Statement of accounting policies (continued)

(vii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

(viii) Development Contributions

Development contributions are recognised through profit and loss in the year in which they are received.

(ix) Other gains

Other gains include revaluations of investment properties (see Investment Property Policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging Policy).

(x) Earthquake subsidies and recoveries

Earthquake subsidies and recoveries include payments from Government agencies, Ministries and Departments as well as payments from Council's insurers. Earthquake subsidies and recoveries are recognised in the financial statements when received or when it is probable or virtually certain that they will be received under the insurance contracts in place.

Expenses

(i) Operating lease payments

Payments made under operating leases are recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised through profit and loss as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised through profit and loss using the effective interest rate method. Interest payable on borrowings is recognised as an expense through profit and loss as it accrues.

(iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property Policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging Policy).

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised through profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

Third party transfer payment agencies

The Council collects monies for many organisations. Where collections are processed through the Council's books, any monies held are shown as Accounts Payable in the Balance Sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Notes to financial statements

1. Statement of accounting policies (continued)**Donated goods and services**

The Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms, and for this reason are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Two primary drivers for allocating corporate overhead are used. Services related to people are reallocated based on employee costs, and those related to finance are reallocated based on external service activity gross cost.

Plan values disclosed

The plan values shown in the financial statements represent the 2010/11 budget included in the 2011/12 Annual Plan.

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and weathertight homes provisions.
- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management are required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance, and should be expensed in the current year, or capital expenditure. In making this assessment they make judgements about the expected length of service potential of the asset and the likelihood of it becoming obsolete as a result of other more permanent repairs.
- Management are required to exercise judgement when determining whether insurance payments and recoveries from Government agencies are probable or virtually certain and should be recognised as revenue in the current year. In making this assessment they make judgements about the likelihood of payment by insurers or Government agencies based on the agreements in place.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.

Notes to financial statements

1. Statement of accounting policies (continued)

- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- Management of the subsidiary companies have had to estimate the adjustments to the deferred tax provision and the tax expense for the year as a result of the changes in the 2010 Government Budget which removed the ability to claim tax depreciation on buildings with useful lives of 50 years or more. Judgement is required to determine those parts of a building that are separately depreciable as plant or fixtures and fittings, and which parts are integral to the building and hence not depreciable.

In addition to the above factors, the following areas specific to individual companies within the Group require critical judgement estimates and assumptions.

- Orion New Zealand Limited has estimated the impacts of the Canterbury earthquakes up to and including 31 March 2011 (informed by data up to 22 July 2011 on the impacts of those earthquakes) on the future cash flows of the business. These estimates contain some uncertainty as the company is still assessing the impacts and not all data is to hand. These estimates have been relied upon in the 31 March 2011 revaluation of the company's electricity distribution network.
- On initial recognition of items of property, plant and equipment and intangible assets with finite lives, Orion New Zealand Limited makes judgements about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the asset cost, or whether they should be expensed as incurred. Thereafter, management's judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.
- Orion New Zealand Limited assesses whether individual assets or a grouping of related assets (which generate cash flows independently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flow are required. Following the Canterbury earthquakes these assumptions are of a higher degree of sensitivity than would normally be the case. Extensive notes have been made to disclose key assumptions.

- Management of Christchurch International Airport Limited use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. The main deciding factor for this classification is that the property is not used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through profit or loss or through other comprehensive income.
- Management of Christchurch International Airport Limited have estimated an impairment charge in respect of the ongoing value of capitalised expenditure on the integrated terminal project, due to the continuous development of the design. This assessment is subject to review by quantity surveyors and project managers. The company has also estimated the useful life of the existing domestic terminal for valuation purposes as being the period required to complete the construction of the new terminal.
- Management of Lyttelton Port Company Limited have identified areas of estimation uncertainty in relation to the carrying value of land, building and harbour structures; depreciation rates and the estimation of useful lives; amortisation of intangible assets such as resource consents, easement and software, and the quantification of contingent liabilities. Earthquake damage has further increased the significance of these areas of estimation uncertainty.
- Management of Christchurch City Networks Limited have had to make specific assumptions in relation to impairment of assets resulting from the 22 February 2011 earthquake including assumptions regarding the likely final number of building disconnections and an estimate of connection cost for these buildings based on average connection costs.
- Management of EcoCentral Limited determines whether goodwill is impaired on at least an annual basis. This requires an estimation of the recoverable amount of its cash-generating units, using a value in use discounted cash flow methodology. This value is then compared with the existing book value of the assets combined with the goodwill allocated to those assets. If the value in use is higher, then there has been no impairment of goodwill.

As detailed in the introductory note to these financial statements, no judgement has been exercised in determining earthquake-related asset impairment. Because of the uncertainty embodied in current damage estimates the Council has determined that it would be inappropriate to recognise any earthquake-related asset impairment.

Notes to financial statements

1. Statement of accounting policies (continued)**New standards and interpretations issued and not yet adopted**

The following new standards, interpretations and amendments are not yet effective for the year ended 30 June 2011, and have not been applied in preparing these consolidated financial statements:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.
- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ending 2013. In the absence of sufficient information about the ongoing development of this new standard the Council is not able to fully assess its impact and therefore the Council is not in a position to make a decision to early adopt the standard or not.
- Improvements to IFRS 7 Financial Instruments Disclosures effective 1 January 2011 – The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
- Improvements to IAS 1 Presentation of Financial Statements effective 1 January 2011 – The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.
- Improvements to IAS 34 Interim Financial Reporting effective 1 January 2011 – The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.
- Amendments to IFRS 7 Financial Instruments effective 1 July 2011 – The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:
 - Financial assets that are not derecognised in their entirety; and
 - Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.
- Amendments to IAS 12 Income Taxes effective 1 January 2012 – The amendments introduce an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.
- Amendments to IAS 1 Presentation of Financial Statements effective 1 July 2012 - The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; do not change the existing option to present profit or loss and other comprehensive income in two statements; and change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.
- IFRS 10 Consolidated Financial Statements effective 1 January 2013 – IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when:
 - it is exposed or has rights to variable returns from its involvement with that investee;
 - it has the ability to affect those returns through its power over that investee; and
 - there is a link between power and returns.
 Control is reassessed as facts and circumstances change. IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities.
- IFRS 11 Joint Arrangement effective 1 January 2013 – IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:
 - distinguishes joint arrangements between joint operations and joint ventures; and
 - always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.
 IFRS 11 supersedes IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers.

Notes to financial statements

1. Statement of accounting policies (continued)

- IFRS 12 Disclosure of interests in other entities effective 1 January 2013 – IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:
 - the nature of, and risks associated with, an entity's interests in other entities; and
 - the effects of those interests on the entity's financial position, financial performance and cash flows.
- IFRS 13 Fair Value Measurement effective 1 January 2013 – IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Other than for the general descriptions provided above, the Council has not yet determined the potential impact of the new standards, interpretations and amendments.

Notes to financial statements

2. Operating and other revenue**(a) Rates revenue**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Total rates revenue	278,330	260,004	272,855	255,273
Less remissions:				
Community service	(219)	(206)	(219)	(206)
Cultural	(177)	(234)	(177)	(234)
Social housing	(1,434)	(1,414)	(1,434)	(1,414)
Church	(121)	(112)	(121)	(112)
Earthquake	(1,820)	-	(1,820)	-
Maori land	(1)	(1)	(1)	(1)
Recreation and sport	(745)	(673)	(745)	(673)
Rates revenue less remissions	273,813	257,364	268,338	252,633

Notes to financial statements

2. Operating and other revenue (continued)**(b) Operating and other income**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Sale of goods	7,267	10,209	30,907	33,273
Rendering of services	26,436	33,661	463,392	475,420
Construction contract revenue	-	-	31,296	22,147
Donated and subsidised assets	-	-	3,829	3,824
Capital contributions	747	72	3,555	3,448
Electricity transmission rental rebates	-	-	5,015	3,451
Rental income from investment properties	-	-	8,358	9,450
Other rental revenue	29,087	26,933	74,872	62,567
Dividends from subsidiaries	43,325	113,846	-	-
Dividends from associates	2,190	1,177	-	-
Dividends from other entities	-	35	-	35
Government grants received	1	253	15,252	253
Net foreign exchange gains	-	-	-	80
Subvention receipts	3,379	4,156	445	-
Petroleum tax	3,364	2,314	3,364	2,314
Development contributions	13,678	12,764	13,678	12,764
NZ Transport Agency	18,337	27,441	18,337	27,441
Subsidies (excl NZTA)	749	795	749	795
Sundry income	35,356	29,744	39,216	34,525
Earthquake subsidies - NZTA	44,706	-	44,706	-
Earthquake subsidies and recoveries - (excl NZTA)	228,903	-	344,554	-
Total operating and other income	457,777	278,399	1,086,526	706,867

1. Government grants**Parent**

Grants received by Council in 2011 were as follows:

- Energy Efficiency and Conservation Authority - \$0.2 million as a wood energy grant for the biosolids drying project at Christchurch Wastewater Treatment Plant.
- Energy and Efficiency & Conservation Authority - \$0.015 million as an energy intensive business grant towards the installation of the Tri-Generation plant at the new Civic Building.
- Ministry of Education support grants for Provisionally Registered Teachers of \$0.017 million. Five grants were received. \$0.009 million of the grants were spent on digital cameras, training, travel and relieving staff.
- Ministry of Education ECE and 20 Hours Free funding of \$1 million were received and spent on wages.

Grants received by Council in 2010 were as follows:

- Ministry of Economic Development - \$15 million towards the redevelopment of AMI stadium.
- Energy and Efficiency & Conservation Authority - \$0.085 million. An energy intensive business grant towards the installation of the Tri-Generation plant at the new Civic Building.
- New Zealand Fire Service - \$0.166 million towards rural fire trucks.
- Ministry of Education support grants for Provisionally Registered Teachers of \$0.027 million. Eight grants were received. \$0.027 million of the grants were spent on digital cameras, projector and screen, books, paints, training and relieving staff.
- Ministry of Education ECE and 20 Hours Free funding of \$1.448 million was received and spent on wages.

Group

No additional Government Grants were received by the Group.

Notes to financial statements

2. Operating and other revenue (continued)**(c) Disclosure of council activities and services results**

	Parent	
	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
Council activities and services revenue	349,235	135,033
Rates revenue	273,813	257,364
Other revenue (primarily interest and dividends)	147,437	167,494
Total revenue	770,485	559,891
Council activities and services expenditure	675,316	428,773
Other expenditure	53,973	28,467
Total expenditure	729,289	457,240

Notes to financial statements

3. Finance income

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest income - bank deposits	9,684	8,568	10,913	11,642
Interest income - related party loans	14,705	14,089	272	-
Interest income - finance lease	-	-	2,188	2,199
Interest income - other	61	55	113	273
Total finance income	24,450	22,712	13,486	14,114

Notes to financial statements

4. Other gains and losses

Other gains

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Non-financial instruments				
Gains on disposal of property, plant and equipment	6,297	1,403	6,320	1,792
Gains on disposal of investments	-	-	307	62
Gains on sale of business	8,070	-	-	-
Gains on assets written off	-	7	-	7
Gains on revaluation of investment property	-	-	-	2,087
	14,367	1,410	6,627	3,948
Financial instruments				
Gains through ineffectiveness on cash flow hedges	-	6	616	291
Gains through fair value of Endeavour iCap	78	-	78	-
	78	6	694	291
Total other gains	14,445	1,416	7,321	4,239

Other losses

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Non-financial instruments				
Losses on disposal of property, plant and equipment	441	301	592	372
Losses on assets written off	12,105	3,478	36,560	3,478
Losses on revaluation of investment property	-	-	1,086	-
	12,546	3,779	38,238	3,850
Financial instruments				
Losses through ineffectiveness on fair value hedges	-	-	1,195	132
Losses through ineffectiveness on cash flow hedges	508	-	508	-
Fair value through income statement financial assets fair value change	-	3,198	37	938
Loss through fair value of Endeavour iCap	-	338	-	338
	508	3,536	1,740	1,408
Total other losses	13,054	7,315	39,978	5,258

Notes to financial statements

5. Depreciation, amortisation and impairment

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Depreciation of non-current assets	107,998	99,768	190,963	180,336
Amortisation of intangible assets	3,442	2,664	6,718	5,752
Amortisation of other assets	-	-	210	210
Impairment of property, plant & equipment	-	4,154	76,900	4,214
Impairment of other assets	3,583	5,707	1,731	2,821
Reversals of impairment losses	(3,279)	-	(41,755)	-
Replaced assets written off	-	-	1,479	1,091
Total depreciation, amortisation and impairment	111,744	112,293	236,246	194,424

Notes to financial statements

6. Finance costs

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest expense				
Interest on bank borrowings	18,898	17,239	52,434	41,338
Interest on finance leases	6,807	-	3,863	550
Other interest expense	11	35	334	3,841
	25,716	17,274	56,631	45,729
Fair value (gains)/losses on hedging instruments				
Fair value hedging instruments	(1,080)	(1,525)	(1,080)	(2,363)
Fair value adjustment to borrowings	1,076	1,529	1,076	1,529
	(4)	4	(4)	(834)
Net finance costs	25,712	17,278	56,627	44,895

Notes to financial statements

7. Personnel costs

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Salaries and wages	126,573	119,286	302,875	281,298
Defined contribution plan employer contributions	1,467	1,399	3,331	3,358
Defined benefit plan employer contributions	53	-	385	334
Increase/(decrease) in employee entitlements/liabilities	1,287	709	3,882	874
Other	-	-	558	1,659
Total personnel costs	129,380	121,394	311,031	287,523

Notes to financial statements

8. Other expenses

	Note	Parent		Group	
		30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Audit fees	10	268	265	1,044	1,057
Directors' fees		-	-	1,962	1,799
Donations and grants		33,750	26,748	33,919	26,817
Net foreign exchange losses		-	-	14	79
Provision expenses		2,160	1,646	2,244	2,463
Minimum lease payments under operating leases		2,949	3,750	8,733	9,437
ONZ network maintenance and transmission expenses		-	-	66,680	72,687
Rental expenses		-	-	1,076	1,822
Raw materials and consumables used		-	-	39,914	34,961
Other operating expenses		173,734	166,551	236,673	206,743
Earthquake expenses		236,538	-	236,538	-
Total other expenses		449,399	198,960	628,797	357,865

Earthquake expenses does not include internal costs such as salaries and wages for employees.

Notes to financial statements

9. Vested assets

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Restricted land and buildings	1,444	2,091	1,444	2,091
Infrastructure assets	1,633	4,924	1,633	4,924
Other	229	54	229	54
Total vested asset income	3,306	7,069	3,306	7,069

Notes to financial statements

10. Remuneration of auditors

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Audit New Zealand				
Audit of the financial statements	268	259	914	867
Audit-related fees for assurance services	-	-	37	58
Audit services in relation to the LTCCP	-	6	-	6
Total	268	265	951	931
Other auditor				
Audit of the financial statements	-	-	93	70
Other non-audit services	-	-	-	56
Total	-	-	93	126

The auditor of Christchurch City Council and the rest of the Group, excluding Lyttelton Port Company Limited, is Audit New Zealand. Lyttelton Port Company Limited is audited by KPMG. Both are appointed by the Office of the Auditor-General.

Notes to financial statements

11. Income taxes**(a) Components of tax expense**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax expense/(income)	-	-	31,002	28,183
Adjustments to current tax of prior years	-	-	(182)	(231)
Deferred tax expense/(income)	392	2,038	8,121	75,892
Benefit arising from previously unrecognised tax losses	-	-	-	-
Deferred tax expense/(income) from change in tax rates	-	(175)	33	(12,300)
Deferred tax expense relating to use of prior year losses	-	-	33	33
Total tax expense/(income)	392	1,863	39,007	91,577
Reconciliation of prima facie income tax:				
(Profit)/loss before tax	44,502	109,720	111,035	95,423
Income tax expense calculated at standard tax rate	13,351	32,916	33,311	28,627
Non-deductible expenses	-	-	1,107	882
Non-assessable income and deductible items	(1,616)	18,412	1,817	5,552
Effect on deferred tax balances of change in tax rate	-	(175)	16	(12,300)
Tax loss not recognised as deferred tax asset	-	-	74	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	-	-	33	(1,218)
(Over)/under provision of income tax in previous year	-	-	(479)	788
Imputation adjustment	(11,343)	(49,290)	-	(499)
Deferred tax on removal of building depreciation	-	-	3,128	69,745
Total tax expense/(income)	392	1,863	39,007	91,577

The tax rate in the above reconciliation is the corporate tax rate of 30% payable by New Zealand companies on taxable profits under New Zealand tax law.

Council's tax losses for the current financial year amount to \$12.4 million (2010: \$4.4 million). These will be utilised by way of subvention receipt of \$3.7 million (2010: \$4.0 million) and loss offsets of \$8.7 million (2010: \$0.4 million). The subvention receipts have been accrued as at 30 June 2011.

In May 2010, the Government announced a reduction in the rate of company tax from 30% to 28%, effective from 1 April 2011. The effect of this on the Group's deferred tax balances has principally been reflected in the tax expense for the 2010 financial year as shown above. There is also an impact in the 2011 financial year

resulting from a difference between the original estimates of the impact of these changes and the subsequent actual impacts of the changes – the latter being impacted in some cases by the tax effects of damage to assets from the Canterbury earthquakes.

The Group deferred tax expense and provision for the 2010 financial year were also affected as a result of a provision in the 2010 Government Budget that effectively removed the ability to claim tax depreciation on buildings with a useful life of 50 years or greater with effect from the 2012 financial year. This change resulted in a substantial increase in the Group deferred tax expense for the 2010 financial year, and a corresponding increase in the Group deferred tax liability.

Notes to financial statements

11. Income taxes (continued)**(b) Current tax assets and liabilities**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax assets				
Tax refund receivable	118	98	-	809
Total current tax assets	118	98	-	809
Current tax payables				
Income tax payable	-	-	2,405	-
Total current tax liabilities	-	-	2,405	-

Notes to financial statements

11. Income taxes (continued)**(c) Deferred tax balance**

	Opening balance	Parent		Closing balance
		Charged to income	Charged to other comprehensive income	
Jun 11				
Deferred tax liabilities:				
Property, plant and equipment	3,382	392	-	3,774
	3,382	392	-	3,774
Net deferred tax liability/(asset)	3,382	392	-	3,774
Jun 10				
Deferred tax liabilities:				
Property, plant and equipment	2,160	1,863	(641)	3,382
	2,160	1,863	(641)	3,382
Net deferred tax liability/(asset)	2,160	1,863	(641)	3,382

Notes to financial statements

11. Income taxes (continued)**(c) Deferred tax balance (continued)**

	Group			
	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
Jun 11				
Deferred tax liabilities:				
Fair value hedges	91	-	-	91
Property, plant and equipment	351,910	(3,853)	(51,894)	296,163
Intangible assets	592	132	-	724
Other	6,179	12,824	-	19,003
	358,772	9,103	(51,894)	315,981
Deferred tax assets:				
Cash flow hedges	5,372	19	835	6,226
Fair value hedges	248	214	(77)	385
Provisions and employee entitlements	4,990	(9)	-	4,981
Doubtful debts and impairment losses	173	(111)	-	62
Tax losses	189	706	-	895
Other	281	97	(120)	258
	11,253	916	638	12,807
Net deferred tax liability/(asset)	347,519	8,187	(52,532)	303,174

The above property, plant and equipment charged to other comprehensive income is a reversal of the deferred tax previously recognised in the revaluation reserve as a result of the impairment of assets in Vbase and Orion.

Notes to financial statements

11. Income taxes (continued)**(c) Deferred tax balance (continued)**

	Group			
	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
Jun 10				
Deferred tax liabilities:				
Cash flow hedges	348	-	(348)	-
Fair value hedges	91	-	-	91
Property, plant and equipment	299,549	58,334	(5,973)	351,910
Intangible assets	480	112	-	592
Other	4,915	1,264	-	6,179
	305,383	59,710	(6,321)	358,772
Deferred tax assets:				
Cash flow hedges	4,424	2	946	5,372
Fair value hedges	1,227	(965)	(14)	248
Provisions and employee entitlements	5,294	(304)	-	4,990
Doubtful debts and impairment losses	92	81	-	173
Tax losses	178	11	-	189
Other	301	(65)	45	281
	11,516	(1,240)	977	11,253
Net deferred tax liability/(asset)	293,867	60,950	(7,298)	347,519

Notes to financial statements

11. Income taxes (continued)**(d) Unrecognised tax losses**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
The following tax losses have not been brought to account as assets:				
Tax losses	-	-	266	68
Tax effect	-	-	74	20

(e) Imputation credit balances

	Group	
	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
Christchurch City Holdings Ltd	14,024	47,795
Vbase Ltd	18	130
Tuam Ltd	-	62
Civic Building Ltd	449	379
Total imputation credits	14,491	48,366

Notes to financial statements

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Cash and cash equivalents	48,417	80,892	80,772	103,454
Cash and cash equivalents (AUD)	-	-	-	29
Cash and cash equivalents (USD)	-	-	3	319
Cash and cash equivalents (Euro)	-	-	2	53
Total cash and cash equivalents	48,417	80,892	80,777	103,855

Notes to financial statements

13. Debtors and other receivables**(a) Current debtors and other receivables**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Trade receivables (before impairment)	33,267	24,863	58,460	57,638
Related party receivables:				
Subsidiaries	1,771	2,132	-	-
Other related parties	-	-	27,528	-
Construction contract receivables	-	-	559	452
Chargeable work in progress	-	-	12,321	4,913
Interest receivable	1,067	1,505	1,419	1,835
Contract retentions	-	-	771	846
Finance lease receivable - current portion	14	-	3,751	3,725
GST receivable	11,638	3,986	9,140	3,096
Rates debtors	15,433	11,762	15,433	11,762
Dividend Receivable	17,325	-	-	-
Other	-	-	212	655
	80,501	44,248	129,594	84,922
Provision for impairment - trade receivables	(1,682)	(1,162)	(2,373)	(1,731)
	78,819	43,086	127,221	83,191

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of the movement was recognised through profit and loss for the current financial year.

Notes to financial statements

13. Debtors and other receivables (continued)**(b) Non-current debtors and other receivables**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Trade receivables	-	3,000	-	3,000
Finance lease receivable - non-current portion	14	-	25,321	26,744
	-	3,000	25,321	29,744
Total debtors and other receivables	78,819	46,086	152,542	112,935

Notes to financial statements

13. Debtors and other receivables (continued)**(c) Credit risk aging of receivables**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Gross receivables				
Not past due	40,690	33,354	52,503	58,900
Past due 0-30 days	711	820	7,972	5,500
Past due 31-60 days	157	306	3,491	1,637
Past due more than 60 days	7,142	5,145	9,927	6,363
	48,700	39,625	73,893	72,400
Not past due	(19)	-	(19)	-
Past due 0-30 days	(197)	(254)	(197)	(254)
Past due 31-60 days	(8)	(61)	(89)	(103)
Past due more than 60 days	(1,458)	(847)	(2,068)	(1,374)
	(1,682)	(1,162)	(2,373)	(1,731)
Gross trade receivables	48,700	39,625	73,893	72,400
Individual impairment	(795)	(325)	(1,486)	(894)
Collective impairment	(887)	(837)	(887)	(837)
Trade receivables (net)	47,018	38,463	71,520	70,669
Movements in provision for impairment of receivables				
Balance at start of year	(1,162)	(1,439)	(1,731)	(1,665)
Provisions made during year	(879)	(134)	(1,281)	(585)
Provisions reversed during year	359	411	410	465
Receivables written off during year	-	-	401	54
Other	-	-	(172)	-
Balance at end of year	(1,682)	(1,162)	(2,373)	(1,731)

Notes to financial statements

14. Finance lease receivables

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
No later than one year	-	-	4,048	3,882
Later than one year and not later than five years	-	-	16,186	15,503
Later than five years	-	-	24,041	25,760
Minimum lease receivables	-	-	44,275	45,145
Less future finance charges	-	-	(15,203)	(14,676)
Present value of minimum lease receivables	-	-	29,072	30,469
Present value of future minimum lease receivables				
No later than one year	-	-	3,751	3,725
Later than one year and not later than five years	-	-	13,142	12,454
Later than five years	-	-	12,179	14,290
Present value of future minimum lease receivables	-	-	29,072	30,469
Represented by				
Current portion	-	-	3,751	3,725
Non-current portion	-	-	25,321	26,744
Total	-	-	29,072	30,469

Jet Engine Facility Limited, a subsidiary of Vbase Limited, is party to a long-term lease arrangement with a Pratt & Whitney/Air New Zealand joint venture, trading as the Christchurch Engine Centre. Lease payments are guaranteed by Pratt & Whitney's holding company, United Technologies.

Notes to financial statements

15. Derivative financial instruments

(a) Current assets

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	84	-	84
Forward foreign exchange contracts	-	-	39	7
	-	84	39	91

(b) Non-current assets

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest rate swaps - fair value hedges	2,605	1,525	2,605	1,834
Interest rate swaps - cash flow hedges	142	-	142	83
	2,747	1,525	2,747	1,917
Total derivative financial instrument assets	2,747	1,609	2,786	2,008

Notes to financial statements

15. Derivative financial instruments (continued)

(c) Current liabilities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest rate swaps - fair value hedges	-	-	-	327
Interest rate swaps - cash flow hedges	-	-	1,557	485
Forward foreign exchange contracts	-	-	-	271
	-	-	1,557	1,083

(d) Non-current liabilities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest rate swaps - fair value hedges	-	-	1,212	-
Interest rate swaps - cash flow hedges	14,126	9,963	35,012	28,937
	14,126	9,963	36,224	28,937
Total derivative financial instrument liabilities	14,126	9,963	37,781	30,020
Net interest rate swap fair value	(11,379)	(8,354)	(35,034)	(27,748)
Net forward foreign contract fair value	-	-	39	(264)
Net derivative financial instruments fair value	(11,379)	(8,354)	(34,995)	(28,012)

On 20 April 2010 Council acquired an interest rate swap which was novated from Christchurch City Holdings Limited. At the time of the transfer the interest rate swap had a value of \$2.1 million; it has since been revalued at 30 June 2011 to a fair value of \$3.7 million (\$3.2 million at 30 June 2010). The changes in the fair value of this interest rate swap, including the initial transfer amount flow through the profit and loss. The impact can be seen in the gains and losses note 4.

Notes to financial statements

16. Other financial assets

(a) Current financial assets

	Parent		Group	
	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
Interest-bearing loans advanced to:				
Vbase Ltd	4,500	1,700	-	-
Total advances to subsidiaries	4,500	1,700	-	-
Other loans and advances	-	-	-	1,812
Total current loans and advances	4,500	1,700	54	1,812
Other investments:				
Local authority stock	-	14,000	-	14,000
Stocks and bonds with less than one year to maturity	8,500	3,000	8,500	3,000
Bank deposits with maturities of 4 to 12 months	41,500	98,243	43,525	98,243
Total other investments	50,000	115,243	52,025	115,243
Total current financial assets	54,500	116,943	52,079	117,055

Notes to financial statements

16. Other financial assets (continued)

(b) Non-current financial assets

	Parent		Group	
	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
Interest-bearing loans advanced to:				
Vbase Ltd	40,046	83,022	-	-
Jet Engine Facility Ltd	12,550	12,550	-	-
Tuam Ltd	4,750	13,750	-	-
Civic Building Ltd	59,288	59,288	-	-
EcoCentral Ltd	-	17,800	-	-
Total advances to subsidiaries	116,634	186,410	-	-
Advance to Theatre Royal	2,300	2,300	2,300	2,300
Community, special and other loans	3,274	2,876	3,274	2,876
Other advances	-	-	994	-
Less provision for fair value and impairment	(1,062)	(4,300)	(1,062)	(1,300)
Other loans and advances	-	-	-	741
Total non-current loans and advances	121,146	187,286	5,506	4,617
Other investments:				
Local authority stock	35,000	19,000	35,000	19,000
Stocks and bonds with over one year to maturity	13,050	23,106	13,050	23,106
Bank deposits with over one year to maturity	17,000	8,000	17,000	8,000
Investment in unlisted shares (excl CCC/CCHL subsidiaries)	5,285	6,084	5,285	6,084
Investment in Eneritech Capital Partners 11 LP	-	-	1,264	3,100
Total other investments	70,335	56,190	71,599	59,290
Shares in subsidiaries:				
CCHL	1,306,568	1,290,004	-	-
Vbase Ltd	183,039	128,558	-	-
Tuam Ltd	5,417	-	-	-
Civic Building Ltd	4,148	4,148	-	-
EcoCentral Ltd	-	1,100	-	-
Total shares in subsidiaries	1,499,172	1,423,810	-	-
Total non-current financial assets	1,690,653	1,667,286	77,105	63,907
Total other financial assets (current and non-current)	1,745,153	1,784,229	129,184	180,962

Notes to financial statements

16. Other financial assets (continued)**Fair value****Term deposits**

The carrying amount of term deposits approximates their fair value.

Local authority stock

The fair value of local authority and government stock is \$36.6 million (2010: \$34.4 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.57-5.20% (2010: 2.89-5.38%).

The face value of local authority stock is \$35 million (2010: \$33.0 million).

Stocks and bonds

The fair value of stocks and bonds is \$23.0 million (2010: \$28.1 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.57-5.20% (2010: 2.89-5.38%).

The face value of stocks and bonds is \$21.6 million (2010: \$26.4 million).

Loans to related parties

The fair value of loans to related parties is \$139.7 million (2010: \$218.8 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.57-5.20% (2010: 2.89-5.38%). The average effective interest rate on the loan to related parties is 9.33% (2010: 8.25%).

The face value of the loans to related parties is \$121.1 million (2010: \$188.1 million). Loans advanced to subsidiaries at balance date are set shown in the table to note 16.

Throughout the year EcoCentral Limited repaid their loan of \$17.8 million.

On 27 June 2011, Tuam Limited repaid \$9 million of their loan.

On 30 June 2011, Council converted \$41 million of Vbase advances to redeemable preference shares.

Unlisted shares

Unlisted shares include \$1.1 million in New Zealand Local Government Insurance Corporation, (NZLGIC) and \$4.5 million in Endeavour I-cap. The fair value of unlisted shares of NZLGIC has been determined by using the asset valuation as per their latest published accounts. The Endeavour I-cap funds were invested for the purposes of enabling a portion of Council's investment portfolio to be applied to new economic development initiatives which would benefit the local economy while ultimately providing a return to Council. The determination of the fair value of this investment fund is consistent with prior years. The fair value calculation has been audited by KPMG Wellington

Shares in subsidiary companies

The fair value of Council's investments in its subsidiary companies was assessed by independent valuers Ernst and Young, as at 30 June 2011 on the basis of their net asset value on a going concern basis.

Council's investment in CCHL was increased in the year by \$16.6 million, as a result of the Ernst and Young review.

The remaining CCHL subsidiaries were reviewed as at 30 June 2011 by Ernst and Young to determine whether there were any significant indicators of value change since their last full valuation. It was concluded there were no significant indicators.

During the year, Council's investment in Vbase Limited increased by \$54.5 million. This increase principally relates to the purchase of redeemable preference shares of \$4.1 million and a revaluation up of the investment of \$13.6 million. In 2010, Council's investment in Vbase Limited increased in the year by \$49 million. This increase related to the purchase of redeemable preference shares. This was offset by a \$30 million write-down of the investment in Vbase due to losses and deferred tax adjustments in the year. The Vbase valuation is conservative and is based on 2010 asset values which are expected to be recovered at least through the replacement insurance cover in place.

In 2010, Civic Building Limited (CBL) increased in value due to equity advanced of \$1.7 million. Cost prices were used to estimate fair value of the building during the period of construction. For more details on the joint venture between Civic Building Limited and Ngai Tahu Property Limited see note 21. Although the current net book value of CBL is negative, Council have decided not to impair this because CBL's major source of income is rental on the Civic Building, and since the Council is the tenant, there is no reason to consider this to be in doubt. Based on modelling carried out for Council it is believed when the loan is due for repayment CBL will be able to repay the loan.

In August 2009 Council invested \$1.1 million in EcoCentral Limited by way of redeemable preference shares. The company was sold to CCHL on 1 January 2011 for \$9.17 million.

In 2009, Tuam Limited, which owns the former Civic Office in Tuam Street, was written down to zero, reflecting the drop in property prices and the Council's departure to new premises in August 2010. However, on 27 June 2011 Council purchased \$9 million redeemable preference shares in Tuam Limited. The company was not revalued as at 30 June 2011 because there is no relevant market information available and has been carried at net book value of \$5.4 million.

Enertech investment

These amounts relate to Orion New Zealand Limited's investments in Enertech Capital Partners (an offshore venture capital limited liability partnership). The Enertech investment has a carrying value of \$1.3 million (2010: \$3.1 million), and invests in individual high technology and start-up type entities. Individual investments remain in the name of the venture capital partnership. The investment held is not publicly traded and is recorded at the directors' estimate of fair value and is revalued annually. The value is based on the Group's share of partnerships net assets.

Notes to financial statements

17. Inventories**(a) Current inventories**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Inventory - raw materials and maintenance items	-	-	10,476	9,435
Inventory - work in progress	-	-	890	384
Inventory - finished goods	2,248	1,470	4,099	2,909
	2,248	1,470	15,465	12,728
Inventory - allowance for impairment	-	-	(58)	(346)
Total inventory	2,248	1,470	15,407	12,382

Certain inventories are subject to security interests created by retention of title clauses.

Notes to financial statements

18. Non-current assets held for sale

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Land held for sale	226	-	226	2,761
Plant and equipment held for sale	20	-	20	-
Other assets held for sale	-	-	-	1,080
Infrastructure network & work in progress	-	-	27,572	-
Total amounts held as classified for sale	246	-	27,818	3,841

Parent

On 30 June 2011 34 Courtenay Street (\$0.246 million) was transferred from property, plant and equipment to non-current assets held for sale. This property was declared surplus on 28 April 2011.

Group

On 31 May 2011 Christchurch City Networks Limited (CCNL) was awarded the government contract to install an open access fibre optic network to every premise in the Greater Christchurch urban areas, including Christchurch City, Rangiora, Rolleston, Woodend, Kaiapoi, Lincoln and Prebbleton. This is part of a broader Ultra-Fast Broadband (UFB) project contracted by the Crown to provide open access fibre optic network throughout all urban areas in New Zealand.

The UFB contract involves a partnership with Crown Fibre Holdings Limited (CFH) which is the Government entity negotiating and administering the contract. The partnership is through a subsidiary entity called Enable Networks Limited (ENL) in which both the company and CFH will invest. The Board of ENL comprises three appointees from each of Christchurch City Networks Limited and CFH, plus an independent chair. The percentage of shares and level of voting control held by each entity will change through the lifecycle of the project.

Under the UFB project, CCNL takes on an obligation to build the network within eight years, which it will sell to ENL upon requirements being met. The agreement includes a requirement to build to priority users including health, education and business areas by the end of 2015. The expected cost of the build is approximately \$440 million and, in addition to CFH investment, CCNL has committed to provide funding to CCNL in the form of debt and equity.

As part of the Ultra-Fast Broadband (UFB) project the company has an agreement to sell its existing fibre network to ENL by 30 November 2011. The transaction will occur at net book value and subject to due diligence no additional impairment is expected. The network, previously included in property, plant and equipment, has accordingly been re-classified as a current asset held for sale.

Pursuant to the UFB contract, in June 2011 CCNL entered into a construction contract with Transfield Services Limited to be the company's civil construction partner under the ultra-fast broadband contract. The contract mirrors many of the obligations placed on the company in the ultra-fast broadband contract. The construction contract is a 10-year contract with a value of approximately \$260 million.

Notes to financial statements

19. Other assets**(a) Other current assets**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Capitalised contract set-up costs	-	-	132	160
Earthquake recoveries	212,126	-	258,343	-
Other	-	-	585	-
	212,126	-	259,060	160

(b) Other non-current assets

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Capitalised contract set-up costs	-	-	48	179
Other	-	-	261	-
	-	-	309	179
Total other assets	212,126	-	259,369	339

Notes to financial statements

20. Investments in associates

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at start of year	6,196	6,196	36,439	38,542
Share of total recognised revenues and expenses	-	-	4,737	466
Dividends from associates	-	-	(2,190)	(1,128)
Share of revaluations	-	-	(406)	(1,441)
Share capital repaid	-	-	(10,268)	-
Total investments in associates	6,196	6,196	28,312	36,439

There is no goodwill included in the carrying value of associates (2010: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of incorporation	Ownership interest	
		30 Jun 11	30 Jun 10
		%	%
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Selwyn Plantation Board Ltd - Group	NZ	39%	39%
4RF Communications Ltd - Group	NZ	23%	23%

No public price quotations exist for these investments.

Notes to financial statements

20. Investments in associates (continued)

Summarised financial statements of associates

	Group	
	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
Assets	124,614	146,950
Liabilities	56,287	55,238
Revenue	66,150	66,938
Net profit/(loss)	8,744	385

The Group has not recognised its 23% share of the current year's losses, or the accumulated losses relating to 4RF Communications Limited amounting to \$8.0 million (2010: \$7.3 million). The Group has no obligations or rights in respect of these losses. This total includes the associate's \$0.7 million loss for 2011 (2010: \$0.2 million). The Group's carrying value for this investment is nil (2010: nil).

Notes to financial statements

21. Joint venture

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest in joint venture accounted for as a jointly-controlled operation.				
Interest in the jointly-controlled operation is as follows:				
Current assets	-	-	2,711	1,287
Non-current assets	-	-	49,718	54,717
Current liabilities	-	-	52,215	2,518
Revenue	-	-	6,702	3,658
Expenses	-	-	2,890	4

Civic Building Limited, (CBL), is in a joint venture partnership with Ngai Tahu Property Limited (NTPL)

Notes to financial statements

22. Construction contracts

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
For contracts in progress at balance date				
Contract costs incurred	-	-	52,009	35,635
Progress billings	-	-	45,554	32,995
Gross amounts due from customers	-	-	6,455	2,640
Retentions included in progress billings	-	-	458	475

Notes to financial statements

23. Property, plant and equipment

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Operational assets	1,144,325	1,074,559	3,218,779	3,362,545
Infrastructural assets	3,527,623	3,494,289	3,527,623	3,494,289
Restricted assets	791,644	794,734	791,644	794,734
Balance at end of financial year	5,463,592	5,363,582	7,538,046	7,651,568

Notes to financial statements

23. Property, plant and equipment (continued)

Reconciliation of movement in property plant and equipment

	Parent						Total
	Freehold land	Buildings	Plant & equipment	Work in progress	Landfill at costs	Library books at cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Gross carrying amount							
Cost/valuation at 1 July 2009	489,689	511,554	112,089	16,656	8,217	86,565	1,224,770
Additions	19,414	13,610	9,339	-	-	4,567	46,930
Disposals	(1,389)	(5,769)	(4,874)	-	-	-	(12,032)
Net movements in work in progress	-	-	-	9,356	-	-	9,356
Net revaluation increments/(decrements)	(446)	-	-	-	-	-	(446)
Transfers	2,614	(5,754)	(8)	-	-	-	(3,148)
Cost/valuation at 30 June 2010	509,882	513,641	116,546	26,012	8,217	91,132	1,265,430
Additions	15,384	110,753	17,251	-	-	4,564	147,952
Disposals	(1,612)	(8,102)	-	-	-	-	(9,714)
Net movements in work in progress	-	-	-	504	-	-	504
Re-classified as held for sale	(225)	(24)	-	-	-	-	(249)
Net revaluation increments/(decrements)	-	(453)	-	-	-	-	(453)
Transfers and other	(408)	(344)	-	-	-	-	(752)
Cost/valuation at 30 June 2011	523,021	615,471	133,797	26,516	8,217	95,696	1,402,718
Accumulated depreciation							
Accumulated depreciation and impairment at 1 July 2009	(1,019)	(14,490)	(72,770)	-	(8,217)	(70,708)	(167,204)
Disposals	2	4,304	4,037	-	-	-	8,343
Impairment losses charged to income	-	(229)	(1,408)	-	-	-	(1,637)
Depreciation expense	(2,275)	(15,788)	(7,956)	-	-	(4,313)	(30,332)
Transfers and other	(106)	65	-	-	-	-	(41)
Accumulated depreciation & impairment at 30 June 2010	(3,398)	(26,138)	(78,097)	-	(8,217)	(75,021)	(190,871)
Disposals	-	2,956	-	-	-	-	2,956
Net adjustments from revaluation increments/(decrements)	-	12	-	-	-	-	12
Re-classified as held for sale	-	5	-	-	-	-	5
Impairment losses charged to other comprehensive income	-	(37,249)	-	-	-	-	(37,249)
Depreciation expense	(2,455)	(17,931)	(8,977)	-	-	(3,911)	(33,274)
Transfers and other	8	20	-	-	-	-	28
Accumulated depreciation & impairment at 30 June 2011	(5,845)	(78,325)	(87,074)	-	(8,217)	(78,932)	(258,393)
Carrying amount at 30 June 2010	506,484	487,503	38,449	26,012	-	16,111	1,074,559
Carrying amount at 30 June 2011	517,176	537,146	46,723	26,516	-	16,764	1,144,325

Included in Buildings additions above is the Civic Building. Please refer to note 29 for more details on the finance lease which relates to this building.

Notes to financial statements

23. Property, plant and equipment (continued)

	Group								
	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets*	Work in progress	Landfill at cost	Library books at costs	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets									
Gross carrying amount									
Cost/valuation at 1 July 2009	919,820	893,341	376,545	935,014	281,303	114,819	8,217	86,565	3,615,624
Additions	19,832	44,351	44,803	34,644	17,578	98,516	-	4,567	264,291
Disposals	(1,569)	(2,178)	(12,297)	(1,164)	-	-	-	-	(17,208)
Net movements in work in progress	-	-	-	-	-	18,044	-	-	18,044
Re-classified as held for sale	-	(3,841)	-	-	-	-	-	-	(3,841)
Net revaluation increments/(decrements)	(2,035)	(3,617)	-	-	6,602	-	-	-	950
Transfers	3,326	(6,535)	760	-	-	-	-	-	(2,449)
Cost/valuation at 30 June 2010	939,374	921,521	409,811	968,494	305,483	231,379	8,217	91,132	3,875,411
Additions	26,157	263,309	41,139	35,572	12,429	(8,952)	-	4,564	374,218
Disposals	(1,612)	(29,712)	(18,638)	(5,534)	(1,305)	-	-	-	(56,801)
Net movements in work in progress	-	-	-	-	-	(42,291)	-	-	(42,291)
Acquisitions through business combinations	-	3,594	10,657	-	-	95	-	-	14,346
Re-classified as held for sale	(225)	(24)	-	-	(24,846)	(4,212)	-	-	(29,307)
Net revaluation increments/(decrements)	4,003	(45,790)	(1)	(257,859)	9,150	-	-	-	(290,497)
Transfers and other	(2,774)	58,266	(10,169)	-	1,350	(64,538)	-	-	(17,865)
Cost/valuation at 30 June 2011	964,923	1,171,164	432,799	740,673	302,261	111,481	8,217	95,696	3,827,214

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

Notes to financial statements

23. Property, plant and equipment (continued)

	Group								
	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets*	Work in progress	Landfill at cost	Library books at costs	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Accumulated depreciation									
Accumulated depreciation and impairment at 1 July 2009	(1,035)	(56,587)	(193,757)	(59,903)	(35,312)	(4,505)	(8,217)	(70,708)	(430,024)
Disposals	2	430	9,412	75	-	-	-	-	9,919
Net adjustments from revaluation increments/(decrements)	-	2,852	-	-	18,085	-	-	-	20,937
Impairment losses charged to income statement	-	(1,067)	(1,408)	-	-	(498)	-	-	(2,973)
Depreciation expense	(2,275)	(30,868)	(29,167)	(31,128)	(11,616)	(1,533)	-	(4,313)	(110,900)
Transfers and other	(106)	470	(189)	-	-	-	-	-	175
Accumulated depreciation & impairment at 30 June 2010	(3,414)	(84,770)	(215,109)	(90,956)	(28,843)	(6,536)	(8,217)	(75,021)	(512,866)
Disposals	-	5,705	6,845	723	1,694	-	-	-	14,967
Net adjustments from revaluation increments/(decrements)	-	(69,125)	-	127,896	1,605	-	-	-	60,376
Re-classified as held for sale	-	5	-	-	1,486	-	-	-	1,491
Impairment losses charged to income	-	(43,047)	(726)	(6,288)	(26,839)	-	-	-	(76,900)
Reversal of impairment losses charged to income statement	-	41,476	-	-	-	-	-	-	41,476
Depreciation expense	(2,455)	(35,555)	(30,106)	(31,981)	(12,231)	-	-	(3,911)	(116,239)
Impairment losses charged to other comprehensive income	-	(37,249)	-	-	-	-	-	-	(37,249)
Transfers and other	8	8,225	1,740	-	-	6,536	-	-	16,509
Accumulated depreciation & impairment at 30 June 2011	(5,861)	(214,335)	(237,356)	(606)	(63,128)	-	(8,217)	(78,932)	(608,435)
Carrying amount at 30 June 2010	935,960	836,751	194,702	877,538	276,640	224,843	-	16,111	3,362,545
Carrying amount at 30 June 2011	959,062	956,829	195,443	740,067	239,133	111,481	-	16,764	3,218,779

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

Notes to financial statements

23. Property, plant and equipment (continued)

	Parent & Group					Total
	Roading network at fair value	Sewerage system at fair value	Water system at fair value	Stormwater system at fair value	Work in progress	
Infrastructural assets	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2009	1,601,629	702,255	342,918	339,658	182,402	3,168,862
Additions	79,972	109,336	14,023	9,092	-	212,423
Disposals	(5,421)	(94)	(460)	-	-	(5,975)
Net movements in work in progress	-	-	-	-	(80,011)	(80,011)
Net revaluation increments/(decrements)	124,673	-	97,940	-	-	222,613
Transfers	-	1	8	-	-	9
Cost/valuation at 30 June 2010	1,800,853	811,498	454,429	348,750	102,391	3,517,921
Additions	24,686	62,626	10,459	5,215	-	102,986
Disposals	(1,359)	(4,507)	(1,538)	-	-	(7,404)
Net movements in work in progress	-	-	-	-	6,494	6,494
Cost/valuation at 30 June 2011	1,824,180	869,617	463,350	353,965	108,885	3,619,997
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2009	(71,978)	(528)	(14,992)	(4,431)	-	(91,929)
Disposals	1,430	8	100	-	-	1,538
Net adjustments from revaluation increments/(decrements)	108,745	-	22,539	-	-	131,284
Depreciation expense	(38,218)	(14,172)	(7,647)	(4,488)	-	(64,525)
Accumulated depreciation & impairment at 30 June 2010	(21)	(14,692)	-	(8,919)	-	(23,632)
Disposals	486	295	188	-	-	969
Depreciation expense	(38,823)	(16,149)	(10,212)	(4,527)	-	(69,711)
Accumulated depreciation & impairment at 30 June 2011	(38,358)	(30,546)	(10,024)	(13,446)	-	(92,374)
Carrying amount at 30 June 2010	1,800,832	796,806	454,429	339,831	102,391	3,494,289
Carrying amount at 30 June 2011	1,785,822	839,071	453,326	340,519	108,885	3,527,623

Notes to financial statements

23. Property, plant and equipment (continued)

	Parent & Group					Total
	Land and buildings at fair value	Artworks at fair value	Heritage assets at fair value	Library books at fair value	Work in progress	
Restricted assets	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2009	677,609	70,724	20,418	5,719	9,502	783,972
Additions	10,008	329	140	217	-	10,694
Disposals	(27)	-	-	-	-	(27)
Net movements in work in progress	-	-	-	-	(534)	(534)
Net revaluation increments/(decrements)	2,874	-	-	-	-	2,874
Transfers	3,139	-	-	-	-	3,139
Cost/valuation at 30 June 2010	693,603	71,053	20,558	5,936	8,968	800,118
Additions	9,993	802	385	194	-	11,374
Disposals	(1,970)	-	(88)	-	-	(2,058)
Net movements in work in progress	-	-	-	-	(993)	(993)
Transfers and other	408	-	344	-	-	752
Cost/valuation at 30 June 2011	702,034	71,855	21,199	6,130	7,975	809,193
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2009	(673)	(71)	-	-	-	(744)
Net adjustments from revaluation increments/(decrements)	230	-	-	-	-	230
Depreciation expense	(4,802)	(71)	(38)	-	-	(4,911)
Transfers and other	41	-	-	-	-	41
Accumulated depreciation & impairment at 30 June 2010	(5,204)	(142)	(38)	-	-	(5,384)
Disposals	86	-	-	-	-	86
Impairment losses charged to other comprehensive income	(7,214)	-	-	-	-	(7,214)
Depreciation expense	(4,903)	(72)	(38)	-	-	(5,013)
Transfers and other	(8)	-	(16)	-	-	(24)
Accumulated depreciation & impairment at 30 June 2011	(17,243)	(214)	(92)	-	-	(17,549)
Carrying amount at 30 June 2010	688,399	70,911	20,520	5,936	8,968	794,734
Carrying amount at 30 June 2011	684,791	71,641	21,107	6,130	7,975	791,644

Notes to financial statements

23. Property, plant and equipment (continued)**Revaluations and impairment review**

Those asset classes that are revalued are normally valued on a three-yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are normally reviewed at each balance date to ensure that those values are not materially different to fair value.

Parent

Assets due for valuation in 2011 were land, buildings, stormwater, waterways and wetlands infrastructure assets, and works of art. These assets were not valued for the following reasons:

- land and buildings – the firm commissioned to complete the Council's land valuation, Knight Frank Limited, advised that in the wake of the earthquakes there was insufficient market activity for them to provide reliable market valuations
- stormwater, waterways and wetlands infrastructure assets – insufficient information was available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage to assets and the cost of replacement.
- works of art assets were not able to be valued because the Christchurch Art Gallery was inaccessible to valuers while it was being used as office space by Civil Defence and the Council.

In addition, movements in the unit rates for roads, water, and wastewater infrastructure assets suggest that a valuation should be performed for these assets. However, insufficient information was available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage to assets and replacement costs.

Therefore, the most recent valuations in these financial statements were as follows:

Roading assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$1.4 billion using the optimised depreciated replacement cost method. In addition, the roading class of assets includes \$407 million of land under roads which has not been revalued. Council's policy is not to revalue these assets.

Water reticulation infrastructure assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$454 million using the optimised depreciated replacement cost method.

Operational land and land improvements and restricted land and buildings include park and open space assets. These were valued by AECOM New Zealand Limited at 30 June 2009 to a fair value of \$89.3 million using the optimised depreciated replacement cost method.

Sewerage infrastructure assets were revalued by GHD Limited at 30 June 2009 to a fair value of \$700.8 million using the optimised depreciated replacement cost method.

Heritage and public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of \$20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with public art being valued at fair value in accordance with NZ IAS 16.

Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of \$1.548 billion (operational assets \$958 million and restricted assets \$590 million).

Stormwater, Waterways and Wetlands infrastructure assets were revalued by GHD Limited at 30 June 2008 to a fair value of \$336.9 million using the optimised depreciated replacement cost method.

Works of art have been valued at a fair value of \$70.4 million as at 30 June 2008 by Art + Object Limited. The fair value is assessed as the estimated market value.

Information about earthquake-related damage to assets, write-off and asset impairment, is set out in the introductory note to these financial statements.

Notes to financial statements

23. Property, plant and equipment (continued)**Group****Orion New Zealand Limited***Electricity distribution network and substation buildings*

The company's electricity distribution network and substation buildings were revalued as at 31 March 2011 to a fair value of \$751.4 million by PricewaterhouseCoopers. The fair values were established in accordance with NZ IAS 16 – Property, Plant and Equipment and are based on a discounted cash flow analysis of the assets. This is a change in methodology from earlier valuations, which were based on optimised depreciated replacement cost (ODRC), due to a change in the regulatory framework for electricity distribution businesses developed under Part 4 of the Commerce Act 1986.

The 31 March 2011 valuation is \$141 million below the company's pre-revaluation carrying value of the electricity distribution network assets. This reduction is attributable to two key factors as follows:

- approximately \$68 million is due to the new Commerce Act Part 4 regulatory price controls, which effectively limit the company's profits to the Commission's regulatory weighted average cost of capital (WACC) on the RAB valuation calculated on a prescribed basis
- approximately \$73 million is due to the impacts of the Canterbury earthquakes up to and including 31 March 2011 and the abnormal levels of expenses and reduced revenues as a result of the earthquakes for the period up to 31 March 2015.

Substation land

The company's substation land was revalued to fair value by CB Richard Ellis Limited in accordance with NZ IAS 16. The revaluation resulted in a write-down of substation land by \$4.1 million (2010: \$1.0 million), of which \$0.2 million (2010: \$0.5 million) reduced the asset revaluation reserve for land and \$3.9 million (2010: \$0.5 million) was recorded as an expense in profit or loss. The land write-down is primarily due to movements in the property market resulting from the September 2010 and February 2011 earthquakes.

Corporate premises

The valuation of the company's head office premises on Manchester Street to fair value in 2011 was prepared by CB Richard Ellis in accordance with NZ IAS 40 and NZ IAS 16. This valuation resulted in a net write-down of the corporate premises by \$3.9 million (2010: \$0.6 million) to \$2.2 million for land and \$1.1 million (2010: \$0.3 million) to \$0.8 million for buildings. Of the combined \$5.0 million write-down, \$2.4 million was expensed in the statement of comprehensive income, while the balance of \$2.6 million reduced the land revaluation reserve.

As the 22 February 2011 earthquake significantly damaged the site's buildings, the company now considers that new corporate premises are required either at its existing site or elsewhere. For this reason, following the downwards revaluation of land and buildings, the majority of the corporate premises (excluding the site and buildings occupied by the Armagh district substation) have been reclassified as investment property.

Notes to financial statements

23. Property, plant and equipment (continued)**Christchurch International Airport Limited**

On 30 June 2011, land, buildings, car parking assets and terminal assets were revalued by Seagar and Partners (land, buildings and car park assets) and Opus International Limited (terminal assets). Buildings and car parking assets were revalued on 30 June 2010 by independent valuers Seagar and Partners. In 2010 management reviewed the carrying value of the Terminal Project work in progress and made an impairment adjustment of \$0.5 million.

Sealed Surfaces and infrastructure assets were reviewed for impairment as at 30 June 2011 by Opus International Limited. No adjustment for impairment was deemed necessary on these assets. Sealed surfaces and infrastructure assets were revalued on 30 June 2010 by independent valuers Opus International Limited.

Lyttelton Port Company Limited

During the course of the 2011 year, the company reviewed the useful economic lives of major items of property, plant and equipment. As a consequence, the useful lives of a number of these assets were amended. The impact of this in the current and future periods is as below.

	2011	2012	2013	2014	Later
Increase in depreciation expense	486	1,078	1,078	1,078	(3,720)

City Care Limited

An independent valuation of the company's land was performed by Colliers International and conforms to NZ IAS 16. The effective date of the valuation was 30 June 2011.

Red Bus Limited

Simes Limited was contracted by Red Bus Limited to assess the fair value of the company's land and buildings at 30 June 2010. The land and buildings were valued at fair value using market-based evidence on its highest and best use with reference to comparable sales and market rents.

Caveats are registered against certain property titles under section 40 of the Public Works Act 1981.

Notes to financial statements

24. Investment property

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	85,510	83,110
Transfer from property, plant & equipment	-	-	9,934	(712)
Additional capitalised expenditure	-	-	10,910	1,025
Net gain/(loss) from fair value adjustments	-	-	(1,086)	2,087
Balance at end of financial year	-	-	105,268	85,510

Group**Orion New Zealand Limited**

The valuation was prepared by CB Richard Ellis to assess fair value in accordance with NZ IAS 40. Primarily fair values have been determined using discounted cashflow, capitalisation analysis and sales comparison approaches to derive market value on an as-is basis.

The 22 February 2011 earthquake damaged buildings at the company's main administrative site and the company now considers that new premises are required either at its existing site or elsewhere. The land and buildings were revalued downwards by \$5m to reflect the change in fair value following the earthquake and were subsequently reclassified as investment property due to the change in anticipated use by the company. All land and buildings at the company's main administrative site, with the exception of the Armagh district substation, are now classified as investment property.

As at 31 March 2010, reflecting that redevelopment was considered the highest and best use of the investment property, a sales comparison approach was adopted by the valuer, using the most recent land sales evidence to assist in analysis of underlying land values.

Christchurch International Airport Limited

The valuation as at 30 June 2011 was completed by Seagar and Partners. The basis of valuation is fair value being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Notes to financial statements

25. Intangibles

	Parent				
	Software	Work in progress	Trademarks	Other	Total
	\$000	\$000	\$000	\$000	\$000
Gross carrying amount					
Gross carrying amount at 1 July 2009	17,236	12,577	3,300	32	33,145
Additions	17,779	(8,525)	4	104	9,362
Gross carrying amount at 30 June 2010	35,015	4,052	3,304	136	42,507
Additions	3,168	3,572	-	90	6,830
Gross carrying amount at 30 June 2011	38,183	7,624	3,304	226	49,337
Accumulated amortisation and impairment					
Accumulated depreciation and impairment at 1 July 2009	(8,528)	(1,173)	(147)	(7)	(9,855)
Amortisation expense	(2,414)	-	(233)	(17)	(2,664)
Impairment	(2,517)	-	-	-	(2,517)
Accumulated depreciation and impairment at 30 June 2010	(13,459)	(1,173)	(380)	(24)	(15,036)
Amortisation expense	(3,181)	-	(232)	(29)	(3,442)
Accumulated depreciation and impairment at 30 June 2011	(16,640)	(1,173)	(612)	(53)	(18,478)
Carrying amount at 30 June 2010	21,556	2,879	2,924	112	27,471
Carrying amount at 30 June 2011	21,543	6,451	2,692	173	30,859

Notes to financial statements

25. Intangibles (continued)

	Group				Total
	Software	Work in progress	Trademarks	Other	
	\$000	\$000	\$000	\$000	
Gross carrying amount					
Gross carrying amount at 1 July 2009	39,334	12,577	3,300	3,394	58,605
Additions	21,201	(7,266)	4	391	14,330
Additions from internal developments	400	-	-	-	400
Disposals	(86)	-	-	-	(86)
Gross carrying amount at 30 June 2010	60,849	5,311	3,304	3,785	73,249
Additions	6,717	3,572	-	1,043	11,332
Additions from internal developments	(540)	-	-	-	(540)
Disposals	(123)	-	-	(846)	(969)
Gross carrying amount at 30 June 2011	66,903	8,883	3,304	3,982	83,072
Accumulated amortisation and impairment					
Accumulated depreciation and impairment at 1 July 2009	(23,398)	(1,173)	(147)	(2,132)	(26,850)
Amortisation expense	(5,274)	-	(234)	(245)	(5,753)
Impairment	(2,517)	-	-	-	(2,517)
Disposals	86	-	-	(210)	(124)
Accumulated depreciation and impairment at 30 June 2010	(31,103)	(1,173)	(381)	(2,587)	(35,244)
Amortisation expense	(6,130)	-	(232)	(418)	(6,780)
Impairment	-	-	-	(23)	(23)
Disposals	113	-	-	-	113
Accumulated depreciation and impairment at 30 June 2011	(37,120)	(1,173)	(613)	(3,028)	(41,934)
Carrying amount at 30 June 2010	29,746	4,138	2,923	1,198	38,005
Carrying amount at 30 June 2011	29,783	7,710	2,691	954	41,138

Notes to financial statements

26. Goodwill

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Gross carrying amount				
Balance at beginning of financial year	-	-	20,843	16,714
Additional amounts recognised from business combinations	-	-	1,845	4,129
Balance at end of financial year	-	-	22,688	20,843
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(1,458)	(1,458)
Impairment losses for the period	-	-	(194)	-
Balance at end of financial year	-	-	(1,652)	(1,458)
Carrying amount at 30 June 2010	-	-	19,385	15,256
Carrying amount at 30 June 2011	-	-	21,036	19,385

The carrying amount of goodwill allocated to cash-generating units for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Christchurch City Holdings Ltd	-	-	16,907	15,256
CCC Two Ltd/EcoCentral Ltd	-	-	4,129	4,129
	-	-	21,036	19,385

Notes to financial statements

26. Goodwill (continued)

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

NZ IAS 36 *Impairment of Assets* requires that an impairment charge be recognised when the book value of the asset exceeds its recoverable amount. Recoverable amount is the higher of the asset's net fair value less cost to sell, or its value in use. Value in use requires entities to make estimates of the future cash flows to be derived from the asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risk specific to the asset. Assets are able to be grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof (e.g. a plant or division). Such a group of assets is referred to as a cash generating unit (CGU) in the standard.

The Group has determined that there has been no impairment of goodwill except in Christchurch City Holdings Limited in relation to EcoCentral Limited where, based on an independent assessment by valuers Ernst & Young, an impairment charge of \$1.87 million has been recognised.

The shares in EcoCentral Limited were purchased by Christchurch City Holdings Limited from Christchurch City Council on 19 January 2011 for consideration of \$9.17 million. This was based on an independent valuation at that time plus an additional payment of \$1.37 million to reflect the increase in EcoCentral Limited's equity from its previous balance date to 31 December 2010.

EcoCentral Limited has two cash-generating units (CGUs) – (a) the Material Recovery Facility (MRF) located at Parkhouse Road, Christchurch; and (b) the EcoDepots, EcoShop and other commercial activities. The value in use assessment was based on separate forecasts, supplied by management, to 2016 for each of the two CGUs. The pre-tax, risk-adjusted discount rate applied to these asset-specific cash flow projections was 20.9%. The terminal value of the business was assessed assuming sustainable growth of 2%. The capital expenditure programmes were assumed to be sufficient for the CGUs to have an indefinite life.

Using these assumptions, the sum of the value in use calculations for the two CGUs less the book value of the underlying assets was \$9.87 million. The initial goodwill on consolidation of EcoCentral Limited was \$11.74 million, meaning that an impairment charge of \$1.87 million has been recognised.

Goodwill on consolidation in respect of the remaining companies listed above is not considered to be impaired for the following reasons:

- The investment in City Care Limited was revalued by independent valuers Ernst & Young as at 30 June 2009. The company has continued to be profitable since then, and forecasts indicate this trend to continue.
- A report was commissioned from independent valuers, Ernst & Young, revaluing CCHL's investment in Orion as at 30 June 2011 (see Note 17). This resulted in an increase in the value of this investment.
- The investment in Lyttelton Port Company Limited was revalued at 30 June 2011 on the basis of its quoted NZX price. While the company suffered significant damage from the Canterbury earthquakes, the consequent replacement costs and business interruption are largely covered by insurance, and the market capitalisation of this company significantly exceeds its original acquisition value.

Notes to financial statements

27. Creditors and other payables

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Trade payables and accrued expenses	115,049	64,686	169,144	125,155
Amounts due to related parties	6,598	7,872	10,858	-
Interest payable	-	-	2,038	-
Income received in advance	-	-	2,093	-
Deposits held	-	-	328	-
Other	-	-	-	8,829
Total creditors and other payables	121,647	72,558	184,461	133,984

Included in parent trade payables and accrued expenses is \$33.8 million which are earthquake related.

Notes to financial statements

28. Borrowings**(a) Current borrowings**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Unsecured:				
Commercial paper	5,000	5,000	96,000	81,000
Bonds/other fixed rate borrowing maturing < 12 months	-	3	-	3
Loans from external parties	-	-	48,000	109,200
Finance lease liabilities	7,238	-	3,698	81
	12,238	5,003	147,698	190,284
Secured:				
Loans from external parties	19,600	37,600	21,600	41,750
Loans from group entities	-	2,663	-	-
Finance lease liabilities	-	-	298	273
	19,600	40,263	21,898	42,023
Total current portion of borrowings	31,838	45,266	169,596	232,307

During the year the Council refinanced \$9.25 million of the current portion of its loans. These were refinanced for a five year period.

In 2010 the year Council refinanced \$30 million of the current portion of its loans. This loan was refinanced for five year period.

Notes to financial statements

28. Borrowings (continued)**(b) Non-current borrowings**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Unsecured:				
Bonds/other fixed rate borrowing maturing > 12 months	27	34	75,027	75,034
Floating rate notes	-	-	130,000	100,000
Loans from external parties	-	-	220,352	127,911
Finance lease liabilities	96,700	-	53,147	4,912
	96,727	34	478,526	307,857
Secured:				
Bonds/other fixed rate borrowing maturing > 12 months	82,606	81,529	82,606	85,529
Floating rate notes	215,000	100,000	215,000	100,000
Loans from external parties	39,424	42,023	51,384	45,933
Loans from group entities	38,531	38,531	-	-
Finance lease liabilities	-	-	378	676
	375,561	262,083	349,368	232,138
Total non-current portion of borrowings	472,288	262,117	827,894	539,995
Total (memorandum only)				
Commercial paper	5,000	5,000	96,000	81,000
Bonds and other fixed rate borrowing (excl finance leases)	82,633	81,566	157,633	160,566
Floating rate notes	215,000	100,000	345,000	200,000
Loans from external parties	59,024	79,623	341,336	324,794
Loans from group entities	38,531	41,194	-	-
Finance lease liabilities	103,938	-	57,521	5,942
Total borrowings	504,126	307,383	997,490	772,302

Notes to financial statements

28. Borrowings (continued)**Parent****Secured loans**

Christchurch City Council's secured debt of \$395.2 million (2010: \$302.3 million) is issued at both fixed and floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. As at 30 June 2011, this rate averaged 6.97% (2010: 5.48%). Christchurch City Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2011 the average effective interest rate for the fixed rate debt is 6.00% (2010: 6.93%).

Security

Christchurch City Council's loans are secured over either separate or general rates of the district.

Fair Value

The fair value of all loans is \$415.6 million (2010: \$317.9 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.57-5.20% (2010: 2.89-5.38%).

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

Group**Christchurch City Holdings Limited (CCHL)**

CCHL's borrowings at 30 June 2011 comprised:

- Bonds and floating rate notes totalling \$205 million (2010: \$175 million) in five tranches ranging from \$5 million to \$70 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are between 6.21% and 6.87%.
- A loan facility of \$nil (2010: \$30 million). The facility matured in July 2010, and was replaced by a \$30 million floating rate note issue.
- Commercial paper of \$91 million (2010: \$76 million). This is short-term debt on a 90-day rollover period.
- The company also has an undrawn \$20 million standby facility. This matures in June 2012.

The borrowings were put in place under a \$350 million debt issuance programme. The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL. The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Orion New Zealand Limited

The company's bank debt of \$31.6 million (2010: \$37.2 million) is unsecured against the company. However, a deed of negative pledge and guarantee requires the company to comply with certain covenants. The company's bank facilities mature on 17 December 2014 (\$40 million) and 17 December 2015 (\$50 million) (2010: 30 September 2010 - \$130 million).

Interest rates for all borrowings are floating rate based on bank bill rates plus a margin. At balance date, this rate averaged 3.22% (2010: 3.06%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Christchurch International Airport Limited

The company has a \$300 million funding facility with five banks and a subordinated loan of \$50 million from CCHL to fund the ongoing business and the terminal development. In addition, the company has an overdraft facility of \$1 million (2010: \$250 million bank funding facility, a subordinated loan of \$50 million from CCHL and an overdraft facility of \$1 million).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 6.9% to 7.2% (2010: 6.99% to 8.80%).

Lyttelton Port Company Limited

Bank overdraft and term advances have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. These funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is in A and B tranches of \$95 million and \$55 million respectively with renewal dates of 1 July 2012 and 29 June 2012, respectively. There was no difference between the face value and carrying amount of these loans and borrowings at 30 June 2011 or 30 June 2010. The current drawings are against Tranche A of the facility. Average effective interest rates were 6.44% (2010: 6.59%).

Christchurch City Networks Limited

As at 30 June 2011 Christchurch City Networks Limited had borrowings of \$6.0 million (2010: \$3.0 million). These borrowings were made under a \$25 million facility with CCHL to fund future development initiatives. Interest is charged on a floating rate basis plus an agreed margin. The facility matures in October 2014.

City Care Limited

Bank loans of \$9.96 million (2010: \$3.91 million) are secured by a debenture over the assets and undertakings of the company. The loans were made under a committed cash advance facility of \$30 million (2010: \$18.2 million). The facility is structured as a two-year rolling facility with a current maturity date of 28 February 2013. Interest rates on the floating rate debt are based on bank bill rates plus a margin, and averaged 3.89% for the year (2010: 3.64%).

The company also has a \$0.5 million (2010: \$0.5 million) overdraft facility (undrawn as at 30 June 2011 and 2010), again secured by a debenture over the assets and undertakings of the company.

Red Bus Limited

The company has a \$13.0 million bank facility, which is secured by a negative pledge deed. As at 30 June 2011 it was drawn to \$4.0 million (2010: \$8.2 million) with an effective interest rate of 6.96% (2010: 5.78%). The facility expires on 28 October 2014.

The company's bank overdraft facility (undrawn as at 30 June 2011 and 2010) is secured by a registered first and only debenture over the company's assets and undertaking.

Red Bus Limited also has on issue five million \$1 convertible notes to the CCHL parent company. The notes have a coupon rate of 6.12% (2010: 6.12%) and mature at face value 15 years from the issue date, unless converted into preference shares on a one for basis at the option of Red Bus Limited.

Notes to financial statements

29. Finance lease liabilities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	8,234	-	4,923	785
Later than one year and not later than five years	35,162	-	19,755	2,425
Later than five years	206,191	-	113,000	9,585
Minimum lease payments*	249,587	-	137,678	12,795
Less future finance charges	(145,649)	-	(80,157)	(6,853)
Present value of minimum lease payments	103,938	-	57,521	5,942
Minimum future lease payments				
No later than one year	7,238	-	3,996	354
Later than one year and not later than five years	25,886	-	13,721	1,074
Later than five years	70,814	-	39,804	4,514
Total present value of minimum lease payments	103,938	-	57,521	5,942
Represented by				
Current portion	7,238	-	3,996	354
Non-current portion	96,700	-	53,525	5,588
Total finance lease liabilities	103,938	-	57,521	5,942

*Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Parent

Effective 13 August 2010, the Council leased the new Civic Building in Worcester Boulevard from Ngai Tahu Property (CCCJV) Limited and Civic Building Limited (CBL) Joint Venture. CBL is a wholly owned subsidiary of Christchurch City Council which owns the Council's 50% interest in the unincorporated joint venture with Ngai Tahu Property Limited. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The initial annual lease payment is \$8.2 million plus GST, although for 2011 and for 2012 this amount has been reduced to reflect the period in which the building has been unable to be occupied, and this is reflected in the note above.

Group

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10, 20 or 35 years. The company does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amount may be reviewed annually by Transpower and the risk free portion of the interest rate may be adjusted.

Also included above are agreements by City Care Limited in respect of motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

Notes to financial statements

30. Employee entitlements**(a) Current portion**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Accrued pay	1,556	1,112	4,656	3,853
Annual leave	11,166	10,311	25,628	24,466
Sick leave	256	256	479	573
Retirement and long service leave	1,007	977	3,643	2,542
Bonuses and other	-	-	3,968	1,931
	13,985	12,656	38,374	33,365

(b) Non-current portion

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Retirement and long service leave	5,970	6,013	7,221	7,111
	5,970	6,013	7,221	7,111
Total employee entitlements	19,955	18,669	45,595	40,476

Employee benefits

The provision for long service leave is an actuarial assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next five years.

Notes to financial statements

31. Provisions**(a) Current provisions**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Restructuring provision	-	-	-	700
Landfill aftercare provision	1,999	1,751	1,999	1,751
Weathertight homes provision	750	643	750	643
Onerous Contract (Hamilton)	-	-	296	-
	2,749	2,394	3,045	3,094

(b) Non-current provisions

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Landfill aftercare provision	14,497	13,239	14,497	13,239
Weathertight homes provision	2,801	2,616	2,801	2,616
Onerous Contract (Hamilton)	-	-	74	-
	17,298	15,855	17,372	15,855
Total provisions	20,047	18,249	20,417	18,949

Landfill aftercare

In previous years Council operated several landfills. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills after the sites are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover and vegetation.

Closed Landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is \$15.0 million (2010: \$15.0 million). The discount rate used to calculate this provision is 6 per cent.

The Council participates in the regional waste disposal joint venture run by Transwaste Canterbury Limited through its Kate Valley landfill site. This site has been granted resource consent for 35 years from opening date which was 8 June 2005. The Council's ownership share of Transwaste Canterbury Limited is 38.9 per cent.

Notes to financial statements

31. Provisions (continued)**Weathertight Homes**

The Council through its insurers is processing a number of weathertight home claims. Provision has been made within the accounts for the estimated cost of known claims currently outstanding. This method of calculation is consistent with prior years. However, other metropolitan local authorities, including Wellington City Council and Auckland Council, are using independent actuarial calculations of their weathertight homes liability, particularly in relation to claims not yet lodged. Christchurch City Council has chosen not to follow this approach for these financial statements due to earthquake-related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers, or
- are in Government red zones and will be abandoned.

The Council has no reliable means of estimating what claims may be lodged before the cut-off date in 2015.

In 2009, RiskPool made a call on the Council for \$0.2 million, being its share of a deficit in RiskPool's funds for the years 2002-2003 and 2003-2004 and a further call was made in 2010 of \$1.1 million covering the exposure through to June 2013. The \$1.1 million was treated as a prepayment.

Therefore provision in these financial statements has been made only for the estimated cost of known claims based on the average actual settlement costs. The discount rate used to calculate this provision is 6 per cent.

	Parent	
	Landfill aftercare	Weathertight homes
	\$000	\$000
Balance at 1 July 2009	14,531	3,017
Additional provisions made	1,403	242
Amounts used	(944)	-
Balance at 30 June 2010	14,990	3,259
Additional provisions made	1,869	513
Amounts used	(363)	(221)
Balance at 30 June 2011	16,496	3,551

Central Government has introduced a Financial Assistance Package (FAP) for the owners of non-weathertight homes. The calculation of Council's weathertight homes provision has not been adjusted to reflect the introduction of the FAP because the existing calculation is estimated to be Council's upper exposure to claims and because it will be some months before the Council is required to make its first payments under the FAP and provide a benchmark for estimating future settlements.

Notes to financial statements

32. Other liabilities**(a) Other current liabilities**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Deferred income	-	-	867	867
Hire purchase agreement	-	-	86	86
Income in advance	4,865	3,278	5,360	3,278
Service concession agreement	736	736	-	-
	5,601	4,014	6,313	4,231

(b) Other non-current liabilities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Deferred income	-	-	4,504	5,370
Hire purchase agreement	-	-	136	-
Income in advance	3,180	3,390	2,610	3,234
Lease incentive liability	-	-	18	-
Service concession agreement	8,523	9,259	-	-
Other	-	-	-	36
	11,703	12,649	7,268	8,640
Total other liabilities	17,304	16,663	13,581	12,871

Deferred income

On 11 September 2002, Lyttelton Port Company Limited entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited which provided for the company to receive a \$13 million prepayment of agreement charges. Should Lyttelton Port Company Limited fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination, then the company would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of \$13 million. Deferred lease income received is recognised through profit and loss on a straight line basis over the 15-year term of the agreement.

Service concession arrangement

On 16 May 2008, Council entered into an arrangement with Meta Processing Limited to construct the Material Recovery Facility located at 21 Parkhouse Road. The arrangement required Meta to build, own and operate the facility for a period of 15 years. After 15

years, the ownership of the facility will be transferred to Council at zero cost. The facility began operations in February 2009.

This arrangement is governed by NZ IFRIC 12, Service Concession Arrangements. The IFRIC requires Council to recognise the facility as an asset and depreciate the asset over its useful life. Council is also required to recognise the Service Concession Liability, which represents the deferred benefit that the arrangement provides to the Council. This consideration is released as a credit to the profit and loss over the 15-year life of the arrangement. At balance date, \$0.7 million (2010: \$0.7 million) was recognised as a current liability.

In August 2009 Council's subsidiary company EcoCentral Limited purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). As EcoCentral Limited is part of the Council Group for the year ended 30 June 2011, the accounting impact of the service concession agreement has been eliminated on consolidation.

Notes to financial statements

33. Reserves

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Asset revaluation reserve	1,742,737	1,794,572	2,065,338	2,235,264
Fair value through equity reserve	1,224,199	1,194,732	(882)	(230)
Hedging reserve	(10,237)	(6,640)	(24,179)	(18,697)
Reserve funds	247,448	189,427	247,448	189,427
Capital reserves	1,733,853	1,733,853	1,733,853	1,733,853
Total reserves	4,938,000	4,905,944	4,021,578	4,139,617
Asset revaluation reserve				
Balance at beginning of financial year	1,794,572	1,466,737	2,235,264	1,853,826
Gain/(loss) on revaluation of assets	(439)	356,555	(97,000)	372,368
Tax associated with revaluation movements	-	641	33,410	7,313
Impairment losses	(44,463)	-	(101,745)	-
Deferred tax liability arising on revaluation	-	-	14,054	-
Reversal of deferred tax liability on realisation of P,P&E	-	-	297	45
Transfer (to)/from retained earnings on disposal of P,P&E	(6,933)	(29,361)	(17,414)	(1,497)
Effect on reserve balance due to changes in income tax rates	-	-	-	4,837
Transfers and other	-	-	-	(187)
Share of increment in reserves attributable to associates	-	-	(1,528)	(1,441)
Balance at end of financial year	1,742,737	1,794,572	2,065,338	2,235,264
Fair value through equity reserve				
Balance at beginning of financial year	1,194,732	1,307,776	(230)	(219)
Gain/(loss) on revaluation of investments	30,119	(113,033)	-	-
Gain/(loss) on revaluation of available for sale assets	(652)	(11)	(652)	(11)
Balance at end of financial year	1,224,199	1,194,732	(882)	(230)

Notes to financial statements

33. Reserves (continued)

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Hedging reserve				
Balance at beginning of financial year	(6,640)	(3,466)	(18,697)	(11,892)
Interest rate swaps	(3,597)	(3,174)	(6,161)	(7,946)
Forward foreign exchange contracts	-	-	193	(34)
Income tax	-	-	538	1,123
Income tax	-	-	(52)	52
Balance at end of financial year	(10,237)	(6,640)	(24,179)	(18,697)
Reserve funds				
Balance at beginning of financial year	189,427	147,641	189,427	147,641
Transfer from retained earnings	58,021	41,786	58,021	41,786
Balance at end of financial year	247,448	189,427	247,448	189,427
Capital reserves				
Balance at beginning of financial year	1,733,853	1,733,853	1,733,853	1,733,853
Balance at end of financial year	1,733,853	1,733,853	1,733,853	1,733,853

Asset revaluation reserve

These include revaluations of property, plant and equipment.

Fair value through equity reserve

This reserve records movements in the fair value of fair value through equity assets. In the parent accounts, these assets are the investments in subsidiaries and associates.

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Reserve funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution.

Capital reserves

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989.

Notes to financial statements

34. Retained earnings

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	1,961,725	1,866,321	2,522,647	2,564,968
Net profit for the period	44,110	107,857	58,469	(3,122)
Income tax transferred	-	-	(263)	(40)
Transfer to reserve funds	(58,021)	(41,789)	(58,021)	(40,892)
Transfer from retained earnings on disposal of property, plant and equipment	6,933	29,361	17,414	1,268
Other movements	-	(25)	6,150	565
Adjustment to controlling interests on purchase of shares	-	-	(474)	(100)
Balance at end of financial year	1,954,747	1,961,725	2,545,922	2,522,647

Notes to financial statements

35. Minority interests

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	246,889	242,706
Share of comprehensive income for period	-	-	7,584	12,023
Dividends paid or provided for	-	-	(6,782)	(7,723)
Adjustment to minority interests for share acquisitions	-	-	(474)	(117)
Balance at end of financial year	-	-	247,217	246,889

Notes to financial statements

36. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Profit for the period	44,110	107,857	72,028	3,846
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	111,744	115,771	236,246	197,902
Donated and subsidised assets	(3,306)	(7,069)	(7,135)	(10,893)
(Gains)/losses in fair value of investment property	-	-	1,086	(2,087)
(Gains)/losses in fair value of derivative financial instruments	504	3,534	1,042	283
Share of associates' loss/(profit) (less dividends)	-	-	(4,737)	(466)
Net foreign exchange (gains)/losses	-	-	14	(1)
Deferred tax charged/(credited) to income	392	1,863	8,187	60,950
Finance lease income	-	-	1,726	2,199
Gains/losses in fair value of Endeavour iCap	(78)	338	(78)	338
Other non cash movements	-	-	(1,932)	(3,678)
Net changes in non-cash items	109,256	114,437	234,419	244,547
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	(1,821)	(1,109)	30,525	(1,489)
Movement in capital creditors	13,284	(5,800)	14,722	(5,462)
Insurance proceeds classified as investing activities	-	-	(35,540)	-
Other	(1,734)	474	(1,062)	4,367
Net changes in investing/financing activities	9,729	(6,435)	8,645	(2,584)

Notes to financial statements

36. Reconciliation of surplus for the period to net cash flows from operating activities (continued)

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Add/(less) movement in working capital items				
Current trade and other receivables	(35,732)	(3,725)	(44,030)	(6,879)
Current inventories	(778)	(63)	(3,025)	(763)
Current prepayments	(303)	(2,903)	(1,291)	(2,867)
Income tax receivable	(20)	(98)	809	(809)
Other current assets	(212,127)	-	(258,900)	24
Non-current receivables	3,000	-	4,423	(1,422)
Non-current prepayments	-	-	589	(9,866)
Other non-current assets	-	-	(130)	99
Current payables	46,021	11,064	47,409	18,218
Current provisions and employee benefits	1,684	1,628	4,960	1,505
Income tax payable	-	-	2,405	(992)
Other current liabilities	4,655	211	5,150	867
Non-current provisions and employee benefits	1,400	(63)	1,627	(30)
Other non-current liabilities	(945)	(946)	(1,372)	414
Net changes in net assets and liabilities	(193,145)	5,105	(241,376)	(2,501)
Net cash from operating activities	(30,050)	220,964	73,716	243,308

Notes to financial statements

37. Capital commitments and operating leases**(a) Capital and other operating commitments**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Property, plant & equipment	89,240	51,933	156,280	153,969
Electricity distribution network	-	-	10,468	3,607
Intangible assets	283	135	2,376	938
Total capital commitments	89,523	52,068	169,124	158,514
Other operating commitments				
Other operating commitments	72,988	65,114	72,988	65,114
Total other operating commitments	72,988	65,114	72,988	65,114

In 2010, included in the Group property, plant and equipment value above is \$4.4 million which is related to Civic Building Limited, the joint venture that the Group is a party to. See note 21 for more information on the joint venture.

In addition to the capital commitments noted above, Christchurch City Networks Limited entered a contract on 31 May 2011 with Crown Fibre Holdings Limited and Enable Networks Limited, as part of a Government initiative, to build an ultra-fast broadband network in the greater Christchurch urban areas. The contract includes an obligation to build the network to all premises in the stated candidate areas over a maximum of eight years. The projected cost of the build is \$440 million. CCHL and Crown Fibre Holdings Limited have committed to funding Christchurch City Networks Limited to cover the cost of the build.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	1,564	2,084	6,826	7,455
Later than one year and not later than five years	4,848	6,905	16,184	20,288
Later than five years	5,209	3,324	13,269	9,939
Total non-cancellable operating lease liabilities	11,621	12,313	36,279	37,682

Parent

The Council leases computer equipment, property, motor vehicles and the car parks owned by the Canterbury Club.

Notes to financial statements

37. Capital commitments and operating leases (continued)**(c) Non-cancellable operating lease receivables**

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	5,620	7,244	51,858	45,949
Later than one year and not later than five years	16,292	24,286	76,831	154,950
Later than five years	39,255	70,480	312,292	207,975
Total non-cancellable operating lease receivables	61,167	102,010	440,981	408,874

Parent

The Council leases properties to various parties.

Group*Orion New Zealand Limited*

Non-cancellable operating lease receivables \$0.4 million (2010: \$1.4 million). The company leases land and buildings at its head office site to a variety of tenants, on a range of different terms. Due to the severe damage caused to the buildings by the earthquake and a lack of access to the CBD it is likely that the leases will not run to completion. The company also leases some land adjacent to substation sites to a range of tenants. These leases are incidental to the company's principal business.

Christchurch International Airport Limited

Non-cancellable operating lease receivables \$309.3 million (2010: \$231.7 million). The company has a number of property leases that generate rental income. The leases are for terms between one month and 55 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

Lyttelton Port Company Limited

Non-cancellable operating lease receivables \$59.5 million (2010: \$67.4 million). The company leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods including "in perpetuity". There were no contingent rents recognised as income in the year.

Christchurch City Networks Limited

Non-cancellable operating lease receivables \$10.8 million (2010: \$6.4 million). The company leases the use of its fibre optic network to customers. Most contracts are for two years, although they can range from 12 months to 10 years.

Notes to financial statements

38. Contingent liabilities and contingent assets

		Parent		Group	
		30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Contingent liabilities					
Performance bonds	1	-	-	57,638	7,639
IRU contract under CFNL purchase	2	-	-	443	486
Lyttelton Port Coy Ltd - Port noise mitigation	3	-	-	1,160	1,400
Uncalled capital in CCHL		350,138	350,138	-	-
Uncalled capital in Tuam Ltd		7,000	7,000	-	-
Uncalled capital in Civic Building Ltd		10,000	10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd		1,556	1,556	1,556	1,556
Other professional indemnity insurance claims		200	200	200	200
Christchurch Symphony Orchestra guarantee	4	200	200	200	200
Transwaste Canterbury Ltd	5	-	-	4,322	4,342
Legal action from a contractor		-	-	-	80
Claims for alleged breach of contract and nuisance	6	4,275	3,800	4,275	3,800
Total contingent liabilities		373,369	372,894	69,794	19,703

1. The following contingent liabilities exist in respect of contract performance bonds:

- CCHL \$50.0 million (2010: nil);
- City Care Limited \$6.11 million (2010: \$6.11 million);
- Red Bus Limited \$0.85 million (2010: \$1.17 million); and
- Orion New Zealand Limited \$0.66 million (2010: \$0.35 million).

None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made.

2. Christchurch City Networks Limited has a contingent liability in the form of a number of IRU (irrevocable right to use) contracts acquired with the CFNL network acquisition in 2008. The services under these contracts are still to be performed and the amount owing under these contracts at 30 June 2011, if the contracts were cancelled or not performed is \$0.4 million (2010: \$0.5 million).

3. Lyttelton Port Company Limited is party to a deed, along with Christchurch City Council, Environment Canterbury, Lyttelton Harbour Residents' Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of Lyttelton Port Company Limited and land use restrictions on affected areas.

The agreements recognised the need for the Lyttelton Port Company and the community to co-exist and provided for the installation, at the Company's expense, of acoustic treatment for identified affected dwellings in accordance with desired District Plan amendments. The desired District Plan amendments have been made operative provisions through a successful application to the Environment Court under Section 293 of the Resource Management Act. A Port Noise Liaison Committee, composed of representatives of the various parties, has been established to administer the terms of the new operative provisions in the District Plan.

No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The Directors have estimated that the maximum amount payable by Lyttelton Port Company under this agreement would be \$1.3 million in total over the next eight years.

Notes to financial statements

38. Contingent liabilities and contingent assets (continued)

4. In March 1998 the Council guaranteed a \$0.1 million bank overdraft for the Canterbury Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further \$0.1 million to be guaranteed if required. A guarantee for the additional \$0.1 million was activated in June 2009.
5. Christchurch City Council's share of the contingencies of associates is \$4.3 million (2010: \$4.3 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to the company. It is anticipated that no material liabilities will arise.
6. There are current legal proceedings against the Council for two separate issues and the potential for claims in seven others. The amounts claimed are disputed.
7. The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation. As at 31 March 2010, the Scheme had a past surplus of \$43.6 million being 18.2% of the liabilities (2009: \$15.3 million being 5.7% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19.

Some other members of the Group are also participating employers in the Scheme. In the unlikely event that the other participating employers ceased to participate in the Scheme, the Group could be responsible for the entire deficit of the Scheme (see above). Similarly, if a number of employers ceased to participate in the Scheme, the Group could be responsible for an increased share of the deficit.

8. Council will possibly have a further liability in relation to weathertight homes claims; however the amount is unknown as it is dependent on claims received. For detail on Council's provision for weathertight homes see note 31.
9. Council's current estimate is that the earthquake-related response and recovery costs faced by the Council total \$2.9 billion. The largest component of this is the \$2.2 billion cost of the infrastructure rebuild programme. Infrastructure assets consist of roads (which are eligible for NZTA subsidies) and underground assets (e.g. water reticulation and wastewater), which are insured with the Local Authority Protection Programme (LAPP). Council's above-ground assets are insured with Civic Assurance, which has adequate reinsurance to cover the estimated damage to these assets. Council also has insurance cover for increased costs of working.

The Council has a contingent asset in relation to these recoveries. The Council is working with the Government and insurers to determine the amount of the recoveries, but it is not yet possible to estimate that amount with any certainty.

10. Contaminants arising from dry dock and slipway operations have been identified in seabed sediments in that area of the inner harbour. The company has been working with Environment Canterbury and the Department of Conservation on the issues for a number of years. A monitoring and management plan has been proposed to manage any adverse effects and to minimise any disturbance of the contaminated sediments while further investigations are carried out into the environmental risks associated with the contamination. The Ministry for the Environment's Contaminated Sites Remediation Fund has contributed to ongoing investigation costs.

At this time the Lyttelton Port Company Limited directors have not determined what liability, if any, would accrue to the company. In any event the directors are confident that any liability attaching to the company will not be material.

11. Contingent assets in relation to the Council's subsidiary companies are:

Orion

Orion has two key insurance policies relevant to the recent earthquakes as follows:

- material damage – this is a full replacement policy and covers the company's corporate properties and most of its key substations (not those substations sited in customers' premises). Network overhead lines and underground cables were not insured as it has not been economic to do so
- business interruption – lost revenues and additional costs are claimable if they arise "...as a consequence of..." damage to the company's insured assets and occur within the first eighteen months following the earthquake.

Orion's insurance policies have a combined excess of \$750,000 per event for earthquakes. The company is virtually certain to receive insurance proceeds on both policies, but the quantum of the likely proceeds cannot be reliably measured, because of the wide range of possible outcomes that will be negotiated with the Group's insurers following completion of detailed engineering and financial assessments. Hence, no insurance proceeds receivable have been recognised as assets within their financial statements or within the Council's Group financial statements.

Christchurch International Airport Limited

The company is covered by insurance for material damage in respect of all earthquake events. However such events have a deductible allowance of 2½% of the loss with a minimum deductible of \$2 million for each event. The damage caused in September 2010, February 2011 and June 2011 was below this minimum deductible. In addition construction work in progress on the new Integrated Terminal and Regional Lounge also incurred some earthquake damage. The cost to remediate such damage in excess of the minimum deductibles (\$25,000 and \$10,000 respectively) is presently the subject of insurance claims.

The total cost of earthquake damage to date is \$2.70 million, of which the company has a contingent asset for recovery of costs reimbursable through insurance of \$0.77 million. These are still subject to acceptance by the insurance assessor.

Notes to financial statements

38. Contingent liabilities and contingent assets (continued)*Red Bus Limited*

The company has notified its insurer of a loss of profits claim under its Business Interruption insurance Policy. This claim is at the early stages of discussion, and final claim is unable to be estimated. The financial statements include \$0.04 million insurance income for lost rental income and \$0.13 million of insurance income & earthquake related repair costs.

Vbase Limited

Vbase has two key insurance policies relevant to the recent earthquakes:

- Material damage – this is a full replacement policy and covers all of the company's four venues.
- Business interruption – lost revenues and additional costs are claimable if they arise "... as a consequence of..." damage to the company's insured assets within the 24 months following the February earthquake.

The company has received payments on account of both policies and is virtually certain to receive a full payout of all claims. The insurers have agreed to pay out the indemnity amount of \$45.0 million relating to two of the company's assets. The quantum of the future proceeds cannot be reliably measured, because of the wide range of possible outcomes that will be negotiated with the Group's insurers following completion of detailed engineering and financial assessments therefore no further amount recognised as assets within these financial statements.

AMI Stadium turf damage is not covered by insurance. The Central Government have agreed to cover the \$4.1 million cost to replace the turf system. This has been disclosed as a contingent asset in Vbase's Annual Report.

Notes to financial statements

39. Financial instrument risks**Financial risk management objectives**

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Market Risk

The Council and the Group enter into derivative arrangements in the ordinary course of their business to manage interest rate and foreign currency risks.

Interest rate risk management

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps contracts and forward interest rate contracts.

The following tables summarises the Council's and Group's exposure to interest rate risk.

	Parent					
	Fixed	Variable	Non-interest bearing	Fixed	Variable	Non-interest bearing
	30 Jun 11 \$000	30 Jun 11 \$000	30 Jun 11 \$000	30 Jun 10 \$000	30 Jun 10 \$000	30 Jun 10 \$000
Financial assets						
Cash and cash equivalents	-	48,417	-	-	80,892	-
Bank deposits with maturities > 12 months	17,000	-	-	8,000	-	-
Short term deposits	3,000	38,500	-	-	98,243	-
Debtors and other receivables	-	-	77,048	-	-	43,954
Related party receivables	-	-	1,771	-	-	2,132
Local authority stock	17,000	18,000	-	23,000	10,000	-
Stocks and bonds	21,550	-	-	24,550	1,556	-
Loans and advances	2,219	895	1,398	1,950	933	(2,007)
Related party loans	106,311	4,500	10,323	153,761	24,850	9,499
Net settled derivative assets	142	2,605	-	84	1,525	-
	167,222	112,917	90,540	211,345	217,999	53,578
Financial liabilities						
Commercial paper	-	(5,000)	-	-	(5,000)	-
Bonds and other fixed rate borrowing	(2,633)	(80,000)	-	(1,566)	(80,000)	-
Floating rate notes	(184,250)	(30,750)	-	(68,200)	(31,800)	-
Loans from external parties	(42,024)	(17,000)	-	(43,723)	(35,900)	-
Loans from group entities	(38,250)	(281)	-	(38,250)	(2,944)	-
Finance lease liabilities	(103,938)	-	-	-	-	-
Net settled derivative liabilities	(14,126)	-	-	(9,963)	-	-
	(385,221)	(133,031)	-	(161,702)	(155,644)	-
	(217,999)	(20,114)	90,540	49,643	62,355	53,578

Notes to financial statements

39. Financial instrument risks (continued)

	Group					
	Fixed	Variable	Non- interest bearing	Fixed	Variable	Non- interest bearing
	30 Jun 11 \$000	30 Jun 11 \$000	30 Jun 11 \$000	30 Jun 10 \$000	30 Jun 10 \$000	30 Jun 10 \$000
Financial assets						
Cash and cash equivalents	3,033	77,676	68	5,500	97,676	679
Bank deposits	22,025	38,500	-	8,000	98,243	-
Debtors and other receivables	-	-	123,470	793	-	81,673
Local authority stock	17,000	18,000	-	23,000	10,000	-
Stocks and bonds	21,550	-	-	24,550	1,556	-
Loans and advances	3,266	895	1,399	4,503	933	993
Finance lease receivables	28,772	-	300	30,469	-	-
Net settled derivative assets	142	2,605	39	84	1,615	309
Other	-	-	1,264	-	-	3,100
	95,788	137,676	126,540	96,899	210,023	86,754
Financial liabilities						
Commercial paper	-	(96,000)	-	-	(81,000)	-
Bonds and other fixed rate borrowing	(77,633)	(80,000)	-	(80,565)	(80,000)	-
Floating rate notes	(264,250)	(80,750)	-	(118,200)	(81,800)	-
Loans from external parties	(277,024)	(64,312)	-	(230,723)	(94,072)	-
Finance lease liabilities	(52,741)	(4,780)	-	(1,059)	(4,883)	-
Net settled derivative liabilities	(36,569)	-	(1,212)	(30,020)	-	-
	(708,217)	(325,842)	(1,212)	(460,567)	(341,755)	-
	(612,429)	(188,166)	125,328	(363,668)	(131,732)	86,754

Notes to financial statements

39. Financial instrument risks (continued)

Interest rate swap contracts

Under interest rate swap contracts, the Council and the Group agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the borrower to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Parent			
	Notional principal amount		Fair value	
	30 Jun 11 \$000	30 Jun 10 \$000	30 Jun 11 \$000	30 Jun 10 \$000
Floating for fixed contracts				
Less than 1 year	-	5,000	-	84
2 to 5 years	122,500	-	(799)	-
More than 5 years	219,700	98,200	(13,185)	(9,963)
	342,200	103,200	(13,984)	(9,879)
Fixed for floating contracts				
1 to 2 years	50,000	-	1,349	-
2 to 5 years	30,000	80,000	1,256	1,525
	80,000	80,000	2,605	1,525

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equities securities price risk on its investments in Lyttelton Port Company Limited, a company listed on the New Zealand Stock Exchange. The investment in Lyttelton Port Company Limited is classified as a financial asset held at fair value through equity, and revalued annually on the basis of its quoted share price. While the share price can and does fluctuate, the investment is held as a long-term asset with no intention of sale, and such fluctuations do not impact on the Group's profits.

Orion New Zealand Limited is exposed to price risk through its investment in unlisted companies. Its policy is not to hedge its exposures to price risk.

Notes to financial statements

39. Financial instrument risks (continued)

	Group			
	Notional principal amount		Fair value	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	\$000	\$000	\$000	\$000
Floating for fixed contracts				
Less than 1 year	58,000	20,000	(1,559)	(729)
1 to 2 years	24,000	58,000	(862)	(2,161)
2 to 5 years	323,500	90,000	(10,307)	(3,184)
More than 5 years	386,700	267,200	(24,911)	(23,199)
	792,200	435,200	(37,639)	(29,273)
Fixed for floating contracts				
1 to 2 years	50,000	-	1,349	-
2 to 5 years	30,000	80,000	1,256	1,525
	80,000	80,000	2,605	1,525

Lyttelton Port Company Limited has previously entered into fuel swap agreements to reduce the impact of price changes on fuel costs. Up to 80% of forecast fuel costs for the next 15 months may be hedged. These fuel price derivatives are designated as a cash flow hedge. As at 30 June 2011 there were no hedges in place (2010: nil).

The Group is exposed to market risk through its investment in unlisted companies. Its policy is not to hedge its exposures to market risk.

Foreign currency risk management

Foreign currency risk is the risk that the value of the Group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars, and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

Notes to financial statements

39. Financial instrument risks (continued)

The following table summarises the Group's exposure to foreign currency transactions:

	Group				
	USD	AUD	EURO	Other - GBP	Other
	\$000	\$000	\$000	\$000	\$000
Jun 11					
Foreign currency risk					
Trade receivables	375	-	222	-	-
Trade payables	(7)	(92)	(41)	-	(69)
Net balance sheet exposure before hedging activity	368	(92)	181	-	(69)
Estimated forecast sales	1,369	-	-	-	-
Estimated forecast purchases	(260)	(920)	(1,441)	(3)	-
Net cash flow exposure before hedging activity	1,109	(920)	(1,441)	(3)	-
Forward exchange contracts					
Notional amounts	(859)	-	472	-	-
Foreign currency on hand	3	-	2	-	-
Net unhedged exposure	621	(1,012)	(786)	(3)	(69)
Jun 10					
Foreign currency risk					
Trade receivables	257	1	76	-	-
Trade payables	(29)	(70)	(477)	-	-
Net balance sheet exposure before hedging activity	228	(69)	(401)	-	-
Estimated forecast sales	7,606	-	(253)	-	-
Estimated forecast purchases	(349)	(404)	(1,638)	-	-
Net cash flow exposure before hedging activity	7,257	(404)	(1,891)	-	-
Forward exchange contracts					
Notional amounts	(6,847)	-	1,552	-	-
Foreign currency on hand	319	29	53	-	-
Net unhedged exposure	957	(444)	(687)	-	-

Notes to financial statements

39. Financial instrument risks (continued)**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and Group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the Group.

The Council's Investment policy includes parameters for investing in financial institutions and other organisations including where applicable entities that have required Standard and Poor's credit ratings.

Council receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

Orion New Zealand Limited has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailer customers. Christchurch International Airport Limited also has a concentration of credit risk on a small number of customers, with 80% (2010: 71%) of trade receivables due from 10 customers. City Care Limited also has a concentration of credit risk in respect of its transactions with ultimate shareholder Christchurch City Council, with 61% (2010: 47%) of its revenue derived from this source. Red Bus Limited has a concentration of credit risk with Environment Canterbury, which provides 64% (2010: 59%) of the company's revenue. Notwithstanding this concentration of credit risk, all of these major customers are considered to be of high credit quality.

The Group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion New Zealand Limited, which generally requires collateral security (such as bank letters of credit) from its electricity retailer customers against credit risk, the Group does not generally require collateral security from its customers.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status other than trade receivables.

Notes to financial statements

39. Financial instrument risks (continued)

The following table summarises the status of receivables as at balance date:

	Parent		Group		
	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000	
Maximum exposure to credit risk					
Cash at bank, term deposits and foreign currency	106,917	187,135	141,302	210,098	
Debtors and other receivables	78,819	46,086	152,542	112,935	
Loans	124,408	190,986	4,322	5,344	
Government or local authority stock	35,000	33,000	35,000	33,000	
Stocks and bonds	21,550	26,106	21,550	26,106	
Derivative financial instrument assets	2,747	1,609	2,786	2,008	
	369,441	484,922	357,502	389,491	
Counterparties					
Cash at bank, term deposits and foreign currency	AA	106,917	186,135	141,302	209,098
	Lower than BBB or unrated	-	1,000	-	1,000
		106,917	187,135	141,302	210,098
Loans	Lower than BBB or unrated	124,408	190,986	4,322	5,344
		124,408	190,986	4,322	5,344
Government or local authority stock	AA	2,000	7,000	2,000	7,000
	A	5,000	5,000	5,000	5,000
	Lower than BBB or unrated	28,000	21,000	28,000	21,000
		35,000	33,000	35,000	33,000
Stocks and bonds	AA	9,500	9,500	9,500	9,500
	A	9,500	12,500	9,500	12,500
	Lower than BBB or unrated	2,550	4,106	2,550	4,106
		21,550	26,106	21,550	26,106
Derivative financial instrument assets	AA	2,747	1,609	2,786	2,008
		2,747	1,609	2,786	2,008

Notes to financial statements

39. Financial instrument risks (continued)

Liquidity risk

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

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The following tables analyse the parent company's and Group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows:

Parent

	Balance sheet	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	\$000	\$000	\$000	\$000	\$000	\$000
Jun 11						
Financial liabilities:						
Creditors and other payables	121,647	121,647	121,647	-	-	-
Net settled derivative liabilities	14,126	(5,875)	845	(1,723)	(3,935)	(1,062)
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds and other fixed rate borrowing	82,633	91,622	4,704	53,270	33,648	-
Floating rate notes	215,000	271,742	13,709	39,841	172,108	46,084
Loans from external parties	59,024	76,262	23,164	6,044	17,718	29,336
Loans from group entities	38,531	35,497	2,019	2,044	31,434	-
Finance lease liabilities	103,938	227,973	7,521	7,521	24,596	188,335
	639,899	823,868	178,609	106,997	275,569	262,693
Financial assets:						
Cash and cash equivalents	48,417	48,417	48,417	-	-	-
Bank deposits with maturity > 1 year	17,000	20,332	993	6,913	12,426	-
Short term deposits	41,500	42,342	42,342	-	-	-
Debtors and other receivables	77,048	77,048	77,048	-	-	-
Related party receivables	1,771	1,771	1,771	-	-	-
Local authority stock	35,000	41,173	2,177	12,001	26,995	-
Stocks and bonds	21,550	25,541	9,879	3,877	9,522	2,263
Loans and advances	4,512	1,539	118	118	310	993
Related party loans	121,134	196,843	14,652	9,803	46,840	125,548
Net settled derivative assets	2,747	6,934	1,019	1,162	3,663	1,090
	370,679	461,940	198,416	33,874	99,756	129,894

Notes to financial statements

39. Financial instrument risks (continued)

Parent

	Balance sheet	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Jun 10						
Financial liabilities:						
Creditors and other payables	75,626	75,626	75,626	-	-	-
Net settled derivative liabilities	9,963	7,261	512	4,834	1,534	381
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds	81,566	97,132	5,481	4,713	86,936	2
Floating rate notes	100,000	123,598	5,837	7,378	110,383	-
Loans from external parties	79,623	100,546	41,430	6,038	17,952	35,126
Loans from group entities	41,194	52,804	5,190	2,644	29,484	15,486
	392,972	461,967	139,076	25,607	246,289	50,995
Financial assets:						
Cash and cash equivalents	80,892	80,892	80,892	-	-	-
Bank deposits with maturity > 1 year	8,000	8,000	-	8,000	-	-
Short term deposits	98,243	100,090	100,090	-	-	-
Debtors and other receivables	43,954	44,454	44,454	-	-	-
Related party receivables	2,132	2,132	2,132	-	-	-
Local authority stock	33,000	38,884	15,867	1,257	16,422	5,338
Stocks and bonds	26,106	34,290	4,813	9,977	8,395	11,105
Loans and advances	876	3,959	48	53	2,787	1,071
Related party loans	188,110	350,861	21,037	17,542	65,283	246,999
Net settled derivative assets	1,609	(1,100)	986	(595)	(1,491)	-
Financial guarantee	-	200	200	-	-	-
	482,922	662,662	270,519	36,234	91,396	264,513

Notes to financial statements

39. Financial instrument risks (continued)

	Balance sheet	Group				
		Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	\$000	\$000	\$000	\$000	\$000	\$000
Jun 11						
Financial liabilities:						
Creditors and other payables	184,461	184,652	184,464	64	62	62
Net settled derivative liabilities	37,781	17,546	10,157	4,929	2,766	(306)
Commercial paper	96,000	96,000	96,000	-	-	-
Bonds and other fixed rate borrowing	157,633	191,089	9,794	68,029	113,266	-
Floating rate notes	345,000	445,681	19,701	55,149	269,834	100,997
Loans from external parties	341,336	372,248	80,142	87,955	174,815	29,336
Finance lease liabilities	57,521	126,870	4,567	4,567	13,665	104,071
Other	-	3,714	449	1,018	2,247	-
	1,219,732	1,437,800	405,274	221,711	576,655	234,160
Financial assets:						
Cash and cash equivalents	80,777	80,777	80,777	-	-	-
Bank deposits with maturities > 1 year	19,025	22,388	3,049	6,913	12,426	-
Short term deposits	41,500	42,342	42,342	-	-	-
Debtors and other receivables	123,469	85,054	85,054	-	-	-
Local authority stock	35,000	41,173	2,177	12,001	26,995	-
Stocks and bonds	21,550	25,541	9,879	3,877	9,522	2,263
Loans and advances	5,560	3,088	393	375	974	1,346
Finance lease receivables	29,073	40,132	2,646	3,908	11,671	21,907
Net settled derivative assets	2,786	6,959	1,044	1,162	3,663	1,090
	358,740	347,454	227,361	28,236	65,251	26,606

Notes to financial statements

39. Financial instrument risks (continued)

	Balance sheet	Group				
		Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Jun 10						
Financial liabilities:						
Creditors and other payables	137,052	134,731	134,360	228	62	81
Net settled derivative liabilities	30,020	28,784	5,628	8,549	5,965	8,642
Commercial paper	81,000	81,333	81,333	-	-	-
Bonds	160,565	206,083	10,849	12,021	108,455	74,758
Floating rate notes	200,000	248,925	9,657	11,198	146,416	81,654
Loans from external parties	324,795	354,566	159,929	80,184	79,327	35,126
Finance lease liabilities	5,942	12,795	785	778	1,647	9,585
	939,374	1,067,217	402,541	112,958	341,872	209,846
Financial assets:						
Cash and cash equivalents	103,855	103,855	103,855	-	-	-
Bank deposits with maturities > 1 year	8,000	8,000	-	8,000	-	-
Short term deposits	98,243	100,090	100,090	-	-	-
Debtors and other receivables	82,466	82,466	82,466	-	-	-
Local authority stock	33,000	38,884	15,867	1,257	16,422	5,338
Stocks and bonds	26,106	34,290	4,813	9,977	8,395	11,105
Loans and advances	6,429	7,643	1,757	599	3,341	1,946
Finance lease receivables	30,469	45,145	3,882	3,882	11,621	25,760
Net settled derivative assets	2,008	(4,917)	219	(1,362)	(3,710)	(64)
Other	-	200	200	-	-	-
	390,576	415,656	313,149	22,353	36,069	44,085

Notes to financial statements

39. Financial instrument risks (continued)

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates and foreign exchange rates on the Council and Group's pre-tax profits and equity:

Movements in interest rates

	Parent							
	Jun 11				Jun 10			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	Pre-tax profit	Other compr. Income						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets and liabilities at floating rate								
Floating rate notes	(308)	-	308	-	(318)	-	318	-
Commercial paper	(50)	-	50	-	(50)	-	50	-
Bank loans	-	-	-	-	(526)	-	526	-
Cash and cash equivalents	484	-	(484)	-	809	-	(809)	-
Bank deposits	385	-	(385)	-	1,012	-	(1,012)	-
Related party loans	45	-	(45)	-	249	-	(249)	-
Interest rate swap derivatives	1,872	4,287	(2,000)	(4,601)	2,035	4,439	(2,186)	(4,820)
Local authority stock	180	-	(180)	-	-	-	-	-
Total sensitivity to interest rate risk	2,608	4,287	(2,736)	(4,601)	3,211	4,439	(3,362)	(4,820)

Notes to financial statements

39. Financial instrument risks (continued)

Movements in interest rates

	Group							
	Jun 11				Jun 10			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	Pre-tax profit	Other compr. Income						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets and liabilities at floating rate								
Floating rate notes	(508)	-	508	-	(748)	-	748	-
Commercial paper	(870)	-	870	-	(580)	-	580	-
Finance lease liabilities	(48)	-	48	-	(58)	-	58	-
Bank loans	66	-	(66)	-	(905)	-	905	-
Cash and cash equivalents	808	-	(808)	-	1,039	-	(1,039)	-
Bank deposits	405	-	(405)	-	1,012	-	(1,012)	-
Related party loans	95	-	(95)	-	-	-	-	-
Interest rate swap derivatives	2,237	19,080	(4,861)	(20,360)	3,570	17,070	(522)	(17,381)
Other	565	-	(565)	-	29	-	(29)	-
Total sensitivity to interest rate risk	2,750	19,080	(5,374)	(20,360)	3,359	17,070	(311)	(17,381)

Notes to financial statements

39. Financial instrument risks (continued)**Foreign exchange risk**

	Group							
	Jun 11				Jun 10			
	Decrease 10%		Increase 10%		Decrease 10%		Increase 10%	
	Pre-tax profit	Other compr. Income (exc; REs)	Pre-tax profit	Other compr. Income (exc; REs)	Pre-tax profit	Other compr. Income (exc; REs)	Pre-tax profit	Other compr. Income (exc; REs)
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Cash and cash equivalents	-	-	-	-	14	-	(14)	-
Trade receivables	24	-	(24)	-	-	-	-	-
Creditors and other payables	(1)	-	1	-	-	-	-	-
Derivatives - held for trading	68	86	(30)	(86)	33	-	(64)	-
Total sensitivity to foreign exchange risk	91	86	(53)	(86)	47	-	(78)	-

Equity price risk

The estimated impact of movements in market price on the Group's equity relates to the movement in the share price of the Lyttelton Port Company Limited. A movement of 10% in the share price would impact equity by \$18.9 million (2010: \$18.7 million).

Fair value of financial instruments

Apart from the fair values mentioned in notes 16 and 28, the Group consider that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values of financial assets and financial liabilities with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market prices.

Notes to financial statements

39. Financial instrument risks (continued)**Classification of financial assets and liabilities**

The following tables classify the Group's financial assets and liabilities between the various categories set out in NZ IAS 39 and NZ IFRS 7:

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Financial assets				
Fair value through income statement - held for trading				
Derivative financial instrument assets	-	-	14	309
Unlisted shares	4,160	4,668	4,160	4,668
	4,160	4,668	4,174	4,977
Derivatives that are hedge accounted				
Derivative financial instrument assets	2,747	1,609	2,772	1,699
Loans and receivables				
Cash and cash equivalents	48,417	80,892	80,777	103,855
Debtors and other receivables	78,819	46,086	152,542	112,935
Other financial assets				
- term deposits	17,000	8,000	60,525	8,000
- loans	3,274	2,876	4,322	5,429
- loans to related parties	121,134	188,110	-	-
- local authority stock	35,000	33,000	35,000	33,000
- stocks and bonds	21,550	26,106	21,550	26,106
- short term deposits	41,500	98,243	-	98,243
Theatre Royal	2,300	2,300	2,300	2,300
Provision for fair value and impairment	(1,062)	(4,300)	(1,062)	(1,300)
	367,932	481,313	355,954	388,568

Notes to financial statements

39. Financial instrument risks (continued)

	Parent		Group	
	30 Jun 11	30 Jun 10	30 Jun 11	30 Jun 10
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Fair value through equity				
CCC investment in subsidiaries:				
- CCHL	1,306,568	1,290,004	-	-
- Vbase Ltd	183,039	128,558	-	-
- Tuam Ltd	5,417	-	-	-
- Civic Building Ltd	4,148	4,148	-	-
- EcoCentral Ltd	-	1,100	-	-
Other unlisted shares	1,125	1,416	2,389	4,516
	1,500,297	1,425,226	2,389	4,516
Total financial assets	1,875,136	1,912,816	365,289	399,760
Financial liabilities				
Fair value through income statement - held for trading				
Derivative financial instrument liabilities	-	-	1,212	426
Borrowings	82,605	81,529	82,605	81,529
	82,605	81,529	83,817	81,955
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	14,126	9,963	36,569	29,594
Financial liabilities at amortised cost				
Creditors and other payables	121,647	75,626	184,461	137,052
Borrowings	421,521	225,854	914,885	690,773
	543,168	301,480	1,099,346	827,825
Total financial liabilities	639,899	392,972	1,219,732	939,374

Notes to financial statements

39. Financial instrument risks (continued)**Fair value measurement basis**

	Carrying value	Parent		
		Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000
Jun 11				
Financial assets at fair value through income statement				
Unlisted shares	4,160	-	-	4,160
	4,160	-	-	4,160
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,747	-	2,747	-
	2,747	-	2,747	-
Available-for-sale financial assets				
Shares in subsidiary companies (CCC and CCHL parent only)	1,499,172	-	-	1,499,172
Other unlisted shares	1,125	-	1,125	-
	1,500,297	-	1,125	1,499,172
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	14,126	-	14,126	-
	14,126	-	14,126	-
Net financial assets and liabilities	1,521,330	-	17,998	1,503,332

Notes to financial statements

39. Financial instrument risks (continued)

	Parent			
	Carrying value	Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000
Jun 10				
Financial assets at fair value through income statement				
Unlisted shares	4,668	-	-	4,668
	4,668	-	-	4,668
Derivatives that are hedge-accounted				
Derivative financial instrument assets	1,609	-	1,609	-
	1,609	-	1,609	-
Available-for-sale financial assets				
Shares in subsidiary companies (CCC and CCHL parent only)	1,423,810	-	-	1,423,810
Other unlisted shares	1,416	-	1,416	-
	1,425,226	-	1,416	1,423,810
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(9,963)	-	(9,963)	-
	(9,963)	-	(9,963)	-
Net financial assets and liabilities	1,421,540	-	(6,938)	1,428,478

Notes to financial statements

39. Financial instrument risks (continued)

	Group			
	Carrying value	Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000
Jun 11				
Financial assets at fair value through income statement				
Derivative financial instrument assets	14	-	14	-
Unlisted shares	4,160	-	-	4,160
	4,174	-	14	4,160
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,772	-	2,772	-
	2,772	-	2,772	-
Fair value through equity				
Other unlisted shares	1,125	-	1,125	-
Investment in Enertech Capital Partners 11 LP	1,264	-	-	1,264
	2,389	-	1,125	1,264
Financial liabilities at fair value through income statement				
Derivative financial instrument liabilities	(1,192)	-	(1,192)	-
	(1,192)	-	(1,192)	-
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(36,589)	-	(36,589)	-
	(36,589)	-	(36,589)	-
Net financial assets and liabilities	(28,446)	-	(33,870)	5,424

Notes to financial statements

39. Financial instrument risks (continued)

	Group			
	Carrying value \$000s	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Jun 10				
Financial assets at fair value through income statement				
Derivative financial instrument assets	309	-	309	-
Unlisted shares	4,668	-	-	4,668
	4,977	-	309	4,668
Derivatives that are hedge-accounted				
Derivative financial instrument assets	1,699	-	1,699	-
	1,699	-	1,699	-
Fair value through equity				
Other unlisted shares	1,416	-	1,416	-
Investment in Eneritech Capital Partners 11 LP	3,100	-	-	3,100
	4,516	-	1,416	3,100
Financial liabilities at fair value through income statement				
Derivative financial instrument liabilities	(327)	-	(327)	-
	(327)	-	(327)	-
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(9,767)	(172)	(9,595)	-
	(9,767)	(172)	(9,595)	-
Net financial assets and liabilities	1,098	(172)	(6,498)	7,768

Notes to financial statements

40. Related parties

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the Group structure section.

(a) Receipts from related parties

	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
Rates received by CCC		
Vbase Ltd	570	489
Christchurch City Holdings Ltd (Group)	5,146	4,186
Tuam Ltd	170	143
Civic Building Ltd	139	56
Services provided by CCC		
Christchurch City Holdings Ltd (Group)	7,518	5,608
Transwaste Canterbury Ltd	17	11
Vbase Ltd	369	407
Civic Building Ltd	12	115
Tuam Ltd	110	40
World Buskers Festival Trust	82	-
Riccarton Bush Trust	113	29
Interest received/receivable by CCC		
Tuam Ltd	982	987
Civic Building Ltd	5,460	5,162
Vbase Ltd	6,129	5,751
CCC Two Ltd	581	542
Subvention payments paid to CCC		
Christchurch City Holdings Ltd (Group)	4,028	4,656

Notes to financial statements

40. Related parties (continued)**(a) Receipts from related parties (continued)**

	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
Dividends paid/payable to CCC		
Christchurch City Holdings Ltd	43,325	113,846
Transwaste Ltd	2,190	1,128
Share buy back		
Vbase Ltd	12,000	-
Interest rate swap novation		
Christchurch City Holdings Ltd	-	2,812
Asset sales		
Vbase Ltd	-	33,500
Loans repaid by related parties		
CCC Two Ltd	17,800	200
Vbase Ltd	41,000	4,187
Tuam Limited	9,000	-
Loss offsets to CCC		
Christchurch City Holdings Ltd (Group)	364	4,740

Notes to financial statements

40. Related parties (continued)**(b) Payments to related parties**

	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
Interest paid/payable by CCC		
Christchurch City Holdings Ltd	2,697	4,201
Purchase of good / services		
Christchurch City Holdings Ltd (Group)	158,618	81,431
Tuam Ltd	408	1,382
Vbase Ltd	2,115	1,952
Transwaste Canterbury Ltd	204	195
Share purchases		
Vbase Ltd	53,750	49,250
Civic Building Ltd	-	1,747
CCC Two Ltd	-	1,100
Tuam Ltd	9,000	-
Other payments		
Loan repayment to Christchurch City Holdings Ltd	2,663	42,000
Funding to Christchurch Agency for Energy	733	-
Funding to Rod Donald Banks Peninsula Trust	3,504	-
Funding to World Buskers Festival Trust	285	-
Funding to Riccarton Bush Trust	268	388
Funding to Canterbury Earthquake Heritage Buildings Fund Trust	431	-
Loans to related parties		
Civic Building Ltd	-	16,729
Vbase Limited	-	4,187
CCC Two Ltd	-	18,000

Notes to financial statements

40. Related parties (continued)**(c) Year-end balances arising from transactions**

	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000
Receivables from related parties		
Christchurch City Holdings Ltd (Group)	1,115	5,207
Civic Building Ltd	-	135
Tuam Ltd	-	5
Vbase Ltd	1	1,202
Christchurch Agency for Energy	60	-
World Buskers Festival Trust	38	-
Payables to related parties		
Christchurch City Holdings Ltd (Group)	32,020	8,436
Tuam Ltd	18	-
Transwaste Canterbury Ltd	-	15
Vbase Ltd	21	-
Civic Building Ltd	-	845
Loans from related parties		
Christchurch City Holdings Ltd	38,531	41,194
Loans to related parties		
Tuam Ltd	4,750	13,750
Civic Building Ltd	59,288	59,288
Vbase Ltd	46,773	87,773
CCC Two Ltd	-	17,800
Redeemable preference shares - Vbase Ltd	10,249	9,499

Notes to financial statements

40. Related parties (continued)**(d) Key management personnel and elected members of the Council**

The following transactions were entered into between the Council and entities in which the councillors have an interest:

	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000
Transactions		
Funding to Canterbury Development Corporation	14	3,406
Sales to Canterbury Development Corporation	-	61
Purchases from Canterbury Development Corporation - Bob Parker and Ngaire Button are directors	31	-
Funding to CEDF Trustee Ltd - Bob Shearing was a director until June 2011	350	350
Loan repayment by Theatre Royal Charitable Foundation	-	10
Sales to Theatre Royal Charitable Foundation - Barry Corbett is a director	-	3
Funding to Christchurch and Canterbury Marketing Ltd - Helen Broughton is a director	870	2,224
Purchases from R A Shearing Contractors Ltd - Bob Shearing is a director	-	3
Funding to the Canterbury Museum Trust	5,715	5,443
Sales to Canterbury Museum Trust - Bob Parker, Helen Broughton and Claudia Reid are trustees	3	7
Funding to Orana Wildlife Trust	225	225
Sales to Orana Wildlife Trust - Mike Wall is a trustee	4	5
Funding to Riccarton Bush Trust	42	113
Sales to Riccarton Bush Trust - Bob Shearing and Mike Wall are trustees	110	25
Funding to Garden City Trust - Yani Johanson is a trustee	46	109
Grants paid to Arts Centre of Christchurch Trust - Sue Wells was a trustee in 2009 but has since resigned	279	403
Funding to Canterbury Surf Lifesaving	-	173
Sales to Canterbury Surf Lifesaving - Norm Withers is a trustee	-	18

Notes to financial statements

40. Related parties (continued)**(d) Key management personnel and elected members of the Council (continued)**

	30 Jun 11	30 Jun 10
	Actual \$000	Actual \$000
Funding to Sport Canterbury	4	28
- Norm Withers is a trustee		
Funding to Avon Heathcote Estuary Ihutai Trust	-	10
- Chrissie Williams is a trustee		
Funding to North West Christchurch Community Sport Trust	1	250
- Norm Withers is a trustee		
Funding to Mayors' Welfare Fund	190	171
- Helen Broughton is a trustee and the chairperson		
Purchases from Keep Christchurch Beautiful Incorporated	27	-
Yani Johanson is a committee Member		
Purchases from Grouse Entertainment Limited	1	-
Aaron Keown is a director/owner		
Sales to Nurse Maude Association	9	-
Jane Parfitt is a board member		
Sales to Civic Assurance	1	-
Purchases from Civic Assurance	19	-
Tony Marryatt is a director		
Sales to Brackenridge Estate	1	-
Jane Parfitt is a board member		
Purchases from Riskpool	343	-
Tony Marryatt is a director		

During the year councillors and key management personnel, as part of a normal customer relationship, engaged in minor transactions with Council (such as payment of rates, etc.) Except for these transactions, the transactions listed above, and items of a

trivial nature, no other Councillors or key management personnel entered into any related party transactions within the Group. Remuneration of elected members and key management personnel is detailed in note 42 Remuneration.

Notes to financial statements

41. Major budget variations**Statement of comprehensive income**

	30 Jun 11 \$000
Planned comprehensive income	77,799
Additional rates revenue	4,456
Lower rental income	(1,835)
Additional interest received due to delay in converting Tuam advances to equity and extra funds temporarily held	1,301
Lower development contributions	(12,513)
Lower subvention receipts due to lower tax losses (refer note 11 (a))	(336)
Dividends received lower than plan	(2,378)
Reduced NZ Transport Agency subsidies received due to deferral of capital programme projects	(4,278)
Licence fees received lower than plan	(1,017)
Parking fees received lower than plan due to the CBD being closed as a result of the earthquakes	(4,657)
Earthquake response and rebuild recoveries	273,609
Other gains (refer Note 4)	14,445
Other revenue higher than plan largely due to trade waste charges resulting from the earthquakes	3,721
Revenue favourable to plan	270,518
Expenditure:	
Depreciation, amortisation and impairment lower than plan due to a delay in the capital programme as a result of the earthquakes	4,499
Higher finance costs due to interest costs for the finance lease of the new Civic Building	(4,034)
Higher employee costs due to termination of a number of carpark staff and new employment of staff in the Earthquake Building Services Unit set up after the February earthquake	(1,291)
Lower bad debts written off	77
Increase in provisions due to additional weathertight home provisions and higher aftercare costs at Burwood Landfill	(2,382)
Other expenses	11,429
Higher than budgeted grants and levies paid	(3,823)
Earthquake response expenses	(236,538)
Other losses (refer Note 4)	(13,054)
Expenditure unfavourable to plan	(245,117)
Assets vested in Council	(11,698)
Income tax expense	(392)

Notes to financial statements

41. Major budget variations (continued)

	30 Jun 11
	\$000
Other comprehensive income:	
Lower property, plant and equipment valuation gain than plan due to no valuations being carried out and write-off and impairment of damaged buildings	(91,902)
Higher investment revaluation gain	29,467
Higher cash flow hedges losses	(3,597)
	(66,032)
Total variances	(52,721)
Actual comprehensive income, net of tax	25,078

Balance sheet**Total assets of \$7.6 billion are higher than budget by \$181 million.**

Current assets of \$400 million are higher than budget by \$243 million. This is mainly due to additional debtors and accrued costs relating to the recovery of costs incurred due to the earthquake.

Non-current assets of \$7.2 billion are lower than budget by \$62 million. The main reasons for this are the following:

- \$103 million additions to property, plant and equipment for the new Civic Building being accounted for as a finance lease
- impairment (\$4.5 million) and write-off (\$9.5 million) of buildings as a result of the earthquakes
- sale of CCC Two Limited/EcoCentral Limited for \$1.1 million in share capital and its repayment of an advance of \$17.8 million
- change in the valuation of investments for Christchurch City Holdings Limited (CCHL), a decrease of \$67 million and Vbase a increase of \$13.6 million.
- higher than anticipated software additions of \$17.5 million

Total liabilities of \$701 million are higher than budget by \$190 million.

Total borrowings are higher than budget by \$111 million because of additional borrowings required due to the earthquakes of \$115 million. The budget assumed debt repayment in 2010/11, however debt instruments do not require payment until future years, this higher level of debt was partially offset by lower than expected borrowings for the capital programme as this was delayed as a result of the earthquakes.

Creditors and other payables are \$52.8 million higher than budget due to earthquake accruals at year end.

All other liabilities were higher than budget by \$26 million mainly as a result of the fair value of cash flow hedges of \$17 million and recognition of the service concession arrangement of \$9 million.

Notes to financial statements

42. Remuneration**(a) Chief Executive**

The Chief Executive of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

The total cost of the role for the year to 30 June 2011 was \$479,430 – this compares with \$479,492 for the year ending 30 June 2010.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ending 30 June 2011 the Council made nine payments of \$25,000, \$20,000, \$10,000, \$8,000, \$7,000, \$5,000, \$4,800, \$4,750 and \$1,200 that require disclosure (2010: \$20,000, \$7,000, \$6,000, \$5,000(3) \$4,000(3), \$3,000, \$2,000 and \$1,000).

(c) Key management personnel

	Parent	
	30 Jun 11	30 Jun 10
	Actual	Actual
	\$000	\$000
The compensation of the directors and executives, being the key management personnel of the entity is set out below:		
Short term benefits	2,030	1,791
	2,030	1,791

Total key management personnel remuneration includes that of the executive team of Council. This does not include the remuneration of the Chief Executive, Mayor and Councillors, the details of their remuneration is set out in notes a) and d).

Notes to financial statements

42. Remuneration (continued)

d) Elected Members

	Jun 11			Jun 10		
	Council Remuneration	Directors Fees	Total	Council Remuneration	Directors Fees	Total
	\$	\$	\$	\$	\$	\$
Helen Broughton	86,640	-	86,640	87,604	-	87,604
Sally Buck	87,626	20,000	107,626	88,522	20,000	108,522
Ngairé Button	95,281	-	95,281	89,193	-	89,193
Barry Corbett	86,249	34,780	121,029	86,227	32,285	118,512
David Cox	26,708	6,861	33,569	90,583	25,000	115,583
Yani Johanson	86,249	-	86,249	86,227	-	86,227
Bob Parker	181,565	50,050	231,615	177,630	47,285	224,915
Claudia Reid	86,758	12,500	99,258	86,380	12,500	98,880
Bob Shearing	27,291	26,032	53,323	87,774	47,285	135,059
Gail Sheriff	26,538	36,467	63,005	86,227	55,000	141,227
Sue Wells	87,569	34,780	122,349	88,909	32,285	121,194
Mike Wall	26,538	-	26,538	86,279	-	86,279
Chrissie Williams	87,439	18,667	106,106	87,511	28,000	115,511
Norm Withers	30,636	9,375	40,011	99,543	12,500	112,043
Tim Carter	59,777	17,084	76,861	-	-	-
Jamie Gough	59,777	14,583	74,360	-	-	-
Glenn Livingstone	60,042	-	60,042	-	-	-
Jimmy Chen	59,777	-	59,777	-	-	-
Aaron Keown	59,777	-	59,777	-	-	-
	1,322,237	281,179	1,603,416	1,328,609	312,140	1,640,749

See note 40 Related Parties for detail on transactions between Council and elected members and key management personnel.

Notes to financial statements

43. Capital management

The Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, borrowings and general financial dealings.

(a) Intergenerational Equity

The Council's objective to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers' to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of Council's LTCCP 2009-19 as amended by the Annual Plan 2010-11.

Notes to financial statements

44. Subsequent events

There are no events subsequent to 30 June 2011 that are material to these financial statements.

A passenger leaves the new Christchurch International Airport terminal.

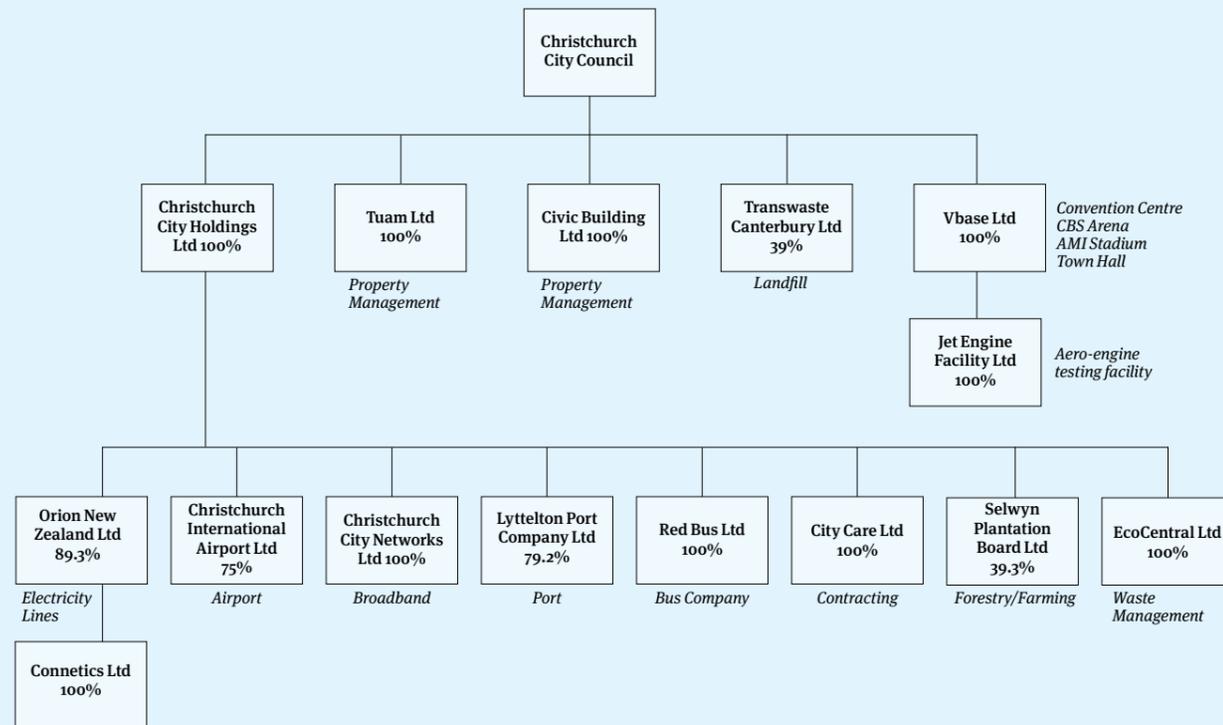


Group structure

Annual Report 2011
Christchurch Ōtautahi

Through its wholly owned investment arm Christchurch City Holdings Limited, the Council has a stake in a number of trading companies from which it derives income. This section contains details about these subsidiary companies.

Group structure



Summary financial table

	Income	Net result (after tax and minority interest)	
	2011	2011	2010
	\$000	\$000	\$000
Christchurch City Holdings Limited (parent)	49,640	32,095	41,017
Christchurch City Networks Limited	4,912	454	448
Christchurch International Airport Limited	97,963	21,794	(260)
City Care Limited	237,472	11,294	4,046
Lyttelton Port Company Limited	138,134	24,111	9,008
Orion New Zealand Limited	222,806	28,360	46,795
Red Bus Limited	30,405	6,215	1,119
EcoCentral Limited (previously CCC Two Limited)	18,591	826	(740)
Vbase Limited	83,854	13,085	(31,496)
Tuam Limited	1,933	(532)	(1,401)
Civic Building Limited	9,575	(2,355)	(8,050)
Transwaste Canterbury Limited	32,088	7,308	3,818
Selwyn Plantation Board Limited	17,103	4,681	(2,593)
Riccarton Bush Trust	2,100	561	131
Central Plains Water Trust	43	-	-
Canterbury Development Corporation	4,478	(566)	283
Canterbury Economic Development Company Limited	258	-	-
Gardens Event Trust	144	2	(2)
Christchurch Agency for Energy Trust*	1,052	907	-
The World Buskers' Festival Trust*	1,239	1	-
Rod Donald Banks Peninsula Trust*	3,569	3,565	-
Canterbury Earthquake Heritage Building Fund*	1,364	1,364	-

* 2011 is the first year of trading

For more detail please refer to the individual company reports



Individual organisation descriptions

Christchurch City Holdings Ltd

www.cchl.co.nz

Christchurch City Holdings Limited (CCHL) is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on Council's behalf.

In addition CCHL monitored the Council-owned company Vbase Limited (which owns and manages AMI Stadium, the Christchurch Convention centre, the Christchurch Town Hall for the Performing Arts and the CBS Canterbury Arena), as well as Jet Engine Facility Limited and Civic Building Limited. Following the Canterbury earthquakes, however, responsibility for managing Vbase Limited and Civic Building Limited was assumed by Christchurch City Council, and CCHL's role with these two companies has ended with effect from July 2011.

In January 2011 CCHL purchased CCC Two Limited, a council-controlled trading organisation, from the Christchurch City Council. The company was subsequently renamed EcoCentral Limited.

Effect of the Canterbury Earthquakes

As a holding company CCHL has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CCHL or its ability to deliver services in the future. However, some of CCHL's subsidiary companies were impacted by the earthquakes. This impact is described on the relevant subsidiary page within this section of the Annual Report. The consequence for CCHL is the reduced ability of the subsidiaries to pay dividends in the short to medium term. As a result of this the dividend paid by CCHL to the Council is estimated to be between \$10 and \$15 million less per year for each of the next three years.

Subsidiary companies

- Christchurch City Networks Limited (trading as Enable Networks)
- Christchurch International Airport Limited
- City Care Limited
- Lyttelton Port Company Limited
- Orion New Zealand Limited
- Red Bus Limited
- EcoCentral Limited

Associate Company

- Selwyn Plantation Board Limited

Nature and scope of activities

CCHL's key purpose is to assist the Council in the rebuild and redevelopment of Christchurch following the Canterbury earthquakes, through investing in existing and new infrastructural assets such as the electricity distribution network, the airport, port, transport and high speed broadband.

Their strategic approach is to identify infrastructural needs that cannot be filled by the private sector or existing Council operations, then take a role in helping to meet those needs through joint ventures, public-private partnerships, establishing new entities or simply acting as a catalyst for others.

CCHL also encourages and, if necessary will facilitate, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets – recent examples being the funder of Enable Networks, and the provision of some of the funding requirements for the construction of the new airport terminal.

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its council-controlled trading organisations.

Individual organisation descriptions

Christchurch City Holdings Ltd (continued)

Key performance targets

	2011	2011
	Target	Actual
CCHL financial and distribution performance meets the shareholder's expectations	CCHL pays a dividend for the 2010 financial year that meets or exceeds budget	Achieved – CCHL paid an ordinary dividend of \$35.29 million (effectively \$38.0 million after adding back subvention payment adjustments), and a special dividend of \$8.03 million.
CCHL's treasury management policies and practices are consistent with best practice	CCHL will review the business case for establishing a cost-effective treasury operation to provide borrowing facilities for the group	Following the successful Ultra Fast Broadband bid by Enable Networks, CCHL's own future funding commitments make a centralised treasury and borrowing operation less desirable.

Financial summary - Parent

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	49,640	56,803
Operating and other expenses	17,454	15,786
Operating profit (loss) before tax	32,186	41,017
Tax expense (benefit)	91	-
Net profit (loss) for the year	32,095	41,017



Individual organisation descriptions

Christchurch City Networks Ltd

www.enablenetworks.co.nz

This company is a council-controlled trading organisation, 100 per cent owned by Christchurch City Holdings Limited (CCHL) and trades as Enable Networks.

Enable Networks owns the largest open access fibre network in Christchurch and one of the largest in New Zealand. The fibre network connects to many hundreds of businesses, and health and education entities. The company's 350 km network provides 80 per cent coverage of the commercial areas around Christchurch.

Effect of the Canterbury Earthquakes

Enable's cabling technology is 100 per cent underground and was not damaged in the series of earthquakes over the last 9 months. Its ability to deliver services in the future has not been compromised.

Nature and scope of activities

Christchurch City Networks Limited (CCNL) commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan Christchurch.

In May 2011, the Crown awarded Enable the Ultrafast Broadband contract covering 182,000 businesses and homes in Christchurch and the surrounding areas. This project will see an investment in partnership with the Crown of \$440 million over the next 8 years and will contribute significantly to economic growth in Christchurch.

Key performance targets

	2011 Target	2011 Actual
Installation of telecommunications ducting in the 2010/11 year	260 km	211 km
Network reliability	99.9 %	100.0 %
Aggregate demand from schools in order to assist in the transformation of educational services	60 schools connected to network	58 schools connected to network

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	4,912	2,945
Operating and other expenses	4,302	2,306
Operating profit (loss) before tax	610	639
Tax expense (benefit)	156	191
Net profit (loss) for the year	454	448

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company will:

- make an investment in telecommunications infrastructure through an open access urban fibre network in metropolitan Christchurch,
- encourage and support the development of policy and design standards for making telecommunications ducting mandatory for new building and subdivision consents granted by the Council,
- sponsor the aggregation of demand for telecommunications infrastructure in sectors where a collective approach can bring substantial benefits to consumers, and
- actively encourage private investment in telecommunications infrastructure in Christchurch.



Individual organisation descriptions

Christchurch International Airport Ltd

www.christchurchairport.co.nz

As the international gateway to the South Island, Christchurch International Airport Limited (CIAL) manages nearly six million passenger movements, 125,000 aircraft movements, and handles over 21 million tonnes of international cargo each year.

The company is jointly owned by Christchurch City Holdings Limited (75 per cent) and the New Zealand Government (25 per cent). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of the aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

The Integrated Terminal Project, which provides for one check-in and baggage handling facility to service both domestic and international services, commenced in mid-2009. Stage 1 of the project, the check-in hall, Regional Lounge, baggage handling facility and the retail, food and beverage hall, was completed in early 2011 after delays caused by the September and February earthquakes. Work is now proceeding on the next stages, with the entire project due for completion by the third quarter of 2012. The work now being undertaken sees the demolition of the old international check-in hall and then the existing domestic terminals, with the construction of new airside facilities progressing as the demolition occurs.

Effect of the Canterbury Earthquakes

CIAL did not suffer any significant damage to its physical assets as a result of the Canterbury earthquakes and its ability to deliver services in the future has not been compromised.

Key performance targets

	2011 Target	2011 Actual
Dividend payment	14,517,000	8,547,000
Domestic passengers	4,401,907	4,287,338
International passengers	1,666,881	1,488,362

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000s	2010 Actual \$000s
Operating revenue	97,963	96,140
Operating and other expenses	68,515	58,812
Operating profit (loss) before tax	29,448	37,328
Tax expense (benefit)	7,654	37,588
Net profit (loss) for the year	21,794	(260)

The 2010 results include a one-off deferred tax adjustment which increased the tax expense, therefore reducing net profit (loss) after tax for the year.



Individual organisation descriptions

City Care Ltd

www.citycare.co.nz

City Care Limited is a council-controlled trading organisation, 100 per cent owned by Christchurch City Council through Christchurch City Holdings Limited (CCHL).

City Care's role as long-term maintenance contractor for Christchurch City's water, wastewater and storm-water networks, roading and buildings meant it was called on to undertake a substantial amount of work to restore services and repair assets after the earthquakes. At the height of the February earthquake response approximately 1,250 of City Care's employees and subcontractors worked to restore essential services to the people of Christchurch. Work undertaken in response to the earthquakes included: inspecting 400 kilometres of drains and streams for damage; removing silt from drains and streams; management of 90 temporary sites for residents to collect water; carrying out continuous repairs to water and wastewater networks; removing 75,000 tonnes of silt; and making repairs to the northern roading network to keep traffic flowing safely.

In May 2011, City Care joined four other contractors, the New Zealand Transit Authority, Christchurch City Council and the Canterbury Earthquake Recovery Authority (CERA) in signing an Interim Alliance Agreement for the rebuild of Christchurch's infrastructure. The Alliance will be responsible for restoring Christchurch's roads, sewerage system, water supply pipes and parks damaged in the earthquakes.

In addition to work undertaken in Christchurch, City Care was successful in securing a water, wastewater and stormwater network maintenance contract with Manawatu District Council which will see the company open a new branch in Feilding.

Key performance targets

	2011	2011
	Target	Actual
Secure new long-term contracts in excess of \$2m per annum	New Contracts	Achieved
Establish greenhouse gas management programme	Achieved	Achieved
Provide a quality service as attested by maintaining accreditation to quality standards: ISO 9001 Quality Management	Maintained	Maintained

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	237,472	145,694
Operating and other expenses	221,224	139,840
Operating profit (loss) before tax	16,248	5,854
Tax expense (benefit)	4,954	1,808
Net profit (loss) for the year	11,294	4,046

Effect of the Canterbury Earthquakes

City Care did not suffer any significant damage to its physical assets as a result of the Canterbury earthquakes and its ability to deliver services in the future has not been compromised.

Nature and scope of activities

City Care Limited is in the business of management, construction and maintenance of New Zealand's infrastructure and amenity assets. The company operates throughout New Zealand in four key market segments – parks, underground services, roading and facilities management.

City Care Limited operates a profitable, sustainable and innovative business. It maintains a strong market presence in all areas of construction and maintenance of the infrastructure and amenity assets owned by the Council.

City Care ensures that there is capacity in the market to meet the Council's emergency obligations. It is therefore an important contractor to the Council.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company has an important role in the city as a quality contractor. Through the negotiation of an annual Statement of Intent, the Council establishes broad goals for this company without inhibiting proper commercial management.



Individual organisation descriptions

Lyttelton Port Company Ltd

www.lpc.co.nz

Lyttelton Port, the South Island's major deep-water port, is a hub of international trade.

This year over 900 ships visited the port, it handled approximately 9.6 million tonnes of cargo, and the container terminal provided specialised cargo handling and stevedores for in excess of 290,000 container (TEU) units. Lyttelton has the largest export coal facility in New Zealand, currently handling over 2 million tonnes of exports per year.

On the water, full marine services are provided, including tugs, pilots, and service staff.

The company's reported result, which includes earthquake effects of additional costs, insurance proceeds and revenues lost, was an after-tax profit of \$24.1 million.

LPC is listed on the New Zealand Stock Exchange.

Effect of the Canterbury Earthquakes

Wharves were structurally damaged and paved cargo-handling areas badly cracked in the September, February and June quakes. In February, two container cranes were jolted off their rails. At CityDepot, the company's inland port at Woolston, paving cracked and buildings were structurally damaged. However, after each major shock, LPC staff and technical contractors worked around the damage to ensure that essential supplies such as water, food and fuel got through to Christchurch and Canterbury, and that customer services were up and running as quickly as possible.

Key performance targets

Because it is a public listed company, LPC does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	138,134	87,701
Operating and other expenses	117,094	74,271
Operating profit (loss) before tax	21,040	13,430
Tax expense (benefit)	(3,071)	4,422
Net profit (loss) for the year	24,111	9,008



Individual organisation descriptions

Orion New Zealand Ltd

www.oriongroup.co.nz

Orion New Zealand Limited owns and operates the electricity distribution network in central Canterbury between the Waimakariri and Rakaia Rivers, and as far inland as Arthur's Pass. The electricity network covers 8,000 square kilometres of diverse geography, including Christchurch City, Banks Peninsula, farming communities and high country.

Orion's network delivers electricity to more than 192,000 homes and businesses. Electricity retailers pay Orion for this network delivery service and in turn charge homes and businesses for it.

The Canterbury earthquakes dominated Orion's year from an operational perspective, and also impacted on its result with some \$23 million of additional direct costs being incurred in relation to earthquake repairs and asset write-downs. While Orion incurred extensive damage in some areas, in general its network performed well due to forward planning and risk protection work.

Each of the 600 plus cable faults from the February earthquake took more than 2 hours to find and repair – a huge task for the cable crews who rallied from around the country and Australia. Almost all of this work was completed by April. Orion's subsidiary, Connetics Limited, did an outstanding job of coordinating and carrying out these repairs. Orion's response also included building a new substation in New Brighton, and building two temporary 66,000 volt overhead lines to maintain supply to North-East Christchurch for the three years it will take to design and build a permanent supply. At the height of the earthquake response Orion deployed 24 diesel generators to supply electricity to 10,000 customers city-wide.

During the rebuild of Christchurch, Orion intend to work constructively with relevant authorities to develop a thorough understanding of the investment necessary to support the rebuild of Christchurch and engage with regulators to develop positive and practical solutions to the challenges ahead.

Key performance targets

	2011	2011
	Target	Actual
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI)	<68	Not achieved
Overall network - Number of supply interruptions per year per connected customer (SAIFI)	<0.9	Not achieved

Financial summary

Statement of financial performance for the year ended 31 March 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	222,806	222,894
Operating and other expenses	177,935	156,551
Operating profit (loss) before tax	44,871	66,343
Tax expense (benefit)	16,511	19,548
Net profit (loss) for the year	28,360	46,795

Effect of the Canterbury earthquakes

Orion's cable network was damaged as a result of the series of Canterbury earthquakes, however 90 per cent of the damage has since been restored. Despite the damage most of the parts were able to be restored and be reused so that the amount of network that has been subsequently written off has not been material.

The consequences of the earthquakes for Orion will result over the next 5 years in:

- increased maintenance.
- increased capital expenditure.
- a loss of income from areas where power has not yet been restored and from general depopulation in the short term.

Despite the damage to Orion's network the value of the company, which is calculated on its future earnings potential, has not been harmed.

Subsidiary companies

- Connetics Limited

Associate companies

- 4RF Communications Limited

Nature and scope of activities

Orion plans, constructs and maintains a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region. The network's capacity is matched as closely as possible to actual and forecast market demand for electricity.

Policies and objectives relating to ownership and control

Orion is considered a regional strategic asset, which operates in a commercial manner and in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.



Individual organisation descriptions

Red Bus Ltd

www.redbus.co.nz

Red Bus Limited carried approximately 5.8 million passengers in Christchurch City in 2011 with a fleet of 167 buses, well down on last year's figures of 10.5 million passengers with a fleet of 200 buses.

Operating margins came under pressure as a result of business downsizing and restructuring when some service contracts ended in November. The curtailment of services following earthquakes and aftershocks has further impacted on business results.

Notwithstanding these challenging circumstances, the company has managed to expand the business since February. It was successful in gaining the opportunity to provide the Ministry of Education with emergency school transport to keep the Canterbury education system operating while schools and classrooms were being repaired after the earthquakes. Red Bus Limited also successfully acquired the Akaroa shuttle and established a new commercial service to Darfield.

Revenue for Red Bus has reduced from \$33 million in 2010 to \$23 million in 2011 due to a number of contracts ending and a drop in fare revenue following earthquake events. Despite this reduction in revenue, the company achieved a net tax paid profit of \$6.2 million, significantly up from the \$1.1 million recorded in 2010. This is largely due to the recognition of \$6.8 million of insurance proceeds following the Canterbury earthquakes.

Effect of the Canterbury earthquakes

The Canterbury earthquakes damaged the Red Bus workshop which will need to be demolished, however they have not impacted the company's ability to deliver services in the future.

Nature and scope of activities

Red Bus Limited provides scheduled urban public passenger transport services in Christchurch. The company also delivers a broad base of charter services and operates some commercial urban services.

Policies and objectives relating to ownership and control

The Council, through Christchurch City Holdings Limited, is the sole shareholder of this company. It has no plans to sell down or relinquish control of this company. The company has an important role in the city as a provider of quality bus services. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2011	2011
	Target	Actual
Percentage of service trips starting on time	≥ 97%	Not measured. The Canterbury bus network and infrastructure suffered extensive damage following the earthquakes. All bus routes and timings were affected and the measurement systems began to be reinstated in late June 2011.
Percentage of bus fleet with Euro 2 or higher emission compliant engines	85%	78% Surplus older buses retained for Ministry of Education Earthquake school relocation services.
Employees holding a NZQA qualification	≥ 55% of staff	70%

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	30,405	33,386
Operating and other expenses	24,174	32,003
Operating profit (loss) before tax	6,231	1,383
Tax expense (benefit)	16	264
Net profit (loss) for the year	6,215	1,119



Individual organisation descriptions

EcoCentral Limited (previously known as CCC Two Limited)

www.ecocentral.co.nz

EcoCentral Limited is a council-controlled trading organisation, 100 per cent owned by Christchurch City Holdings Limited (CCHL).

On 4 August 2009 EcoCentral, then named CCC Two Limited, purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). The Meta Group had operated the EcoDrop waste transfer stations, the EcoSort recycling facility, and the EcoShop. Following the acquisition EcoCentral assumed responsibility for these operations.

At the time of acquisition Meta's financial position posed a serious risk to the city's kerbside collection service. Following a period of restructuring and performance improvement, Council transferred ownership of the now profitable EcoCentral to the Council's investment arm CCHL in January 2011.

The Canterbury earthquakes provided EcoCentral with a massive increase in general refuse volumes. Despite the logistical challenges, the company succeeded in diverting 47 per cent of earthquake material to other uses, thus reducing the amount going to landfill. While the volume increase enhanced overall profitability, the quality of materials arriving at the EcoSort (recycling centre) was lower following the earthquakes which increased the cost of sorting the materials for recycling thereby lowering the company's profitability.

Effect of the Canterbury earthquakes

The earthquakes caused minor damage to EcoCentral owned and operated assets but only minor interruptions to the Company's operations. They have not compromised its ability to deliver services in 2012.

Key performance targets

	2011 Target	2011 Actual
Residual waste from the EcoSort recycling facility	<5% of total waste received	7.49%*
Amount of waste diverted from EcoDrops for other uses	>20%	34.53%

*Residual waste has increased due to glass carryover from new glass crushing and screening equipment installed in early 2010. Improvements will be made to the system in 2011 to bring the waste output back within the target range.

Financial summary

Statement of financial performance for the year ended 30 June 2011	Actual 2011 \$000	Actual 2010 \$000
Operating revenue	18,591	24,126
Operating and other expenses	17,601	24,001
Operating profit (deficit)	990	125
Tax expense (benefit)	164	865
Net profit (deficit) for the year	826	(740)

Nature and scope of Activities

EcoCentral Limited owns and operates:

- The EcoSort Facility at Parkhouse Road, which processes paper, glass, plastics and metals and sells the output product commercially to external parties from recyclable materials collected from the wider Canterbury region. Ownership of the facility passes back to Council in 2024.
- The EcoShop operation. This provides a reuse warehouse which runs in conjunction with the EcoDepots. All types of second-hand goods are collected from various sources, carefully sorted, priced and then sold to the Christchurch public from their location at 191 Blenheim Road.

EcoCentral Limited operates on behalf of Council:

- The Parkhouse, Metro & Styx EcoDrops (solid waste transfer stations). The operation uses appropriate mobile plant to enable efficient achievement of its operation.

Policies and objectives relating to ownership and control

Following purchase from the Council in January 2011, CCHL is now the sole shareholder of this company. The company has an important role in the city as a quality handler and processor of recycled material. Through the negotiation of an annual Statement of Intent, the Council, via its 100 per cent ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.



Individual organisation descriptions

Vbase Ltd

www.vbase.co.nz

Vbase Limited is 100 per cent owned by Christchurch City Council.

Subsidiary company

Jet Engine Facility Limited

Vbase's operating results were significantly impacted by the February earthquake with the Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, and AMI Stadium all significantly damaged. The Convention Centre is subject to a demolition order, and it is unknown when or if the other facilities will be able to resume operation. In addition to this, the company's cash flow had already been severely impacted by the poor attendance at AMI Stadium and by the legislative change which had the effect of disallowing building depreciation as a tax deduction. As a result, in June 2011 Council resolved to assume direct control and operation of the facilities, while leaving ownership of the facilities with Vbase.

Effect of the Canterbury earthquakes

As noted above, the February earthquake caused significant damage to Vbase assets. While the CBS Arena has not suffered significant earthquake damage and is operational, Vbase currently has no ability to provide services from its other facilities.

Nature and scope of activities

Vbase is a property holding and operating company for certain specialist properties or companies that the Council owns. Its responsibilities include:

- The CBS Canterbury Arena
- The Christchurch Town Hall for Performing Arts
- The Christchurch Convention Centre
- AMI Stadium
- Contractual management of the above facilities
- Jet Engine Facility Limited

Vbase may also undertake other property-related projects that have a commercial focus and/or a regional development impact (e.g. Jet Engine Facility Limited).

Policies and objectives relating to ownership and control up until June 2011

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2011 Target	2011 Actual
Secure events that will attract national and international visitors to Christchurch and generate positive economic impact	Annual visitor spending exceeds \$50 million	Annual visitor spend was \$34 million
Complete the AMI Stadium redevelopment on time and within Council funding approvals	Opening February 2010	This was achieved and the new stand opened in January 2010

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	83,854	34,726
Operating and other expenses	64,386	44,091
Operating profit (loss) before tax	19,468	(9,365)
Tax expense (benefit)	6,383	22,131
Net profit (loss) for the year	13,085	(31,496)

The 2011 results include a \$21.1 million loss on disposal of buildings and equipment due to the February 22nd earthquake. They also include insurance proceeds receivable of \$45 million in relation to the disposal of these assets.

The 2010 results include a one-off deferred tax adjustment which has increased the tax expense, therefore reducing net profit (loss) after tax for the year.

Individual organisation descriptions

Tuam Ltd

This company is a council-controlled trading organisation, 100 per cent owned by Christchurch City Council.

Effect of the Canterbury earthquakes

The major asset of Tuam Limited is the former Civic Building on Tuam Street. The building has suffered significant damage from the Canterbury earthquakes and at the time of writing no decision has been made about its future. Until such a decision is made Tuam Limited has no ability to deliver on its goal of achieving a commercial development on the Tuam Street site.

Nature and scope of activities

This company owns and manages the former Civic Building and related Tuam Street properties.

Policies and objectives relating to ownership and control
 Tuam Limited is seeking a commercial development on the Tuam Street site which fits with the Urban Development Strategy and Central City Plan goal for inner city intensification.

Through a Statement of Intent, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

	2011	2011
	Target	Actual
Financial targets contained within the Statement of Intent are met	Achieve	Partially achieved
The company meets all relevant legislative and contractual requirements	Achieve	Achieved

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	1,933	1,273
Operating and other expenses	2,223	2,680
Operating profit (loss) before tax	(290)	(1,407)
Tax expense (benefit)	242	(6)
Net profit (loss) for the year	(532)	(1,401)

Individual organisation descriptions

Civic Building Ltd

This company is a council-controlled trading organisation, 100 per cent owned by Christchurch City Council.

Effect of the Canterbury earthquakes

Civic Building Limited owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture with Ngai Tahu Property Limited that owns the new Civic Building in Hereford Street. The building was completed and occupied in August 2010 but subsequently suffered significant non-structural damage in the series of Canterbury earthquakes. The repairs, which will be funded by insurance, are estimated to cost \$11,000,000 and at year end the building was still under repair.

Nature and scope of activities

Civic Building Limited owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture with Ngai Tahu Property Limited that owns the new Civic Building (the old NZ Post building) in Hereford Street.

Policies and objectives relating to ownership and control
 Through a Statement of Intent, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

Key performance targets

	2011	2011
	Target	Actual
To ensure the group meets the financial targets contained within the Statement of Intent	Budgeted key performance indicators are met or exceeded	Achieved
To achieve key milestones in the timetable to design and build the new Civic Building	The joint venture will ensure the construction proceeds according to the timetable agreed with Council	Achieved
Post completion manage the investment in a commercially astute and prudent manner	Ensure a comprehensive management agreement is in place for management of the new Civic Building	Achieved
The Civic Building will be designed to achieve a high standard in terms of environmental and energy sustainability	Design of the Civic Building project features minimum Green Star 5 accreditation features	The Civic Building has received the maximum 6 stars in the New Zealand Building Council's Green Star rating system. It is the most sustainable New Zealand Building design to have been rated.

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	9,575	3,884
Operating and other expenses	11,894	5,508
Operating profit (loss) before tax	(2,319)	(1,624)
Tax expense (benefit)	36	6,426
Net profit (loss) for the year	(2,355)	(8,050)



Individual organisation descriptions

Transwaste Canterbury Ltd

Transwaste is a joint venture between local authorities in the region and Transpacific Industries Group (NZ) Limited, with Christchurch City Council owning 38.9 per cent.

Effect of the Canterbury earthquakes

Transwaste has not suffered any significant damage to physical assets as a result of the earthquakes and its ability to deliver services in 2012 has not been impaired.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Christchurch City Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Transwaste disposed of significantly increased levels of waste in the weeks following the earthquake events of September 2010 and February 2011, resulting in a higher than budgeted increase in operating revenue compared to 2010.

Key performance targets

	2011 Target	2011 Actual
Operate with no proven breaches of Resource Management Act consents	Nil proven consent breaches	Achieved
Access to landfill	Landfill is available to waste transporters for more than 99% of normal annual transport access hours	Achieved. No disruption of waste transport services

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	32,088	24,809
Operating and other expenses	21,733	20,197
Operating profit before tax	10,355	4,612
Tax expense	3,047	794
Net profit for the year	7,308	3,818



Individual organisation descriptions

Selwyn Plantation Board Ltd

This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (61.7 per cent) and Christchurch City Holdings Limited (39.3 per cent).

The net profit for the year was \$4.7 million, compared with a loss of \$2.6 million in the previous year. This result includes forest revaluation increase of \$1.3 million, gain on sale of carbon credits of \$1.2 million, net gain on sale of shares and assets of \$0.8 million and reversal of the previous year's impairment land conversion of \$0.2 million.

The forestry component of the business commenced the financial year in a challenging and volatile market environment, as domestic log demand remained weak. The export sector also entered a period of low returns for logs as offshore demand slowed. The export sector recovered in September and the high demand which prevailed for the remainder of the year was the most significant contributor to the year's result.

The start of the financial year bought with it a further reduction in farm operations, as other farm land sales now concentrated on the plains were progressively completed. Farm staff numbers were adjusted accordingly as the workload declined. Of significance in the divestment of the farm properties, was the successful marketing and sale of the large irrigated finishing property at Burnham in September. Other large farm areas in the Burnham area were leased in November pending sale, which enabled the cessation at that time of all farm operations.

Key performance targets

	2011 Target	2011 Actual
Harvesting (tonnes)	150,000	132,272
Thinning (hectares)	300	278

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	17,103	20,473
Operating and other expenses	11,251	21,672
Operating profit (loss) before tax	5,852	(1,199)
Tax expense (benefit)	1,171	1,394
Net profit (loss) for the year	4,681	(2,593)



Individual organisation descriptions

Riccarton Bush Trust

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains by European settlers.

Incorporated under a 1914 Act of Parliament, the Riccarton Bush Trust has powers to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Christchurch City Council appoints six of the nine members on the Trust Board.

Effect of the Canterbury Earthquakes

While Riccarton House was badly damaged in the February earthquake, planning is well underway for repairs and restoration to take place. The damage to Riccarton House has affected the operations of the Trust and associated revenue however the Trust is actively working to minimise these impacts.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Key performance targets

	2011 Target	2011 Actual
Proposed amendment to Riccarton Bush Act 1914 implemented.	Parliamentary approval and enactment of Amendment to Act completed with new legislation in place by 30 June 2011	Final draft of amendment sent for introduction to Parliament February 2011
Commence work on a Management Plan for Riccarton House & Bush, as required by the amendment to the Riccarton Bush Act	Initial consultation phase for Management Plan completed by 30 June 2011	Work delayed due to earthquake related change of priorities and delay in implementation of amendment to Riccarton Bush Act
Stage 2 of Integrated Development Project implemented	Bus Turn / park, upgraded driveway / parking lighting completed by 30 June 2011	Target projects delayed and replaced with future projects bought forward
Translocate species that were once part of the original Riccarton Bush fauna but are either no longer present in the bush or which will consolidate recent translocations.	Translocate more tree weta from a population at Orton Bradley Park	One further translocation carried out
Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	6 Juvenile Great Spotted Kiwi to be crèched in Riccarton Bush during the 2010/2011 Winter/Spring	5 Juvenile Great Spotted Kiwi crèched
Improve health and safety for visitors to Riccarton House and Bush	Better signage and separation of pedestrians, motor vehicles, cyclists	New signage installed

Financial summary

Statement of financial performance for the year ended June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	2,100	542
Operating and other expenses	1,539	411
Operating profit (loss) before tax	561	131
Tax expense (benefit)	-	-
Net profit (loss) for the year	561	131

Note: the above figures remain subject to audit



Individual organisation descriptions

Central Plains Water Trust

www.cpw.org.nz

The Central Plains Water Trust was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

It continues the work of the Central Plains Water Enhancement Steering Committee to develop proposals for a large scale community water enhancement scheme providing water for irrigation between the Rakaia and the Waimakariri Rivers.

Trustees of the Central Plains Water Trust were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Runanga O Ngai Tahu

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on Central Plains Water Trust or its ability to deliver services in the future.

Nature and scope of activities

To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the Trust, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

	2011 Target	2011 Actual
To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust	Provide assistance and monitor progress	The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011 Actual \$000	2010 Actual \$000
Operating revenue	43	47
Operating and other expenses	43	47
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Note: the above figures remain subject to audit.



Individual organisation descriptions

Canterbury Development Corporation

www.cdc.org.nz

Canterbury Development Corporation (CDC) was set up as a limited liability trust company by Christchurch City Council on 5 December 1983. In 2003 the CDC Trust was settled by Council as CDC Limited shareholder. This Charitable Trust has been found to be invalid by the High Court and options for the ongoing ownership structure were to be considered in the 2010/11 financial year but were deferred as a result of the earthquake.

CDC acts as the economic development agency for Christchurch City and its interaction with the wider Canterbury economy. Its main role is to stimulate economic growth through the development and stewardship of the Christchurch Economic Development Strategy (CEDS) and resulting significant interventions, particularly focused on export-ready companies, developing priority sectors and leading major regional projects.

Effect of the Canterbury Earthquakes

CDC has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on the Corporation or its ability to deliver services in the future.

Nature and scope of activities

The Christchurch and New Zealand economies need to perform significantly better to preserve and enhance our quality of life. As New Zealand's second largest city, Christchurch's prosperity is very important for New Zealand.

The earthquakes of the last year have required CDC to divert significant financial and staff resources into recovery actions, which will lay the foundations for the longer-term growth of the regional economy.

CDC and the Chamber of Commerce have formed a joint venture, Recover Canterbury, to provide advisory services and financial support to Canterbury business. This venture has been extensively supported by government agencies and funding. CDC has also seconded staff to the Canterbury Earthquake Recovery Authority, providing expert local knowledge and the baseline strategy for economic recovery and growth.

Collaboration with key players in the Christchurch economy is key to the successful delivery of CEDS. The earthquakes have provided some barriers to the delivery of CEDS during the year, but also many opportunities for the instigation of effective collaboration between the players, as each seeks to contribute to the recovery and rebuild effort. CDC is proud to have been instrumental in this collaboration. Among several successes, CDC's contribution of expertise to assist CCC in the delivery of the Central City Plan has been hugely satisfying.

Key performance targets

	2011	2011
	Target	Actual
Refresh of the Canterbury Regional Economic Development Strategy (CREDS) [Ready for launch September 2010. Now requires further revision post February 2011 earthquake]	100%	100%
Development of Christchurch/Canterbury economic model, capable of undertaking economic impact assessments	100%	100%
Provide extensive case management to high-growth-potential businesses in priority industry sectors (10 per sector)	100%	100%
80% of Enterprise Training programme delivered to support needs of high-growth-potential businesses	100%	80%

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	\$000	\$000
Operating revenue	4,478	5,271
Operating and other expenses	5,044	4,988
Operating profit (loss) before tax	(566)	283
Tax expense (benefit)	-	-
Net profit (loss) for the year	(566)	283

Note: the above figures remain subject to audit.

Individual organisation descriptions

Canterbury Economic Development Company Limited

Canterbury Economic Development Company Limited (CED Co Ltd) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to coordinate strategic economic development initiatives.

The Canterbury earthquakes have affected the delivery dates of all six CREDS projects funded by NZ Trade and Enterprise (NZTE). This is due to a number of factors including Environment Canterbury losing access to its building and some records, and Aoraki Development Business and Tourism being unable to hold Canterbury wide seminars. NZTE has been extremely accommodating and has granted contract variations. All projects will now be completed by the end of 2011.

Effect of the Canterbury Earthquakes

The Company has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CED Co Ltd or its ability to deliver services in the future.

Nature and scope of activities

CED Co Ltd will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury. Its objectives are to:

- Receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund.
- Act as the clearing house of correspondence between projects and the Ministry of Economic Development (MED) and NZTE.
- Provide feedback regarding project proposals.
- Communicate shifts and changes in MED/NZTE policy to the regional economic development role players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Drive the review of the CREDS.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

Key performance targets

	2011	2011
	Target	Actual
Regional Strategy Fund	Successful application for RSF funding	Achieved
Actively liaise with stakeholders	Evidence of active liaison with stakeholders	Achieved

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	258	97
Operating and other expenses	258	97
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Individual organisation descriptions

Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Christchurch City Council on 18 December 2008. The primary purpose of the Trust is to raise the community's awareness of the benefits of good horticultural, floricultural and landscape construction and design practices and encourage active participation in these practices across all cultures and age groups.

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities:

In order to pursue its Charitable Objects the Trust focuses on the following activities:

- Fostering, promoting and increasing the knowledge of the public as to horticulture, floriculture, landscape construction, landscape design and cuisine.
- Providing support for schools of learning and establishing scholarships and prizes in areas of horticulture, floriculture, landscape design and construction.
- Promoting gardening as a leisure activity across all cultures, genders and age groups in New Zealand.
- Promoting and maintaining the health and safety of the public or any section of the public.

Financial summary

Statement of financial performance for the year ended 31 March 2011	2011	2010
	Actual	Actual
	\$000	\$000
Operating revenue	144	136
Operating and other expenses	142	138
Operating profit (loss) before tax	2	(2)
Tax expense (benefit)	-	-
Net profit (loss) for the year	2	(2)



Individual organisation descriptions

Christchurch Agency for Energy Trust

The Christchurch Agency for Energy (CAFE) Trust is a Charitable Trust established by the Christchurch City Council on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities:

In order to pursue its Charitable objectives the Trust has committed to undertaking the following activities:

- By building on the range of initiatives included in the Sustainable Energy Strategy for Christchurch 2008-2018, published by the Christchurch City Council, the Trust is developing a work program and a structure to manage the delivery of initiatives including those brought in by other parties.

The initial focus is the delivery of Christchurch based projects and "localising" relevant Energy Efficiency and Conservation Authority (EECA) projects.

- Providing an educational role with a primary focus of raising awareness about energy efficiency and renewable energy options as a value proposition with initial focus on homeowners and architects/designers.
- Acting as a broker facilitating projects that deliver benefits to businesses and larger organisations (including schools, hospitals and the transport sector).
- Lobbying government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.
- Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.

Key performance targets

	2011 Target	2011 Actual
Work program	Three year work program developed	Developed and signed off by CAFE Board
Program Management office	Program Management office in place with clear organisational capability to deliver the work program	Processes in place to manage all projects
Community and business engagement strategy	Community and business engagement strategy developed	Developed
Agreement with EECA	Agreement reached with EECA regarding role of CAFE in "localising" national initiatives	Regular ongoing meetings with EECA to identify and manage projects of common interest occurring
Submissions or suggested changes to legislation and/or regulations	CAFE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch	Submissions made on Draft New Zealand Energy Strategy and the Draft New Zealand Energy Efficiency and Conservation Strategy
Report on new initiatives	Report on new initiatives identified during the year, for current or future action by CAFE	Two major new initiatives identified. (1) Development of a feasibility study for a District Energy System (2) Development of a Design Advisory Service for new buildings and major retrofits and rebuilds.

Financial summary

Statement of financial performance for the year ended 30 June 2011	2011
	Actual
	\$000
Operating revenue	1,052
Operating and other expenses	145
Operating profit (loss) before tax	907
Tax expense (benefit)	-
Net profit (loss) for the year	907

Individual organisation descriptions

The World Buskers' Festival Trust

www.worldbuskersfestival.com

The World Buskers' Festival Trust is a Charitable Trust established by the Christchurch City Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities:

The Trust is established for Charitable Objects that include the following:

- Holding an annual buskers' festival in Christchurch
- Fostering the growth of street theatre as a performing art in New Zealand
- Encouraging the participation of the wider community as audiences and performers in street theatre as a recreational activity
- Increasing the importance of street theatre as part of our cultural community
- Furthering the objects and activities of the Trust
- Generating capital and income to further the aims and objects of the Trust
- Working in conjunction with other groups, bodies and organisations having aims and objects in common with the Trust

Key performance targets

Although the Trust was created in July 2010, charitable status was not confirmed by the Charities Commission until December 2010. The Trust's Statement of Intent was not finalised in time to allow key performance targets to be set.

Financial summary

Statement of financial performance for the year ended 30 June 2011		2011
	Actual	
		\$000
Operating revenue		1,239
Operating and other expenses		1,238
Operating profit (loss) before tax		1
Tax expense (benefit)		-
Net profit (loss) for the year		1

Note: the above figures remain subject to audit.

Individual organisation descriptions

Rod Donald Banks Peninsula Trust

The Rod Donald Banks Peninsula Trust is a Charitable Trust and was created by the Christchurch City Council on 12 July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of Banks Peninsula and visitors to the region. The Trust's long term vision is to restore Banks Peninsula to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of Banks Peninsula.

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Key performance targets

		2011	2011
		Target	Actual
Inform the public and relevant interest groups of the existence and purpose of the RDBPT	A communications and advertising policy is developed		Meetings held with individuals and groups involved in conservation on the Peninsula
Develop relationships with existing interest groups on Banks Peninsula with similar aims, along with relevant government agencies and territorial authorities	A list of key interest groups is developed Meet with representatives of interest groups to discuss their projects and the manner in which RDBPT can work with them		We have employed a person part-time to visit an identified number of people / groups. A questionnaire is currently being completed with each of these people / groups.
Explore options for growing the trust fund	Investment policy developed Strategic relationships with bodies which have funds available for projects aligned with RDBPT objectives are developed		An investment policy has been developed in association with Christchurch City Council finance staff
Identify key projects the Trust is to be involved in over the 2010/11 to 2012/13 financial years	A list of projects and the assistance the RDBPT will provide over the short to medium term is established A distributions policy for distributions to projects is developed		When the questionnaire has been completed the projects which the Trust will focus on will be developed
Provide tangible support for the key projects identified above	Evidence of projects in progress or completed due to the support of RDBPT is available		Too early for this to be measurable

Financial summary

Statement of financial performance for the year ended 30 June 2011		2011
	Actual	
		\$000
Operating revenue		3,569
Operating and other expenses		4
Operating profit (loss) before tax		3,565
Tax expense (benefit)		-
Net profit (loss) for the year		3,565

Note: the above figures remain subject to audit.

Individual organisation descriptions

Canterbury Earthquake Heritage Building Fund

The Canterbury Earthquake Heritage Building Fund is a Charitable created by the New Zealand Historic Places Trust, Christchurch City Council, Waimakariri District Council and Selwyn District Council following the September 2010 Canterbury earthquake. The Fund was established to provide assistance to owners of qualifying heritage buildings located within the Canterbury region to repair earthquake damage.

Effect of the Canterbury Earthquakes

The Fund has no significant physical assets and was created in response to the Canterbury earthquakes. The earthquakes have therefore had no impact on its ability to deliver services in the future.

Nature and scope of activities:

Funding distributed by the Canterbury Earthquake Heritage Building Fund will be available for:

- Historic buildings listed in a District Plan or in NZ Historic Places Trust's register of historic places, historic areas, wahi tapu or wahi tapu areas;
- Buildings and groups of buildings that make a significant contribution to the historic identity and visual character of communities; and
- Marae buildings and other buildings of significance to Maori.

Grants made by the Fund will be targeted at the gap between insurance cover and the actual cost of repairs and associated conservation, structural upgrading and Building Code compliance works. Grants may be up to a maximum of 50 per cent of the total cost of the works, depending on the significance of the building and/or the group of buildings of which it is a part.

Financial summary

Statement of financial performance for the year ended 30 June 2011		2011
		Actual
		\$000
Operating revenue		1,364
Operating and other expenses		-
Operating profit (loss) before tax		1,364
Tax expense (benefit)		-
Net profit (loss) for the year		1,364

Note: the above figures remain subject to audit.

Orion staff work in Christchurch's Port Hills.

Monitoring

Annual Report 2011
Christchurch Ōtautahi

This section contains information about the Council's capital endowment fund and includes members' interest register for subsidiary companies.



The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and civic and community projects. Its objectives and policies are detailed on page 230 in Volume 1 of the Council's LTCCP 2009-19.

The investment objectives of the fund were met during 2010/11. The risk of capital loss was minimised by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives outlined in Council's Investment Policy.

Capital endowment fund – funding allocations	2011	2010
	Actual \$000	Actual \$000
Total available income from fund	2,668	2,108
Economic development 70%	1,868	1,476
Brought forward from previous year	432	1,175
Available to allocate	2,300	2,651
Less allocated:		
Economic development projects	(850)	(500)
Iconic events	(899)	(844)
One off events	(81)	(375)
Marketing initiatives	(500)	(500)
Balance available for economic development projects	(30)	432
Civic and community 30%	800	632
Brought forward from previous year	1,788	1,646
Available to allocate	2,588	2,278
Less allocated:		
Events & festivals	(10)	(490)
Balance available for civic and community projects	2,578	1,788
Total cash carried forward	2,548	2,220

Fund capital	2011	2010
	Actual \$000	Actual \$000
Fund capital at 1 July		
Core fund	90,855	87,624
Fluctuation reserve	3,500	3,500
Unallocated income	2,220	2,821
Total fund balance at 1 July	96,575	93,945
During the year:		
Total income received by the fund	5,499	5,339
Less distributed	(2,340)	(2,709)
Less transferred to capital for inflation provision	(2,831)	(3,231)
Balance to unallocated income	328	(601)
Fund capital at 30 June		
Core fund	93,686	90,855
Fluctuation reserve	3,500	3,500
Unallocated income	2,548	2,220
Total fund balance at 30 June	99,734	96,575

Subsidiary and associate companies

Listed below are the trading enterprises which the Council has an interest in, together with the directors of the trading enterprises, for the period ended 30 June 2011.



Christchurch City Holdings Limited (100% owned)

Sarah Astor	Timothy Carter (Cr) ¹
Barry Corbett (Cr)	William Dwyer
Bruce Irvine	Robert Parker (Mayor)
Andrew Pearce	Robert Shearing (Cr) ²
Susan Wells (Cr)	



Christchurch City Networks Limited (100% owned)

William Dwyer	Robert Lineham
William Luff	Craig Richardson
Anthony Romano ³	



Christchurch International Airport Limited (75% owned)

Philip Carter	Catherine Drayton
George Gould	Ann Harper ⁴
W. Hanlin Johnstone ⁵	David MacKenzie
Fredrick Murray ⁶	Christopher Paulsen ⁷



City Care Limited (100% owned)

W. Derek Crombie	Margaret Devlin
Anthony King	Hugh Martyn
Trevor Thornton	



Lyttelton Port Company Limited (79.2% owned)

Trevor Burt	Roderick Carr
Lindsay Crossen ⁸	Rodger Fisher
Alan Grant	William Luff ⁹
Barnaby Sundstrum ¹⁰	Brian Wood ¹¹



Orion New Zealand Limited (89.3% owned)

Michael Andrews	Craig Boyce
John Dobson	George Gould
Gail Jewell ¹²	Geoffrey Vazey



Red Bus Limited (100% owned)

Ross McRobie	Tony Mountford
Peter Rae	Christine Williams (Cr) ¹³
Timothy Keenan	



Vbase Limited (100% owned)

Ngairé Button (Cr) ¹⁴	David Cox (Cr) ¹⁵
Gregory Campbell	W. Gill Cox
Christopher Doig	Dominique Dowding
James Gough ¹	Arthur (Jim) Keegan
Anthony Marryatt ¹⁴	Simon Mortlock
Robert Parker (Mayor) ¹⁴	Thomas Treacy

Tuam Limited (100% owned)

Paul Anderson	Anthony Marryatt
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Civic Building Limited (100% owned)

David Cox (Cr) ¹⁵	Gregory Campbell ¹⁶
W. Gill Cox	Christopher Doig
Dominique Dowding	James Gough ¹
Arthur (Jim) Keegan	Simon Mortlock
Thomas Treacy	



EcoCentral Limited (previously CCC Two Limited) (100% owned)

Paul Anderson	Sarah Astor ¹⁷
Gregory Campbell ¹⁸	William Dwyer ¹⁷
Anthony Marryatt ¹⁹	



Transwaste Canterbury Limited (38.9% owned)

Robert Brine	Sally Buck (Cr)
Judith Burgess	Gerry Clemens
W. Gill Cox	Gareth James ²⁰
Thomas Nickels	Robert McKenzie



Selwyn Plantation Board Limited (39.3% owned)

Allan Berge	Jens Christensen ²¹
Raymond Polson	Sarah Astor
John Morten	

¹ Appointed 16 December 2010

² Resigned 15 December 2010

³ Resigned 1 April 2011

⁴ Resigned 11 October 2010

⁵ Resigned 30 April 2011

⁶ Appointed 20 June 2011

⁷ Appointed 11 October 2010

⁸ Appointed 28 October 2010

⁹ Resigned 31 May 2011

¹⁰ Resigned 28 October 2010

¹¹ Appointed 1 June 2011

¹² Previously known as Gail Sherriff

¹³ Resigned 15 February 2011

¹⁴ Appointed 10 June 2011

¹⁵ Resigned 1 December 2010

¹⁶ Resigned 24 August 2010

¹⁷ Appointed 1 January 2011

¹⁸ Appointed 26 May 2011

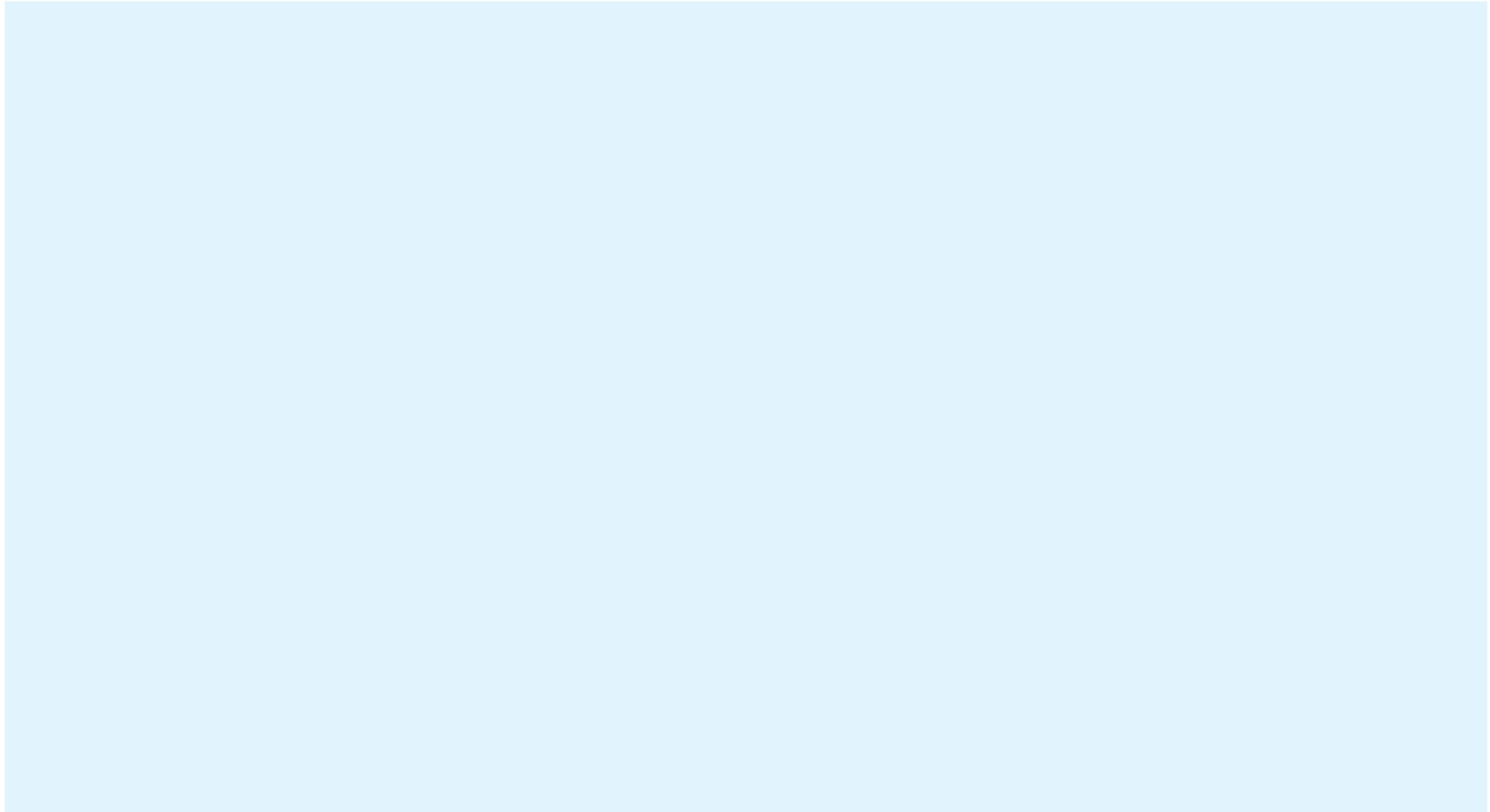
¹⁹ Resigned 26 May 2011

²⁰ Appointed 12 July 2010

²¹ Resigned 30 September 2010

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