

ANNUAL REPORT

2014

CHRISTCHURCH ŌTAUTAHI

Christchurch City Council

Annual Report 2014

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.

Introduction

Welcome to the Christchurch City Council's Annual Report 2014. The introduction to this report describes the city we live in and outlines the Council's continued response to the 2010-2011 Canterbury earthquakes and its vision for the future. It includes a message from Christchurch Mayor Lianne Dalziel and Council Chief Executive Karleen Edwards, reflecting on the Council's achievements over the past year.

Introduction

What is the Annual Report?

The Annual Report for the financial year July 2013 to June 2014 sets out what the Christchurch City Council (Council) did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how the Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they want for their city as part of our three year planning process. It also shows how Council continues to respond to the rebuild of our city.

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

In a normal year the Council would expect to receive an 'unqualified' audit report from Audit New Zealand and the Auditor-General. This would mean, amongst other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However, for the 2014 Annual Report as was the case in 2013, 2012 and 2011 there are a number of earthquake related issues that prevent the Council from complying fully with accounting standards.

The audit was qualified for four reasons all in relation to the carrying value of assets. The Council is unable to determine the carrying value of land, buildings, the roading network, the sewerage system and the

stormwater system, which have not been revalued since the earthquakes.

While the water supply system was revalued in 2014, Council have been unable to determine what part of the increase in value relates to prior years.

The Council has been unable to appropriately categorise its capital work in progress balance to identify completed assets and repair elements.

Lastly the carrying value of insurance receivables recognised in the financial statements is uncertain as the Council continues to negotiate with its insurers.

Consequently the Council has not complied with accounting standards. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on the Council's financial management or its ability to fund the rebuild of its infrastructure. It simply reflects the fundamental uncertainties around the value of assets as a result of the earthquakes.

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

Introduction

Message from the Mayor and Chief Executive

We came into office as a new Council four months into the 2013/14 financial year. Our immediate priorities were to sharpen the organisation's focus on the \$40 billion rebuild of our city, to strengthen our relationships with key city partners and the community and to address the organisation's many and complex financial challenges.

In common with many Canterbury businesses and households, the rebuild and recovery following the 2010/11 earthquakes continued to have a major impact on the Council's financial position. Our ability to plan with confidence for the future is hampered by continued uncertainty about our insurance recoveries and escalating earthquake related costs.

As explained further in the Annual Report (page 6) these uncertainties contributed to a qualified audit report from Audit New Zealand and the Auditor-General.

Another setback last year was the loss of our building consents accreditation.

We have tackled these challenges head on. One of our first tasks as an incoming Council was to appoint a new Chief Executive, Dr Karleen Edwards, whose focus has been on driving down the Council's operational costs, improving the quality and efficiency of our processes and improving our organisational culture. After a major investment of resources and expertise, we hope to be accredited again as a building consent authority.

We have opened the Council books as promised. The KordaMentha and Cameron Partners reports commissioned during the year helped us to better understand the financial challenges we face. These reports told us we needed to revisit our spending priorities as a city and to ask searching questions about everything we do. Both reports reinforced that there was no single measure that would resolve our financial situation – we needed to consider every aspect of our income and expenditure.

But they also told us that we have a healthy balance sheet which at 30 June 2014 showed the Council had total assets of \$9.1 billion and net assets of \$7.9 billion.

We have time on our side to consider our financial options because our projected debt does not reach a critical level until 2017.

Many of the decisions we need to make relate to the work programme we share with the Crown, and our mutual contractual obligations under the June 2013 Cost Share Agreement.

We will continue to work collaboratively with them on the rebuild of key city assets (the anchor projects), the repair of the horizontal infrastructure (pipes and roads), and future use of the Residential Red Zone, the area of land in the east that links the city to the sea.

Despite the financial constraints we are experiencing, we have made a strong commitment to the rebuild of our city, the strengthening of our communities and the restoration of their facilities.

The go-ahead was given for the new Halswell Library, Pool and Community Centre facility. A new Aranui community facility was able to attract philanthropic funding so the full cost of replacing the now demolished Aranui-Wainoni Family Centre will not be met by rates.

The Botanic Garden's Glasshouses and the Linwood Community Arts Centre were re-opened this year and work also started on designing and planning for new community centres including Bishopdale, Sumner and Heathcote.

In keeping with the 'Share an Idea' tradition of seeking community views, the Council's New Central Library project attracted 2,400 comments and suggestions from the public which helped the architects develop the concept designs. This was invaluable input and ensures the project has community support.

A lot of the work that has been done cannot be seen because it is underground. The rebuild of Christchurch's earthquake-damaged horizontal infrastructure is now at the halfway mark. SCIRT - the financial partnership between the Council, the Canterbury Earthquake Recovery Authority and the New Zealand Transport Agency - has so far laid 48 kilometres of fresh water pipe, 306 kilometres of wastewater pipe and 355,433 square metres of new roads.

Although much of this remains 'a work in progress', enough has been achieved to feel confident that as an organisation we are back on track.



Lianne Dalziel
Mayor of Christchurch



Karleen Edwards
Chief Executive

The Council's total expenditure during the year was \$680.3 million.

While the Council had an accounting surplus of \$205.1 million in the 2013/14 year, this surplus is due to non-cash accounting items. The Council will still face a shortfall of up to \$900 million if we do not make some explicit choices about what we do and how we pay for it in the 2015 – 25 Long Term Plan.

The Council's total comprehensive income was \$810.9 million in 2013/14, again, due to non-cash items. The Council group (including the CCHL group and other subsidiaries) had a surplus for the year of \$517.9 million with total comprehensive income of \$1,162.5 million.

Introduction

Statement of compliance

Compliance

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

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

Because of the reasons set out in note 23 to the financial statements (pages 209 to 217) and discussed in the introductory note to the Financial Statements, *Impact of the rebuild* (pages 169 to 171), it has not been possible to comply with:

- **NZ IAS 36 (PBE) – Impairment of Assets**
Assets with earthquake damage have been written off when it is certain that they have been destroyed. A further \$42 million of impairment of infrastructure assets has been recognised in 2014 together with a further impairment of \$105 million for facilities. Further information about this matter is set out in note 23 to the financial statements.

- **NZ IAS 16 (PBE) – Property, Plant and Equipment**
Assets due for valuation in 2014 were land and buildings along with stormwater, water ways and wetlands infrastructure assets. These assets were not revalued in 2014 and therefore their carrying value represents their 2008 fair value less depreciation. Valuations were undertaken of water supply and marine structures assets at 30 June 2014. Other than these two classes and public art assets, which were revalued in 2012 the other asset classes have not been revalued since 30 June 2010. Evidence suggests that all other asset categories should have been revalued in 2014. This did not occur. Further information about the reasons for this are set out in note 23 to the financial statements.



Lianne Dalziel – Mayor

23 October 2014



Karleen Edwards – Chief Executive

23 October 2014

Introduction

Christchurch at a glance

Christchurch, New Zealand's second largest city, is getting a \$40 billion plus rebuild after a series of major earthquakes in 2010 and 2011. Located on the east coast of the South Island, it is bounded to the east by the Pacific Ocean and to the west by the vast, fertile Canterbury Plains that spread to the foot of the Southern Alps.

The rebuild of Christchurch is gathering momentum as the Government, the Council and private sector spend \$40 million a week repairing infrastructure and rebuilding key facilities. This intensive activity has created a huge demand for skilled workers as engineering and construction have overtaken manufacturing as the city's largest industries.

The surge in building means one in eight workers, or 32,500 people, are now in construction, which is still growing strongly as a sector. More than 15,000 businesses have registered in the city since the first major earthquake in September 2010, and many are actively seeking staff to help the rebuild. Christchurch now has one of the lowest unemployment rates in New Zealand at 4.7 per cent, with house prices averaging \$381,000 in 2013.

Although the earthquakes did extensive damage around Christchurch and nearby towns, the region's main

economic activities were largely unaffected and are continuing to grow. Traditional products such as dairy, meat, sheep and grain remain major earners, with Canterbury now having the largest average dairy herd size (771 cows) in the country. With a 24/7 international airport and two seaports at Lyttelton and Timaru, the city is well served with links to overseas markets for products and visitors.

International visitors avoided Christchurch after the earthquakes but the tourism sector has started its recovery. There has been an especially strong growth in visitors from China, South Korea, Singapore, Taiwan and Hong Kong bringing the annual arrival figures to just under 400,000 people.

Snapshot of the City

Median house price – \$381,000

Weekly spend on city rebuild – \$40,000,000

Hagley Park area – 165 hectares

Population – 341,469 (2013 census)

Climate – mild, with four seasons

Regional exports through sea ports – \$7,349,083,000 (2013-14)

Highlights

The Council provides the services needed to keep the city running, including supplying water, removing wastewater and collecting rubbish. It also carries out large infrastructure, building and community projects to build an even better city for the future. Outlined below are some of the highlights of the past year, along with our earthquake response, recovery and rebuild activities.

Highlights

Our achievements

The Council kept its focus on recovering and rebuilding from the earthquakes while maintaining essential services for the residents. Highlights of our year's achievements were:

Water supply

We renewed most water mains and repaired much of the earthquake damage to the reservoirs. We are repairing the remaining leaks on public assets and working with owners to repair leaks on private property.

Work on the Akaroa Water Treatment Plant has advanced to the point that it should be open by early 2015, replacing three plants and improving water quality and supply to Akaroa and Takamatua townships, and we also opened a reticulated water supply in Charteris Bay.

Parks and open spaces

We celebrated 150 years of the Christchurch Botanic Gardens with commemorative plantings and opened a new visitor centre, glasshouse and staff complex in the Botanic Gardens. We continued to repair and open more of the Port Hills track network, including the previously closed section of Summit Road and tracks between Rapaki and Bridal Path.

Art gallery and museums

Repairs on Christchurch Art Gallery continued, with a scheduled opening date of December 2015. Staff staged 30 short-term exhibitions in several external locations, including the Art Box Gallery in St Asaph Street, which hosted a family exhibition *Burster Flipper Wobbler Dripper Spinner Stacker Shaker Maker* and a series of education workshops. Akaroa Museum reopened part of its building and received a grant from the Ministry for Culture and Heritage for repairs to the rest of the building in 2014/15.

Libraries

We launched the New Central Library anchor project in March with the *Your Library Your Voice* campaign which received 2,400 comments. The design team appointed for the new library is a collaboration between New Zealand firm Architectus and Danish designers, schmidt hammer lassen. Earthquake recovery and rebuild work continued with the Central Library Tuam closing, the

Central Library Manchester opening, a temporary library set up in Bishopdale Mall and Linwood Library at Eastgate extending to Sunday opening.

Facilities rebuild

We continued working on the design of the new Halswell Library, Pool and Community facility in preparation for building which has started in July 2014. The pool will be alongside a 3,050 square metre building housing the library, café, meeting spaces for up to 300 people, changing rooms and a customer service desk.

The design of the new Aranui Community Centre is finished. The new centre will cost about \$5.9 million and will include activity, meeting and office space. We have also been designing and planning new community centres in Bishopdale, Sumner and Heathcote.

The \$3.5 million upgrade of the Washington Skate Park was officially opened in April. The park caters for many styles and skill levels and is one of the largest in New Zealand.

We opened 12 new social housing units at Maurice Carter Courts in Dundee Place, repaired 38 closed units and 174 tenanted units.

Transport

We continued to encourage residents to walk, cycle, bus and carpool as part of our plan to expand travel options for residents. We adopted the 'Let's carpool' scheme and with 20 businesses/institutions joining, we are now extending it to the general public using the northern corridor.

As cycle safety is a major issue, we ran an education programme on cycle safety skills and motorist awareness of cyclists. We ran two other key campaigns, 'Don't block the intersection' and 'Merge like a zip' to lessen traffic congestion and heighten safety around road works.

Recreation and leisure

We worked on the Waltham Lido, Norman Kirk Memorial and Scarborough paddling pools so they will be ready for the 2014/15 summer. The Hagley Oval embankment is also being prepared for the Cricket World Cup event in February 2015.

Our highly successful KiwiSport learn to swim programme subsidised more than 100,000 school swim lessons in 2013/14 and we won the national Quality Swim School of the Year award for our swim education programme. We also hosted the New Zealand Women's Golf Open Championship and the New Zealand Cycling Road Championships, both of which were a great success.

The Summertimes programme and the World Buskers Festival again kicked off the 2014 year with hundreds of thousands attending events.

Roads and footpaths

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and the Council continued repairing and renewing roads with a full return to pre-earthquake standards not expected for some years.

Refuse minimisation and disposal

The Organics Processing Plant at Metro Place has been rebuilt and is back to full capacity and we set up the Burwood Resource Recovery Park, which took 117,728 tonnes of construction and demolition waste over the year.

Stormwater and flood protection

Our main focus has been on asset repairs and planning for the rebuild of damaged assets through SCIRT and our operations team.

Major investigations are underway for the Avon, Styx and Heathcote Rivers and their tributaries, including the Dudley Creek catchment which is a priority. We are also monitoring and maintaining the temporary stop-banks to provide adequate protection for tidal events.

The Mayoral Flood Taskforce triggered many early flood defence measures, including temporary pump options (Patrick Street pump station), skid mount pump deployment plans and stream widening and removal of bottle-necks.

Sewerage collection, treatment and disposal

SCIRT replaced about 40 per cent of the sewer network. New pressure and vacuum sewer systems were installed in parts of the city. We opened a new pump station on Pages Road and Beach Road and built a pump station along Wigram Road to cope with growth in Wigram and the city's south west.

We have also worked with Canterbury University and other organisations to increase resilience in our wastewater collection and treatment systems.

City planning and development

We continued our review of the District Plans for the city and Banks Peninsula and are combining them into one Plan.

The Council adopted the Land Use Recovery Plan (LURP) which was approved by the Minister for Canterbury Earthquake Recovery (Minister CER). It covers city living, medium density housing 'exemplars', public transport and coordinating infrastructure to support development.

We addressed the Port Hills land instability, flooding and other natural environment matters related to earthquake recovery.

Work continued on the nine suburban centre master plans that support recovery in centres badly affected by the earthquakes. The Sumner, Ferry Rd and Edgware Master Plans are finished and plans for Main Road and New Brighton are almost completed. In some places, building has started on the Master Plan, for example, in Albion Square in Lyttelton.

The Council has invested in a major cycleway programme and continued work on the transport chapter of the Christchurch Central Recovery Plan, 'Accessible City'.

Education programmes

Over 11,000 school students used our 'Learning Through Action' educational programmes about valuing water ways, beaches, parks, heritage gardens and reserves. Students also found out about our infrastructure such as the wastewater treatment and recycling plants.

Democracy and governance

We invited residents to submit their thoughts about policies and bylaws including the Local Alcohol Policy, the proposed restructuring of our Social Housing portfolio, Alcohol Bans in Public Places and Psychoactive Products Retail Locations Policy.

International relations

The Mayor hosted a successful commemoration of the third anniversary of the 2011 earthquake, which included a family service at Avonhead Park Cemetery and a public service in the Botanic Gardens.

We also hosted the 2014 visit by Their Royal Highnesses the Duke and Duchess of Cambridge, and welcomed 1,760 new New Zealand citizens to Christchurch in 23 Citizenship Ceremonies.

Regulatory services

During the year we granted 9,400 building consents with a total value of building works of \$2.5 billion, up 89 per cent on the previous year. Of that, 7,500 were residential consents at a value of \$1.4 billion, up 126 per cent from 2012/13.

We also granted 2,738 resource consents and 163 temporary accommodation authorisations. Applications were up 30 per cent on the previous financial year due to the rebuild.

Your Council

Your Council

How the Council works

Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Every three years the Council holds elections for the people who will act and speak for our community. The last full election was on 12 October 2013.

Council

The Mayor and 13 Councillors govern the city and ensure the needs of its residents are met. They make decisions for Christchurch's future, plan the way forward and are accountable for delivering what the community has identified as necessary to provide good quality local infrastructure, local public services and to perform regulatory functions.

The main direction of the Council is outlined in the Three Year Plan. With each review of this Plan, the elected members agree on 'Community Outcomes' which they achieve by setting policy. The outcomes of the current Three Year Plan are:

- Liveable city
- Strong communities
- Healthy environment
- Prosperous economy
- Good governance

There is more information on Community Outcomes in our *Community Outcomes* section of this report.

Community Boards

At a local level, eight Community Boards represent and advocate 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 comprising five Community Board Members.

The Council organisation

The Council employs the Chief Executive, who is the only staff member reporting directly to elected members. The Chief Executive employs all 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 two focus areas – rebuild and recovery and day to day operations. Within each area there are a number of groups:

Day to day operations

- Chief Operating Officer
- Office of the Chief Executive
- Corporate Services

Rebuild and recovery operations

- Chief Financial Officer
- Chief Planning Officer Strategy and Planning Group
- Council Facilities and Infrastructure Rebuild
- Building Control and City Rebuild

Each group has units that provide specific services to the community and organisation.

The Council is responsible for a large range and variety of services and activities. For example, it collects rubbish, recycling and green waste, builds and maintains roads and the water supply network, and runs the Botanic Gardens, Christchurch Art Gallery, city libraries and many festivals and events.

These activities are grouped into 14 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*.

Your Council

Community Outcomes

What are Community Outcomes?

The Community Outcomes describe what the Council aims to achieve to promote the social, economic, environmental and cultural interests of the district, in the present and in the future. They focus on those areas that the Council has the ability to, and can afford to, influence and describe what the city aspires to be. Everything that the Council does in its day to day work is focussed on achieving these outcomes.

The Community Outcomes have been sourced from and align with Council's key planning documents including the Greater Christchurch Urban Development Strategy and the Christchurch Central Recovery Plan. Other key Council strategies such as the Public Open Spaces Strategy, Biodiversity Strategy and Social Housing Strategy, have also been instrumental in defining the set of outcomes. These strategies have been developed as a result of consultation with the community and so reflect the aspirations and goals of the wider community.

The Community Outcomes are important as they set the direction for Long Term Plans (LTPs) and the Three Year Plan. All activities that the Council plans to undertake as part of the Three Year Plan contribute towards achieving these outcomes.

The Community Outcomes

The Community Outcomes have been organised around four strategic directions – liveable city, strong communities, healthy environment and a prosperous economy. A fifth group – good governance – describes those outcomes that are important for the way that the Council operates as an organisation to do the best for the community. Within each of these five groups, the outcomes have also been organised into 18 high-level outcome areas.

Many of the Community Outcomes have also been significantly influenced by the earthquakes of 2010 and 2011. In some cases new outcomes have had to be developed to deal with the new environment. In other cases, the earthquakes have affected the progress the Council was previously making on achieving the outcomes. The impact of the earthquakes can also mean a greater emphasis by the Council on certain activities over others than would have been the case pre-earthquakes. This impact is reflected in either a change

of capital expenditure or the Council undertaking different activities than it was pre-earthquake to meet the outcome goal.

The outcomes that have been identified as being particularly affected by the earthquakes are annotated with a .

The 2013-16 Community Outcomes are as follows:

1. Liveable City

Christchurch has a strong central city

- The central city is a vibrant and prosperous business centre 
- More people, including families, live in the central city 
- The central city has a distinctive character and identity 
- The central city is used by a wide range of people and for an increasing range of activities 

An attractive and well-designed urban environment

- Urban areas are well-designed and meet the needs of the community
- Streetscapes, public open spaces and public buildings enhance the look and function of the city

The transport system meets the needs of the community

- There is a range of travel options that meet the needs of the community 
- The transport system provides people with access to economic, social and cultural activities 
- An increased proportion of journeys is made by active travel and public transport

Development is focussed on well-defined urban areas

- New urban areas are integrated with the existing urban land uses and towns 
- Suburban centres provide the focus for services, employment and social interaction 
- Household location and increased housing density is in line with urban development strategy targets

Christchurch has a range and choice of housing

- Christchurch has good quality housing 
- Christchurch has a range of housing types 
- There are affordable housing options in Christchurch 
- There is sufficient housing to accommodate residents 

A safe and reliable water supply

- The Council's water supplies meet the public's reasonable needs 
- Christchurch has clean, safe drinking water

2. Strong Communities

Christchurch's culture and heritage are valued

- The city's identity is enhanced by its buildings and public spaces 
- The city's heritage and taonga are conserved for future generations 
- The garden city image and garden heritage of the district are enhanced
- Sites and places of significance to tangata whenua are protected
- Cultural and ethnic diversity is valued and celebrated
- Arts and culture thrive in Christchurch

People have a sense of connection to and participate in their community

- People have strong social networks 
- Services are available locally within the urban areas 
- People have the information and skills to enable them to participate in society
- People are actively involved in their communities and local issues

People participate in a wide range of recreational activities

- People have equitable access to parks, open spaces, recreation facilities and libraries 
- There is increasing participation in recreation and sporting activities
- The public has access to places of scenic, natural, heritage, culture and educational interest

Communities are safe

- Risks from natural hazards, including earthquakes, flooding, tsunami and rock fall, are minimised 
- People are safe from crime
- Injuries and risks to public health are minimised
- Transport safety is improved

3. Healthy Environment

Christchurch's unique landscapes and indigenous biodiversity are protected and enhanced

- Existing ecosystems and indigenous biodiversity are protected
- A range of indigenous habitats and species is enhanced

- Landscapes and natural features are protected and enhanced

Water quality and quantity are protected and restored

- Water quality in rivers, streams, lakes and wetlands is improved 
- Ground water is safeguarded from the effects of land use 
- Stream and river flows are maintained

The community values natural resources and uses them sustainably

- Earthquake demolition waste is safely disposed of with minimal adverse effects 
- There is a reduction in waste
- Water is used efficiently and sustainably
- Energy is used more efficiently
- Christchurch is prepared for the future challenges and opportunities of climate change
- A greater proportion of energy used in the city is from renewable sources

4. Prosperous Economy

Christchurch is a good place to do business

- Christchurch's infrastructure supports sustainable economic growth 
- Christchurch is recognised as a great place to work, live, visit, invest and do business 
- There is adequate and appropriate land for residential, commercial, industrial and agricultural uses 
- The Council is responsive to the demands of the rebuild 
- Christchurch has a highly skilled workforce

Christchurch has a strong, economic base

- There is a critical mass of innovative key business sectors
- Christchurch has globally competing businesses driving exports and generating wealth

5. Good Governance

Clear vision, strategic direction and leadership

- The Council provides leadership on issues affecting the community 
- The Council has effective relationships with central government and other key partners 
- The opportunities given by the earthquakes to rethink the shape of the city are fully taken 
- The special position of Ngāi Tahu is recognised

The public understands and has confidence in decision making

- The Council's goals and activities are clearly communicated to the community 
- Decisions are transparent and informed by timely, accurate and robust information and advice
- Decisions take account of community views
- Māori have opportunities and the capacity to contribute to decision-making processes

Effective stewardship of Council resources

- City assets, financial resources and infrastructure are well-managed, now and in the future
- Statutory obligations are met by the Council

How do we achieve these outcomes?

As mentioned above, everything that the Council does must be focussed on meeting these outcomes. We do this through aligning our strategies with the activities that we, as an organisation, undertake. All capital and operating expenditure that the Council undertakes is directed towards a level of service that moves the community towards these outcomes now, or at some future point.

These activities, levels of service, the capital and operating expenditure required to undertake these activities, and the links to the outcomes are all set out in the Three Year Plan.

Who do we work with to achieve our outcomes?

While the community outcomes are those that the Council aims to influence, the Council works with a wide range of community groups and other agencies so that it can achieve these outcomes. By promoting partnerships and working alongside other local and regional organisations, central government, non-government organisations, Māori and the private sector, we are more likely to achieve lasting results in the community.

Liveable City

A good build environment improves the lives of Christchurch residents by ensuring the right mix of houses, buildings and urban spaces. Following the earthquakes, Christchurch has a unique opportunity to rebuild its urban form in a way that enhances our lives. In planning for future development, the Council needs to work very closely with neighbouring councils and Environment Canterbury (ECan), as well as with central government agencies such as CERA, the Ministry of Transport, the NZTA and the Ministry of Business, Innovation and Employment (MBIE).

Professional bodies, such as the NZ Planning Institute and the NZ Institute of Architects, sector organisations such as the NZ Historic Places Trust, and educational and research institutes are important partners in planning good urban design.

Working with private developers and the wider community – who plan and build much of the city's urban environment – is also crucial to successful development.

Strong Communities

Making Christchurch a safe place to live, participation in a wide range of recreational activities and having a sense of connection to the community are important elements of what makes up a strong community. The Council helps build strong communities by working with central government agencies such as CERA, the Ministry of Social Development, the Department of Internal Affairs, the Ministry of Health, the Canterbury District Health Board, the New Zealand Police, Creative New Zealand and Sport and Recreation New Zealand. The Council also works alongside a range of community groups. Working closely with these government and non-government agencies means our programmes will be complementary and effective.

Healthy Environment

The Christchurch district has landscapes and indigenous biodiversity that are unique and important to the area and Council works with a range of groups to protect the environment. Research centres such as the National Institute of Water and Atmospheric Research (NIWA), Landcare Research and Canterbury and Lincoln universities provide technical information; conservation and recreation groups organise projects to protect and restore the environment; and a Māori perspective helps the Council to understand and give consideration to cultural matters.

Prosperous Economy

A prosperous economy is integral to achieving our goals for the city. Much of the Council's economic development work is led for the Council by Canterbury Development Corporation (CDC) and Christchurch and Canterbury Tourism (CCT). Through CCHL, the Council is a major shareholder in a number of key infrastructure companies including the Lyttelton Port Company Limited (LPC), Christchurch International Airport Limited (CIAL) and Orion New Zealand Limited (Orion).

Other organisations that the Council works with include the Crown Research Institutes, New Zealand Trade and Enterprise (NZTE), the Foundation for Research, Science and Technology and the Ministries of Business, Innovation and Employment, Foreign Affairs and Trade and Social Development.

The Council also works with local business groups to ensure that Christchurch has a strong economic base and that it is a good place to do business.

Good governance

The Council also has a set of internally-focussed outcomes that it aims to achieve. Amongst other things, these outcomes ensure that all statutory obligations are being met, that the Council provides leadership on key issues for the district, that decisions are transparent and that all decisions take account of community views. The

Council has key strategies, which themselves have been informed by community views, as well as a range of robust policies and processes to guide it in its decision making.

How do we know if we are achieving our community outcomes?

Our outcomes must be measurable. To do this we have set up a range of monitoring processes using a wide range of indicators. The Council will use these monitors to measure progress towards these outcomes. We will be publishing these monitoring outputs on an on-going basis through the Council's website. You can view the latest monitoring information online at:

www.ccc.govt.nz

Your Council
The elected Council



Back Row (from left):

Councillor Yani Johanson, Councillor Tim Scandrett, Councillor Raf Manji BA Econ (Manchester), Grad Dip Arts (polSci) Dist (Canterbury), MIntLaw & PolS, First Class Hons (Canterbury), **Deputy Mayor Vicki Buck** MA (Hons), **Councillor Paul Lonsdale, Councillor Ali Jones, Councillor David East** BSc.

Front Row (from left):

Councillor Andrew Turner, Councillor Pauline Cotter Trained Teachers Certificate NZED, **Councillor Phil Clearwater** MA (Hons), **Mayor Lianne Dalziel, Councillor Jamie Gough** CMInstD., **Councillor Glenn Livingstone** BA, BTh, **Councillor Jimmy Chen** MCom, BSc.

Your Council
Chief Executive and Executive Leadership Team



Back Row (from left):

Peter Gudsell Chief Financial Officer, **Mike Theelen** Chief Planning Officer, **Peter Sparrow** Director Building Control and City Rebuild.

Front Row (from left):

Brendan Anstiss Director Corporate Services, **Jane Parfitt** Chief Operating Officer, **Karleen Edwards** Chief Executive Officer, **David Adamson** Director Council Facilities and Infrastructure, **Mary Richardson** Director Office of the Chief Executive.

Your Council

Community Board Members

Community Board members representing Akaroa-Wairewa Ward

Pam Richardson (Chairperson) – MNZM JP

Lyndon Graham (Deputy Chairperson) – JP

Bryan Morgan

Maria Bartlett – Grad Dip Arts (polSci) Distinction (Canterbury)

Janis Haley

Councillor

Andrew Turner

Community Board members representing Burwood-Pegasus Ward

Andrea Cummings (Chairperson) – BSc, Dip Min

Tim Baker (Deputy Chairperson)

Tim Sintes

Linda Stewart – JP, Dip NVP

Stan Tawa

Councillors

Glenn Livingstone – BA, BTh

David East – BSc

Community Board members representing Fendalton-Waimairi Ward

Val Carter (Chairperson)

David Cartwright (Deputy Chairperson)

Sally Buck – MEd (Dist), Dip Tchg, Dip TESOL

Faimeh, Lady Burke – MA

Bridget Williams

Councillors

Jamie Gough – CMIInstD.

Raf Manji – BA Econ (Manchester), Grad Dip Arts (polSci) Dist (Canterbury), MIntLaw & Pols, First Class Hons (Canterbury)

Community Board members representing Hagley-Ferrymead Ward

Sara Templeton (Chairperson) – JP

Joe Davies (Deputy Chairperson)

Alexandra Davids

Brenda Lowe-Johnson – JP

Islay McLeod

Councillors

Yani Johanson

Paul Lonsdale

Community Board members representing Lyttelton-Mt Herbert Ward

Paula Smith (Chairperson)
Jane Broughton (Deputy Chairperson)
Ann Jolliffe
Adrian Te Patu
Christine Wilson – JP

Councillor

Andrew Turner

Community Board members representing Riccarton-Wigram Ward

Mike Mora (Chairperson)
Helen Broughton (Deputy Chairperson) – MA (Hons), Dip Ed (Counselling), Dip Tchg
Natalie Bryden
Peter Laloli
Debbie Mora – Dip Acc, Dip HRMngmt

Councillors

Vicki Buck – MA (Hons)
Jimmy Chen – MCom, BSc

Community Board members representing Shirley-Papanui Ward

Mike Davidson (Chairperson) – ANZIIF (Snr Assoc.), CIP
Gemma Maslin (Deputy Chairperson) – Resigned effective 2 June 2014
Aaron Keown
Emma Norrish – BA, LLB
Barbara Watson – BAM
Jo Byrne (elected 29 August 2014) – BSLT, PGDipHealSc

Councillors

Pauline Cotter – Trained Teachers Certificate NZED
Ali Jones

Community Board members representing Spreydon-Heathcote Ward

Rev Paul McMahon (Chairperson) – BA (Hons), MTh
Karolin Potter (Deputy Chairperson) – JP
Dr Helene Mautner – PhD
Melanie Coker – BSc (Hons), PhD
Rik Tindall – BA (Hons), Cert BusComp

Councillors

Phil Clearwater – MA (Hons)
Tim Scandrett

Your Council

Governance and management

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

The Council's elected members and staff work within a range of systems and processes that help ensure they comply with New Zealand laws and follow good business practice. These checks and balances help the community to interact with the Council, and assure the public that the Council is acting in their best interests. The checks and balances 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 priorities and policies, and review progress. The Mayor and Councillors employ the Chief Executive and delegate to her the management and delivery of Council services. The Chief Executive and her staff are then responsible for implementing the policies and strategies set by the Council.

Training elected representatives

After every election, Council staff and others, such as Local Government New Zealand, assist in the training of the incoming elected members. Training is ongoing and will include meeting procedures, conflicts of interest, and an overview of the boundaries that local authorities operate within.

Listening to the community

On many occasions the Council is required to listen to the community and consider the views of residents and ratepayers when making decisions. They do this by holding formal public consultation periods on city projects that include public hearings, and will receive petitions and deputations at Council, Committee and Community Board meetings. They are also increasingly receiving public opinion via the internet, through programs such as 'Have Your Say' and 'Bang the Table', which actively solicit public views on many matters.

Legislative compliance

The Council uses in-house lawyers and hires consultants to help ensure it complies with the wide range of laws and regulations governing local authority activities.

Accountability

The law requires Council activities to be clear and transparent. The Council does this by holding open meetings, live-streaming full Council meetings on the web and posting meeting agendas and reports on its website for public and media scrutiny. It also distributes printed copies of these documents through its network of service centres and libraries.

The Council complies with the Local Government Official Information and Meetings Act 1987, which provides for Council information to be made available on request unless there is good reason to withhold it. The Council also informs residents of Council decisions and projects through its website, newspaper features, radio interviews, public notices, e-newsletters, at public meetings and by informing the media.

Audit

The law requires the Council to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council must report on how well it achieved non-financial objectives, set three-yearly as part of the LTP process. The Auditor-General contracts Audit New Zealand to audit these financial and non-financial statements on her behalf.

Internal audit

The Council's internal audit monitors its internal controls and the quality and reliability of the information reported to the Council. PricewaterhouseCoopers oversees this activity with the help of internal audit staff.

Risk management

The Council has an Audit and Risk Management Committee, comprising Council representatives and external members, experienced in financial and risk management.

Monitoring Council Controlled Trading Organisations

The Council has financial and governance interests in other organisations. Christchurch City Holdings Limited is, for example, a wholly-owned subsidiary of the Council. It groups trading activities under one umbrella and keeps the Council at arms length from the activities of Council Controlled Trading Organisations (CCTOs), which operate as profit-making enterprises.

The CCTOs include:

- Orion
- CIAL
- City Care Limited (City Care)
- LPC
- Red Bus Limited (Red Bus)
- Enable Services Limited (ESL)
- EcoCentral Limited (EcoCentral).

Each CCTO is required to produce a Statement of Intent that it develops in consultation with the Council. This sets out the objectives, the nature and scope of its activities, its performance targets and how its performance will be measured. CCTOs are required to report to their shareholder semi annually and annually.

For more detail go to: *Group Structure and Council Controlled Organisations*.

Your Council

Māori involvement in decision making

The Council maintains a strong working relationship with local Māori.

In February 2013 the six Rūnanga representing the hapu who hold mana whenua rights across the Christchurch area published the 2013 Mahaanui Iwi Management Plan.

The Iwi Management Plan (the Plan) is a policy framework for the protection and enhancement of Ngāi Tahu values. It is endorsed by the Iwi authority, Te Rūnanga o Ngāi Tahu and applies to the Council's policy and planning processes under the Resource Management Act 1991, as well as its obligations under the Local Government Act 2002.

The Plan is a significant step in the relationship between the Council and Iwi. It describes the areas where Iwi believe Council practices need to improve, and outlines ways forward. The Council remains committed to improving its relationship with the six Rūnanga and welcomed the Plan as a valuable contribution to the evolving process of understanding and protecting Māori

culture and values, as acknowledged in the Tiriti o Waitangi.

In 2007, before the Plan was published, the Council signed an agreement with Mahaanui Kurataiao Limited (MKT), a company that represents the six Rūnanga. The two parties then signed a memorandum of understanding (MOU) that set out how the Rūnanga could take part in Council decision-making on resource management and in forming policy statements and plans. Through the MOU, the Council also contracted MKT to provide services to build the Council's capacity and knowledge of protocol, translation and relationship building.

In November 2008, the Council signed a management MOU with Ngā Maata Waka, who represent the non Ngāi Tahu Māori in the Council's district. As a result, the Council and Ngā Maata Waka have agreed on ways to maintain regular contact and communication.

Your Council

Our activities at a glance

The Council organises its work into activities and services, which are summarised below.

City planning and development

We develop strategies, policies and plans that guide development across the city and Banks Peninsula, and that set out how we intend to work in the future.

The Christchurch City District Plan, which includes Banks Peninsula, sets out policies and rules for land use and subdivision. It helps the Council to carry out strategies such as the Greater Christchurch Urban Development Strategy.

As we are committed to protecting our city's heritage, we work with developers, landowners and others to conserve heritage areas, buildings and other items.

Community support

We co-ordinate local civil defence and emergency management, and train Emergency Operations Centre (EOC) staff and community volunteers. We also promote awareness of the likely effect of a disaster and encourage all members of the community to be prepared.

We distribute grants to community groups and not-for-profit organisations for projects and initiatives that benefit local communities, communities of interest and the wider city.

We own various facilities, community centres, halls and cottages which community groups can hire for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

We also run an early learning centre at Pioneer Sports and Recreation Centre, where we educate and care for children up to six years. We support 13 other community-run facilities.

We supply affordable rental houses that are not ratepayer funded, for local people on low incomes, the elderly and people with disabilities.

To help build and promote strong communities, our specialist experts partner local communities, resident associations, voluntary organisations, iwi and other stakeholders. We support communities such as

youth/children, people with disabilities, elderly, multi-cultural groups, voluntary and not-for-profit sector and public arts/culture.

The Safer Christchurch team works to prevent injury and crime, including graffiti vandalism. We aim to make Christchurch the safest city in New Zealand and to keep our accreditation as an International Safe Community.

We have 10 walk-in customer service points from Papanui to Akaroa, including the Civic Offices. Two are open on Saturday mornings. To temporarily replace the Sockburn Service Centre, we have enhanced the Civic Video agency with an EFTPOS service and a phone hotline into the Council call centre.

Cultural and learning services

We operate the art gallery and support museums to collect and present the artistic and historical heritage of our region. When open, Christchurch Art Gallery caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. We also fund part of the Canterbury Museum.

City libraries provide recreational and learning material, offer life-long learning and literacy, and give the public community spaces.

Our education team runs programmes to support our community's sustainable, safe and appropriate use of the city's parks and reserves, waterways, facilities, roads, and spaces.

Democracy and governance

We support and advise the Mayor, Councillors and Community Board members so they can make good decisions on behalf of Christchurch residents. We also make the decision-making process clear to residents, and ensure that we meet all legal and policy requirements.

Economic development

Christchurch is the main business hub for Canterbury and the South Island. We work in three areas:

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

We inform residents about the city and promote it as an attractive place to work, live, visit and do business. We also promote events, attractions and facilities, encouraging residents to take part.

We build the city's international relationships, and promote more skilled migrants, international students and tourists coming to Christchurch. We aim to enhance economic development and international investment in the city, and to strengthen people-to-people links with cities around the world. We organise important commemorations such as 22 February and ANZAC Day, run regular citizenship ceremonies, annual civic awards and special events for our Antarctic Gateway status.

Parks and open spaces

We maintain neighbourhood parks for residents to relax and enjoy informal and spontaneous outdoor recreation and leisure. We also provide and maintain specialised sports grounds for organised sports and other recreational activities.

We have specialist and heritage gardens for the community and visitors to enjoy and study botanical diversity, and we conserve and research plant life.

The city has extensive naturalised parks and reserves on the coast, hills and plains for all to enjoy, and which help protect the natural landscape and biodiversity values. We provide and maintain cemeteries and administer burials and plot purchases.

We manage piers, wharves, moorings and boat ramps along the coast and within harbours for recreational and commercial use.

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

Recreation and leisure

Recreation and sport centres, swimming pools and stadia allow 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.

We produce a year-round programme of free and affordable events, support a range of festivals that enhance the city's lifestyle qualities and hold major events that attract visitors and support key industries.

Refuse minimisation and disposal

Our goal is 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.

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 collect.

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.

We encourage businesses to limit the amount of waste they produce. We help them by offering programmes and services, such as the Target Sustainability project, which reduce waste and make businesses more energy and water efficient.

Regulatory services

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, the City Plan and bylaws. They also respond to complaints about noise. Educating the public about the rules is a key part of the inspections and enforcement team's work.

The processing and issuing of building consents is basic for the ongoing development and rebuilding of the city. Post-earthquake Christchurch is more complex than before, with many hazards that we must take into account, such as flooding, rockfall and other land instabilities.

We advise the public using web pages, duty phones and pre-application meetings. With the focus on the work of Rebuild Central, we hold regular forums with industry professionals and representative groups with the aim of getting better quality and consistency of applications.

When a development or building falls outside the rules in the City Plan or Banks Peninsula District Plan, the project must get a resource consent. We process consents to ensure the city gets the outcomes described in the Plans, and while doing so, we must meet the timeframes outlined in the law.

The Building Policy team maintains and administers our Earthquake Prone, Dangerous and Insanitary Buildings Policy, Building Consent Authority (BCA) registration and accreditation and other regulatory matters. This includes Weathertight Homes Resolution Services (WHRS) claims, and along with the Crown, we contribute towards remediation. We share advice about buildings with CERA to maintain earthquake-prone building records and property information about commercial buildings.

We supply customers with property information to help them with building or property development. We do this through general public advice, project specific advice in pre-application meetings, and in response to requests for Land Information Memorandums (LIMs) and property file information.

Stormwater and flood protection and control works

We provide and maintain the stormwater drainage system to an agreed level for surface water management. The system uses streams, rivers, utility waterways, basins, pumps, structures, pipes and screens.

We maintain the natural waterways and their structures and systems, such as stop banks and flood-gates, so that they protect vulnerable areas from flooding.

Roads and footpaths

We plan, build and maintain our road network, provide drainage and landscaping, operating street lighting and run traffic safety programmes.

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

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

We maintain the bus infrastructure that the city's bus companies use for public passenger transport. This includes the central bus exchange, bus stops (including suburban hubs and super stops), seats, shelters, bus priority systems and Passenger Real-Time Information Systems.

Sewerage collection, treatment and disposal

We enable the continuous collection and transport of wastewater from properties to treatment plants at Bromley and some smaller plants in Banks Peninsula.

Our wastewater is treated at the plants then pumped through outfalls into the sea and, at some small plants, to land. An accredited laboratory tests the results from the treatment plants to ensure that discharged treated effluent meets health and environmental standards.

Water supply

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 maintain the quality of our drinking water.

Corporate activities

Our organisation has services such as human resources, finance and information technology, which support other Council departments. We charge the cost of these services to the activity receiving them.

Those Council-wide costs and income which do not belong with any particular activity are included in the Corporate Activities section.

Your Council

Annual survey of residents

The Council began surveying residents in 1991 to gauge customer satisfaction and residents' perceptions of city issues.

In 2008, the Council changed to two surveys – one measuring general satisfaction and one assessing experiences where people received a particular service. The latter measures how satisfied the public is with Council run services such as gardens, parks, service centres, cemeteries, libraries, public transport and social housing.

Overall satisfaction with the Council's performance fell from 70 per cent in 2012/13 to 64 per cent this year, according to the General Resident Satisfaction Survey Results for 2013/2014.

At 91 per cent, a high proportion of residents feel the city is safe during the day. Other areas they are generally satisfied with are the kerbside waste, organic and recycling collections, although the scores for all three have dipped slightly from last year.

Residents are more satisfied than last year with the opportunities they have to access information about Council decisions. In November 2013 the Council started live-streaming full Council meetings on the web.

There has also been a big jump in resident awareness of the need for water conservation, at 79 per cent up from 50 per cent last year.

Other areas that show a rise in satisfaction are in the quality of footpaths, up from 35 per cent to 43 per cent this year, and the appearance and quality of city malls, up 10 percentage points to 70 per cent.

There have been smaller rises in satisfaction about whether the Council makes decisions in the best interests of Christchurch, and in the feeling that the public has, some or a large influence, on the decisions that Council makes. There is also a slight increase in residents feeling satisfied with information on events, activities and attractions around the city.

The public feels Christchurch is becoming slightly more walking friendly as well.

However there are some areas of Council performance that continue to decline. For example the proportion of residents that perceive Christchurch as cycle-friendly fell

from 43 per cent two years ago to 38 per cent last year, to 26 per cent this year.

Residents are increasingly dissatisfied with the condition of roads. From 45 per cent satisfaction last year, the proportion of those happy with roads has fallen to 27 per cent. They are also unhappier with the ease of using on-street parking meters, and much less likely to feel wastewater collection is provided in a safe, convenient and efficient way. Further, just over half of residents feel the city is safe at night-time, at 52 per cent.

Results of the 'Point of Contact' survey show that in general, the public is very satisfied with the city's community facilities. And there is almost universal satisfaction with the Council's walk-in service centres, which showed a rising trend to 99 per cent this year. Residents are also very satisfied with the customer call-in centre.

The libraries continue to please the public, which scored satisfaction levels at 96 per cent for libraries and 98 per cent for library programmes and events.

Council's transport and greenspace education programmes also scored highly, with teachers 100 per cent happy with the Cycle Safe programme, and 99 per cent satisfied with the greenspace education programme and the water and waste education programmes.

The city's parks and sport parks retain high approval, along with a generally high satisfaction with the range, content and delivery of recreation and sport programmes, events and campaigns.

In addition, most tenants in the Council's housing are satisfied with the condition of their unit.

The Council's efforts to revitalise the Central City spaces with events has found favour with citizens, who rated this with 96 per cent satisfaction.

The public found the Council's advice on building consents very helpful, rating it with 96 per cent satisfaction, although they marked down the consent process at 47 per cent.

On the whole, residents found the resource and subdivision consent processes quite acceptable, and rated Council advice on both processes very highly at 94 per cent.

Businesses taking part in Target Sustainability were without exception happy with the advice and support Council gave them during the year in their efforts to minimise commercial and industrial waste.

However the Council's external communications still struggle to gain approval from residents for their timeliness, relevance, accuracy and cost effectiveness.

Council activities and services

The work of the Council is divided into 14 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.

A number of non-financial performance targets, notably those around damaged infrastructure and facilities, were altered during the Three Year Plan from pre-earthquake levels or new levels of service were set to take into account the level of damage, impact of the earthquakes or reflect the post earthquake environment.

Changes to levels of service

The Council made changes to the levels of service set in the Three Year Plan for 2013/14 during the year. These changes were to 27 measures in total.

Twenty-three measures were amended in the building policy, building consenting and inspections and land and property information services activities to assist with processes necessary to regain building control accreditation and to eliminate measures where performance was reflected in other measures.

The opportunity was also taken to make changes to one level of service in each of the Rural Fire Management, Events and Festivals, Christchurch Economic Development Leadership and Coordination, and City and Community Long Term Policy and Planning activities.

These changes were considered to not be significant to the level of service being provided.

Performance against the new measures is reported in this Annual Report.

Standard groups of activities

The Local Government Act 2002 Schedule 10, specifies the minimum groups of activities which the Council must report against. The schedule requires stormwater drainage and flood protection and control works to be two separate groups of activity. The Council, in preparing its Three Year Plan, has combined the two activities on the basis that Flood Protection and Control Works was at that stage an activity with a relatively minor level of funding.

Comparability with prior year performance targets

Normally the Council would include prior year trend comparatives for its levels of service. Since the earthquakes levels of service have been altered, some on an annual basis, to reflect the current environment or have been suspended. Levels of service were suspended or amended in 2012 and 2013 mainly across the network services (roading, water supply, sewerage and stormwater) as meaningful results were not possible at that time. The levels of service suspended were not included in the Annual Plan for those years.

The year to 30 June 2014 is the first year of the Three Year Plan. The Three Year Plan process allowed the Council to set appropriate measures by amending historic or creating new targets. The Three Year Plan targets take into account the level of damage, impact of the earthquakes or reflect the post earthquake environment of the city.

Due to a lack of comparability with historic performance for a number of the measures, a trend comparison to prior year levels of service performance has not been provided. Where post earthquake comparative trend information is available this has been included. Given the impact of the earthquakes on performance measures, it is not appropriate to provide comparatives prior to 2012.

In the tables where the prior years column is blank or does not have a result for 2013 or 2012 it means that the target was not a performance target for that year or there was no trend line performance result for the year.

With the Three Year Plan setting measures for 2014, 2015 and 2016, the Council will be able to provide comparative trend information for all levels of service in its 2015 Annual Report.

Council activities and services

Summary financial chart

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

Cost of services for the year to 30 June 2014

	2014				2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
City planning and development	23,754	1,517	22,237	24,735	20,844
Community support	52,459	33,106	19,353	21,686	24,506
Cultural and learning services	56,609	3,986	52,623	39,383	42,738
Democracy and governance	13,677	404	13,273	13,197	12,518
Economic development	9,522	166	9,356	9,822	9,500
Parks and open spaces	52,149	10,725	41,424	37,626	40,702
Recreation and leisure	36,019	19,901	16,118	12,949	17,531
Refuse minimisation and disposal	40,317	12,640	27,677	32,373	30,777
Regulatory services	60,386	38,593	21,793	10,184	10,245
Roads and footpaths	102,537	81,783	20,754	(48,945)	37,183
Wastewater collection and treatment	117,781	180,507	(62,726)	(187,537)	(37,102)
Water supply	32,116	23,950	8,166	19,200	17,570
Stormwater, flood protection and control works	23,048	10,927	12,121	(15,363)	5,253
Corporate activities	59,973	458,794	(398,821)	(360,082)	(458,794)
Total cost of service delivery	680,347	876,999	(196,652)	(390,772)	(226,529)

Net cost of service variance explanations are provided for each activity in their individual *What did it cost?* sections.

Depreciation and amortisation by group of activity

	Parent	
	2014	2013
	Actual \$000	Actual \$000
City planning and development	417	583
Community support	6,201	6,605
Cultural and learning services	7,913	8,267
Democracy and governance	-	-
Economic development	86	132
Parks, open spaces and waterways	8,027	7,695
Recreation and leisure	2,741	3,078
Refuse minimisation and disposal	2,199	2,001
Regulatory services	12	12
Stormwater and flood protection and control works	4,649	4,594
Roads and footpaths	38,256	39,098
Sewerage collection, treatment and disposal	18,778	18,551
Water supply	10,679	10,368
Corporate activities	13,623	13,638
	113,581	114,622
Impairment of property, plant and equipment	42,220	56,710
Total depreciation, amortisation and impairment	155,801	171,332

The table below reconciles the Council's cost of services outlined in this section of the Annual Report with the total revenue and expenses per the financial statements.

	30 Jun 14	Parent 30 Jun 13
	Actual	Actual
	\$000	\$000
Council activities and services revenue, excluding Corporate activities *	418,205	404,425
Rates revenue, excluding targeted water supply rates	305,288	277,076
Other revenue (primarily interest, dividends and development and financial contributions)	153,506	220,171
Total revenue	876,999	901,672
Council activities and services expenditure, excluding Corporate activities *	620,374	637,067
Other expenditure	59,973	38,075
Total expenditure	680,347	675,142

* Includes \$288 million of earthquake related subsidies and recoveries (2013: \$373 million) and \$71 million of earthquake related expenditure (2013: \$98 million).

Capital summary for the year to 30 June 2014

	2014		2013
	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000
City planning and development	585	493	1,105
Community support	3,885	10,347	2,399
Cultural and learning services	30,166	40,014	9,734
Democracy and governance	-	-	-
Economic development	174	179	164
Stormwater, flood protection and control works	18,458	76,430	10,458
Parks and open spaces	25,766	29,283	15,546
Recreation and leisure	4,633	25,475	3,778
Refuse minimisation and disposal	2,542	4,567	5,334
Regulatory services	42	309	9
Roads and footpaths	101,928	259,829	75,279
Wastewater collection and treatment	279,903	392,087	279,825
Water supply	34,934	29,771	23,072
Corporate activities	168,157	63,221	204,054
Gross capital cost	671,173	932,005	630,757

Capital expenditure variance explanations are provided for each activity in their individual *What did it cost?* sections.

Council activities and services

City planning and development

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

City planning and development involves the preparation of strategies, plans and policies that guide the future development of Christchurch. It includes the planning and co-ordination of work with respect to post earthquake recovery of the Central City, recovery of suburban centres, the regulation of land use through the District Plan (which includes changes to the Banks Peninsula Plan and the City Plan), the protection of our City's heritage, and initiatives to use energy more efficiently. Planning and development is also guided by the Resource Management Act, the Local Government Act, the Land Transport Management Act, and the Canterbury Earthquake Recovery Act.

Why is the Council involved in city planning and development?

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

The Canterbury Earthquake Recovery Act 2011 provides direction on the recovery strategy and recovery plans, and requires that the Council develops a recovery plan for the Central City (the Central City Plan). The LURP provides direction for residential and business land use development to support recovery and rebuilding across metropolitan greater Christchurch in the next 10–15 years. It covers the urban area of Christchurch (except the central city area covered by the Christchurch Central Recovery Plan). The Minister CER recently issued a direction for the preparation of a Recovery Plan for Lyttelton Port. This will address the Port's recovery and the social, economic, cultural and environmental well-being of surrounding communities.

The Council's performance impacts on the economic and social well-being of the community through ensuring that LTPs are developed and put in place to shape the form and function of the City in years to come, and that the

City's key environmental resources and assets, including heritage sites, are protected.

How does it affect me?

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

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

What activities are involved in city planning and development?

City and community long-term policy and planning

The Council develops strategies, policies and plans which set out how the Council intends to work in the 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 planning

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

Heritage protection

A city's heritage buildings and places help to sustain a sense of community identity, provide links to the past and help 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.

What did we achieve?

A stormwater discharge consent has been granted by ECan based on the Stormwater Management Plan for the Styx catchment. Work has begun on the Stormwater Management Plan for the Avon. In association with CERA, work has been undertaken to address Port Hills land instability issues, flooding and other natural environment matters associated with earthquake recovery.

A broad range of work on regulatory policies and bylaws was undertaken. A draft Local Alcohol Policy was prepared and a draft Psychoactive Substances Retail Location Policy was approved by Council for community consultation late in 2014. The establishment of a Development Forum with representation from the Council and development agencies was approved by Council to facilitate engagement between the development community in Christchurch and the Council on matters relating to development in the city. The reviewed International Relations Policy was adopted by the Council.

An initial monitoring report and policy analysis of the Council's progress towards achieving its Community Outcomes was completed: the Community Outcomes describe what the Council aims to achieve to promote the social, economic, environmental and cultural interests of the district. Data on a range of social, economic and environmental issues was collected to support evidence based policy and planning decision making. Research advice and support, including survey design and analysis was provided to a broad range of submission and consultation projects.

The District Planning activity began the review of its two District Plans on 1 July 2013. Amongst many other drivers and principles, the review will deliver one District Plan for the City and Banks Peninsula and it will be an electronic plan. Eight priority chapters including Strategic Directions, Residential (part), Industrial, Commercial (part), Natural Hazards, Transport, Contaminated Land and Subdivision and Development (part) have been completed in draft form. These chapters will be provided to the Minister CER, CERA and Ministry for the Environment for their comments and ultimately the chapters will be formally notified. Changes have been made to the Operative City Plan landfill rules in relation to land repair for land that has increased vulnerability to liquefaction (under s27 CER Act). The Special Purpose Airport Zone plan change has been notified and the Ruapuna plan change has continued into mediation on

appeals. Work has also continued on the Special Purpose Ferrymead Zone.

The LURP was endorsed by Council and approved by the Minister CER. It includes a focus on the need to promote intensification and city living, medium density housing 'exemplars', public transport matters and the coordination of infrastructure to support development. An area of particular focus relates to medium density housing. Council has developed criteria and a process for exemplar medium density housing (LURP Action 8), identifying a range of possible incentives for medium density housing (LURP Action 7) and worked with the private sector via workshops, seminars and the consenting process to promote this housing type.

During 2013/14 in the Central City a series of temporary streetscape projects and events to support recovery in the Central City were implemented. To support this, funding was provided to Life in Vacant Spaces, Gap Filler and Greening the Rubble to activate vacant building lots and to the creative sector to fund art-based projects. Council staff also provided advice to the Christchurch Central Development Unit (CCDU) and internally on anchor and other recovery projects in the Central City and citywide.

Work has been undertaken on a series of suburban centre master plans aimed at supporting recovery in centres badly affected by the earthquakes. Master plans have been completed for Sumner, Ferry Road, Edgeware and are nearing completion for Main Road and New Brighton. Implementation of masterplans has progressed, notably a new civic square in Lyttelton. For those centres where master plans will not be developed a case management approach has assisted property owners by arranging architectural and urban design advice on their building proposals, and helping owners to navigate through the Council's resource and building consent processes.

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

The Christchurch Transport Strategic Plan (approved in 2012) has influenced Council's decision to invest in the major cycleway programme. There has been ongoing work on the delivery of 'An Accessible City', the transport chapter of the Christchurch Central Recovery Plan. This involves delivery of the first phase transport projects, the parking plan and the public realm network plan. Council has been working with ECan on the development of the

Canterbury Regional Land Transport Plan and Regional Public Transport Plan. Staff have continued to provide strategic transport input into a wide range of projects, including the District Plan Review, the Roads of National Significance, northern access options and proposed public transport options etc.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
City and Community Long Term Policy and Planning Central City Policy and Planning.	Deliver on Council components of Central City Plan.	Deliver 85% milestones for Central City policy and planning component of the agreed annual work programme.	Achieved	100% of milestones delivered.	
Greenfields and Smaller Centres Policy and Planning.	Implementation of Area Plans is monitored and reported to Council.	Progress on the Belfast Area Plan implementation plan is reported twice a year.	Achieved	Progress on implementation plan was reported twice a year.	
		Progress on the South West Area Plan implementation plan is reported twice a year.	Achieved	Progress on implementation plan was reported twice a year.	
Monitoring and Research.	Monitoring and reporting programmes are developed for Community Outcomes.	Community Outcomes monitoring report prepared – baseline report by 30 June 2014.	Achieved	Baseline report completed 25 June 2014.	
		Deliver 85% milestones for monitoring and research component of the agreed annual work programme.	Achieved	Household Growth Model is up to date; 85% of Facts, Stats and Figures indicator sheets are up to date; 100% of requests actioned on time.	
		Updated Community Outcomes indicators are available to the public.	Achieved	A range of monitoring data is available to the public on the Council's website.	
Natural Environment Policy and Planning.	Participate in regional and national policy and planning processes.	Participate in regional and national policy and planning processes, within required time frames, to provide advice that is aligned with Council policies and strategies.	Achieved	Advice on Freshwater National Policy Statement (NPS) and regional plan changes delivered on time.	
	Prepare Stormwater Management Plans.	Prepare Stormwater Management Plans to meet the programme set out in the Council's Surface Water Strategy.	Achieved	Styx plan consented and Avon plan in draft.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Provision of strategic advice on the natural environment issues facing the city.	Deliver 85% milestones for natural environment policy and planning component of the agreed annual work programme.	Achieved	100% delivery of agreed work programme.	
		Support the Banks Peninsula, Christchurch-West Melton and Selwyn-Waihora Canterbury Water Management Strategy Zone Committees.	Achieved	Staff support for all meetings of zone committee and contribution to workshops.	
Regulatory Policy and Planning.	Bylaws and regulatory policies are reviewed to meet statutory timeframes and changing needs.	Develop and review bylaws and regulatory policies to meet changing needs as agreed annually in work programme.	Achieved	A bylaw schedule was agreed on 23 April 2009 with the Council for the next 10 years. An amended schedule was agreed by Council on 28 March 2013 one extra bylaw was reviewed as there was an urgent need.	
		Maintain a ten-year bylaw review schedule and carry out reviews in accordance with it and statutory requirements.	Achieved	4 bylaws were reviewed in accordance with the bylaw review schedule and statutory requirements.	
Social and Economic Policy and Planning.	Provision of strategic advice on the social and economic issues facing the city.	Deliver 85% milestones for social and economic policy and planning component of the agreed annual work programme.	Achieved	6 of the 7 (85.7%) projects delivered the agreed work programme.	
		Review the Gambling and Totalisator Agency Board (TAB) Policy according to statutory requirements.	Not applicable	The Policy was not required to be reviewed this year, review is required in 2014/15.	
Strategic Policy and Planning.	Advice is provided on key issues that affect the city.	At least 85% delivery of Long Term Policy and Planning activity work programme achieved.	Achieved	93% 13 of 14 agreed projects were delivered over the year.	
		Deliver 85% milestones for strategic policy and planning component of the agreed annual work programme.	Achieved	100% - All 11 projects of the agreed work programme were delivered as agreed - a new project was allocated by Council during the year and delivered as agreed.	
		Recommended work programme submitted by 30 June for the following financial year.	Achieved	The work programme was submitted to the Earthquake Committee of the Whole on 5 June 2014.	
	Community Outcomes are reviewed according to statutory requirements.	Review of community outcomes to assist in preparation of the LTP (three-yearly).	Not applicable	The Community Outcomes were not required to be reviewed in 2013/14.	2013: Review completed 30 June 2013.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Development Contributions Policy is reviewed in line with the LTP.	Review the Development Contributions Policy to assist in preparation of the LTP (three-yearly).	Achieved	The Development Contributions Policy has been reviewed, an update was provided to Strategy and Planning Committee on 20 May 2014 and the review report prepared for Council.	
Transport Policy and Planning.	Advice and advocacy are provided on strategic transport issues facing the city.	Deliver 85% milestones for transport policy and planning component of the agreed annual work programme.	Achieved	85% of milestones completed for 2014.	
	Participate in national and regional transport policy and planning processes.	Participate in regional and national transport policy and planning processes, within required timeframes, to provide advice that is aligned with Council policies and strategies.	Achieved	Completed for 2014 by working with the Urban Development Strategy (UDS) partners and producing a Greater Christchurch Freight Study, Greater Christchurch Public Transport Gap analysis and participating in all the UDS meetings.	
Urban Design Policy and Planning.	Provide pre-application urban design advice to developers.	Developers are satisfied with the clarity, consistency and timeliness of advice provided – target to be set once baseline established.	Not achieved	Baseline has not been established as it was difficult to develop a series of questions to provide meaningful responses to establish a baseline. Consideration will be given to including urban design with resource consent surveys.	
	Urban design advice is provided on key issues that affect the central city and suburban centres.	Deliver 85% milestones for urban design policy and planning component of the agreed annual work programme.	Achieved	For the District Plan review and other policy projects, 100% of the advice required has been provided, where that has been planned and agreed in advance. Due to capacity constraints, unplanned requests for advice were advised on where it could be obtained externally.	
	Urban design advice is provided to review resource consent applications for significant new developments in the city.	An external review of the Urban Design Panel is undertaken as part of the preparation of the LTP (three-yearly). Co-ordinate and support a panel of suitably qualified professionals to provide timely advice on the urban design aspects of resource consent applications.	Achieved Achieved	Review of panel undertaken in June 2013. 24 panellists currently on the panel. 35 panel meetings held reviewing 70 proposals. The panel also reviewed 2 design guides, 1 district plan provision review, pieces of work and 1 exemplar project.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Urban Development Strategy.	Advice and participation in various forums to discuss and agree matters between UDS partners and also to assist CERA work programmes to assist in the city and region's recovery post earthquakes.	UDS partners or their representatives are satisfied with the timeliness and relevance of policy and planning advice provided.	Achieved	Feedback was sought and obtained through regular meetings with UDS partners and / or their representatives and no complaints were received.	
	Development of policy and plans to implement the Council's components of the Greater Christchurch UDS Action Plan.	Deliver 85% of the milestones for social and economic policy and planning component of the agreed annual work programme.	Achieved	This is now addressed by the LURP action plan as further actions from the UDS action plan will come on stream once the LURP actions are in place.	
Urban Regeneration Policy and Planning.	Advice and support is provided to assist suburban development, recovery and renewal.	Deliver 85% milestones for urban renewal policy and planning component of the agreed annual work programme.	Achieved	Sumner, Edgware and Ferry Road masterplans have been adopted by Council. New Brighton Community Advisory Group process has been concluded and Main Road Hearing held. 200+ queries relating to masterplan areas were responded to.	2013: Sumner Village centre master plan presented to Council in October 2012. Ferry Road master plan (stage 1) approved by Council in November 2012. 2012: Plans for Lyttelton and Sydenham completed.
District Planning					
Maintain the operative Christchurch City Plan and Banks Peninsula District Plan - including processing of Council-led plan changes.	Development and processing of all Council-led plan changes complies with statutory processes and timeframes.	100% of development and processing of Council-led plan changes comply with statutory processes and timeframes.	Achieved	100% of development and processing of Council led plan changes complied with statutory processes and timeframes.	
	Maintain a fully operative Christchurch City District Plan.	100% of development and processing of Council-led plan changes comply with statutory processes and timeframes.	Achieved	100% of development and processing of Council led plan changes complied with statutory processes and timeframes.	
		Ensure both territorial sections of the Plan are fully operative.	Achieved	Both Banks Peninsula and City Plans are fully operative.	2013: The last item for the City Plan (Belfast 293 matter) was resolved and Banks Peninsula Plan was made fully operative. 2012: Not achieved – 2 minor issues outstanding.
Monitor the operation and effect of the District Plan.	Monitor operation and effectiveness of Christchurch City District Plan.	Release Section 35 monitoring report at least every 5 years – next due by 2014/15.	Not applicable	Unclear whether Community Outcomes monitoring programme reporting will meet requirements.	
Prepare the proposed new Christchurch District Plan (combining the	Commence review of Christchurch City District Plan.	District Plan review is commenced in 2013/14 financial year.	Achieved	Review commenced 1 July 2013.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Christchurch City Plan and Banks Peninsula District Plan).		Draft District Plan is notified within 3 years of commencement.	On track to be achieved	Notification on track, first stage due August 2014.	
Process private proposed changes to the District Plan.	Processing of all privately-requested plan changes complies with statutory processes and timeframes.	100% of processing of privately-requested plan changes comply with statutory processes and timeframes.	Achieved	100% of privately requested plan changes were processed complying with statutory processes and timeframes.	2013: All Schedule 1 timeframes met. A number have progressed through to completion. Some are still awaiting decisions.
Heritage Protection					
Heritage Advice (internal and external).	Implement a programme to ensure a consistent level of built, natural and cultural heritage protection between Banks Peninsula and Christchurch City.	Complete the statements of significance for all notable buildings by June 2015.	On track to be achieved	On track to complete the statements by June 2015.	
	Provide advice and advocacy on heritage conservation principles and priorities for Christchurch built heritage.	Provide advice as required in a timely manner – within 10 working days.	Achieved	Advice provided within timeframes.	
Heritage Grants.	All grants meet Heritage Incentives Grants policy and guidelines.	100%.	Achieved	100%. All grants approved by Council.	2013: All grants have met the policy.
	Incentive grant recipients satisfied with heritage advice and grant process.	85% of grant recipients satisfied with the heritage advice and grants process.	Not achieved	71% of respondents were either satisfied or very satisfied. 7 responses received from the 11 parties surveyed. The small number of responses provided means caution must be applied to results.	2013: 83% satisfaction.
Heritage Recovery Policy.	Review of heritage policy including recovery aspects.	Heritage policy review completed by 30 June 2014.	Achieved	Report drafted and recommendation approved by Council.	

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

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

In the natural environment area, work will progress on the preparation of Stormwater Management Plans for the Avon River and the Avon-Heathcote estuary, and

implementation of the Wastewater Strategy. A natural hazards strategy will be developed and will contribute to the broader Community Resilience work being led by the Chief Resilience Officer.

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

The District Plan Review priority stage one chapters will be notified and heard with some decisions released by late 2014. Concurrently the stage two chapters (of which

there are 14) will be progressed with completion of a draft for approval prior to pre-notification engagement early in 2015. Notification of the stage two chapters will occur in July 2015 with all hearings and all decisions to be released and all appeals resolved by March 2016.

The Special Purpose Airport Zone will be heard with any appeals to the Environment Court resolved. The Ruapuna Plan Change appeals will also be resolved and the Special Purpose Ferrymead land will be re-zoned as part of stage two of the District Plan Review.

The Council will work with other transport agencies on the future transport needs of the region, including freight and public transport. Council will continue to work with ECan on the development of the Canterbury Regional Land Transport Plan and Regional Public Transport Plan, which are expected to be adopted in the coming year. Assisting with the implementation of 'An Accessible City' will continue to be a focus, including the parking plan for the Central City which is expected to be finalised in the coming year. Likewise the implementation of the Christchurch Transport Strategic Plan will continue to be a focus.

The statutorily required review programme of the city's bylaws will continue with four bylaws scheduled for community consultation and a further four for review in 2014/15. Social and economic policy advice will be provided, with the Development Contributions Policy to be reviewed for inclusion in the 2015 LTP. Work will continue on implementing the Housing Accord signed with central government and on developing strategic options to improve housing affordability in Christchurch, along with looking at alternative models for delivering social housing.

Participation in the development of the 2015 LTP will contribute to achieving the Community Outcomes bringing a strategic focus to the way in which the Council delivers its services and activities efficiently and effectively.

The draft Lyttelton Port Recovery Plan will be developed in collaboration with ECan, LPC and other strategic partners, with input from an internal working party made up of Councillors and community board representatives. The Greater Christchurch Freight Study and the Lyttelton Access Project will feed into this plan.

Work will continue on the implementation of the LURP, as well as a review of that document in April 2015.

An overarching Heritage Strategy is to be developed to articulate the vision and goals for the management and conservation of heritage buildings, items and places.

Service delivery in 2014/15

City planning and development activities will continue to have a large earthquake recovery focus in 2014/15 and there will be no change to the Council's capacity to deliver this activity. All activities will be focused on the District Plan review, commencing a Community Resilience and Adaptation strategy focussed on natural hazards, supporting Central City recovery, suburban centre masterplans and urban regeneration, heritage conservation, transport policy and planning, LURP implementation, development of a draft Lyttelton Port recovery plan, support for housing development, Bylaw and Policy reviews and internal support to assist the organisation in the development of the 2015-2025 LTP.

What did it cost?

City planning and development

Statement of cost of services for the year ending 30 June	2014			2013	
	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	9,157	257	8,900	8,968	13,149
District plan	10,430	26	10,404	10,615	3,786
Heritage protection	4,167	38	4,129	5,152	4,705
Energy conservation	-	-	-	-	168
Capital revenues	-	1,196	(1,196)	-	(964)
Cost of service	23,754	1,517	22,237	24,735	20,844
Capital expenditure					
Renewals and replacements	-	-	234	-	260
Infrastructure rebuild	-	-	148	-	840
Improved service levels	-	-	-	75	5
Increased demand	-	-	203	418	-
Total capital expenditure	-	-	585	493	1,105

Explanation of significant cost of service variances

City planning and development's net cost was \$2.5 million lower than plan and \$1.4 million higher than the previous year. The variance of \$1.4 million on last year was mainly due to the district plan review which began on 1 July 2013.

The \$2.5 million variance on this year's plan is a result of unbudgeted insurance recoveries on heritage capital \$1.2 million; and the \$2.0 million landmark heritage grant most of which has been fully allocated at 30 June but the funds will not be paid out until future years. The \$2.0 million grant funding has been requested to be carried forward to the next financial year. These were offset by the cost of providing the heritage education and advice service being \$0.6 million.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

The \$0.5 million variance on last year is driven by the completion of the Avebury House project which was started in 2012/13 and completed this year.

Council activities and services

Community support

What is community support and what does the Council do?

Community Support provides

- social housing
- community facilities
- project funding
- sector coordination
- support and advice.

Civil Defence Emergency Management (CDEM) promotes awareness of resilience, understanding of hazards and risks, and emergency preparedness. Along with other organisations and the community, the team responds to emergencies.

Our community facilities, and community development and funding activities support residents to socialise, network and do voluntary work.

Why is the Council involved in community support?

Local government's purpose includes meeting the current and future needs of communities for good quality local infrastructure and public services that are cost effective.

We do this by supplying community and social infrastructure, such as public amenities and facilities that allow residents to meet, socialise and develop strong and inclusive networks.

Community support activities contribute to the Strong Communities and Liveable City Community Outcomes. We do this through CDEM initiatives, by supporting community groups with development and funding, and by providing services and facilities such as social housing. Community support encourages self-determination to build community and individual resilience by involving communities and supporting input into Council decision-making.

How does it affect me?

Community support helps you live in a safer, stronger community. We offer communities expert advice on developing groups and projects. We fund projects that make your neighbourhood a better and safer place, and we provide neighbourhood facilities for socialising and recreation.

What activities are included in community support?

Civil Defence and Emergency Management (CDEM)

We co-ordinate local CDEM and train EOC staff and community volunteers. We promote community awareness of the likely impact of a disaster and encourage individuals, community groups, other organisations and businesses to be prepared.

Community grants

We distribute grants to community groups and not-for-profit organisations for projects and initiatives that benefit the city, local communities and communities of interest.

Community facilities

We own many facilities, community centres, halls and cottages that community groups can hire for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

We run an early learning centre at Pioneer Sports and Recreation Centre, where we educate and care for children aged up to six years. We support 13 other facilities that are community run.

Social housing

We supply affordable rental houses for those on low incomes, the elderly and for people with disabilities. This housing is not funded by general rates.

The Council's social housing assets are mainly one bedroom flats with some bedsit and studio units and a few two bedroom units. Mostly we house single people and couples.

Build stronger communities

We draw on specialist expertise in partnership with local communities, resident associations, voluntary organisations, iwi and other stakeholders to help build and promote strong communities. We support and help co-ordinate priority groups including youth/children, people with disabilities, the elderly, multi-cultural groups, the voluntary and not-for-profit sector and public arts/culture.

Safer Christchurch

The Safer Christchurch team works to prevent injury and crime, including minimising graffiti vandalism. Our aim is to make Christchurch the safest city in New Zealand and to maintain our accreditation as an International Safe Community.

Customer services

There are walk-in customer service points at 10 sites in greater Christchurch, from Papanui in the north to Akaroa in the south, including the Civic Offices. Shirley and Papanui are open on Saturday mornings to take payments for all Council services, provide information, and register requests for service. With the Sockburn Service Centre closing after the February 2011 earthquake, the Civic Video agency has had an EFTPOS and phone hotline installed for Council-related inquiries.

What did we achieve?

Early learning centres (ELC)

The May 2014 Education Review Office report confirmed that the Pioneer ELC is offering high quality education and care. The Centre also maintained a high user satisfaction rate of 92 per cent.

Social housing and community facilities

After the earthquakes and the closure of social housing complexes, tenancies fell to 2,233 units at an occupancy rate of 84 per cent. This compares with the pre-earthquake targets of 2,649 tenancies and an occupancy rate of over 97 per cent.

Over the year, there were 43 community facility sites open offering 45 buildings and 13 open early learning centres, excluding Pioneer, a decline from the pre-earthquake number of 56 facility sites.

Safer Christchurch

Safer Christchurch initiated or maintained projects including:

- the internationally recognised 'SafeGrowth Project' in Phillipstown
- a joint home safety / reassurance initiative with Age Concern for elderly in Phillipstown
- an e-learning program on issues from tagging and cyber-bullying, to alcohol and other drugs

The graffiti team expanded its partnerships, working with asset owners targeted by graffiti vandalism.

The injury prevention team held a successful expo for New Zealand Safety Week. It also responded to rising demand for advice on Injury Prevention through Environmental Design and its effects on the scope and design of construction in the city.

Community grants

We distributed over \$7.4 million to 962 projects through the Strengthening Communities and Creative Communities funding schemes.

These grants meant the community organisations and their staff could continue to support and develop resident security, recreation, prosperity and knowledge.

The Council supported 18 recovery and well-being projects with an extra \$2.4 million from the interest off its Capital Endowment Fund.

Build stronger communities

The Strengthening Communities team has given insight into how community groups have fared since the earthquakes. We also developed 54 local community profiles that have been used by many decision-makers.

The team:

- facilitated more than 80 community and network meetings to foster collaboration and community connectedness
- researched and evaluated issues such as the impact of the migrant workforce on Council services
- helped build capacity in over 50 community organisations.

Civil Defence and Emergency Management

The Ministry of Civil Defence and Emergency Management review of the response to the February 2011 earthquake was released during the year. It had 108 recommendations, which the Ministry is ensuring will be put into action.

Volunteer numbers fell in the two years after the 2010 and 2011 earthquakes. Although we did two recruitment drives, volunteer numbers are static.

Customer services

We maintained walk-in services at all sites, with an agency at Hornby temporarily replacing the Sockburn centre. Temporary facilities remain at Akaroa and Linwood. The Linwood centre was reopened during 2013 in the Eastgate Mall next to the library.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Build Stronger Communities Operation of early learning centres.	Provide a quality, high standard of professional childcare that satisfies customer needs.	At least 80% of Early Learning Centre staff are trained, qualified and registered teachers.	Achieved	98%.	2013: Average 95%. 2012: 97%.
		At least 85% of early learning centre customers are satisfied with the quality of education and care.	Achieved	92% Early learning centre customers are satisfied with the quality of education and care.	2013: 97%. 2012: 97%.
	Provide five day a week half, full-day and flexible-hours care at early learning centres.	Between 18-25% of early learning centre customers use Pioneer Recreation and Sport Centre.	Achieved	22%.	2013: 24%. 2012: 22%.
		Provide 70,560 hours of childcare per annum at Pioneer early learning centre.	Not achieved	69,984 hours provided. Closed for ten days over Christmas and seven days for public holidays which fell on weekdays. The final result was short of 576 hours or two days.	2013: 72,560 hours. 2012: 84,480 hours.
		The Early Learning Centre runs at between 75 - 85% occupancy.	Achieved	Average of 77%.	2013: 80%. 2012: 77%.
	The facility, operations and programmes at the early learning centre comply with Ministry of Education regulations per the Education Review Office audit.	Implement and maintain Education (Early Childhood Services) 2008 Regulations and quality indicators as per Education Review Office.	Achieved	Regulations and quality indicators implemented and maintained.	
		Maintain 100% compliance of the Ministry of Education regulations for all centres over the 3 years of audit.	Achieved	100% compliance and classed as well placed. Next review in 3 years.	
Safety / Prevention projects.	Provide Safety Projects to work towards making Christchurch safer.	At least 66% of respondents who perceive that their neighbourhood is reasonably safe in the night time.	Not achieved	52% per residents survey.	
		At least 81% of respondents who perceive that their neighbourhood is reasonably safe in the daytime.	Achieved	91% per residents survey.	
		Deliver the agreed programme of projects around the implementation of the Safer Christchurch Strategy, within budget allocation.	Achieved	All projects successfully delivered and Safer Christchurch Group monitor outcomes through regular governance meetings.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Maintain 100% of safety standards to achieve Safe City accreditation every 5 years (next application October 2013).	Not applicable	Due to the earthquakes, the Safer Communities Foundation has agreed an extension to submit the application. This application is now being prepared.	
		Produce a report annually by October on indicators of Safer Christchurch Strategy.	Achieved	This report is produced annually and distributed to all stakeholders.	
Strengthening Communities through Community Development projects and capacity building.	Community development projects are provided.	Advise and support the successful delivery of at least 60 community development projects in the metropolitan and community board areas each year.	Achieved	74 community development projects were supported.	2013: At least 3.
	Design, develop, facilitate or support participatory processes.	Successfully develop and facilitate at least 14 participatory meetings across metropolitan and community board areas each year.	Achieved	Approximately 30 meetings were held. The requirement of 14 was exceeded primarily due to flood, land classification and retaining wall engagements.	2013: At least 1.
	Develop and maintain community profiles.	Develop and publish a minimum of 49 community profiles for community ward areas and update them annually.	Achieved	52 profiles completed, familiarised with elected members and posted on the intranet and internet.	
	Develop capacity of community groups and resident associations.	Engage with business associations around community issues and value and consider their input.	Achieved	Business associations were engaged on issues affecting the community.	
		Undertake at least 22 organisation capacity checks on community groups and residents associations each year to support the work and development of community organisations (16 community groups and six sector-based).	Achieved	52 capacity checks completed, including business associations, with on-going capacity checks through the funding and engagement processes.	
	Facilitate and support Council initiated networks and forums.	Facilitate and support 48 local and six citywide community network meetings, liaison meetings and /or forums, each year.	Achieved	In excess of 80 meetings / forums completed with meetings related to flooding, land classification, and retaining wall issues.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Civil Defence Emergency Management					
Co-ordinate civil defence readiness, response and recovery.	A facility for use as an EOC is available for the coordination of a multi-agency response in the event of an emergency.	At least two EOC activations undertaken taken per annum (event or exercise).	Achieved	Multiple activations of the EOC occurred during the year – Christchurch flooding 4/5 March, 16/17 March, 17/18 April and for Exercise Pandora - May 2014.	
		One primary and an alternate facility available to be activated within 60 minutes.	Achieved	Both primary and alternate EOC facilities are available and can be activated within 60 mins.	
	CDEM plans and procedures covering local response and recovery arrangements and specific contingency plans are in place.	CDEM plans are reviewed annually by 1 October.	Achieved	Plans were reviewed by 1 October.	2012: Recovery Plan needs to be reviewed. All others are up to date.
		The EOC Knowledge Base containing processes, procedures, and supporting documentation is reviewed annually.	Achieved	All documents reviewed and appropriate subject matter experts were engaged within council units for maintenance and improvement for use.	
	Relevant hazards and risks are identified and managed in the District Plan and CDEM Plans.	Risks relating to hazards are updated within CDEM plans within six months of receipt of new hazard/risk information.	Achieved	Recent research reports for natural hazards of slope stability, tsunami and flooding are available for multi-agency emergency response use.	
	Response Teams (Rescue) meet national registered status.	Three teams.	Achieved	Three teams all meeting National Standard. Multiple deployments of the Response Teams: Christchurch flooding 4/5 March; 16/17 March; 17/18 April 2014 and flooding in Waimakariri District Council 10/11th June 2014. Teams were also deployed as part of 'Exercise Whateva' 17/18th May 2014.	2013: 3 Teams. 2012: 3 Teams.
Public education to increase community awareness and preparedness.	Build upon national/regional initiatives to promote the need for individuals, community groups and organisations to be prepared for when a disaster occurs.	At least 50 CDEM public education activities occur annually.	Achieved	81 CDEM public education activities occurred during 2013/14. Recent activities have included the Lyttelton Festival of Lights and Children's Day.	2013: 2 major promotions. 2012: 1 major promotion.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Council makes effective use of its alerting systems to inform communities of possible emergencies.	Readynet Communication tested at least twice per annum.	Achieved	ReadyNet was tested twice this year at both testings of the tsunami siren system.	2013: Tested with tsunami sirens system and it worked.
		Tsunami sirens tested twice per annum.	Achieved	Tsunami Sirens have been tested twice this year; 29 September and 6 April.	2013: Tested twice.
	Develop partnerships to increase disaster resilience.	At least 17% of Christchurch residents participate in CDEM meetings to enable their local community to cope better.	Achieved	23% of residents have participated in meetings to help their communities be better prepared, as shown in the Annual Service Satisfaction Survey.	
Community Facilities					
Provision of community facilities (centres, halls and cottages), which are owned and managed in partnership by Council and the community.	Increase occupancy and hours of use for Council community facilities.	Increase peak hour usage of Council community facilities to at least 60% of available hours (applies for 2013/14 and 2014/15 – to be reviewed in time for the next LTP).	Not achieved	There has been an increase of peak hour usage across the portfolio, in the main due to staff working with community and management organisations to increase usage. Over the year the percentage of facilities achieving 60% of peak usage has increased. However the majority of community managed facilities do not achieve this target, specifically the rural facilities.	
		Increase use of Council community facilities to at least 40% of total hours available.	Not achieved	The majority of facilities have failed to achieve this target with the exception of Waimairi 51% and Templeton 43%. Over the year the percentage of facilities achieving 40% of total usage has increased. However the majority of facilities did not achieve this target given the large amount of available hours for each facility.	2012: 39%.
	Maintain level of customer satisfaction with Council community facilities.	90% of customers are satisfied with the use and ease of booking a Council managed community facility.	Achieved	95% satisfied with the use and ease of booking a Council managed community facility.	2012: 93%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Maintain portfolio of community facilities (centres/halls/cottages).	At least 50% of the community facilities that are open are managed through a partnership.	Achieved	72% are community managed.	
		Maintain at least a minimum of 25 community facilities.	Achieved	Total of 54 Halls, 10 are still closed. 44 are open.	2013: 29 open and 23 closed. 2012: 36 open.
Community Grants Delivery of the Creative Communities Scheme on behalf of Creative New Zealand.	Effectively administer the grants schemes.	Maintain at least 85% satisfaction with funding advice and the grant process being timely, clear and understandable (across a sample of organisations).	Achieved	90% in the annual Customer Satisfaction Survey.	
		Manage and administer grants schemes in a manner consistent with the Strengthening Communities Strategy and Creative NZ guidelines for the Creative NZ scheme (including criteria, eligibility and funding rules for all other grant schemes under management).	Achieved	Grants have been managed and administered in line with the requirements of the specific criteria and requirements.	2013 and 2012: grants administered according to guidelines.
Manage and administer other grant funds as appropriate on behalf of other funding bodies.	Effectively manage and administer all other grant funds under management.	Administer all other grant schemes in a manner consistent with the criteria, eligibility and funding rules of each fund.	Achieved	100% of all eligible applications are processed and assessed in accordance with the criteria, eligibility and funding rules for all grant schemes.	
Manage and administer the Mayoral Funds.	Effectively manage and administer the Mayoral Funds.	Administer applications for the Mayoral Funds grant scheme within fund criteria set by committee.	Achieved	100% of all eligible applications are processed and assessed in accordance with the criteria, eligibility and funding rules for the Mayoral Fund grant scheme.	
		Interview and assess Mayoral Fund applicants and make recommendations to Council/Committee.	Achieved	1,052 appointments made for the Mayor's Welfare Fund, with 727 grants provided.	
Customer Services and Online Channels Call centre services managing all 'first point of contact' transactions through core contact channels of phone, e-mail, facsimile and letter.	Customers are satisfied or very satisfied with the call centre service at first point of contact.	At least 80% of customers who contact the call centre via email are satisfied or very satisfied with the service at first point of contact.	Achieved	Resident survey result 81%.	2012: 67%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years	
		At least 90% of customers who contact the call centre via phone are satisfied or very satisfied with the service at first point of contact.	Achieved	Residents survey result 90%.	2012: 89%.	
	Ensure Council call centre is available to answer calls.	Council call centre services are maintained 24/7, 100% of the time.	Achieved	Call centre services provided in-house 24/7, from March 2014.		
	Number of call centre business hours provided.	Council call centre provides 45 business hours per week, 8am-5pm Monday-Friday.	Achieved	Call centre services provided 24/7, from March 2014.		
Walk-in customer services at Council Service Centres and Civic Offices.	Ensure customer satisfaction with walk-in services at Council Service Centres.	At least 95% of customers are satisfied with the walk-in service in Council Service Centres.	Achieved	Residents survey result 99%.	2013: 95%. 2012: 97%.	
	Minimise the customer waiting time for walk-in services at Council Service Centres.	Customers wait no more than three minutes for walk-in customer service at Council Service Centres, for 95% of the time.	Achieved	Customer Care Ltd, mystery shop wait time result - 78 visits at a total of 13 minutes. 20 second average wait time per visit.	2013: Average wait time 1.31 minutes. 2012: Less than 3 minutes.	
	Provide a minimum number of walk-in hours at Council Service Centres.	Three hours per day on a Saturday (10am-1pm) of walk-in customer service at Shirley, Papanui, Fendalton and Beckenham.		Achieved	Three hours Saturday opening provided at Shirley, Papanui, Fendalton and Beckenham.	
		Seven hours/day (Monday-Friday, 8:30-12:30am; 1:30-4:30pm) of walk-in customer service at Little River.		Achieved	Seven hours per day Monday-Friday, customer service at Little River.	
		Eight hours/day (Monday-Friday, 9am-5pm) of walk-in customer service at Akaroa, Fendalton, Riccarton, Beckenham, Shirley, Papanui, Linwood.		Achieved	Eight hours per day Monday-Friday, customer service provided at Akaroa, Fendalton, Riccarton, Beckenham, Shirley, Papanui, and Linwood.	
8.5 hours/day (Monday-Friday, 8:30am-5pm) of walk-in customer service at Civic and Lyttelton.			Achieved	8.5 hours per day Monday-Friday, customer service at Lyttelton. Nine hours provided per day at Civic from 19 May 2014.		
	Provide a total of 412 hours per week of walk-in customer service at Council Service Centres.		Achieved	Minimum of 412 hours per week provided.		

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Provide a walk-in customer service at Council Service Centres.	Provide walk-in customer services at 11 Council locations: Permanent at six locations (Civic, Shirley, Papanui, Fendalton, Riccarton, Little River). Temporary at four locations (Akaroa, Beckenham, Lyttelton, Linwood). One site closed (Sockburn).	Achieved	Customer services provided at 10 Council locations. Due to closure of Sockburn, walk-in site rates payment option available at Civic Video agency, Hornby.	2013: 10 service centres. 2012: 9 service centres.
Social Housing					
Housing complexes	Maintain portfolio of rental units and owner/occupier units.	From 2013/14 Maintain at least 2,100 units in Council housing stock.	Achieved	2,233 units available at 30 June 2014. Throughout the year the number exceeded 2100.	2013: 2,186 units. 2012: 2,247 units.
		Incorporate Council owner occupier units into Council social housing stock as the units become available.	Achieved	Council purchased a further 5 of the owner occupied units during the year. At year end 11 units remain owner occupied with Council having purchased 17 of the original 28.	
		Repair and rebuild of facilities undertaken as per the agreed Facilities Rebuild programme.	Achieved	Prioritisation process undertaken, repair and rebuild of facilities now underway based on this prioritisation. See <i>Where we are heading</i> section for more information.	
Tenancy Services	Ensure tenants of Council housing complexes are well housed.	At least 30% of tenants participate in activities service; such as providing recreational, educational, emergency preparedness courses promoting tenant participation and inclusiveness.	Achieved	Approximately 45% based on tenant participation.	
		At least 97% average occupancy rate in Council housing (The occupancy rate and recommended LOS is not inclusive of units vacant due to earthquake damage, fire or major repair works.)	Achieved	97%.	2013: 98.2%. 2012: 98%.
	Generate housing options for vulnerable sectors of community through partnerships.	At least 90% of social housing partnerships are satisfied with their relationship with Council.	Not achieved	89% of partnerships were satisfied with their relationship with Council.	
	Maintain Council housing rentals at an affordable level and continue to be rates neutral.	Council housing rents are set using a cost of consumption model and are set at no more than 80% of market rentals.	Achieved	Approximately 55% across the portfolio.	2012: estimated at 63% of market rates.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Tenants of Council housing are satisfied with quality of tenancy service provided.	At least 80% of Council housing tenants are satisfied with overall condition of their unit.	Not achieved	69%. On-going EQC negotiations, limited operating expenditure and capital budgets, and only being able to complete health and safety work on units (other than earthquake repairs) have impacted on this score.	
		At least 80% of tenants are satisfied with the quality of the tenancy service provided.	Not achieved	76%. The city housing team was restructured in September 2013 and changes in staff and responsibilities have impacted on the final score. Furthermore staff have been distracted from their day to day duties to support the rebuild operations. A consistent and stable team of tenancy advisors are now in place to improve on this measure going forward.	2013: 77%. 2012: 78%.

What assets do we use to deliver these activities?

The major assets we use are the Council's social housing portfolio, its facilities, community centres, halls and cottages, and early learning centre facilities.

Social housing

The Council has traditionally maintained over 2,649 social housing units, but due to earthquake damage this declined to 2,233 units. The repair / replacement programme is progressing.

Community facilities

As a result of the earthquakes, of the Council's 62 community centre buildings, 45 are open and 12 of the 15 early learning centres operating from Council facilities are open.

The South New Brighton Transitional Community Centre opened in late 2013. Eight community centres, two Council facilities leased to early learning centres and one link centre have been repaired. Plans for repair or replacement of a further seven facilities are well advanced.

Where are we heading?

Early learning centres

We started investigating an alternative service provider for the Pioneer Early Learning Centre, with the service to be based on set criteria and subject to staff consultation.

Build stronger communities

Strengthening Communities teams will provide:

- updated community profiles as an evidence base for decision-making
- networking opportunities, support, advice, information and advocacy services to facilitate stronger communities
- direct advice to groups on governance, funding application and strategic planning skills
- sector-based or geographic networking for community organisations
- funding information.

Community grants

We will continue to provide contestable community grants to support community organisations to allow them to seek and leverage funding opportunities that meet the needs and aspirations of their members.

Civil Defence and Emergency Management

The CDEM team will continue to advise our partners and community stakeholders. This means:

- reviewing and updating CDEM related plans, procedures, guidelines etc
- testing the tsunami alert system when daylight saving begins and ends
- helping communities develop their own community emergency response plans
- running public education programmes to primary schools and community groups
- working with Canterbury CDEM Group Emergency Management Office and partner agencies on joint planning, training and community resilience projects.

Social housing and community facilities

The Facilities Rebuild Team has started a five year repair and replacement programme for social housing. The programme is targeting the repair of 66 closed units by 30 June 2015. The replacement of the 113 units in the five red zone complexes continues through intensification of other sites. At 30 June 2014 12 units had been built, 8 units are under construction and 41 units have been tendered for construction.

Over the next year we will present a Draft Network Plan to elected members known as the 'top 30' facilities list. All Detailed Engineering Evaluations have been done, and some damage assessments of the remaining facilities outside the 'top 30' are progressing. As Council policy on the New Building Standard and earthquake prone buildings has changed, some facilities have been able to open without strengthening. Staff have also developed options in the form of partnerships with internal business units (hubs, co-located facilities i.e. Community Facilities and Libraries) and external organisations such as philanthropic and other partners. Work has begun on the Aranui Youth and Community Centre which is a partnership project between the Council, Lions Club International Foundation and Christchurch Earthquake Appeal Trust.

Safer Christchurch

In the next year, Safer Christchurch will collaborate more closely with stakeholders on measurable safety projects. Crime Prevention through environmental design is a key planning element, and we plan to continue to build expertise and knowledge. There will also be a greater alliance between Safer Christchurch and Healthy Christchurch to develop a resilient city strategy.

Service delivery in 2014/15

Our capacity for Community Support activities is still affected by the extensive damage to social housing and some community facilities. Although we have a repair

programme for both, progress is delayed as we try to get agreement from insurers on the appropriate strategy.

Other Community Support activities continue to be delivered across all areas of the city.

What did it cost?

Community support

Statement of cost of services for the year ending 30 June

				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Community facilities	4,401	1,588	2,813	2,003	3,097
Strengthening communities	6,063	946	5,117	5,240	5,169
Community grants	12,475	224	12,251	12,622	11,297
Social housing	25,950	13,301	12,649	3,500	6,866
Civil defence and emergency management	1,522	22	1,500	1,412	(3,610)
Walk in customer services	2,048	39	2,009	2,050	1,951
Capital revenues	-	16,986	(16,986)	(5,141)	(264)
Cost of service	52,459	33,106	19,353	21,686	24,506
Capital expenditure					
Renewals and replacements	-	-	1,466	3,929	503
Infrastructure rebuild	-	-	2,347	5,273	800
Improved service levels	-	-	72	1,145	597
Increased demand	-	-	-	-	499
Total capital expenditure	-	-	3,885	10,347	2,399

Explanation of significant cost of service variances

Community facilities

Community facilities net cost of service for 2013/14 is \$0.8 million higher than plan. This mainly relates to unplanned expenditure of \$1.0 million on earthquake related repair works.

The net cost of service was \$0.3 million lower than 2012/13 due to higher hall hire revenues and a reduction in insurance and other operating costs.

Community grants

The net cost of service for the year was in line with the plan.

The Community Grants net cost of service is \$1.0 million higher than 2012/13 due to additional Capital Endowment and Earthquake Mayoral relief grants approved by Council during 2013/14.

Social housing

Social housing net cost of service for 2013/14 is \$9.2 million higher than plan as a result of \$6.8 million in unplanned earthquake repairs that were funded from the housing fund. In addition, revenue was under budget by \$0.9 million due to fewer units being open than planned and a maintenance overspend of \$1.1 million.

The net cost of service for 2013/14 is \$5.8 million higher than 2012/13 as a result of higher repairs.

Civil Defence and Emergency Management

The CDEM net cost of service was slightly higher than plan due to storm related costs.

The net cost of service increased \$5.0 million compared to 2012/13. This is due to the 2012/13 net cost including Crown earthquake recoveries.

Customer services

Costs in relation to the provision of customer services were in-line with both the planned cost and the cost incurred in 2012/13.

Capital revenues

Capital revenues primarily represent insurance recoveries of \$17.25 million received from EQC in relation to Social Housing which exceeded both the planned revenue and receipts in 2012/13.

Significant capital expenditure

\$1.4 million was spent on housing improvements and \$2.3 million on the facilities rebuild programme.

Explanation of significant capital expenditure variances

The \$6.5 million lower capital expenditure than planned is the result of \$2.5 million in savings on housing renewals and replacements plan, \$2.9 million relating to delays in the facilities rebuild programme and \$0.8 million relating to delays in the community renewals and replacements programme. The under spend in facilities rebuild and community renewals and replacements programmes have been carried forward to future years.

The \$1.5 million increase in capital expenditure from last year is the result of the facilities rebuild and community renewals programmes increasing in pace.

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?

Local Government is responsible for promoting the cultural and social well-being of communities for the present and the future. We contribute to these well-beings by making available facilities such as art galleries, libraries and museums and by offering various services to those using these facilities.

We contribute to the Community Outcomes by helping make the city a place of diverse and inclusive communities, a city for recreation, fun and creativity and of life-long learning.

We provide accessible and welcoming public buildings, we stage a variety of arts, festivals and events, and we supply books, information and learning programmes.

How does it affect me?

Every time you use the Christchurch Art Gallery's off-site offerings or visit local museums and city libraries, you are using our cultural and learning services. You can find interesting material, collections and other programmes such as exhibitions and public events. You can also find many services and learning opportunities online.

What activities are involved in cultural and learning services?

Art gallery and museums

We run the art gallery and support museums so that our region's artistic and historical heritage is collected and presented to residents and visitors. When it is open, Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. We also contribute funds to the Canterbury Museum.

Libraries

City libraries house recreational and learning material, create opportunities for life-long learning and literacy,

and offer community spaces for the public. Our libraries are very well patronised and rate highly in a recent survey, with 96 per cent of surveyed residents satisfied with library services.

Transport and environmental education

The Education Team runs programmes and initiatives that encourage people to use parks and reserves, waterways, facilities, roads, and spaces safely and sustainably. These programmes align with the strategies, Community Outcomes and operational plans of Transport, Green spaces, Botanical Gardens, Water and Waste and Civil Defence.

What did we achieve?

Art gallery and museums

Christchurch Art Gallery remains closed after the earthquakes of 2010/11. However, the Gallery building has been re-levelled and phase 2 strengthening will begin shortly. Gallery staff staged a further 30 Outer Spaces projects, including a series of short-term exhibitions in temporary spaces at 209 Tuam Street and in the Peterborough Street Library. We presented a family-focused exhibition *Burster Flipper Wobbler Dripper Spinner Stacker Shaker Maker* in the Art Box Gallery near Christchurch Polytech Institute of Technology on St Asaph Street. We also ran a series of education workshops, due to finish in September 2014.

The Gallery continued to promote information about its collection online, including cataloguing and improvements to its website. It also published the acclaimed quarterly magazine, *Bulletin*.

Akaroa Museum reopened part of its building after receiving a major grant from the Ministry for Culture and Heritage. Building repairs to the rest of the museum will start in 2014/15. Canterbury Museum is independent of but supported by Council and almost all public spaces were open to visitors in the 2013/14 year.

Libraries

The rollout of radio frequency identification (RFID) was completed with Akaroa and Lyttelton libraries going live later in the year. Both libraries are progressing well, meeting the targets for customer self service with Akaroa achieving self-issues of 88.7 per cent and Lyttelton, 92.9 per cent.

Changes in temporary libraries over the past year include the closure of Central Library Tuam, set up and opening of Central Library Manchester, a temporary library in a retail space in Bishopdale Mall and the extension of hours for Linwood Library at Eastgate to include Sunday opening. Self returns have also been trialled at a few of the smaller temporary libraries, with good results. Other facility changes included content and bindery staff reoccupying their repaired accommodation at Smith Street where they were joined by the Library Web and the FingerTip Library (library call centre) teams.

A customer survey of library public programmes and events revealed excellent results with satisfaction ratings of 99 per cent for course content and 97 per cent for course presenters. Collaborations with learning partners continued, including the 'maker crate' programme with Science Alive.

The strong focus on increasing digital content continued. In total we now spend about 20 per cent of the total collection budget on digital content. This is clearly meeting customer expectations as the issue rate of eBooks, eAudio and eMagazines is growing rapidly and is expected to reach almost 600,000 for the year.

The library website is being redesigned and a content management system introduced to improve discovery of and access to digital resources.

The New Central Library anchor project was launched to the public by the Mayor in March with the 'Your Library Your Voice' campaign which drew a fantastic response including 2,400 items of feedback. The design team was also appointed in the New Year, an exciting collaboration between the leading New Zealand firm Architectus and world leaders in library design from Denmark, schmidt, hammer larsen.

Transport and environmental education

Transport

We focussed on promoting travel choices, targeting business and the community where there is high congestion and where businesses are relocating to the central city or from temporary premises. The travel choice programme encourages using more travel options such as walking, cycling, public transport, carpooling etc. We adopted and introduced the New Zealand local authority 'Let's carpool' scheme for Canterbury. This software and website is another tool for commuters/travellers to identify other ways to travel and will help reduce congestion. To date 20 businesses/institutions have joined and we are working to extend this to the general public and travellers using the northern corridor.

Cycle safety has become a major issue, with a high level of fatal and serious injury crashes over the year. We set up a cycle education programme for cyclists to use safe skills and for motorists to be more aware of cyclists. This programme draws on the expertise in the 'Cycle Safe' skills and safety programme in primary schools throughout Christchurch.

Environment, infrastructure and civil defence

Over 11,000 school students took part in the 'Learning Through Action' educational programmes across 11 Council sites. Participation numbers are back to higher than pre-earthquakes levels, reflecting a renewed interest in how the city works.

Students learned how to value and look after our water ways, beaches, parks, heritage gardens and reserves using practical interactive programmes and initiatives. Students also found out about how core infrastructure works, such as the Treatment Plant and Materials Recycling Plant, learned to take responsibility for what they put down the wastewater systems and how to manage waste by reducing, recycling and reusing. The Civil Defence Management programmes for schools focussed on events most likely to happen here e.g. earthquakes, floods, tsunami and storms. The programmes taught preparedness, empowering children to make good decisions and take appropriate action in an emergency.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years	
Art Gallery and Museums Develop and host Art Exhibitions and present a Range of Public Programmes.	Exhibitions and publications presented.	4-6 publications pa, with at least 1 significant book or exhibition-related publication every 2 years.	Achieved	4 editions of Bulletin. 2 education resources. 1 significant publication; Bill Culbert Front Door Out Back, Venice Biennale 2013.	2013: 4 editions of Bulletin produced and Shane Cotton: The Hanging Sky.	
		During period of closure: No fewer than 6 Outer Spaces projects presented annually.	Achieved	17 exhibitions developed as part of Outer Spaces.	2013: 20 Outer Spaces exhibitions. 2012: 11 Outer Spaces exhibitions.	
	Public programmes and school-specific programmes delivered.	(pro-rated in 1st year) Average of at least 10,000 attend, school specific programmes per annum.	Achieved	The total number of participants in the Outreach programme and the ArtBox classroom was 8,461. The pro-rated target of 7,500 was exceeded by 21%.	2013: 8,174 participants. 2012: 8,580 participants.	
		(pro-rated in 1st year) Average of at least 20,000 attend advertised public programmes per annum.	Achieved	There were 4,035 participants in public programmes at year end. The Gallery's opening event for the ArtBox contributed significantly to the target of 1,500 being exceeded by 63%.	2013: 4,459 participants. 2012: 8,738 – stand-alone programmes and partnerships with other cultural bodies.	
	Develop, maintain and provide access to a collection of nationally-significant art.	Collection items available on web.	98% of collection online, with 90% online with images by end- 2014/15.	Achieved	98% of collection online as per target; 94% with images.	2013: 93% with images. 2012: 98% searchable; 80% with images.
			Canterbury Museum annual plan targets reported.	Achieved	Canterbury Museum annual plan targets have been reported to Council.	
Hold and distribute the Canterbury Museum levy.	Administer the Canterbury Museum levy and report on annual plan targets.	Canterbury Museum levy funding paid as required.	Achieved	Canterbury Museum levies agree with the Annual Plan targets and paid on time as required.		
		Canterbury Museum annual plan targets reported.	Achieved	Canterbury Museum annual plan targets have been reported to Council.		
Operate the Akaroa Museum.	Exhibitions presented.	No fewer than 3 exhibitions presented pa (pro-rated from time of re-opening).	Achieved	Three exhibitions presented during reporting period.	2013: Museum closed.	
	Hours of opening at Akaroa Museum.	Minimum of 2,093 opening hours per annum. (pro-rated from time of re-opening).	Achieved	2,211 opening hours.	2013: Museum closed. 2012: 2,035 hours.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Visitors per annum to Akaroa Museum.	Visitors per annum within a range 14,250 – 15,750 (pro-rated from time of re-opening).	Not achieved	Total Visitors during the year were 11,309. Despite the presence of cruise ship visitors in Akaroa over summer, visitor numbers for the year were well below pre-quake levels. In part this is a reflection the Christchurch visitor market; storm and road closures in March and April; and visitor reluctance to pay an admission charge.	2013: Museum closed, 471 attended offsite events and programmes. 2012: 14,424 hours.
Libraries					
Community spaces through a comprehensive network of libraries, the mobile service and digitally.	Residents have access to a physical library relevant to local community need or profile.	Maintain a mobile library service of a minimum of 40 hours per week.	Achieved	Minimum of 40 hours per week.	
		Maintain visits per capita of national average or better, per annum, for level one NZ public libraries (excluding periods of closure).	Achieved	10.4 visits per capita against the national average of 8.8 (being the national average available at 30 June 2014).	2013: 9.5 visits per capita against the national average of 8.9 visits (2011/12). 2012: 11.0 visits per capita against the national average of 9.3 per capita.
		Maintain voluntary library buildings rent free and maintain support for collections.	Achieved	Voluntary library buildings were maintained rent free and collections supported.	
		Provide weekly opening hours for existing libraries: (excluding periods of closure) Neighbourhood 36 to 57 hrs.	Achieved	36 to 57 hrs weekly opening hours have been provided.	2013: Achieved. 2012: Achieved.
		Suburban Medium 48 to 57 hrs.	Achieved	48 to 57 hrs weekly opening hours have been provided.	2013: Achieved. 2012: Achieved.
		Temporary Metropolitan and Suburban Large 57 to 67 hrs.	Achieved	57 to 67 hrs weekly opening hours have been provided.	2013: Achieved. 2012: Central Library closed.
Equitable access to relevant, timely information and professional services.	Access to information via walk-in, library website, phone, email, professional assistance and online customer self service. In library access to online information using public computing devices and the internet.	Access to online information using public computers is freely available at all libraries.	Achieved	Free access available at all libraries 100%.	
		At least 20% of all transactions occur online.	Not achieved	15%. On track to achieve this by the 2015/16 year.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Free Wifi access is available at Metropolitan, Suburban, and Neighbourhood Libraries.	Achieved	Free Wifi access provided 100%.	
		Maintain number of reference and research enquiries from customer per year at national average or better. (excluding periods of closure).	Achieved	3.02 reference and research enquiries – 1.02 is the national average.	
		Maintain ratio of public internet computers at least 2.5 per 5,000 of population	Achieved	5.4 public internet computers per 5,000 population.	
Print and digital collections and content readily available for loan, for use in libraries and via the Library's website.	Collections are available to and meet the needs of the community.	Increase current size of purchased e book and downloadable audio book collection by at least 30% per year.	Achieved	180% increase in purchased e-book and downloadable audio book collection.	
		Increase proportion of electronic resource use (measured by sessions, searches and retrievals) to at least 20% of the combined total transactions by the end of 2015/16.	On track to be achieved	Increased to 17.7% in 2013/14. On track to meet at least 20% of the combined total transactions by the end of 2015/16.	
		Increase proportion of electronic retrievals to at least 20% of the combined issues and retrievals by the end of 2015/16.	On track to be achieved	14.2%, on track to meet at least 20% of the combined issues and retrievals by the end of 2015/16.	
		Maintain collections at 2.9 - 3.5 items per capita.	Achieved	Collections maintained at 3.21 items per capita.	2013: 3.48 items per capita. 2012: 3.40 items per capita.
		Maintain number of issues per capita of city population, per year, at national average or better (excluding periods of closure).	Achieved	12.1 against the national average of 10.6. (2012/13).	2013: 12.6 against the national average of 12.1 (2011/12). 2012: 16.6 against the national average of 12.8.
	Library user satisfaction with library service at Metro, Suburban and Neighbourhood libraries.	At least 90% of library users satisfied with the library service.	Achieved	96% library user satisfaction.	2012: 97.2%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Programmes and events designed to meet customers' diverse lifelong learning needs.	Customer satisfaction with library programmes and events provided.	90% of customers satisfied with library programmes and events provided.	Achieved	98% satisfaction with library programmes and events provided.	
	Provide programmes and events to meet customers diverse lifelong learning needs.	Maintain participation of 200- 230 per 1000 of population (excluding periods of closure).	Achieved	281 participations per 1000 of population.	2013: 230 per 1000 of population. 2012: 219 per 1000 of population.
Transport and Environmental Education					
Civil Defence Education Programmes.	Deliver Civil Defence and Emergency Management education programmes.	At least six Christchurch primary schools participate in the Civil Defence and Emergency Management programme each year.	Achieved	Seven schools over a total of 27 classes participated.	
Greenspace Environmental Education programmes.	Deliver greenspace education programmes.	At least 4,000 students participate in the Greenspace education programmes each year.	Achieved	6,821 students participated in the education programmes during 2013/14.	
	Teacher satisfaction with greenspace education programmes.	At least 95% of teachers satisfied with the quality and delivery of Greenspace education programmes.	Achieved	99% satisfaction.	
Road User Safety programme (including Cyclesafe, school safety programmes, and Road User Campaigns such as intersections, teenage driving, alcohol, distraction, based on NZTA Safer Journeys Strategy).	Deliver Cyclesafe education programmes.	At least 2,600 students participate in the Cyclesafe Programme per year.	Achieved	3,202 students participated in the programme during 2013/14.	
	Deliver Road User Safety Programmes.	Deliver six road user safety programmes per year.	Achieved	Six programmes delivered to due dates.	2012: Nine programmes delivered.
	Teacher satisfaction with the Cycle Safe education programme.	At least 95% of teachers satisfied with the Cycle Safe Programmes.	Achieved	100%.	
Travel Behaviour Change programmes	Provide travel planning advisory services.	Provide advisory travel planning services to at least four organisations or institutions per year.	Achieved	Advising 7 schools (4 plans near completion, 3 commencing processes) and monitoring 15 schools. Working with 2 institutions, 7 businesses, and 4 organisations.	
Water and waste education programmes	Deliver water and waste education programmes.	At least 2,400 students participate in the Water and Waste education programmes each year.	Achieved	4,181 students participated in the programme during 2013/14.	2012: 2,338 students participated.
	Teacher satisfaction with Water and Waste education programmes.	At least 95% of teachers satisfied with the quality and delivery of Water and Waste education programmes.	Achieved	99%.	2012: 99.2%.

What assets do we use to deliver these activities?

Our main assets for cultural and learning services activities are the libraries, the Christchurch Art Gallery and the Akaroa Museum, along with the collections held in those facilities.

All Council libraries were open except the Central Library in Gloucester Street and Sumner libraries. Temporary libraries in Linwood and Bishopdale were operating, as well as temporary Central Library services in Manchester and Peterborough Streets.

Parks, Reserves, Botanical gardens and key water and waste infrastructure are the key assets we use for the environmental education programmes.

Where are we heading?

Art gallery and museums

The Canterbury Museum fully re-opened in April 2013; the Akaroa Museum has partially re-opened and continues to focus on collection-related activities. Christchurch Art Gallery is not expected to re-open until the end of 2015, but will continue with back-of-house activities and further Outer Spaces projects.

Libraries

Our focus will be on new and replacement libraries in 2014/15. The new Central Library anchor project concept will move to final design then to tender. Construction is expected to start in mid 2015, with building of the new Halswell Library starting in July 2014. Planning for a new library in the South West continues. The plans for a new library and community centre for Sumner are also underway, in consultation with elected members, stakeholders and residents. We are also awaiting the decision on whether to repair or replace the Bishopdale Library. We will support specific voluntary libraries to plan their spaces in the new multi-use facilities as they open.

We will launch the revamped library website in the first quarter of the new year and we are introducing mobile printing and a new payment system. We will be trialling 3D printing in the learning centres.

Transport and environmental education

We have been educating and training cyclists in safe cycling so we maximise the numbers using the new Major Cycleways routes. We will continue our road safety education and campaigns as Christchurch is one of the top 3 districts on the national risk register for several fatality and injury measures. In addition to schools, we are also offering Travel Planning Advisory support to developers to reduce car parking requirements by encouraging other options.

Service delivery in 2014/15

The Christchurch Art Gallery building will be repaired with increased seismic capability and re-opened to the public as soon as practicable. The re-opening date is expected to be in the 2015/16 financial year.

Libraries will continue to operate from their current facilities while also focusing on planning for and building the new Halswell, Central, South West, Sumner and Bishopdale libraries.

What did it cost?

Cultural and learning services

Statement of cost of services for the year ending 30 June	2014			2013	
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Libraries	39,106	2,702	36,404	27,889	30,067
Art gallery and museums	15,708	287	15,421	15,270	14,500
Transport and environmental education	1,795	743	1,052	1,255	
Capital revenues	-	254	(254)	(5,031)	(1,829)
Cost of service	56,609	3,986	52,623	39,383	42,738
Capital expenditure					
Renewals and replacements	-	-	5,838	6,657	5,425
Infrastructure rebuild	-	-	19,189	24,832	974
Improved service levels	-	-	1,334	998	3,028
Increased demand	-	-	3,805	7,527	307
Total capital expenditure	-	-	30,166	40,014	9,734

Explanation of significant cost of service variances

Libraries

Libraries net cost of service for 2014 is \$8.5 million higher than plan. \$6.3 million relates to the write-off of the Central Library land and buildings. The balance relates to higher than anticipated depreciation \$0.7 million, the cost of temporary locations for earthquake affected libraries \$0.6 million, costs for consultants \$0.4 million, \$0.2 million minor operational variances and the cost of capital programme staff \$0.3 million, both in relation to earthquake repairs and rebuilds.

Libraries net cost of service was \$6.3 million higher than 2013 being the Central Library write-off.

Art gallery and museums

Art gallery and museums net cost of service was \$0.2 million higher than plan due to the closure of the Gallery Shop following the closure of the Tuam Street premises to make way for the Justice Precinct.

Net cost of service was \$0.9 million higher than in 2013. This increase was largely due to \$0.2 million relating to the Gallery Shop closure and \$0.5 million for insurance recoveries for the Art Gallery.

Capital revenues

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

Significant capital expenditure

There was \$4.5 million spent on library book purchases; \$3.3 million on the new Halswell Library; \$1.0 million for new central library and \$18.2 million for art gallery capital repairs; \$1.2 million on art acquisitions and \$0.5 million on the library RFID project.

Explanation of significant capital expenditure variances

The \$9.8 million under budget variance on this year's plan is due to the delay in the rebuild of the Central Library \$9.2 million, has been carried forward.

The \$20.4 million variance on last year is a result of \$17.8 million capital costs in relation to the Art Gallery repair, and the start of work towards the new Halswell Library.

Council activities and services

Democracy and governance

What is democracy and governance?

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

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

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

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

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

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

How does it affect me?

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

What activities are included in democracy and governance?

City governance and decision-making

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

Public participation in democratic processes

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

What did we achieve?

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

The triennial local elections were held in October 2013 with 102,817 voting papers (excluding special votes) being returned representing a 42.56% turnout.

There were 446 submissions received on the 2014/15 Annual Plan.

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

A number of consultation processes were undertaken that provided residents with the opportunity to submit their views on topical issues. These included the Local Alcohol Policy. The Council is currently engaged in public consultation on the proposed restructuring of its Social Housing portfolio; Alcohol Bans in Public Places Bylaw; and Psychoactive Products Retail Locations Policy; and the scheduled review of five of the Council's bylaws.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
City Governance and Decision-making					
Effective governance and decision-making by elected members.	Council and community board decisions comply with statutory requirements.	100%.	Achieved	All Council and community board decisions comply with statutory requirements.	2013 and 2012: All decisions comply with statutory requirements.
	% of residents satisfied that the Council makes decisions in the best interests of Christchurch.	At least 48%.	Not achieved	47% - in line with level of service target.	2013: 46%. 2012: 37%
	% of residents that feel the public has some or a large influence on the decisions the Council makes.	At least 55%.	Not achieved	39%. Result is consistent with previous years.	2013: 36%. 2012: 39%.
	% of residents who understand how Council makes decisions.	At least 40%.	Not achieved	36%.	2013: 40%. 2012: 34%.
	Proportion of residents that are satisfied with the opportunities to access information about Council decisions.	At least 40%.	Achieved	43%.	2012: 38%.
Public Participation in Democratic Processes					
Council holds elections.	All elections, polls, and representation reviews are held with full statutory compliance with relevant legislation.	100%.	Achieved	100%.	2013: 100% 2012: No year end actual supplied.
Provide feedback to residents relating to Council decisions.	% of residents that feel they can participate in and contribute to Council decision making.	At least 46%.	Not achieved	34%.	
	Submitters are advised of decision(s) made by the Council.	100%.	Achieved	100%.	

What assets do we use to deliver these activities?

No major assets were used in delivering these activities.

Where are we heading?

A new process for District Licensing Committees was put in place as a result of the Sale and Supply of Alcohol Act 2012. The Hearings Team has taken over the maintenance and advising tasks associated with this committee and are continuing to develop and improve processes.

The new Council, following the 2013 local elections implemented a new committee structure.

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

Service delivery in 2014/15

There will be no change to the Council's service levels for the Democracy and Governance activities for 2014/15.

What did it cost?

Democracy and governance

Statement of cost of services for the year ending 30 June				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
City governance and decision-making	9,741	47	9,694	9,314	9,604
Public participation in democratic processes	1,187	357	830	955	2,914
Communications, engagement and consultation	2,749	-	2,749	2,928	-
Cost of service	13,677	404	13,273	13,197	12,518
Capital expenditure					
Renewals and replacements	-	-	-	-	-
Improved service levels	-	-	-	-	-
Increased demand	-	-	-	-	-
Total capital expenditure	-	-	-	-	-

Explanation of significant cost of service variances

There were no significant variances.

Significant capital expenditure

There was no capital expenditure.

Council activities and services

Economic development

What is economic development and what does the Council do?

Economic development occurs when communities and policymakers act together over time to improve their standard of living and economic health. The Council leads economic and key sector development and the regional innovation system, and supports high growth potential businesses. We also aim to increase visitors and tourists, while our civic and international relations programmes foster international partnerships and extend cultural understanding in the community.

Why is the Council involved in economic development?

For the city to achieve its goals, we need a sound economy. Economic development activities aim to help the economy grow so city residents have paid employment and the opportunity to prosper. These in turn benefit our community's social well-being.

How does it affect me?

A strong economy benefits everyone because there are more jobs and business opportunities. A culturally inclusive city with strong international ties is more likely to attract high-value migrants, returning residents, investment and innovation.

What activities are included in economic development?

Regional economic development, leadership and coordination

Christchurch is the main business area for Canterbury and the South Island. We work in three broad areas:

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

City Promotions

We promote information through print, web and digital platforms to tell residents about the city and why it is an attractive place to live, work, visit and do business. We also promote our key events, attractions and facilities to residents and visitors to encourage their participation.

Civic and international relations

Our civic and international relations work aims to build our international relationships, attracting more skilled migrants, international students and tourists, and enhancing economic development and international investment. We also promote social and cultural understanding, and strengthen people-to-people links between our communities and cities around the world. We organise civic events, including important commemorations such as 22nd February and ANZAC Day, and we hold regular citizenship ceremonies, annual civic awards and special events in support of our Antarctic Gateway status. We also support ceremonial and civic work by the Mayor and Councillors, and help with frequent official visits to the city.

What did we achieve?

The CDC finished four projects including an online report outlining quarterly progress of over 70 projects. Our main work under the Christchurch Economic Development Strategy is in:

- workforce
- technology
- rural economy.

We analysed best practice and gaps in business productivity, and promoted high-growth sectors to migrants and students. We set up a Digital Leadership Group and regional strategy to encourage the use of Ultra Fast Broadband (UFB) and rural broadband, and modelled the flow effects of the rural economy on the city.

We published 4,000 copies of the Canterbury Report bi-annually and launched a twice-yearly Economic Update event.

We received over \$2 million from NZTE and the MBIE to co-fund several initiatives. As a result we launched a Hi-Growth Launch Pad and received money for a digital accelerator to support innovation. We have also launched *Internships* that link tertiary institutions with business, and a *governance programme* for business.

CCT ran one campaign resulting in new direct flights between Perth and Christchurch, and one to attract tourists from Victoria and New South Wales.

We also ran a major project to prepare the industry for far more Chinese travellers taking self drive holidays.

Web traffic to www.christchurchnz.co.nz rose by 18 per cent and we have hosted more than double the number of influential international media and bloggers in the last two years.

We expanded the temporary Christchurch Visitor Centre by 25 per cent and placed another visitor information kiosk in Cathedral Square.

International Guests Nights in Canterbury rose 11 per cent to 1,803,700.

City Promotions

We launched the findchch.com website and app, which pinpoints facilities and activities in the city from accommodation to transitional projects.

International Relations

We helped the Mayor successfully commemorate the 3rd anniversary of the 2011 earthquake. This included a family service at Avonhead Park Cemetery and a public service in the Botanic Gardens. We held two ANZAC Day services and worked with the RSA on Armistice Day commemorations.

We helped with 47 international visits to Christchurch, including visits by the Mayor of Kurashiki, Japan, and representatives from a United Kingdom school, Wuhan China, Tokyo, Japan, Northern Ireland and Korea.

Our Sister City programme started a project with Education New Zealand and Christchurch Educated aimed at rebuilding student numbers from Korea. We also prepared for Mayoral visits to the United Kingdom and China.

We held 23 Citizenship Ceremonies for 1,760 new New Zealanders.

Among the official Guest of Government visits we helped with was the visit by Their Royal Highnesses, the Duke and Duchess of Cambridge.

We helped co-ordinate the visits by the head of the United States National Science Foundation and the Director of the Korean Antarctic Programme, representing two agencies that use Christchurch as a gateway to the ice.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Christchurch Economic Development Leadership and Coordination					
Coordination and Leadership of Economic Development Programmes (including leadership of the Canterbury Regional Innovation System, industry development and business acceleration services and workforce development).	CDC develops Centres of Expertise in Economic Research, Workforce, and Infrastructure.	80% Human Capital and Workforce projects on track per annum.	Achieved	All projects completed on target during the year.	2013: Projects are being scoped and implemented.
		Economic futures model is applied to inform 12 economic development projects per annum.	Achieved	Model used on five workforce sector projects, two rural economy projects, regional tax take project, housing project, inflation project, boom and bust model and re-worked long term GDP model.	2013: Model updated.
		Human Capital Strategy updated annually by 30 June.	Achieved	Completed.	2013: Completed.
		Prioritisation of infrastructure projects reviewed annually by 30 June, with review distributed to key infrastructure providers.	Achieved	Completed for the year.	2013: Completed.
		Two reports per annum produced on the productivity of the rural sector and its connection to the Christchurch economy.	Achieved	Reports on Rural Productivity and Water and Nutrient Impacts were produced during the year.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Update and expand the Canterbury economic infrastructure stock take annually by 30 June.	Achieved	Fully updated Infrastructure stocktake completed.	2013: Completed.
	CDC facilitates Business Recovery.	Facilitate 10 local companies per annum to supply goods or services to the recovery programme.	Achieved	Facilitated the following 10 companies: Metalcraft, ENI Engineering, Automated Technologies, ConcreteConnect, SolarBright, Spray Marks Group, Seltech, Elastoma, Davin, and Shape.	2013: 12 companies.
	CDC facilitates the development of key sectors and specific high growth potential businesses within these sectors to achieve national and local government growth agendas.	10 clients per annum will be intensively case managed for each priority sector.	Achieved	10 clients have been intensively case managed for each priority sector.	2013: Targets met.
6 businesses utilise the distribution networks and contacts for promoting trade in China per annum.		Achieved	Firms Helped: Green Dog Insulation, Serra Natural Foods, Linguis International College, Greenfield, The Cot Store, and Sino NZ.		
Business improvement services are provided to 10 medium to large Christchurch businesses per annum.		Achieved	Services were provided to 24 firms.	2013: 12 firms.	
For each sector a wider group of at least 25 clients will be engaged within a broader industry sector program.		Achieved	364 firms were involved in Power Boost breakfast, Technology CEO forum, or an assessment.	2013: 78 firms.	
CDC initiates and/or implements priority economic development projects identified through Christchurch Economic Development Strategy or Canterbury Regional Economic Development Strategy.	All projects completed by 30 June 2022.	On track to be achieved	Remain on target for all initial projects.	2013: On track to be achieved.	
	All projects initiated by 30 June 2015.	On track to be achieved	Overall CEDS programme on track and well on target for all initial projects to have been started by June 2015.		
	All projects prioritised by 30 June 2014.	Achieved	Completed.		
	Progress with implementation of CEDS and Greater Christchurch ED Strategy monitored annually: 80% of projects on track for completion.	Achieved	CEDS PMO tracking - 86% are on track for completion.		
CDC leads the Canterbury Regional Innovation System (CRIS).	10 high-growth-potential businesses and projects that meet investment objectives of Canterbury Economic Development Fund are identified and invested in each year.	Achieved	Investment in 12 businesses: Koti, Solar Bright, Hydraworks, Mars, Motim, Syft, Invert Robotics, Crop Logic, IM Able, NZ and Health Innovation Hub.	2013: 11 investments.	
	CRIS is responsible for commercialising 5 pieces of innovation per annum through new start ups or existing local businesses.	Achieved	CRIS assisted: Deep South IceCream, Red Seed Ltd, Intranet, Gladfield malt and NightSide test Design.		

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CDC provides economic development leadership for Christchurch.	Agreed work streams in the Economic Recovery Programme are delivered.	Achieved	Met all CERA delivery targets and have assumed responsibility for economic monitoring and reporting for CERA.	
		Develop a Greater Christchurch Economic Development Strategy by end December 2013.	Achieved	Achieved. Now looking at a wider regional (Canterbury) Economic Development strategy in conjunction with other Territorial Local Authorities and ECan.	2013: On track to be achieved.
Tourism Development and Visitor Promotion.	CCT actively promote the city in markets with direct air services to Christchurch.	Deliver advertising campaigns in Australia that align with the current market strategy for a period of at least 4 months per annum.	Achieved	Four campaigns were delivered totalling 19 weeks or 4.4 months.	2013: Achieved by two campaigns.
	CCT continue an active communication programme with media and trade.	Familiarisations carried out with 150 media individuals, per annum.	Achieved	Hosted 152 different media throughout the region during the financial year across broadcast, print and online media and have spent a combined total 266 days in Canterbury.	2013: 107 media.
		Familiarisations carried out with 30 trade organisations consisting of a total of 250 individual people, per annum.	Achieved	453 individuals were hosted from 303 organisations from Australia, Western Australia, New Zealand, India, China, Japan, USA, Thailand, UK, Singapore, Korea, and Europe - Product Managers, VIPs, agents and inbound industry representatives.	2013: 39 trade organisations with 427 agents.
		Trade training delivered to at least four events per annum.	Achieved	Trade training delivered to 11 events.	
	CCT facilitate to and grow the cruise sector for Christchurch/ Lyttelton and Akaroa.	CCT will develop and agree a cruise season plan with the Akaroa Community and manage its implementation.	Achieved	CCT continues to be involved with the Akaroa Community Board and has attended cruise planning meetings on a regular basis. Meetings attended: 19 July, 2 August, 5 September and 14 April.	2013: Achieved.
		Cruise NZ satisfaction levels in Akaroa meet or exceed 8.7/10 for cruise passengers arriving at Akaroa.	Achieved	Akaroa 6.29 out of a score of 7, equating to an 89.8% rating.	2013: 8.7/10 for 2011/12 season. Result for 2012/13 season not available.
		Services provided to support cruise ship visits to Akaroa: Wharf side Visitor Information mobile facility. Printed collateral for arriving cruise passengers on regional activities and information.	Achieved	A mobile information kiosk is in place for the 2013/14 cruise season. In conjunction with the Council's City promotions unit – all Christchurch bound Free Independent Traveler (FIT) and Inbound city tours will be provided with a Christchurch mini map with cruise bus stops clearly defined.	2013: Mobile kiosk in place and cruise brochure developed with first print run of 20,000 copies.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CCT promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions.	Achieve a share of national delegate days for MICE (Meetings, Incentive, Conference and Exhibitions) market in the 3.5% to 5.0% range.	Achieved	YE December 2013 MIBE Convention Activity Survey – Christchurch and Canterbury 9% market share of MICE activities. YE March 2014 MIBE Convention Activity Survey – Christchurch and Canterbury 9% market share of activities.	2013: Market share 2-4%.
		To host a minimum of four Conference and Incentives (C and I) buyer groups per annum (ongoing).	Achieved	19 meetings hosted.	2013: 12 conference and incentive buyer groups.
	CCT provides leadership to the tourism sector in Christchurch.	Three year strategic plan to be completed annually by 30 April.	Achieved	CCT Board has asked that the Strategic Plan timeframe be changed from 3 – 5 years. The five year Strategic Plan 2014 - 19 was completed in October 2013.	2013: Target achieved.
	CCT provides support to and works collaboratively with tourism business partners and suppliers.	Engage with 15 tourism businesses per year on specific tourism projects and/or provision of marketing advice.	Achieved	27 businesses received advice.	2013: 30 businesses engaged.
		Host at least three Business Partner meetings annually to review progress of visitor recovery strategies and collaboratively identify new initiatives to improve the visitor economy.	Achieved	8 Business Partner meetings were held.	2013: 8 meetings hosted.
	CCT work in collaboration with CIAL to deliver promotional activities in markets that have direct air routes or have high potential to have direct air routes.	Contribute to three joint ventures per annum that support or maintain direct air links.	Achieved	The first joint venture with CIAL, Tourism New Zealand and Air New Zealand was the Western Australia campaign to launch the direct air service between Christchurch and Perth. A further joint venture will take place with CIAL to drive demand in Western Australia over the winter season. East Coast Australia campaign was delivered from February 24 to 23 March with the primary focus in Melbourne and Sydney markets. Online activity delivered 123,538 visits, 224% of traffic above the target of 55,000 visits. The airline partner was Jetstar. This campaign exceeded its incremental holiday arrival goals of 2,300 pax in April and May 2014. China Market development workshops in conjunction with CIAL (South) were completed in Guangzhou in early June.	2013: 3 joint ventures contributed to.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CCT works in collaboration with the visitor industry to develop new and emerging market segments.	CCT hosts a minimum of 12 airline and travel seller management per year on fact finding visits to Christchurch and Canterbury.	Achieved	YTD Hosting: Malaysia Airlines (1 pax) Air New Zealand Japan (2 pax) Air New Zealand China (2 pax) Tourism Export Council Inbound Operators (7 pax) China Southern Airlines (2 pax) Cathay Pacific Airlines (2 pax).	2013: 36 airline and traveller seller management staff hosted.
		CCT runs a minimum of two workshops per year with visitor industry participants on the development of new markets and travel segments.	Achieved	Five workshops were held.	2013: 4 workshops.
		CCT works collaboratively with CIAL to prepare and endorse case studies and marketing proposals to develop new international air links for Christchurch: CCT will contribute to at least two international air link opportunities yearly.	Achieved	Contributions were made to two international air link opportunities.	2013: Participated in 3 new airlink opportunities.
	Visitors utilise the services of the Christchurch and Akaroa Visitor Information Centres.	Akaroa Visitor Centre maintains visitor number levels in the range of 165,000 to 185,000 visitors annually for the duration of relocated cruise ship visits.	Not achieved	56,507 visitors have visited July – June The number of visitors utilising the Visitor Centre has been negatively impacted by its post-Earthquake temporary location and the arrival of a new privately owned Visitor Centre.	2013: 137,212 visitors.
		Akaroa Visitor Centre will be open from 8.30 -5.00 daily (winter hours are 10.00 – 4.00).	Achieved	Summer 1 October – 31 March, Winter 1 April – 30 September.	2013: Achieved.
		Christchurch Visitor Centre increase visitor utilization by 5% per annum.	Not achieved	193,499 visitors have visited July – July The presence of persistent road works and lack of clear signage from the central City meant that the target for the year of 215,000 (5% increase) was not achieved.	2013: 32% increase.
		Christchurch Visitor Centre will be open from 8.30 – 5.00 daily (summer hours are 8.30 – 6.00).	Achieved	Summer - 28 October – 31 March, Winter – 1 April – 27 October.	2013: Achieved.
		Lyttelton (Community) Visitor Centre will be open 10.00-4.00 Monday-Saturday and 11.00-3.00 Sunday (with opening hours extended as necessary to accommodate cruise ship visits).	Achieved	Current opening times are 10 am to 4 pm Monday - Saturday. 11 am to 3 pm on Sunday.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
City Promotions					
Deliver Christchurch city promotional material with information about living, visiting and doing business in Christchurch (such as brochures, merchandise and web sites).	Maintain (external) Christchurch website.	Continue to provide: http://www.christchurch.org.nz/ as the highest visited site for promotion of Christchurch City and a portal to information from City agencies.	Not achieved	Unable to determine that it is the highest visited site. Website is maintained and updated as required.	
	Residents are satisfied with the information available about events, activities and attractions in Christchurch.	85%.	Not achieved	84% achieved. Activity moved to more digital and online resources this year, missed target by 1%.	2013: 83%. 2012: 85%.
	The Council produces and distributes city promotional material, for residents and visitors.	Provide print, web and digital (social media such as Face Book, You Tube) promotional material across information categories, including: Christchurch Facts, City and Events Guide, City and regional map, City Walks and Drives, City Parks and Gardens.	Achieved	All print, web, digital promotion material produced as required.	
Management of the city wide street banners programme – seasonal banners, event banners and Christmas decorations for the City.	Manage the annual programme of street banners and seasonal decoration.	Seasonal and event banners in place on banner sites all year (including Christmas decorations): Up to 16 events / seasonal change outs per annum.	Achieved	Banners managed as per budget and promotion requirements.	
Civic and International Relations					
Delivery of Civic events - Citizenship Ceremonies, Anzac Day, Charter parades.	Annual programme of other civic events delivered.	Deliver Civic Awards, Apprentices Graduation, Charter Parades, Remembrance Day, February 22 commemorations.	Achieved	All civic events delivered.	
	Citizenship Ceremonies for Christchurch based 'new New Zealand citizens' delivered.	Deliver a regular schedule of Citizenship Ceremonies to confer citizenship for 'new New Zealand citizens' in Christchurch, within budget.	Achieved	Regular Citizenship Ceremonies held within budget and backlog of waiting citizens fully cleared.	
	Support the RSA in the delivery of the ANZAC Day Dawn parade and the Citizens service.	ANZAC Day commemorations in central Christchurch supported with planning and delivery.	Achieved	RSA supported in delivery of ANZAC Day.	
Maintain and develop relationships with Antarctic industry partners - USA, NZ and Italy Antarctic Research programmes.	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes.	All major support activities delivered annually - season opening function, Antarctic University of Canterbury (UC) scholarship. Maintain three active partnerships within Antarctic Link Community: United States of America, New Zealand and Italy.	Achieved Achieved	Major Antarctic support activities delivered as planned. Three active partnerships maintained with USA, Antarctica NZ and Italy.	2013: Achieved. 2012: Achieved.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Maintain and develop strategic city-city programmes.	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) to meet two or more criteria (Best Practice, Business Development, Tourism, Education, Culture and Sport.	Achieved	100% of plans assessed and found to meet criteria.	2013 and 2012: 100% of plans assessed.

What assets do we use to deliver these activities?

We do not use major assets for these activities.

Where are we heading?

The CDC priorities for the coming year include:

- supporting the rebuild to deliver long-term economic benefits to the city and region
- maintaining the Christchurch Economic Development Strategy
- supporting business and enabling new ideas and ways of doing things.

We will put a stronger emphasis on skills and education to enable economic growth. We aim to intensify our role in the rebuild as the city returns to a more normal economy in the next 2-3 years. Skills and education work will focus on developing links between education, students and employers.

We will also absorb the successful Business Mentors Christchurch operation into the organisation. This mentoring and support function is a natural fit with CDC's business support function and will integrate well with existing innovation and capability development roles performed by CDC.

Over the next year CCT will continue to concentrate on improving visitor traffic from Australia, attract a bigger share of the fast growing China market and explore new ways of activating special interest markets such as walking, hiking and skiing.

To improve our depleted international air capacity from Australia CCT will work closely with Christchurch International Airport Limited (CIAL) on a range of route specific marketing initiatives to grow the inbound traffic on key routes. With the anticipated re-instatement of a further 5% of trans-Tasman seats from November 2015 we expect to grow Australian holiday arrivals by an incremental 5,500 arrivals to 110,500 by June 2015.

CCT will deliver further industry training and research initiatives to prepare the tourism and hospitality sector for the rapid growth of the Chinese holiday market which is set to increase from 239,000 to 380,000 arrivals to New Zealand over the next five years.

To assist with attracting new investment into the Christchurch accommodation sector CCT will launch an accommodation investment prospectus in Q4 2014 and will work in partnership with NZTE and city agencies on improving the investment proposition for tourism infrastructure.

The Christchurch Convention Bureau which is operated by CCT will place further sales focus on building its share of the domestic conference market from 8% to 10% and will run a major trade show for the meetings, incentive and conference industry in Christchurch during September 2014.

2014/2015 will bring an emphasis to City Promotions on supporting city events through the banner programme, as well as via online and digital channels. This will involve further development of Findchch.com.

With the addition of the interactive map content to www.christchurchorg.nz web traffic increased by 25% from 2012/2013 to 2013/2014, the target is to increase by a further 10% for the 2014/2015 year.

Service delivery in 2014/15

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

CCT's other goal for 2014/15 is to improve international guest nights in Christchurch by 7% and achieve a sustained all year improvement in holiday arrivals from Australia.

What did it cost?

Economic development

Statement of cost of services for the year ending 30 June	2014				2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Civic and international relations	1,215	65	1,150	1,215	1,267
Regional economic development, business support and employment development	7,962	100	7,862	8,055	7,684
City promotions	345	1	344	552	549
Cost of service	9,522	166	9,356	9,822	9,500
Capital expenditure					
Renewals and replacements	-	-	174	179	164
Improved service levels	-	-	-	-	-
Increased demand	-	-	-	-	-
Total capital expenditure	-	-	174	179	164

Explanation of significant cost of service variances

The net cost for city promotions was lower than planned and 2013 due to resources being directed to other projects during the year.

Significant capital expenditure

This spend includes events equipment and banner installation and replacement.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Parks and open spaces

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

The Council maintains and manages 1,040 parks and reserves covering nearly 9,000 hectares within Christchurch City and Banks Peninsula. These include managing the botanic and heritage gardens, urban and regional parks, cemeteries, heritage, and harbour and marine facilities.

Why does the Council provide parks and open spaces?

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 and places for burial and remembrance.

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

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. We provide an attractive liveable urban environment and pristine natural areas for all to enjoy up close or from a distance.

What activities are included in parks and open spaces?

Neighbourhood parks

We maintain neighbourhood parks in your local community for individuals or groups to relax and enjoy

informal and spontaneous outdoor recreation and leisure.

Sports parks

We provide and maintain specialised sports grounds to cater for organised sports and other recreational activities.

Garden and heritage parks

We provide and maintain specialist and heritage gardens for community and visitors to enjoy and study botanical diversity, while contributing to plant conservation and research, and contributing to our ongoing Garden City image.

Regional parks

We provide extensive naturalised parks and reserves on the coast, hills and plains for all to enjoy. These protect the region's natural landscape and biodiversity values while accommodating extensive outdoor recreation.

Cemeteries

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

Harbours and marine structures

Piers, wharves, moorings and boat ramps along the coast and within harbours are managed for recreational and commercial use.

Rural fire fighting

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

What did we achieve?

During 2013/14 the following achievements were made:

- City and Peninsula parks were readily accessible and well maintained to meet community need for leisure, recreation and open space. Further earthquake damaged tracks and facilities were repaired and reopened. Landscape and biodiversity values were protected and enhanced.
- Extensively redeveloped the Washington Way Skate Park creating a wider range of skating experiences to cater for all abilities.

- Celebrated 150 years of the Christchurch Botanical Gardens with a number of events including commemorative planting of a Wollemi pine. Opened a new visitor, glasshouse and staff complex in the Botanic Gardens;
- Commenced giving effect to the Cemeteries Master Plan. Completed making safe 4000 earthquake damaged or unsafe headstones within City cemeteries;
- Conducted geotechnical investigation, rock stabilisation and track repair work resulting in opening more of the Port Hills track network, including the previously closed section of Summit Road and tracks between Rapaki and Bridal Path;
- Cruise ships visits continued to Akaroa, contributing to Canterbury's tourism industry recovery. Seaside toilet facilities improved;
- Council's pest management programme delivered. Environmental awareness programmes well subscribed. Continued significant contribution by volunteers to biodiversity enhancement and maintaining recreation facilities;
- Maintained rural fire fighting capability and discharged responsibilities as a Rural Fire Authority.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Cemeteries					
Cemetery operations, administration and information.	Customer satisfaction with Council cemetery services.	At least 95%.	Achieved	100%.	2013: 89%.
	Interment capacity to meet the city's needs.	Maintain a two year interment capacity based on average demand over the previous three years.	Achieved	5,065 plots are available representing a five year annual capacity for the city.	
	Response time to burial plot applications.	All applications for interment will be confirmed within one working day of receiving the application.	Achieved	All applications confirmed within one working day.	2013 and 2012: Contract specifications met.
Provide and manage cemetery grounds.	Cemetery grounds are secured and maintained to specifications so they are clean, tidy, safe and functional.	At least 95% of Urban Parks contract technical specifications pertaining to cemetery grounds facilities are met.	Achieved	97%.	
	Customer satisfaction with maintenance and appearance of Council cemeteries.	Review customer satisfaction levels based on results for 2012/13 baseline year.	Not achieved	67%.	2013: 81%.
Garden and Heritage Parks					
Heritage buildings and structures (eg fountains, clocks, statues, and outdoor art works).	Garden and Heritage parks, heritage buildings and structures are maintained so they are clean, tidy, functional, safe and fit for purpose.	At least 95% of Facility Maintenance contract technical specifications pertaining to Garden and Heritage parks buildings and structures are met (for buildings and structures that are not closed).	Not achieved	Not measured.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years	
Provide and manage Garden and Heritage parks.	Garden and Heritage Parks are maintained to specifications so parks are clean, tidy, safe and functional.	At least 95% of Urban Parks contract technical specifications pertaining to Garden and Heritage park facilities are met.	Not achieved	Not measured.		
	Proportion of visitors satisfied with the appearance of garden and heritage parks.	At least 80%.	Not achieved	76%. Improvement on the previous year, and tracking positively.	2013: 73%.	
	Proportion of visitors satisfied with the appearance of the Botanic Gardens.	At least 92%.	Achieved	98%.	2013: 98%. 2012: 94%.	
	Provision of a Botanic Garden that is open to the public.	Maintain a minimum number of visitors per annum: At least 1,100,000 visits per annum.	Achieved	1.26 million visits recorded for year.	2013: 1.1 million. 2012: 1.14 million.	
	Provision of Botanic Garden Services.	Facilitate 4-6 events and displays in support of the Botanic gardens and Christchurch's Garden City image per year.		Achieved	6 events facilitated including: 150th Grounds Display, Kidsfest, Lazy Sunday, Summer theatre, Internal visitor display and New Facility Heritage display in glasshouses.	2013: 4 events.
		Facilitate at least 25 Environmental and community education activities per year.		Achieved	26 education talks and programmes were facilitated.	
		Invest at least 160 hrs per year in science and research partnerships with CRIs, higher learning institutions, and Government departments.		Achieved	Over 170 hrs invested including collaboration with DOC and Landcare Research on plant conservation and student research projects.	2013: Over 160 hours. 2012: At least 160 hours.
		Provide the Herbarium and library (for reference and research only).		Achieved	Herbarium and library (for reference and research only) services provided.	2012: Access provided.
		Visitor Centre opening hours 9.00-4.00pm weekdays; 10.15-4.00pm weekends.		Achieved	New facility now open 8.30 till 5.00pm 7 days a week.	2013: Achieved. 2012: Achieved.
		The Botanic Gardens are maintained so they are clean, tidy, safe, functional and fit for purpose.	At least 95% of internal monthly checklist requirements pertaining to park facilities are met.	Not achieved	Not measured.	
Harbours and Marine Structures						
Provide, manage and maintain marine structures and facilities.	Proportion of customers satisfied with the state of marine structures provided by Council.	Review customer satisfaction levels based on results for 2012/13 baseline year.	Achieved	Customer satisfaction for harbour and marine structures appearance and condition measured in 2013/14 summer was 58%. A 5% improvement on 2012/13.		
	Provide marine structures for public recreation and commercial use.	Existing harbour and marine structures remain open for commercial and recreational use (unless assessment deems the structure unsafe).	Achieved	All safe harbour and marine structures remained open.		
		Review of provision of harbour and marine structures, completed by June 2014.	Achieved	An internal review was completed which determine no change was required.		

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Neighbourhood Parks					
Provide and manage neighbourhood parks.	Customer satisfaction with the range of recreation facilities.	At least 80%.	Not achieved	67%. The concerns of respondents will be considered.	2013: 63%.
	Neighbourhood parks are maintained to specifications so parks are clean, tidy, safe and functional.	At least 95% of Urban Parks contract technical specifications pertaining to neighbourhood parks are met.	Achieved	97%.	
	Overall customer satisfaction with neighbourhood parks.	At least 80%.	Not achieved	68%. 1% improvement on 2012/13. the concerns of respondents will be considered.	2013: 67%.
Regional Parks					
Provide and manage a network of parks of regional significance.	Biodiversity values are protected.	20 to 30 ecological restoration projects in place and supported by regional parks per year.	Achieved	30 ecological restoration projects.	2013: 30 projects. 2012: 37 projects.
		20 to 30 sites monitored per year (fauna counts related to pest control).	Achieved	30 sites monitored.	2013: 35 sites. 2012: 35 sites.
		Nil notices of direction served following inspection of Regional Pest Management Strategy pests.	Achieved	No notices of direction served.	2013: Nil. 2012: Nil.
	Number of volunteers and community service personnel participating in environmental projects.	At least 30,000 volunteer person hours per year.	Achieved	Total 30,101, consisting of; Community volunteers 13,840 and Community Service 16,261.	2012: 48,000.
	Parks Maintenance contract managed to ensure contractor performance meets requirements.	The contract is managed in accordance with the contract management plan's performance criteria.	Achieved	Contract managed per contract management plan performance criteria.	
	Proportion of customers satisfied with their experience of regional parks.	At least 90%.	Not achieved	83%.	2013: 83%. 2012: 92%.
	Regional Parks are provided and maintained so they are fit for purpose for recreational use and environmental values.	Ranger service provided 24 hours, seven days per week to meet community needs for: recreation and asset management; conservation and amenity; advocacy, education and information and emergency management.	Achieved	Ranger service provided 24 hours, seven days per week to meet community needs for: recreation and asset management; conservation and amenity; advocacy, education and information and emergency management.	2012: Achieved.
Rural Fire Management					
Rural Fire reduction, readiness and response.	An approved and operative Rural Fire Plan is in place.	Plan is reviewed annually, by 1 October.	Achieved	The Fire Plan was updated 26th September 2013, including review of contact details and the addition of required statements to align with National Rural Fire Authority (NRFA) audit requirements for hazard assessment. The next review is due September 2014.	2013 and 2012: Achieved.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Issue fire permits.	At least 90% within three working days.	Achieved	29 of 30 permits (96.7%) were issued within three working days.	2013: 100%. 2012: 99%.
	Public education undertaken to increase communities' awareness and preparedness.	A rural fire communication plan is in place.	Achieved	A specific sub-committee within the Northern South Island Regional Rural Fire Committee is tasked with implementing a communications strategy as per the multi-agency MOU. A Council specific communications plan is in place and will be reviewed.	
		Public notice in the daily newspaper prior to fire season change.	Achieved	All fire season changes during 2013/14 were publicly notified in at least one major local paper prior to the change in status.	2013: Changes notified. 2012: 100%.
		Signage changed within seven days of any fire season change.	Achieved	Signage was changed within allowable timeframes for all fire season changes in 2013/14. Typically completed within four days of change of season.	2013 and 2012: Signage changed.
	Respond to requests from NZ Fire Service (NZFS) requests for fire fighting resources (personnel and equipment).	Response turnout initiated within 30 minutes from NZFS call for assistance.	Achieved	Principal Rural Fire Officer (PRFO) regularly meets with the NZFS Area Commander, who confirms that the Council Rural Fire Authority is responding to all requests within the specified timeframes.	2013: No delays identified. 2012: 100% within 30 minutes.
Training of rural fire response personnel including Voluntary Rural Fire Force members.	Fire fighting personnel meet NRFA minimum training standards.	95% of paid personnel meet the relevant training standards for their role.	Achieved	100% - Currently there are 89 paid fire fighting personnel (staff and contractors), all of whom comply with training standards.	2012: Greater than 95% of paid staff.
		At least 30% Voluntary Rural Fire Force members have obtained the 'Basic Fire Fighter' national training standards.	Not achieved	25% of volunteers have achieved the minimum training standards. Volunteers time constrained lowering attendance at training. Working with volunteers to best accommodate needs and accelerate training. Tasking on fire ground continues to be aligned to training and experience.	2012: 30-40% of volunteers meet standards for the year.
Sports Parks					
Provide and manage sports parks, including the associated facilities.	Customer satisfaction with the range of recreation facilities.	At least 85%.	Achieved	88%.	2013: 85%.
	Overall customer satisfaction with sports parks.	At least 85%.	Achieved	88%.	2013: 84%.
	Sports Parks are maintained to specifications so parks are clean, tidy, safe and functional.	At least 95% of Urban Parks contract technical specifications pertaining to sports parks are met.	Achieved	97%.	

What assets do we use to deliver these activities?

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

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

Where are we heading?

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

current and future needs of the City and implement the Cemeteries Master Plan.

We will review and tender the maintenance of Urban Parks.

We will continue to repair and open quake damaged facilities as funding allows.

We will continue to protect and enhance the natural and landscape values on Council land.

We will continue to manage and maintain Council's harbour and marine assets, working with communities to decide the future and possible repair of damaged and closed structures.

The Council, as a Rural Fire Authority, will continue to ensure that staff, contractors and volunteers meet the required national standards for fire fighting and issue fire permits. It will prepare and respond to rural fires.

Service delivery in 2014/15

In general, service delivery in 2014/15 will not vary significantly from that outlined in the Three Year Plan.

What did it cost?

Parks and open spaces

Statement of cost of services for the year ending 30 June

				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Neighbourhood parks	15,528	1,096	14,432	12,426	14,740
Sports parks	10,526	217	10,309	9,207	9,260
Garden and Heritage parks	12,051	2,114	9,937	8,825	7,305
Regional parks	10,135	539	9,596	9,374	10,441
Cemeteries	2,217	947	1,270	1,476	1,523
Harbours and marine structures	887	749	138	(24)	(47)
Rural fire fighting	673	106	567	800	589
Capital revenues	132	4,957	(4,825)	(4,458)	(3,109)
Cost of service	52,149	10,725	41,424	37,626	40,702
Capital expenditure					
Renewals and replacements	-	-	3,237	4,946	5,575
Infrastructure rebuild	-	-	2,303	8,852	3,923
Improved service levels	-	-	15,199	9,601	2,407
Increased demand	-	-	5,027	5,884	3,641
Total capital expenditure	-	-	25,766	29,283	15,546

Explanation of significant cost of service variances

The key reason for Neighbourhood Parks, Sports Parks and Regional Parks over spending their annual budget is \$1.5 million of unplanned additional maintenance costs relating to park development in new subdivisions. In addition there was \$0.9 million worth of damage caused by several storm events during 2014, a \$0.3 million revenue shortfall from gravel extraction due to depleted gravel reserves and licensee commercial decisions and the year end write off of damaged assets (\$0.7 million). Unplanned operating costs were incurred in the repair of facilities which were originally planned as capital expenditure. Capital expenditure budget was transferred to meet these costs.

In 2014 Heritage Assets on parks were transferred to the Garden and Heritage service from Heritage Protection service resulting in \$1.4 million of additional costs.

Significant capital expenditure

The Botanic Gardens visitor, glass houses and staff complex and the Washington Way Skate Park redevelopment were amongst the capital projects delivered in 2013/14.

Explanation of significant capital expenditure variances

Capital expenditure was lower than planned in 2014 as projects were placed on hold or delayed while existing project scopes were reviewed and reprioritised. The following projects will now be completed in 2014/15: Canterbury Agricultural Park toilet and changing rooms; Akaroa boat park vehicle bridge renewal and Cemeteries extension.

Council activities and services

Recreation and leisure

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

These services include running city recreation and 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 Council aims to achieve a number of outcomes. For recreation and leisure these include:

- People have equitable access to parks, open spaces, recreation facilities and libraries;
- There is increasing participation in recreation and sporting activities;
- Christchurch is recognised as a great place to work, live, invest and do business;
- Services are available locally within the urban areas;
- People are actively involved in their communities, local issues and decision making;
- Cultural and ethnic diversity is valued and celebrated.

Recreation and leisure activities contribute to the social and economic 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.

The recreation and leisure services also contribute toward the achievement of four of the City's Community Outcomes:

1. People have a sense of connection to participate in their community;
2. People participate in a wide range of recreational activities;
3. Christchurch's culture and heritage are valued;
4. Christchurch is a good place to do business.

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, Graham Condon or Jellie Park Recreation and Sport Centres. You also use them if you attend any Council events such as Classical Sparks, New Zealand IceFest, Guy Fawkes fireworks, KidsFest or a Council-supported sporting event in the City, such as the New Zealand Women's Golf Open.

What activities are included in recreation and leisure?

Recreation and sports services

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

Events and festivals

Events strengthen community pride, promote the understanding of different cultures and healthy lifestyle choices, and showcase the quality of lifestyle available in Christchurch. We produce a year-round programme of free and affordable events, support a range of festivals that enhance the lifestyle qualities of Christchurch and our major events attract visitors and support key industries in Christchurch and Canterbury.

What did we achieve?

Repairs have been commenced on the Waltham Lido Pool, Norman Kirk Memorial Pool and the Scarborough paddling pool will be completed in time to re-open these facilities for the 2014/15 summer. Development work is also nearly finished on the Hagley Oval embankment in preparation for the Cricket World Cup event scheduled for February 2015.

Participation in the pools, gyms and group fitness classes continues to grow. Swim education participation is strong and a highly successful KiwiSport learn to swim programme subsidised more than 100,000 school swim lessons in 2013/14. Despite lots of challenges Council's swim education programme received national acclaim as the Quality Swim School of the year. The number of participants attending the Council's Recreation and Sport Centres exceeded 3.6 million in 2013/14.

The New Zealand Women's Golf Open championship was a sporting highlight in early 2014 as were the New Zealand Cycling Road Championships. In June 2014, the touring English international rugby side defeated the Crusaders at AMI Stadium. During 2014/15 Christchurch will host the opening game of the 2015 Cricket World Cup and co-host the 2015 FIFA Men's Under 20 Football World Cup.

The Council delivered and supported a full annual programme of events. Our lead 'icon' event, based on economic impact criteria, the New Zealand Cup and Show Week, saw a substantial lift in attendance levels and the start of a return to its status as a city wide

celebration as we delivered event activity in the central city to support the main events, such as the New Zealand Cup Days at Addington and Riccarton, and the Canterbury A&P Show. The Summertimes programme of events and the World Buskers Festival again kicked off the new year with hundreds of thousands attending events and enjoying the summer surrounds of our parks, beaches and other venues. Council funding of events such as the Chinese Lantern Festival, New Zealand Jazz and Blues Festival and Christmas in the Park ensured an annual programme of accessible events.

How did we measure up?

Activity and Service Events and Festivals	Level of Service	Target	Achieved	Result	Prior Years
Event promotion and marketing.	Manage and develop iconic events.	NZ IceFest to achieve icon event criteria by October 2016.	On track to be achieved	This event is to be held in 2015 and will be assessed and reviewed once the event has finished.	
		Two events in place. (NZ Cup and Show Week, Ellerslie International Flower Show).	Achieved	Target was achieved.	2013: Delivered. 2012: 2 events.
	Manage and develop Major events.	Develop one other metropolitan community event to reach major event status by 2014/15.	On track to be achieved	On track for moving FESTA and Lantern Festival into Major Event category.	
Provide, support and deliver a year-round programme of events.	Manage and develop the central city events spaces.	Two events in place at Major Event level.	Achieved	Target was achieved (World Buskers Festival and Christchurch Art Festival).	2012: 2 events.
		At least 90% of resident satisfaction with range of events and festivals delivered.	Not achieved	Achieved a level of 86%.	2013: 90%. 2012: 90%.
Manage the central city event spaces.	Produce top quality events - such as Summertimes, Kidsfest, and Guy Fawkes fireworks.	90% attendee satisfaction with event venue and content.	Achieved	96%.	2012: 93%.
		Host events in the central city events spaces on average two days per week.	Achieved	This target was achieved.	2012: Events held on average two days a week.
Production of major festivals and events (run by Council).		At least 90% attendee satisfaction with the content and delivery across four Council-funded events.	Not achieved	Survey result cannot be provided.	2013: 86.5% 2012: 88%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Recreation and Sports Services Accessible community-based recreational and sporting programmes and events.	Deliver a high level of participant satisfaction with the range, content and delivery of accessible community-based recreation and sport programmes, events and campaigns.	At least 90% of participants are satisfied with range, content and delivery of accessible community based recreation and sport programmes, events and campaigns.	Achieved	90%.	2012: 94%.
	Deliver accessible community-based recreation and sport programmes, events and campaigns.	900 – 1,100 accessible community-based recreation and sport campaigns, programmes and events delivered per annum.	Achieved	2,529 accessible community-based recreation and sport campaigns, programmes and events delivered.	2013: More than 1,500 programmes and events delivered. 2012: 1,976 delivered.
		95 - 100% of campaign programmes and events target populations with accessibility challenges.	Achieved	100%.	2013: more than 95% delivered. 2012: 100%.
		Contract Surf Lifesaving NZ to provide regional surf lifeguard services at Christchurch beaches for 30 days each summer.	Achieved	Contract signed 27 September 2013.	
Capacity building of recreation and sport in Christchurch at all levels.	Deliver a high level of customer satisfaction with the support provided to community based recreation and sport organisations.	At least 75% of customers satisfied with the support they receive for community based recreation and sport organisations.	Achieved	85%.	
	Support community based organisations and networks to develop, promote and deliver recreation and sport in Christchurch.	8,300-9,200 staff hours of support provided to at least 500 organisations.	Achieved	9,785 hours of support provided.	2013: 8,854 hours provided to 561 organisations. 2012: 9,200 hours to 576 organisations.
Facility based recreational and sporting programmes and activities.	Provide well utilised facility-based recreation and sporting programmes and activities.	The number of participations for multi-purpose recreation and sport centres, outdoor pools and stadia: 3.05 million (subject to maintenance schedules and rebuild priorities).	Achieved	3.65 million.	2013: 3.56 million. 2012: 2.80 million.
		At least 103,000 participations in Swimsafe lessons (subject to maintenance schedules and rebuild priorities).	Achieved	107,829 participations in Swimsafe lessons.	2012: 114,000.
		At least 4.44 visits to aquatic facilities/head of population (subject to maintenance schedules and rebuild priorities).	Achieved	5.21 visits to aquatic facilities/head of population.	2013: 5.45 visits. 2012: 4.33 visits.
Multi-purpose recreation and sport centres, swimming pools, stadia and other recreation and sporting facilities.	Deliver a high level of customer satisfaction by providing facility-based recreational and sporting opportunities and activities.	At least 80% of customers are satisfied with the range and quality of facilities (5.8 on a 7 point scale using CERM international benchmark).	Not achieved	CERM rating 5.6.	2012: 5.9.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Provide facilities that have current PoolSafe accreditation and meet national standards for water quality.	Maintain PoolSafe accreditation for all eligible pools. Pool water quality standards are at least 85% of NZS 5826-2010.	Achieved Achieved	100%.	2013: Achieved. 2012: Achieved. 2012: Achieved.
	Provide residents access to fit-for-purpose recreation and sporting facilities.	Eight paddling pools open seasonally: open Nov to Mar (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	Six paddling pools were open. Earthquake damage prevented two of the eight being open.	2013: 3 open. 2012: 2 open.
		Five public outdoor pools open seasonally: Jellie Park, Lyttelton, Halswell and Waltham; open Nov to Mar. Templeton; open Dec to Feb (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	Three public outdoor pools were open. Lyttelton and Waltham remain closed due to earthquake damage.	2013: 3 open. 2012: 3 open.
		Four stadia available for hire 364 days per year (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	Four stadia available for hire 364 days per year.	2013: 3 open. 2012: 2 open.
		Graham Condon, Jellie Park and Pioneer (includes new Learn to Swim pool, since Mar 2012): Open 364 days/year 99-106 hrs/week. Mon-Fri: 5.30am-9.30pm. Sat/Sun: 7.00am-8.00pm (opening hrs subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	All three facilities, Graham Condon, Jellie Park and Pioneer, were open and available as per target.	2013: 3 open as per target. 2012: 3 open.
		QEII Fitness @ Parklands: Open 364 days/year 70-84 hrs/week. Mon-Thu: 6.00am-9.00pm. Friday: 6.00am-6.00pm. Sat/Sun: 8.00am-2.00pm (opening hours subject to satisfactory levels of demand, maintenance, public holiday schedules and rebuild priorities).	Achieved	QEII Fitness @ Parklands, was open and available as per target.	2012: Achieved.
		Seventeen sporting and recreation facilities maintained and available for lease (opening hours subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	17 achieved.	2013: 13 centres leased and maintained. 2012: 16 open.
		Two community outdoor pools open seasonally: Governors Bay and Port Levy (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved	Both Governors Bay and Port Levy community outdoor pools open and available as per target.	2013: 2 open. 2012: 2 open.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Support for major sports events.	Deliver economic benefit to the city by supporting a range of regional, national and international sporting events consistent with Council Policy, in liaison with Council Events Team.	Support a range of regional, national and international sporting events, in line with the Physical Recreation and Sports Strategy and the Events Strategy.	Achieved	12 national events and 14 international events.	

What assets do we use to deliver these activities?

The main assets used to deliver recreation and sports activities are the Pioneer, Jellie Park and Graham Condon Recreation and Sports Centres. Throughout 2013/14 Council provided two community pools, four public outdoor pools, two stadia, three paddling pools and 13 leased sporting facilities. Norman Kirk Memorial Pool, Lyttelton Recreation Facility, Waltham Lido Pool and Scarborough paddling pool are all scheduled to be re-opened during 2014/15.

Where are we heading?

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

Christchurch will host a range of local and national sporting events including the Cricket World Cup, FIFA U20 World Cup, NZ Women's Golf Open, the NZ Road Cycling Nationals, along with Le Race and Airport Marathon.

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

Service delivery in 2014/15

Events and festivals activity in 2014/15 will include the second New Zealand IceFest festival, highlighting New Zealand's leadership in Antarctica and the Southern Ocean. Support continues for New Zealand Cup and Show Week which is edging back to pre-earthquake levels for attendance and economic impact from visitors to the city. We have a focus on returning event activity into central city spaces and delivering a quality annual programme of free, accessible events that bring communities and people together for shared experiences.

What did it cost?

Recreation and leisure

Statement of cost of services for the year ending 30 June	2014				2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recreation and sports services	25,382	12,987	12,395	13,835	12,412
Events and festivals	10,637	2,857	7,780	5,489	6,802
Capital revenues	-	4,057	(4,057)	(6,375)	(1,683)
Cost of service	36,019	19,901	16,118	12,949	17,531
Capital expenditure					
Renewals and replacements	-	-	3,421	1,829	1,841
Infrastructure rebuild	-	-	1,110	23,596	954
Improved service levels	-	-	-	50	980
Increased demand	-	-	102	-	3
Total capital expenditure	-	-	4,633	25,475	3,778

Explanation of significant cost of service variances

Recreation and sports services

Recreation and sports services net cost of service is \$1.4 million lower than plan. The variance was as a result of the NZ Men's Golf Open sponsorship not going ahead \$0.45 million, additional operating revenues of \$0.3 million as well as \$0.4 million of efficiency savings achieved. The balance is due to depreciation being under budget by \$1.3 million offset by under recoveries related to earthquake expenses of \$1 million.

Events and festivals

Events and Festivals net cost of service for 2014 is \$2.3 million higher than plan. The Ellerslie International Flower Show is the principle reason, making a loss of \$0.5 million and, subsequent to the Council decision not to run the event in 2014/15, has incurred an over spend of \$0.2 million for management fees and costs associated with the termination of the management contract. In addition, following the decision not to hold the Ellerslie International Flower Show in 2015 it was decided to impair the intangible assets associated with the show by \$2 million. The overall increase was partially offset by the \$0.25 million IceFest budget, being carried forward to the 2014/15 budget, and other savings across the activity.

Capital revenues

Capital revenues for 2014 were \$2.3 million below budget as a result of development contributions being

\$1.2 million over budget and insurance recoveries being \$3.5 million below budget.

Capital receipts were \$2.4 million higher in 2014 than 2013 primarily due to insurance recoveries being \$2.3 million higher.

Significant capital expenditure

\$1.1 million was spent on facilities rebuild projects; \$1.9 million on the Hagley Oval test cricket venue and \$1.5 million on the building and plants, mechanical and electrical, grounds and equipment renewals and replacements.

Explanation of significant capital expenditure variances

The \$20.8 million variance to plan is the result of the delays to the \$15.0 million Metro Sports facility project due to a high level governance issue; the \$2.2 million Eastern Aquatic facility project development and the \$6.4 million Athletics Track replacement project development. These development budgets are being carried forward to the next financial year. The budget for the \$1.8 million development of Hagley Oval as a test cricket venue, which was on hold last year, was carried forward from last year. The project is now in progress with expected completion in the next financial year.

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.

As a shareholder in Burwood Resource Recovery Park Limited we facilitate the sorting, reuse and safe disposal of Canterbury Earthquake construction and demolition waste.

Why is the Council involved in refuse minimisation and disposal?

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

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

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

How does it affect me?

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

What activities are included in refuse minimisation and disposal?

Recyclable materials collection and processing

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

Organic material collection and composting

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

Residual waste collection and disposal

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

Commercial and industrial waste minimisation

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

What did we achieve?

Gas extracted from the Burwood Landfill continues to be used at the Civic Building and the CWTP for drying biosolids.

The kerbside collection system continues to perform well. Diversion figures are in line with expectations. The Organics Processing Plant at Metro Place has been rebuilt and is back to full capacity.

Considerable effort has gone into the establishment of the Burwood Resource Recovery Park (BRRP) to handle construction and demolition waste. The BRRP received 117,728 tonnes of construction and demolition waste in the last year. Since its inception the site has received approximately 530,000 tonnes. In 2013/14 the plant successfully sorted 135,129 tonnes.

Council adopted a new Waste Management Plan in 2014 which establishes a vision, goals and targets and an action plan for solid waste in the City.

The Target Sustainability programme has continued to be very successful with the business community. A strong focus since the start of the earthquake sequence has been on helping businesses manage their waste streams and assisting business to save costs associated with energy use and waste disposal. The Programme Manager

works closely with EECA staff and Christchurch Agency for Energy Trust (CAFE) to provide a one stop shop for resource efficiency advice to the business and development community.

We continue to work as part of the Canterbury Waste Joint Committee towards regional waste minimisation projects. These projects included looking at options for the recovery of treated timber.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Commercial and Industrial Waste Minimisation					
Programmes, tools, events and services that assist businesses with their efficient use of resources, including Target Sustainability Services.	Businesses actively taking part in Target Sustainability.	At least 60 businesses actively taking part in Target Sustainability each year.	Achieved	152 business projects.	2013: 114 business projects. 2012: over 50 projects (impacted by earthquakes).
	Proportion of businesses actively taking part in Target Sustainability satisfied with the advice and support received.	At least 85% customer satisfaction each year.	Achieved	Businesses that have had a Target Sustainability case study completed are surveyed and the result for 2013/14 was a 100% customer satisfaction rating.	2013: 100%. 2012: 89%.
Organic Material Collection and Composting					
Domestic kerbside collection for organic material (food and garden waste).	Amount of organic material collected at Council facilities and diverted for composting.	Greater than 175 kg +30%/-10% organic material collected at Council facilities and diverted for composting facility / person / year.	Achieved	194 kg of organic material per person over the 2013/14 period was collected at Council facilities and diverted for composting.	2013: 184.5 kg per person. 2012: 180 kg per person.
	Customer satisfaction with kerbside collection service for organic material.	At least 80% of customers satisfied with Council's kerbside collection service for organic material each year.	Achieved	82%.	2013: 83%. 2012: 82%.
	Kerbside wheelie bins for organic material emptied by Council services.	At least 99.5% kerbside wheelie bins for organic material, emptied when correctly placed at the kerbside each week.	Achieved	99.8%.	2013: 99.8%. 2012: 99.75%.
Organics processing, including operation of the composting plant.	Proportion of incoming organic material that is contaminated and sent to landfill.	Less than 2.5% (by weight) contamination of incoming organic material.	Achieved	0.12% (by weight) contamination of incoming organic material during 2013/14.	2013: less than 2.5% by weight. 2012: 0.07%.
Recyclable Materials Collection and Processing					
Domestic kerbside collection service for recyclable materials.	Customer satisfaction with kerbside collection service for recyclable materials.	At least 90% customers satisfied with Council's kerbside collection service for recyclable materials each year.	Achieved	93%.	2013: 94%. 2012: 97%.
	Kerbside wheelie bins for recyclables emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	Achieved	99.81%.	2013: 99.79%. 2012: 99.80%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Proportion of incoming recyclable materials that are contaminated and sent to landfill.	Less than 10% (by weight) contamination of incoming recyclable materials.	Not achieved	10%.	2013: 8.8%. 2012: 8.5%.
	Recyclable materials collected and received by Council services and received for processing at the Materials Recovery Facility (MRF).	120 kg +40%/-10% recyclable materials / person / year collected and received by Council services.	Achieved	109 kg/person.	2013: 112.2 kg per person. 2012: 117 kg per person.
Residual Waste Collection and Disposal					
Domestic collection services for residual waste (refuse) for households and businesses (domestic quantities only).	Customer satisfaction with kerbside collection service for residual waste.	At least 90% customers satisfied with Council's kerbside collection service for residual waste each year.	Achieved	90%.	2013: 93%. 2012: 95%.
	Kerbside residual waste collection - emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	Achieved	99.9%.	2013: 99.9%. 2012: 99.8%.
	Tonnage of residual waste collected by Council services.	No more than 120 kg / person / year from collection services disposed to Kate Valley (reflects impact of EQ in short term – target to be revised for LTP 2015).	Achieved	109 kg/person.	2013: 106.4 kg per person. 2012: 112 kg per person (12 months to 30 April 2012).
Operation and care of closed landfills.	Consent compliance for closed Council landfills.	No major or persistent breaches of consents for closed Council landfills per year, as reported by ECan or Council.	Achieved	No major or persistent breaches of consents.	2012: No major or persistent breaches of consents.
Processing, reuse and residual disposal of construction and demolition through the BRRP.	Consent compliance for operations at BRRP.	No major or persistent breaches of consents associated with BRRP per year as reported by ECan or Council.	Achieved	No major or persistent breaches of consents.	2012: No major or persistent breaches of consents.
Refuse transfer stations receipt and processing of residual waste.	Consent compliance for Council refuse transfer stations.	No major or persistent breaches of consents for transfer stations per year, as reported by ECan or Council.	Achieved	No major or persistent breaches of consents.	2012: No major or persistent breaches of consents.
		Resource consents are obtained and kept current for refuse transfer stations.	Achieved	Resource consents obtained and kept current.	2012: No major or persistent breaches of consents.
Residual waste transportation to landfill.	Tonnage of residual waste sent to Kate Valley from Christchurch.	Operative Waste Management and Minimisation Plan target 320 kg / person / year by 2020.	On track to be achieved	Waste to landfill is higher than anticipated at present. Key factors in this are significant demolition and rebuilding within the city, and associated economic activity. It is anticipated that this will start to ease as the rebuilding nears completion.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Reduction of refuse disposed of to Kate Valley Landfill measured in kg / person / year: 560 kg/person.	Not achieved	Actual refuse disposed of was 699 kg/person of which 597 kg/person was general waste and 102 kg/person was special waste.	2013: 598.3 kg per person. 2012: 564 kg per person (12 months to 30 April 2012).

What assets do we use to deliver these services?

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

As mentioned above, the compost plant is fully reconstructed and re-commissioned as part of the infrastructure rebuild programme.

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

Where are we heading?

We will continue to work with residents to maximise diversion through the kerbside system. Education programmes target the maximum diversion of organic waste from households and ensure we minimise contamination of the organic and recyclable streams.

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

The BRRP will continue sorting operations throughout 2014/2015. It is anticipated that incoming construction and demolition waste will start to drop off in early 2015. Sorting operations will continue over the next 3-4 years.

Landfill gas from the old Burwood landfill will be used to run the biosolids drying facility at CWTP and the Council's Civic offices. When the Art gallery is reopened landfill gas will be supplied to this facility again.

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.

Service delivery in 2014/15

Levels of service detailed in the Three Year Plan will be delivered in 2014/15 year.

What did it cost?

Refuse minimisation and disposal

Statement of cost of services for the year ending 30 June

				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Recyclable materials collection and processing	7,378	1,483	5,895	6,454	6,492
Residual waste collection and disposal	14,506	5,582	8,924	12,858	11,711
Organic material collection and composting	18,028	4,336	13,692	14,169	12,727
Commercial and industrial waste minimisation	405	-	405	559	493
Capital revenues	-	1,239	(1,239)	(1,667)	(646)
Cost of service	40,317	12,640	27,677	32,373	30,777
Capital expenditure					
Renewals and replacements	-	-	614	840	381
Infrastructure rebuild	-	-	1,903	3,702	4,697
Improved service levels	-	-	25	25	256
Increased demand	-	-	-	-	-
Total capital expenditure	-	-	2,542	4,567	5,334

Explanation of significant cost of service variances

Cost increases to some service contracts are based on CPI movement and population growth. These increases were lower than planned due to lower than planned population growth, resulting in combined savings in Recyclable Materials and Organic Material activities of approximately \$1.0 million.

The decrease in net cost of service for residual waste collection and disposal relates to the Burwood Landfill income which was higher than originally planned by \$2.8 million during the year. This increase is due to higher volumes of soil being received from new developments and rebuild work. Over the past 12 months the quantity of soil received increased from 70,000 tonnes to 140,000 tonnes a year. This also accounted for the \$2.8 million lower net cost of service than 2013.

Significant capital expenditure

Permanent earthquake related structural and building repairs to the organics processing plant were completed (\$2 million).

Explanation of significant capital expenditure variances

This year's under spend against budget is because of insurance delays in earthquake related repairs on the transfer stations. The unspent budget has been carried forward into 2014/15.

Last year's capital spend included earthquake related repairs to the organics processing plant which were reduced this year.

Council activities and services

Regulatory Services

What are regulatory services and what does the Council do?

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

Why is the Council involved in regulatory services?

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

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

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

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

How does it affect me?

You use the Council's regulatory services if you build a new home or commercial building, open a business, 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 alcohol. They also ensure that the places you go to eat and drink are healthy and safe.

What activities are included in regulatory services?

Licensing and Enforcement

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

Building Consenting and Inspections

The processing and issuing of Building Consents, subsequent inspections and the issuing of Code Compliance Certificates and Compliance Schedules are fundamental to ensuring the ongoing development and rebuilding of the city. Collectively these functions are designed to ensure that new buildings fully meet the requirements of the Building Act 2004, Building Code and various Building Standards and Guidelines. The environment in post earthquake Christchurch is made more complex by the many hazards that must be taken account of, i.e. flooding, rockfall and other land instabilities, and land damage meaning that buildings must have specific design. Provision of public advice is undertaken through web pages, duty phones and pre application meetings which assist property owners, builders and developers. Other initiatives include introduction of case management services for commercial and more complex builds. There is increased focus on the work of Rebuild Central. Regular forums are in place with industry professionals and various representative groups in the sector to ensure a heightened level of engagement leading to increased quality and consistency of applications.

Resource Consenting

Resource consents are required when a development or building does not meet the requirements set out in the City Plan or Banks Peninsula District Plan. The Plans have been developed in consultation with the community and set a benchmark for environmental and amenity outcomes. Consents are processed to ensure outcomes

are maintained and are also required to be processed within statutory time frames to ensure development is not held up by lengthy regulatory processes. Information about the process and requirements can be obtained by viewing Council's website, by phoning the duty planner, or by arranging a pre-application meeting.

Building Policy

The Building Policy activity includes services to maintain and administer Council's Earthquake Prone, Dangerous and Insanitary Buildings Policy, BCA registration and accreditation, the administration of Council's Development Contribution Policy, processing Certificates and Exemptions, and responding to Building Act-related claims. This latter service includes WHRS claims, incorporating the Government's Financial Assistance Package (FAP) Scheme, where Council along with the Crown, contribute towards remediation. The sharing of information, collected about buildings, with CERA, is also an essential part of maintaining earthquake prone building records and property information of commercial buildings in the City.

Land and Property Information Services

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

What did we achieve?

There were 950 pre-application meetings conducted this year with 52% relating to commercial projects and 48% for residential projects. Customers utilising this service were canvassed and this service achieved a 77% satisfaction result.

During the year there were 2,738 resource consents granted and 163 temporary accommodation authorisations. Application numbers rose 30% above the previous financial year as a result of rebuild activity. Only eight out of 2,596 resource consent applications went over the statutory timeframe. This represents a 99% compliance rate with the statutory timeframe.

During the year there were 9,400 building consents granted. The total value of building works for the consents granted during the year was \$2.5 billion, an increase of 89% on the previous year. The increase was

mainly due to the higher residential activity. There were 7,500 residential consents granted with a value of \$1.4 billion, an increase in value of 126% from 2012/13.

There were 10,337 LIMs issued, 41,400 building inspections completed and 5,900 code compliance certificates issued at the completion of building works.

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

On 8 July 2013 the Minister CER Gerry Brownlee and the Minister for Local Government Chris Tremain announced the appointment of Douglas Martin as Crown Manager for the Council's building consent functions.

The Building Control Group has been in constant contact with the Ministry of Business Innovation and Employment and Department of Internal Affairs who were the responsible Government Agencies for the appointment of the Crown Manager. The appointment of the Crown Manager through processes under the Building Act and Local Government Act have mitigated any legal implications and risk as a result of the Council not holding BCA Accreditation. The Building Control Group is currently going through the BCA Accreditation process with the intent to be accredited by the end of 2014.

In June 2014 the Building Control Group requested Council change its levels of service as the previous levels of service agreed in the Three Year Plan were not appropriate due to the level of demand required.

Levels of service were changed to better represent the legislative requirements of the Building Act 2004 a steady improvement against these levels of service was shown in the last quarter of the 2013/14 financial year. Although a steady improvement was shown levels of service were still not met due to processes still being put in place to improve performance.

Of the previous year's 77 WHRS claims lodged with Council, five were settled through the mediation process, while seven new WHRS claims were received. In addition to these figures, court and private claims for both weathertight and building-related matters were notified (five), settled (three), or closed for various reasons. There are currently 70 active WHRS claims filed with Council, of which 53 are participating at various stages of the FAP Scheme, and two are in proceedings with the

Weathertight Homes Tribunal. Three weathertight High Court claims are also presently on hold, along with a number of small private matters.

How did we measure up?

The Council made changes to the levels of service for the Regulatory Services group of activities during the year.

Twenty-three measures were amended in the Building Policy, Building Consenting and Inspections and Land and Property Information Services activities to assist with the processes necessary to regain building control accreditation.

A number of targets were also deleted. These were predominantly concerning consent targets for different values of property as the performance against these targets was reflected in other measures.

These changes were considered to not be significant to the level of service being provided to the community.

Performance against the new measures is reported below.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Building Consenting and Inspections					
Annual building Warrants of Fitness.	Ensure that building Warrants of Fitness are accurate through the use of desktop and physical audits.	Audit of 200 commercial sites per annum (once the new operational processes are in place, new quantitative levels of service will be set).	Not achieved	Not measured.	2013: 195 audits.
Building consenting public advice.	% satisfaction with building consenting public advice provided.	Provide 90% satisfaction to build project customers with concept and consent preparation advice services.	Achieved	96%.	2013: 94%. 2012: 94%.
	Provide public advice service to support building consenting customers.	Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved	100%. Counter hours were provided between 8:30am-5:00pm throughout the majority of year. These changed to 8:00am-5:00pm when the target was amended.	2013: No year end data provided.
Building consents.	Develop and implement consenting processes to improve the quality of building consent applications to enable faster issue of consents.	The minimum level of service is the statutory requirement to issue 100% of building consents within 20 working days from the date of lodgement (note: once the new processes are in place, new quantitative levels of service will be set with Council).	Not achieved	A total of 9,332 consents were issued of which 57% were completed within 20 working days.	2012: 97%.
Building inspections and Code Compliance Certificates.	Carry out building inspections in a timely manner.	Carry out 99% of inspections within three working days.	Not achieved	Formal monitoring of turnaround time for inspections began only in March 2014, consequently a full year result is not available. Current performance averages a 7.5 working day turnaround.	2013: 100%. 2012: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Develop and implement processes to enable Commercial Code Compliance Certificate (CCC) applications to be processed in a timely manner, to enable faster issue of CCCs.	The minimum level of service is the statutory requirement to issue 100% of CCCs within 20 working day from the date of request (note: once the new processes are in place, new quantitative levels of service will be set with Council).	Not achieved	71% of total CCC decisions were completed within 20 working days – 5,856 CCC's issued.	2013: No whole of population reporting available. 2012: Data not available.
Building Policy					
Building accreditation review.	Achieve Building Consent Authority status for all building works (except dams).	Achieve 'Building Consent Authority' status.	Not achieved	Accreditation was revoked on 1 July 2013 and a Crown Manager appointed.	
Building policy development.	Council building policy meets Building Act requirements.	Council building policy meets Building Act requirements at all times.	Achieved	Building Act requirements were met at all times by Council's building policy.	
	Council provides input into the development of new or amendment of national building legislation, standards and codes.	Agree programme of policy review including timeframes with the appropriate Committee/ Council, annually by 31 May.	Achieved	The programme of policy review was agreed by 31 May and a submission to the select committee on proposed earthquake prone building legislation was presented in person on 26 June 2014.	
		Deliver 100% of the agreed programme.	Not achieved	The programme was agreed on 26 June 2014. Delivery is currently underway.	
	Maintain a public register of earthquake-prone buildings in Christchurch.	(To be determined when legislation enacted) Interim LOS is: Update the proposed Earthquake Prone Building Register whenever the Council becomes aware of a change of a building's earthquake-prone status.	Achieved	The register is up to date as at 1 May 2014.	
Claim management - building related.	Manage the processing of general negligence (building-related) claims under the appropriate forum.	Process the general negligence (building-related) claims to agreed timeframes to settle or remove Council as a party.	Achieved	All claims are being managed with Council's legal partners.	
		Settlement contributions are agreed in accordance with Financial Delegation Authority (FDA) prior to attending negotiations.	Achieved	All activities are being undertaken in accordance with the delegation standard.	
	Notify relevant building related claims to insurer.	Notify 100% of building related claims to brokers within 10 working days.	Not achieved	27% of building related claims were notified within 10 working days.	2013: No year end data supplied.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Review the causes of settled claims and put steps in place to limit future events.	Ensure that the outcomes of annual reviews lead to updating of policies, where and if required, to reduce the number of new general negligence (building - related) claims.	Not achieved	New level of service set in June 2014 and process is yet to be implemented.	
		Identify and report, with appropriate recommendations, on the contributing factors in claims that have settled in the fund year.	Not achieved	New level of service set in June 2014 and factors are yet to be identified and reported with recommendations.	
Claim management - planning related.	Manage the processing of general negligence (planning-related) claims under the appropriate forum.	Process the general negligence (planning-related) claims to agreed timeframes to settle or remove Council as a party.	Achieved	Achieved. No claims received.	
		Settlement contributions are agreed in accordance with FDA prior to attending negotiations.	Achieved	Achieved. There were no claims that required the exercise of FDA.	
	Notify relevant building related claims to insurer.	Notify 100% of planning related claims to brokers within 10 working days.	Achieved	Achieved. No claims received.	
	Review the causes of settled claims and put steps in place to limit future events.	Ensure that the outcomes of annual reviews lead to updating of policies, where and if required, to reduce the number of new general negligence (planning-related) claims.	Achieved	Achieved. No claims received.	
		Identify and report, with appropriate recommendations, on the contributing factors in claims that have settled in the fund year.	Not achieved	New level of service set in June 2014 and factors are yet to be identified and reported with recommendations.	
Weathertight claims resolution.	Manage the processing of weathertight-related claims under the appropriate forum.	Process weathertight-related claims to settle or remove Council as a party, to agreed timeframes (timeframes are those agreed to by both parties).	Achieved	All weathertight related claims were processed to settle or remove Council as a party to agreed timeframes.	
		Settlement contributions are agreed in accordance with the FDA prior to attending negotiations.	Achieved	All activities are being undertaken in accordance with the appropriate delegation.	
	Manage the resolution of Weathertight Homes Resolution Services (WHRS) Financial Assistance Package (FAP) Scheme claims.	Assess and process 100% of WHRS FAP claims within timeframes stipulated in the MBIE FAP contracts.	Not achieved	37.5% are processed within timeframes (Out of 8 applications, 3 were processed within 20 days).	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Review the causes of settled weathertight-related claims and put steps in place to limit future events.	Ensure that outcomes of annual reviews lead to updating of appropriate policies to reduce the number of new weathertight-related claims.	Not achieved	New level of service set in June 2014 and policies are yet to be updated.	
		Identify and report on the contributing factors in weathertight-related claims that have settled in this Fund Year with appropriate recommendations.	Not achieved	New level of service set in June 2014 and factors are yet to be reported with recommendations.	
Land and Property Information Services					
General public advice.	Ensure customers satisfied with Regulatory Services public advice provided at Civic Offices.	Ensure 90% of customers satisfied with service provided.	Achieved	95%.	2013: 94%. 2012: 94%.
	Provide counter service operations for Regulatory Services customers.	Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved	100%. Counter hours were provided between 8:30am-5:00pm throughout the majority of year. These changed to 8:00am-5:00pm when the target was amended.	2013: 100%. 2012: 100%.
Issuing property files.	Provide residential property files to customers in electronic format.	Provide 90% of residential property files to customers in electronic format within three working days of request.	Achieved	99%.	2013: 87%. 2012: 90%.
	Provide viewing services to customers requesting to view commercial property files.	Access to documents available between the hours of 8.30am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved	100%.	2013: 100%. 2012: 100%.
	Retrieve and provide commercial property files in hard copy for customers.	Retrieve and provide 90% of commercial property files within three working days of request.	Achieved	98%.	2013: 95%. 2012: 90%.
		Retrieve and provide 95% of optional requests for scanning of records within five working days (charges apply).	Achieved	100%.	2013: 94%. 2012: Data not available.
Land Information Memoranda (LIMs).	Process LIM applications within statutory timeframes.	Process 100% of LIM applications within 10 working days (excl Christmas period of closure).	Not achieved	99.9% of LIMs were produced within the statutory timeframe. One LIM was not produced within the timeframe during the year, due to an operational error. A total of 10,337 LIMs were produced during 2013/14.	2013: 100% of 9,944. 2012: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years	
Manage the consent preparation process meetings.	Ensure consent preparations customers are satisfied with meeting service provided.	Ensure consent preparation customers are satisfied (Note: Once the new processes are in place, new quantitative levels of service will be set with Council).	Not achieved	78%. There is no % target stated but the previous target was 99%. We have reframed how these meetings are managed, including minute taking through to ensuring customers gets value for money.		
	Provide meeting records to all parties in attendance.	Provide meeting records within two working days of the meeting date for 90% of consent preparation meetings.	Not achieved	75% of records were provided within two working days during 2013/14.	2013: 65% in two working days. 2012: Data not available.	
Project Information Memoranda (PIMs).	Process PIMs.	Process 100% of PIM applications within 20 working days (excl Christmas period of closure).	Not achieved	87% of PIM applications were completed in 20 working days. 83% BC/PIM/Development report combined applications were processed within 20 days.		
Licensing and Enforcement						
Animal control.	Annually re-inspect properties of dogs classified as dangerous and high risk or menacing to check for compliance.	95%.	Achieved	100%.		
	Percent of priority one complaints (aggressive behaviour by dogs and wandering stock) responded to within 10 minutes.	95%.	Achieved	96%.	2012: 95%.	
	Priority one dog complaints involving serious injury are referred to the Police within five minutes of confirmation of serious injury.	100%.	Achieved	100%.	2013: 100%. 2012: 100%.	
	Provide animal control services, including the Animal Shelter.	Free micro-chipping for dogs.		Achieved	Council inserted 1,067 microchips in dogs.	
		Opening hours for Animal Control Weekdays 8.00am to 5:00pm (Weekends Closed).		Achieved	100%.	
	Opening hours for Animal Shelter Weekdays 1:00pm to 5.30pm Weekends, Saturday only 11:00am to 1:00pm.		Achieved	100%.		

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		School dog education programmes provided for approximately 20 schools per annum.	Achieved	The education team completed 44 bite prevention presentations at schools throughout the city over the period and seven adult presentations to Post workers, Police and bailiffs.	
Enforcement relating to legislative breaches including City Plan and bylaws.	A minimum percentage of swimming pools are inspected annually.	25%.	Achieved	36.9%.	2013: 52.5%. 2012: 24.75%.
	All known earthquake waste demolition storage sites and clean fill sites inspected bi-monthly.	95%.	Achieved	100%. All known sites have been inspected more frequently than bimonthly with most sites subject to monthly inspections.	
		Report periodically to Regulatory and Planning Committee.	Not achieved	The Waste management report is currently in the process of being presented to Environmental Committee.	
	Court proceedings taken by the Council are fair and in the public interest.	100%.	Achieved	10 prosecutions were initiated during the 2013/14 year with all decisions to prosecute meeting the Solicitor General Guideline tests for evidential sufficiency and public interest factors.	2013: 1 prosecution. 2012: 100%.
	Investigations into reports of matters that pose a serious risk to public safety are commenced within 24 hours (for matters such as: dangerous buildings, non-consented dangerous works - buildings/evacuations).	100%.	Achieved	100%. 77 matters were, reported as posing serious risk. They were all investigated within a 24 hour period.	2013: 100%. 2012: 100%.
	Monitoring of temporary accommodation permits - all permit holders inspected at least 12 months prior to expiry of permit.	95%.	Achieved	Analysis of temporary accommodation permits completed and those with expiry dates pre April 2016 identified and inspected.	
	Upon confirmation by Council staff of non-compliance, at least one written advice regarding corrective action (warnings) to be given for breaches of City Plan, Resource Management Act, Building Act and bylaws breaches within 30 days.	95%.	Achieved	100%.	2013: 95%. 2012: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Environmental compliance, including noise control and environmental health.	Complaints in relation to noise are responded to within one hour.	90%.	Achieved	90%.	2013: 91%. 2012: 90%.
	Investigations into reports of matters that pose a serious risk to public health are started within 24 hours (for matters such as Asbestos, P- Labs, contaminated land and Hazardous Substances and New Organisms - HSNO).	100%.	Achieved	100%.	
	Noise direction notices issued immediately upon first visit and confirmation of "excessiveness".	95%.	Not achieved	93%. This is a new KPI for which the target was not met for the first month, but averaged 95% for all subsequent months.	
Health licensing.	Identified non-compliant food premises to be re-inspected twice within six months.	100%.	Achieved	100%. 76 premises were identified for re visit, of which all premises were scheduled and visited.	
	Inspect all food premises once per year.	75%.	Achieved	98%. 1,775 premises were visited of a total 1,805 registered.	2013: 100%, 1,724 premises.
Licensing and enforcement public advice.	Provide public advice service to support licensing and enforcement customers.	Counter service at Civic Offices between the hours of 8.30am to 5:00pm, Monday to Friday (excluding public holidays).	Achieved	100%. Counter hours were provided between 8:30am-5:00pm throughout the majority of year. These changed to 8:00am-5:00pm when the target was amended.	
Liquor licensing.	Inspect all high risk liquor premises (assessed using Council Liquor Licensing Team risk assessment methodology) at least twice per year.	95%.	Achieved	100%.	2013: 100%. 2012: 100%.
	Report on all new On/Off/Club applications under the Sale and Supply of Alcohol Act within 28 working days of receipt of application with the District Licensing Committee (subject to receipt of all objections, oppositions and statutory reports).	Report on 95% of all new On/Off/Club applications under the Sale and Supply of Alcohol Act within 28 working days of receipt of application with the District Licensing Committee.	Achieved	99%.	
Parking enforcement and administration.	Parking enforcement officers average response time to requests for service.	City: 95% response within 15 minutes.	Achieved	High priority complaint response times were responded to, on average, in 14 minutes.	
		Suburbs: 95% response within 20 minutes.	Achieved	High priority complaints in the suburbs were responded to, on average, in 16 minutes.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Parking enforcement services provided.	Weekdays: Monday to Friday (7:00am to 6.30pm) and Weekends: (8:00am to 4:00pm) excluding public holidays.	Achieved	Parking enforcement services were provided during the hours prescribed.	
	Percentage of parking court defended hearings proved.	80%.	Achieved	87.5%.	
Resource Consenting					
Development contributions assessment.	% development contributions assessments completed.	98% within 10 working days.	Not achieved	Not measured.	2013: 100%.
Resource consenting public advice.	% satisfaction with resource and sub-division consenting public advice provided.	90% of customers satisfied with service provided.	Achieved	94%.	2013: 95%.
	Provide electronic portal for submission of resource consent and sub-division consent applications.	On-line portal available 24/7 (except for maintenance requirements).	Achieved	100%.	2013: No year end data supplied.
	Provide public advice service to support resource and sub-division consenting customers.	Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved	100%. Counter hours were provided between 8:30am-5:00pm throughout the majority of year. These changed to 8:00am-5:00pm when the target was amended.	2013: No year end actual provided.
Resource consents (notified, non-notified, appeals and temporary accommodation).	% of Central City land use consents processed within timeframes.	100% within 10 working days.	Not achieved	86%. 122 of 142 consents processed within the time frames.	2013: 73%.
	% of complex resource consents processed within statutory timeframes.	100% within the statutory timeframes.	Not achieved	99%. 1,938 of 1,943 consents processed within the time frames.	2013: 98%.
	% of permitted temporary accommodation applications processed in timeframes.	100% within three working days.	Not achieved	73%. 22 of 30 applications processed within the time frames.	2013: 72%.
	% of simple resource consents processed within statutory timeframes.	100% within 10 working days.	Not achieved	99%. 251 of 254 consents processed within the time frames.	2013: 100%.
	% of site specific temporary accommodation applications processed within timeframes.	100% within five working days.	Not achieved	44%. 55 of 133 applications processed within the time frames.	2013: 35%.
	% satisfaction with resource consenting process.	75% satisfaction.	Achieved	75%.	2013: 75%.
	Ensure resource consent decision-making is robust and legally defensible.	No applications for judicial review of decisions are upheld.	Achieved	No applications were received for judicial review.	2013: No applications successfully reviewed.
Subdivision consents	% 'engineering sign-off of infrastructure' subdivision certification (s223) issued.	100% within 10 working days.	Not achieved	99%. 185 of 187 applications processed within the time frames.	2013: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	% of complex subdivision consents within statutory timeframes.	95% within statutory timeframes.	Achieved	99%. 377 of 380 consents processed within the time frames.	2013: 98%.
	% of simple subdivision consents processed within statutory timeframes.	100% within 10 working days.	Not achieved	95%. 18 of 19 consents processed within the time frames	2013: 97%.
	% satisfaction with subdivision consenting process.	75% satisfaction.	Achieved	79%	2013: 74%.
	% subdivision completion certification (s224) issued.	100% within 20 working days.	Not achieved	99%. 285 of 287 certificates issued within the time frames.	2013: 99.6%.

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 compliance/enforcement activities that will assist with the rebuild and support the normal ongoing needs of the Christchurch community. To assist in achieving this we will continue to promote pre-application meetings, electronic processing, streamlined building consent processes, allow temporary relocation of businesses in accordance with the Permitted Activities Order in Council and manage our compliance/enforcement activities in a sensitive and focussed manner.

Service delivery in 2014/15

These activities are expected to continue to have an earthquake recovery focus, particularly for building consent processing. There will be associated increases in building inspections and applications for code compliance certificates. During 2014/15 it is forecast that there will continue to be strong demand for consents. Focus is on quality process improvements which will deliver streamlined processes, efficiency gains and customer focussed service delivery.

The implementation of the new alcohol licensing legislation from December 2013 will continue to significantly change the regulatory processes associated with licensing decision making. Focus will be put on the harm alcohol causes and there will be stronger local community decision making into the granting of alcohol

licenses through District Licensing Committees. A new associated fee regime should also help long term to fully recover the Council's costs associated with alcohol licensing activities.

The 2014/15 years brings the introduction of the Food Act 2014 governing food hygiene – moving from an inspectorate regime into a more risk based approach to assessing food safety in our communities. Until April 2016, any implementation of Food Control Plans is voluntary – and we will be actively working with food premises to bring this approach into their business in anticipation of the Act's commencement. In addition pool monitoring compliance activities are focused on reducing compliance costs associated with pool ownership, particularly spa pool owners, whilst increasing levels of pool compliance with relevant legislation.

What did it cost?

Regulatory Services

Statement of cost of services for the year ending 30 June	2014			2013	
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Licensing and enforcement	12,836	9,239	3,597	5,240	440
Building consenting and inspections	34,046	20,429	13,617	1,086	2,051
Resource consenting	7,197	5,548	1,649	2,118	2,877
Building policy	3,851	439	3,412	1,909	4,922
Land and property information services	2,456	2,938	(482)	(169)	(45)
Cost of service	60,386	38,593	21,793	10,184	10,245
Capital expenditure					
Renewals and replacements	-	-	42	45	-
Improved service levels	-	-	-	264	9
Increased demand	-	-	-	-	-
Total capital expenditure	-	-	42	309	9

Explanation of significant cost of service variances

Licensing and Enforcement

The improved financial performance versus plan was a result of increased revenues (mainly Parking Enforcement \$1 million and Liquor licensing \$0.2 million) and cost savings as a result of continuing personnel vacancies, reduced security costs (lower-than-budgeted noise control call-outs) and service contract costs (reduced costs associated with fire-hazards as a result of the wet summer).

The 2014 net cost of service was \$3.2 million higher than 2013 as a result of 2013 including reimbursement from the Department of Internal Affairs for demolition costs.

Building consenting and inspections

The net cost of service was \$12.5 million over plan, primarily due to the revocation of BCA accreditation. The Crown Manager's response which included a restructure to create the new Building Control Group, required substantial unbudgeted expenditure. Building Control invested \$3.2 million in professional advice, including project management, analysis, enhancements to systems and processes and documentation. This included the Crown Manager's own costs. A further \$3.2 million was invested in implementing the new structure, including recruitment costs and additional remuneration. The outsourcing of engineering services and consent processing cost a further \$2.2 million with a further \$0.3 million outlaid (mainly on temporary coverage of vacancies) in response to the high volumes

of consent applications. The Building Control Group also had to meet a greater premium on its professional indemnity insurance of \$1.3 million, with a further \$1.3 million spent on internal costs relating to Information Technology.

In addition, revenue was below plan by \$0.9 million primarily in Building Inspections.

The \$11.5 million increase in net cost over the prior year was primarily attributable to the Crown Manager's response to the revocation of BCA accreditation, as detailed above.

Resource consenting

The \$0.5 million decrease in net cost was the result of receiving higher than planned resource consent revenue. The \$1.2 million decrease in net cost compared to 2013 was the result of higher revenue due to more resource consents applications being processed this year; 2,596 compared to 1,822 applications in 2013.

Building policy

The net cost of service was \$1.5 million over plan. This was primarily due to weathertight homes where actual costs were \$2.6 million versus a plan of \$1.3 million. The net cost of Building Accreditation services also exceeded plan by \$0.2 million.

The \$1.5 million decrease in net cost compared to 2013 was the result of lower weathertight homes claims (\$1.2 million) and Royal Commission costs (\$0.7 million). These were offset by increased costs in Building Accreditation (\$0.3 million) and Building Policy Development (\$0.1 million).

Land and property information services

The net cost of service was \$0.3 million under plan, due to additional revenue received for LIMs (\$0.3 million) and issuing property files (\$0.2 million). This result was partly offset by pre-applications, which was over plan due to revenue not reaching the levels expected.

The \$0.4 million decrease in net cost to the prior year was due to the increased revenue achieved by LIMs and issuing property files.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Stormwater and flood protection and control works

The Local Government Act 2002, Schedule 10 specifies the minimum groups of activities which the Council must report against. The schedule requires stormwater drainage and flood protection and control works to be two separate groups of activity. The Council in preparing its Three Year Plan has combined the two activities on the basis that Flood Protection and Control Works was at that stage an activity with a relatively minor level of expense.

What is included in stormwater and flood protection and control works, and what does the Council do?

The stormwater and flood protection and control works team serve to protect the community from the adverse effects of surface flooding (within agreed levels defined in the LTP) and to minimise any adverse effects of stormwater on the receiving environment.

A current focus of the team's work relates to the Land Drainage Recovery Programme (LDRP) which was commissioned to understand the consequences of the recent earthquakes on the surface drainage network. From these investigations a programme of work will be prepared to undertake restorative works where practicable or an adaptive management approach to mitigate the effects.

After significant storm events in March and April 2014, a Mayoral Taskforce was established to identify and deliver immediate and short term solutions to reduce the risk of homes flooding and to identify the locations most vulnerable to flooding.

Why does the Council provide stormwater and flood protection and control works services?

Looking after natural waterways and providing a well maintained stormwater drainage and flood protection system helps to minimise flood risk in the city, safeguards public health, protects water quality and maintains the health of ecosystems.

How does it benefit me?

Provision of good quality stormwater and flood protection infrastructure provides increased security to residents against the likelihood of flood damage to their home and property in typical storm events. It also protects public health by reducing the potential for contaminants to enter the natural water environment.

What activities are included in Stormwater and Flood Protection and Control Works?

Stormwater drainage

To provide and maintain the stormwater drainage system to the level of service which has been agreed for surface water management systems, e.g. streams, rivers, utility waterways, basins, pumps, structures, pipes and screens.

Flood protection and control works

To maintain the natural waterways and associated structures and systems, such as stop banks, flood gates, and the hydrometric network (rain and water level monitoring systems), so that they continue to protect vulnerable areas from the effects of flooding.

What did we achieve?

Infrastructure recovery as a result of the earthquakes has seen a continued major focus on asset repairs and the planning for the rebuild of damaged assets through both SCIRT and the Council's operations team.

Major investigations are underway for the Avon, Styx and Heathcote Rivers as well as their tributaries including the Dudley Creek catchment which is a current priority area. The temporary stop banks continue to be monitored and maintained and provide adequate protection for tidal events.

Early measures completed by the Flood Taskforce include temporary pump options (Patrick St pump station), skid mount pump deployment plans, stream widening and removal of bottle-necks (eg culverts, bridges, fences, trees, bank slumps, silt removal).

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Flood protection and control works					
Maintaining the natural waterways and associated structures and systems.	Ensure dwellings are safe from flooding during normal rain events.	Less than 0.25% of dwellings (4 per 1,000) are flooded per year (based on a 50 year rain event).	Achieved	0.20%.	
		Minimum floor levels specified for new dwelling consent applications meet Building Act and District Plan requirements.	Achieved	100%.	
Stormwater drainage					
Provide and maintain the stormwater drainage system.	Customer satisfaction with the maintenance of waterways and their margins.	At least 66% customers satisfied with the maintenance of waterways and their margins.	Not achieved	51% achieved due to the extreme flooding events during the 2014 year.	2013: 56%. 2012: 61%.
	Resource consent compliance.	No major or persistent breaches of Resource Consent conditions regarding the management of waterways and the land drainage system per year, resulting in court action by ECan.	Achieved	100%.	
	Response times to drainage faults and Surface Water Management issues.	Achieve 100% contract compliance re response times specified in the Waterways and Land Drainage Maintenance contract – Emergency Works: Urban two hours; Rural six hours.	Achieved	100%.	
		Urgent Works: Urban 24 hours; Rural 24 hours.	Not achieved	96%.	
		Priority Call Outs: Urban three working days; Rural five working days.	Not achieved	97% and 94% respectively; the lower than target delivery is caused primarily by high level of call outs caused by earthquake and storm damages during the year.	
		Routine Call Outs: Urban five working days; Rural 10 working days.	Not achieved	92% and 91% respectively; the lower than target delivery is caused primarily by high level of call outs caused by earthquake and storm damages during the year.	

What assets do we use to deliver these activities?

The stormwater and flood protection activity involves the management and maintenance of 785km of underground stormwater pipes, 14,900 manholes, 61km of boxed surface drains, 72km of unlined surface drains, 28 pump stations, 104 detention basins, 79km of rivers and 160km of tributaries.

Where are we heading?

Many low-lying areas particularly near existing streams and rivers have been adversely affected by altered ground levels due to seismically induced land settlement and lateral spread of stream banks. This has resulted in surface flooding in some areas during storm and tidal events. A programme of investigation work known as the LDRP has been initiated to gain an understanding of the

consequences of the earthquakes and to help determine the best method of mitigating or adapting to the changed conditions. A significant capital budget has been set aside to undertake remediation projects that are identified during the investigation study. The Mayoral Flood Taskforce established in April 2014, has fast tracked some of the early initiatives so that benefits to the community can be achieved as soon as possible, using accelerated construction techniques.

Service delivery in 2014/15

The storm events experienced March and April 2014 will have a significant impact on the Stormwater and Flood Management function in the city as they have exposed the increased vulnerability to flooding in numerous areas throughout the city. The final report of the Mayoral Taskforce on Flooding was being completed at the end of 2013/14 and the recommendations and follow up work required under the LDRP will provide more detail as to the extent (and potential cost) of the earthquake related damage.

What did it cost?

Stormwater and flood protection and control works

Statement of cost of services for the year ending 30 June

				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Stormwater drainage	22,481	2,925	19,556	23,816	11,342
Flood protection and control works	562	-	562	348	-
Capital revenue	5	8,002	(7,997)	(39,527)	(6,089)
Cost of service	23,048	10,927	12,121	(15,363)	5,253
Capital expenditure					
Renewals and replacements	-	-	2,018	2,245	3,773
Infrastructure rebuild	-	-	11,018	68,427	4,557
Improved service levels	-	-	856	153	-
Increased demand	-	-	4,566	5,605	2,128
Total capital expenditure	-	-	18,458	76,430	10,458

Explanation of significant cost of service variances

Stormwater net cost of service is \$4.3 million lower than plan. \$2.4 million relates to unplanned Crown contributions received as per the cost share agreement to repair earthquake damaged stormwater infrastructure. Costs are \$2 million under budget due to the timing of the earthquake works programme; this work will be carried forward to next financial year to complete.

Delays in the infrastructure rebuild programme have resulted in \$32 million less capital revenue being recognised.

The \$6.9 million increase in net cost of service from 2013 is the result of additional services being transferred to the activity and increased work in the stormwater area.

Significant capital expenditure

\$11 million of the budget relates to the SCIRT infrastructure pipe repair programme.

\$1.1 million of land was purchased to provide wider corridors along side waterways. This allows for flood protection, landscaping and recreation use as well as protection of the environment.

A \$0.9 million stormwater facility in Carrs Road was constructed to improve stormwater quality and increase flows resulting from development.

\$0.7 million of green corridor was added in Owaka & Awatea for the provision of a green corridor incorporating the waterway and recreational requirements of the future development of the area and delivery on the South West Area Plan.

\$1.1 million was spent in Knights Basin to provide stormwater detention and treatment facilities as part of the implementation of the South West Area Plan.

Explanation of significant capital expenditure variances

Infrastructure Rebuild

\$57 million was underspent as a result of a delay in the stormwater reticulation and stormwater pump station rebuild programme. The stormwater reticulation spend is subject to the parties of the cost share agreement prioritisation. If approved it will be drawn down into delivery packages.

Improved Service Levels

The \$0.7 million overspend was for the provision of a green corridor incorporating the waterway and recreational requirements of the future development of the South West area.

Increased demand

Funds have been drawn down from the development of stormwater detention and treatment facilities programme for the Knights Basin as per the South West Area Plan. Works are progressing on the detailed design and cost share contributions are continuing as the subdivision progresses.

Council activities and services

Roads and footpaths

What is included in roads and footpaths 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.

Ongoing maintenance of road and related assets occurs at the same time as earthquake repairs. The Council, CERA, SCIRT and the NZTA are working together to repair and rebuild roads and footpaths in Christchurch.

We protect the roads and footpaths by coordinating when and where contractors can excavate the roads and footpaths for the installation and repair of utilities like ultrafast broadband, water supply, wastewater pipes, and electricity.

Why does the Council provide roads and footpaths?

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.

These activities also contribute toward the achievement of the City's Community Outcomes by:

- Ensuring there is a range of travel options that meet the needs of the community;
- Providing people with access to economic, social and cultural activities;
- Increasing the proportion of journeys made by active travel.

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. The CCDU Avon River Precinct project will provide a colourful active travel pathway, winding along the Avon River from the Antigua Street Bridge to the Fitzgerald Avenue twin bridges.

What activities are included in roads and footpaths?

Road network

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

Active travel

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

Parking

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

Public transport infrastructure

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

What did we achieve?

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

Road repairs are performed by SCIRT after repairs to underground horizontal infrastructure (water, wastewater) are complete. Repair of the remaining roading assets will be delivered by SCIRT and the Council over the next two to three years. Ongoing repairs and renewals will ensure that City roads return to normal, but a full return to pre earthquake levels of service may take some years.

The Christchurch Transport Operations Centre (CTOC), formed in partnership with the NZTA and ECan provides a vital integrated approach to moving people and goods and services safely, effectively and efficiently throughout the Christchurch region. The objective of the partnership is to enable customers to make smarter, more informed choices about the way they travel, achieving the most from Christchurch's transport services and infrastructure.

CTOC operates the website *Transport for Christchurch* and the twitter account @TransportChch. The centre coordinates Traffic Management Plan applications and approvals, and manages traffic flows on city streets and state highways.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Active travel					
Cycling networks and facilities.	Amenity: ensure perception of Christchurch as a cycle friendly city.	At least 40% agree or strongly agree.	Not achieved	26%. Based on general Service Satisfaction Survey.	2012: 42%.
	Mode Share: ensure proportion of all trips made by active means (cycling).	Re-establish baseline.	Achieved	Baselines redefined as: Driver 51%, Walking 15.8%, Public Transport 3.2%, Cycling 3.1%, Passenger 25.8%, Motorcycle 0.1% and Other 0.9%. These are from the MOT household survey. The Census reports cycling commuters at 6 %.	
Walking networks (including public footpaths, public pedestrian malls and open spaces).	Amenity: ensure perception of Christchurch as a walking friendly city.	At least 80% agree or strongly agree.	Not achieved	77% based on results from the Council general Service Satisfaction Survey.	2012: 81%.
	Ensure resident satisfaction: with footpath quality.	Maintain resident satisfaction with footpath quality at least baseline from 2012/13 (excluding red zoned areas).	Not achieved	Satisfaction survey result 43% a decrease from 2013.	2013: 45%. 2012: 46%
	Mode Share: ensure proportion of all trips made by active means (walking).	Re-establish baseline.	Achieved	Based on the MOT Household Residents Survey, walking is 15.8% of all trips.	
Parking					
Off-street parking (Council operating car parks).	Off-street, short term parking usage.	Maintain a minimum of 348 spaces.	Achieved	1,485 spaces.	2013: 687 spaces. 2012: 347 spaces.
On-street parking.	Customer satisfaction with ease of use of meters.	Maintain 97%.	Not achieved	50%. The drop in the rate compared to 2013 and 2012 appears to be due to issues with private car park operators, provision of parking at the Hospital/Airport and parking enforcement, not meters.	2013: 62%. 2012: 52%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
	Metered on-street parking spaces provided.	Maintain a minimum of 850 metered parking spaces.	Achieved	1,485 metered parking spaces.	2013: 944 spaces. 2012: 850 spaces.
	Metered on-street parking spaces usage.	At least 500,000 parking events.	Achieved	717,615 this year for on-street and 1,305,522 overall.	2013: 610,000.
Public transport infrastructure					
Public transport infrastructure (stops, shelters (Council, Adshel), travel information services, priority systems).	Amenity: ensure user satisfaction with the number, quality of, and personal safety at bus shelters.	Satisfaction with number of bus stops: Re-establish baseline.	Achieved	Baseline 54%.	
		Satisfaction with personal safety at bus stops: Re-establish baseline.	Achieved	Baseline 70%.	
		Satisfaction with quality of bus stops: Re-establish baseline.	Achieved	Baseline 63%.	
	Congestion: manage peak travel times (7:30am to 9:30am and 4:00pm to 6:00pm) over 10 km of the public transport network travelled by buses.	Peak Travel Time no more than 26 minutes 4 seconds.	Achieved	Peak travel time is 24 minutes 10 seconds.	2013: 25 minutes 4 seconds. 2012: 25 minutes 4 seconds.
Transport interchanges.	Amenity: ensure user satisfaction with the appearance and safety and ease of use of the Central Transport Interchange (Bus Exchange).	Satisfaction with appearance of Central Transport Interchange (Bus Exchange): Re-establish baseline.	Achieved	Baseline 83%.	
		Satisfaction with ease of use of Central Transport Interchange (Bus Exchange): Re-establish baseline.	Achieved	Baseline 91%.	
		Satisfaction with safety at Central Transport Interchange (Bus Exchange): Re-establish baseline.	Achieved	Baseline 72%.	
		Satisfaction with number of bus stops: Re-establish baseline.	Achieved	Baseline 54%.	
Road network					
Road infrastructure (including roadways, kerbs, channels, bridges, structures and street lighting).	Resident satisfaction with roadway quality.	Residents satisfied with roadway quality: maintain at least the same as baseline result from 2012/13.	Not achieved	Satisfaction survey score of 27%.	2013: 35%. 2012: 40%.
	Response times: time taken to investigate repairs to road surface, once problem is identified.	Time taken to investigate repairs to road surface: Arterial roads: At least 95% within 24 hours.	Achieved	99.41%.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
		Time taken to investigate repairs to road surface: Collector/local roads: at least 95% within 48 hours.	Achieved	99.41%.	2013: 51%.
		Time taken to investigate repairs to road surface: rural roads: at least 95% within 72 hours.	Achieved	99.81%.	2013: Contract specification met. 2012: 98%.
	Street lights operating at night.	At least 99% street lights operating city wide.	Achieved	99.1%.	
Traffic operations.	Congestion: interpeak travel times over 10km of the arterial road network travelled by private motor vehicles (10.00am to 12.00pm).	Interpeak travel times over 10km of the arterial road network travelled by private motor vehicles: no more than 15 minutes 20 seconds.	Achieved	14 minutes 46 seconds.	2013: 14 minutes 45 seconds. 2012: 14 minutes 30 seconds.
	Congestion: peak travel times over 10km of the arterial road network travelled by private motor vehicles (7.30am to 9.30am and 4.00pm to 6.00pm).	Peak travel times over 10km of the arterial road network travelled by private motor vehicles at: no more than 19 minutes 40 seconds.	Achieved	19 minutes 11 seconds.	2013: 17 minutes 45 seconds. 2012: 16 minutes 40 seconds.
	Mode share: proportion of trips by private motor vehicles.	The proportion of private trips made by private vehicle: Establish baseline.	Achieved	Baseline 77%.	2013: 77%.
Traffic systems (including signals).	Response times: time taken to investigate/ undertake repairs to traffic signal faults, once identified.	On-site response to traffic signal faults (24/7) within: 1.5 hours (for flashing yellow; black-out; lanterns out of alignment (conflict).	Achieved	There have been no incidents in the last year that indicate any non-compliance to these requirements.	
		On-site response to traffic signal faults (24/7) within: five days for lamp out (one in group, excluding overheads); pedestrian audio tactile not working.	Achieved	There have been no incidents in the last year that indicate any non-compliance to these requirements.	

What assets do we use to deliver these activities?

The Council holds nearly \$1.8 billion of streets assets, with 35% 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%), roading kerb and channel (gutters and drains 15%), and footpaths (13%). The other assets essential to the network are traffic signs and markings, bridges, street lights, traffic signals, and bus

shelters (8%). Street furniture and plantings make up the balance of the value of the roading network.

Council also has a significant investment in parking assets both on and off street. The 190 space Art Gallery car park is planned to be repaired and available for Christmas 2015. Council has approximately 1,400 other temporary off street car park spaces at different locations which will change as the city rebuild progresses. Council also has 2,000 on street car park spaces.

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.

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

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

In partnership with CERA some streets in the former residential red zone will be progressively closed. This will happen as houses are demolished and the requirement to provide services, roads and footpaths is no longer necessary.

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

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

Service delivery in 2014/15

While the majority of roads are now open, repair works to the roads means that travel times and congestion on some parts of roading network are causing road user inconvenience. This will continue until repairs are complete. Traffic Management Plans are carefully coordinated to allow traffic to flow as fast as practically possible. Road resealing and renewal is planned and delivered in close consultation with SCIRT to minimise road user inconvenience and to promote the most effective use of resources.

Car parking was significantly affected by the earthquakes with the loss of both car parking buildings and much on street parking spaces. Parking is currently subject to a major review of the parking requirements for the future – both in the short term and for the longer term, in conjunction with the central city rebuild.

What did it cost?

Roads and Footpaths

Statement of cost of services for the year ending 30 June	2014			2013	
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Road network	84,017	19,974	64,043	61,292	70,931
Active travel	13,318	67	13,251	13,477	13,866
Parking	3,072	3,200	(128)	(519)	7,649
Public transport infrastructure	2,099	1,773	326	2,128	1,957
Capital revenues	31	56,769	(56,738)	(125,323)	(57,220)
Cost of service	102,537	81,783	20,754	(48,945)	37,183
Capital expenditure					
Renewals and replacements	-	-	13,964	12,815	14,144
Infrastructure rebuild	-	-	58,827	205,831	41,370
Improved service levels	-	-	7,636	18,735	8,706
Increased demand	-	-	21,501	22,448	11,059
Total capital expenditure	-	-	101,928	259,829	75,279

Explanation of significant cost of service variances

Road network

The net cost of service was \$2.8 million higher than planned. Costs were \$3.8 million higher due to \$1.8 million of rebuild works which were expensed, \$1.2 million of unplanned depreciation and \$0.7 million of storm related costs. Council's process for depreciation did not fully account for roads multi-year projects which resulted in a shortfall in the 2014 budget. Revenues were also higher than planned with traffic operations being \$1.0 million higher due to additional revenue received from cell site rentals.

The 2014 net cost of service was \$6.9 million lower than 2013 due to NZTA subsidies being received in 2014 for unforeseen claimable activities such as Banks Peninsula storm damage, the March storm event and the newly created CTOC together with higher revenue from road opening for pipe repairs and temporary road usage.

Parking

Parking revenue shortfalls are due to the current shortage in car parking capacity.

The significantly reduced net cost of service in 2014 is due to a \$7.1 million loss on the sale of the Farmers car park which was included in the 2013 results.

Public transport infrastructure

The main reason for the better than planned net cost of service was the receipt of \$1.2 million of insurance recoveries for tram track, poles and wire earthquake repairs which offset the associated planned expenditure.

The \$1.6 million improvement in net cost of service compared to 2013 is the result of insurance recoveries for tram track, poles and wire repairs and the sale proceeds from the sale of land and buildings for the Justice Precinct.

Capital revenues

\$66 million of the variance to planned capital revenues is due to the roads infrastructure rebuild progress to date being behind that forecast in the Three Year Plan. The off-setting variance is reflected in the capital expenditure section.

Significant capital expenditure

Road network:

Key projects were: Carriageway sealing \$4 million, Ferrymead Bridge replacement \$14 million (with an estimated finish date 30 June 2016), Main Road 3 laning \$1.2 million (estimated completion December 2015), Marshlands/Prestons intersection improvement \$2.6 million (estimated completion mid August 2014), McCormack Bay culvert bridge \$1 million and Canterbury Park access \$1.6 million (completion expected end 2014) a further \$54 million was spent on SCIRT projects.

Infrastructure rebuild related Coastal Pathway project \$0.6 million and Sumner Road Risk Mitigation \$0.7 million were started in 2014.

Explanation of significant capital expenditure variances

Renewals and replacement

Carriageway sealing and surfacing was \$1 million over budget due to increased demands on ongoing repairs.

Infrastructure rebuild

The main reasons for the variance are:

- The SCIRT Roding infrastructure rebuild programme is \$51 million behind programme and is awaiting the outcome of a capital rationing exercise to determine the scope of works which will proceed;
- Public Transport \$53 million under budget (CERA managed project) Transport Interchange (4 Suburban hubs);

- Repair / reinstatement of Sumner/Lyttelton road corridor is \$35 million under budget due to delays in timing, preliminary geotechnical investigation is underway. Works are currently awaiting the outcome of a capital rationing exercise to determine the scope of works which will proceed;
- Parking \$14 million under budget – Manchester Street car park repairs did not proceed as the building and land was sold to CCDU. Lichfield car park repairs did not proceed, as Council has decided to demolish the car park.

Improved service levels

- Improved Cycleway \$6 million under budget. The Major Cycleway Route development of 13 cycle orientated routes into the city is a multi year project and is expected to be delivered by June 2016.
- Streetscape Projects Ferry Road and New Brighton is \$3.7 million under budget and has been carried forward to 2014/15.
- Bus Priority Routes Hornby \$2 million under budget, this project was duplicated in the Councils programme in 2013/14 as it is part of the crown cost sharing agreement.

Increased demand

The increased demand underspend is the result of delays to the Mairehau / Marshland intersection improvement project which is now scheduled to be completed in the 2014/15.

Council activities and services

Sewerage collection, treatment and disposal

What is sewerage collection, treatment and disposal and what does the Council do?

Sewerage 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 sewerage 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 sewerage collection, treatment and disposal?

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 results from the treatment plants to ensure that discharged treated effluent meets health and environmental standards.

What did we achieve?

Work on repairing and replacing the City's damaged sewer network continues with SCIRT having replaced 240 kms of sewer pipe to date (approximately 40% of the total repair work). Alternate sewer technology in the form of pressure sewer systems and vacuum sewer technology are being installed in various areas of the City where the liquefaction risk and network damage necessitate replacement of the old gravity systems which suffered extensive damage in these areas. The first vacuum system was commissioned in the Prestons subdivision in June 2014.

SCIRT have completed inspection of the City wastewater network. Some CCTV operations are still to be completed in support of final wastewater network design work.

New pump stations have been constructed and commissioned on Pages Road and Beach Road with repairs commenced on pump station 15 and a number of smaller pump stations around the city. New pressure mains are under construction and will return full trunk capacity to the wastewater system once completed.

Repair works continued on digesters and structures at CWTP during 2013/14. Repair work on primary and secondary tanks is complete. The plant continues to treat effluent in accordance with resource consent conditions. A new 24/7 trade waste reception facility was designed in 2013/14 and will be constructed in the next financial year. Design work to relocate two critical pressure mains at CWTP was completed in 2013/14. These mains failed during the earthquake sequence and shut down other processes due to their location. Relocation of the pipelines will prevent this in future earthquakes.

Construction and commissioning of a new gas flare at the CWTP has been completed.

Construction of a pump station along Wigram Road and its associated pressure main has been completed and the pump station commissioned. This provides significant capacity for the growth in the Wigram area and further areas in the south west of the city.

The Charteris Bay wastewater reticulation system was completed in 2013/14.

The new resource consent for the proposed Akaroa Wastewater Treatment Plant was lodged in late June 2014 in line with the time frames in the current consent document.

Considerable work has been undertaken with Canterbury University and other organisations (SCIRT, CERA and

overseas water authorities) looking at increasing resilience in the wastewater collection and treatment systems. This has resulted in changes to the City's technical standards associated with these services. Research work will continue over the next few years to ensure lessons learnt from the Canterbury earthquakes are integrated into the reconstructed infrastructure and shared with other New Zealand and international water authorities.

The Council is working with CERA and homeowners to ensure that private sewer laterals (owned by the property owner) are inspected and repaired through private insurance processes. This is critical to protect the repaired public system.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years	
Wastewater collection Collecting wastewater from properties by maintaining and operating a network of underground pipes and pumping stations, that conveys wastewater to the wastewater treatment plants.	Maintain consent compliance for wet weather overflows.	Report to ECan the number of "sewer overflows to local waterways relating to wet weather sewer overflows each year".	Achieved	67 wet weather overflows were reported to ECan over 7 rain events.		
	Minimise odour complaints.	Minimise odour complaints per 10,000 properties served per year: No more than 25 complaints.	Achieved	1.8 odour complaints per 10,000 properties served.	2013: 2. 2012: 7.	
	Provide wastewater collection in a safe, convenient and efficient manner (customer satisfaction).	Maintain customer satisfaction with wastewater services: at least 80%.	Not achieved	74%.	2013: 84%. 2012: 82%.	
	Provide wastewater collection in a safe, convenient and efficient manner (blowbacks).	Manage number of properties affected by wastewater blowbacks per year due to network operations and maintenance activities: No more than 750 properties.	Achieved	14 properties affected.	2012: 139.	
	Provide wastewater collection in a safe, convenient and efficient manner (blockages).	Respond to a percentage of blockages within one hour within urban areas: at least 60%.		Achieved	88.20%.	2013:86.6%. 2012:58.9%.
		Respond to a percentage of blockages within two hours within urban areas: at least 70%.		Achieved	91.60%.	2013: 93.7%. 2012: 81.1%.
Respond to a percentage of blockages within two hours within rural areas: at least 70%.			Achieved	100%.	2013: 100%. 2012:95%.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Respond to at least 99% blockages within four hours within rural areas.	Achieved	100%.	2013: 100%. 2012:100%.
Wastewater treatment and disposal					
Operate and maintain treatment plants, discharge structures/outfalls and biosolids reuse/disposal.	Maintain consent compliance for wastewater treatment plants.	No major or persistent breaches of resource consent for wastewater treatment plants and associated discharges each year, as reported by ECan.	Achieved	No Major/persistent beaches reported by ECan.	2013: Nil. 2012: Nil.
	Minimise odour complaints from wastewater treatment plants.	Maintain no more than 0.1 odour events per 10,000 properties served per year.	Achieved	No odour events reported.	2013: Nil. 2012: Nil.
		Meet ECan conditions of air discharge consent.	Achieved	ECan air discharge consents were met.	2013: Fully compliant.

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 at the property boundary), manholes, flush tanks, pump stations and other structures.

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

With the exception of the ocean outfall all of Council's wastewater assets have suffered considerable earthquake damage.

Where are we heading?

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

Construction of improved sand and grit removal facilities at CWTP will be completed in 2014/15. This project will improve the resilience of the CWTP to the effects of liquefaction in the event of future earthquakes. Physical works to relocate two critical sewer pressure mains at CWTP will be completed in 2014/15.

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

Earthquake repairs will continue at CWTP during 2014/15. It is anticipated that damage to the processing plant will be fully repaired by the end of 2015. Some building damage will remain and is subject to final claim settlement outcomes.

It is hoped to complete the second stage of the Wainui Sewerage Scheme in 2014/15. This stage sees a new treatment plant constructed on the Council forestry block and all areas of the Wainui Township connected to this plant through new reticulation systems.

Service delivery in 2014/15

In parts of the City where the network is not performing as it should (remaining occupied properties in red zones) the Council will continue to provide temporary services

until policy decisions are confirmed on the long term use of these areas. Maintenance of service to these isolated properties is very expensive in comparison to the rest of the City.

What did it cost?

Sewerage collection, treatment and disposal

Statement of cost of services for the year ending 30 June

				2014	2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Wastewater collection	53,318	12,730	40,588	31,956	117,382
Wastewater treatment and disposal	64,160	5,876	58,284	14,208	12,929
Capital revenues	303	161,901	(161,598)	(233,701)	(167,413)
Cost of service	117,781	180,507	(62,726)	(187,537)	(37,102)
Capital expenditure					
Renewals and replacements	-	-	4,610	7,827	2,779
Infrastructure rebuild	-	-	252,157	362,207	237,646
Improved service levels	-	-	16,796	8,590	11,802
Increased demand	-	-	6,340	13,463	27,598
Total capital expenditure	-	-	279,903	392,087	279,825

Explanation of significant cost of service variances

Wastewater collection costs were over spent mainly because of the write off of temporary pipe repairs (\$2.4 million) and increased earthquake temporary costs (\$4.3 million). Temporary repairs are written off as SCIRT replaces them with permanent repairs. The residential red zone has been occupied for longer than planned and the cost of providing services in these areas continues. Earthquake related repairs are ongoing but not at the same emergency levels as previous years. Costs were higher than last year due to maintaining the damaged network (\$23.8 million higher), as well as a \$56 million asset impairment adjustment.

Wastewater treatment and disposal net costs were higher than planned due to the \$42.2 million impairment of wastewater treatment assets and \$1.8 million less revenue from tankered waste as pipe repairs began to take effect.

The increase in net cost of service from 2013 is the result of the \$42.2 million impairment of wastewater treatment

assets, \$1.2 million less tankered waste revenue and other earthquake related recoveries as pipes were still under repair, and \$1.2 million of increased electricity and pump maintenance costs.

Capital revenues were under recovered against budget because of delays in the sewerage network rebuild.

Significant capital expenditure

The projects constructed during 2013/14 included; infrastructure rebuild projects of \$252 million, provision of a reticulated wastewater system for Charteris Bay \$6 million and construction of the Wigram pressure main and pump station \$8 million.

Explanation of significant capital expenditure variances

This year's under spend against budget is partly because \$53 million of work scheduled for 2014 was delivered in 2013. The remaining under spend is because of delays with the sewerage network rebuild.

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?

Earthquake repairs to the water network continued in 2013/14 with most water main renewals and many of the reservoir repairs being completed and recommissioned. SCIRT completed leak detection surveys across the entire City and the Council are repairing the remaining leaks on the public assets and working with owners to repair leaks on private property. Work continues on repairing damage to the City's wells and well heads. This work should be complete in late 2016 and has to be timed to coincide with consumer demand.

Work commenced on the well field and new water pump station that will feed Prestons subdivision as it grows.

The Council continues to test the drinking water to ensure supply meets the New Zealand drinking water standards.

More than 100 commercial and industrial premises fitted backflow prevention to their supply mains during the year.

The Akaroa Water Treatment Plant has progressed to construction and should be operational by early 2015. This new plant will allow three old plants to shut down and will improve the security of supply and water quality to the Akaroa and Takamatua townships.

Design of the Little River water treatment plant is completed and it will be constructed in 2014/15. A new water well, pump station and reticulation system for Little River and Cooptown was commissioned in 2013/14.

The installation and commissioning of a reticulated water supply in Charteris Bay was completed in 2013/14. This represents a major milestone for this community that has previously relied on water tanks as the sole source of supply.

Wainui Township water supply project progressed during the year. Construction will complete in 2014/15.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Water conservation					
Detect water leaks.	Detect leaks.	By detecting leaks, aim to return leakage rates to no more than average of 155 litres / connection / day* by 2020 (based on city pressure zones) - * Returning to 2009/10 performance standard.	Achieved	Preliminary SCIRT result: 133 litres / connection / day.	2012: 250 litres / connection / day (post EQ).
Educate the community to minimise water use and encourage better utilisation.	Increase/maintain public awareness of water conservation.	At least 70% public awareness of sustainable water use.	Achieved	79% public awareness.	2013: 50%. 2012: 91% (campaign incorporated management of city-wide water restriction for first time.
	Manage the supply of potable water for Christchurch.	Manage the supply of water, so no more than 55 million cubic metres of potable water abstracted per year.	Achieved	49 million cubic metres.	
		Manage the supply of water, so no more than 342m ³ +10% water is abstracted per property served per year.	Achieved	315m ³ .	2013: 326m ³ . 2012: 285m ³ .
Water supply					
Supplying potable water to properties, through the provision of infrastructure to treat (where appropriate), store, pipe and monitor the supply.	Manage risk to potable water supply (backflow prevention).	Install at least 100 backflow prevention devices (at owners cost) for highest risk premises each year.	Achieved	149 installed, 15% high hazard devices, 85% medium hazard devices.	2013: 151 installed. 2012: 112 installed.
	Manage risk to potable water supply (customer satisfaction).	At least 90% customers satisfied with the water supply service.	Not achieved	84%. No obvious explanation for the decline.	2012: 85%.
	Manage risk to potable water supply (grading).	Maintain 'Ba' grading for all City supplies, excluding the Northwest supply zone.	Achieved	Ba grading maintained (per Water Information New Zealand (WINZ) database maintained by the Ministry of Health). Last grading assessment was in 2008.	2013: Ba. 2012: Ba.
		Move 'Da' to 'Ba' grading for the Northwest supply zone by December 2015.	On track to be achieved	Progress on track, well drilling programme for 2013/14 completed.	2013: On target. 2012: On target.
		Undertake improvements to achieve 'Cc', or better, risk grading from the Ministry of Health for all rural area water supplies by December 2014.	On track to be achieved	Improvements are underway or planned to ensure that all Banks Peninsula plants meet the Cc grade or better.	2013: All plants on Peninsula would not be regraded by December 2013. 2012: Plants upgraded at Duvauchelle, Burdling Flat and Pigeon Bay. On track to complete upgrades at Akaroa and Little River by December 2013.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Manage risk to potable water supply (microbiology).	Microbiological and health significant chemical water quality meets current NZ Drinking Water Standards for rural supplies each year as assessed by Community and Public Health.	Not measured	Results were not available as at 30 June 2014. However the assessment was undertaken in July 2014. The assessment found some minor non-compliances in outlying areas.	2013: Not measured. 2012: 57% compliant.
		Microbiological and health significant chemical water quality meets current NZ Drinking Water Standards within the City each year as assessed by Community and Public Health.	Not measured	Results were not available as at 30 June 2014. However the assessment was undertaken in July 2014. The assessment found some minor non-compliance areas.	2013: Not measured. 2012: 100% compliant.
Supply continuous potable water to all customers.		Ensure major leaks have a Council representative on site to assess and confirm repair options within one hour of being reported to Council for urban areas: at least 70%.	Achieved	96.86%.	2013: 88.1%. 2012: 44%.
		Ensure major leaks have a Council representative on site to assess and confirm repair options within two hours of being reported to Council for rural areas: at least 70%.	Achieved	98.24%.	2013: 97.0%. 2012: 75.5%.
		Ensure medium leaks are repaired within one working day of being reported to Council for urban and rural areas: at least 70%.	Achieved	83.87%.	2013: 89.4%. 2012: 54.7%.
		Ensure minor leaks are repaired within three working days of being reported to Council for urban and rural areas: at least 70%.	Achieved	83.21%.	2013: 74.8%. 2012: 56.0%.
		Ensure unplanned interruptions of greater than four hours, on average per week each year: no more than 1.75.	Achieved	1.64 unplanned interruptions of greater than four hours, on average per week.	2013: 1.42 unplanned interruptions.
		Ensure unplanned interruptions per 1000 properties served per year: no more than 40.	Achieved	17.24 unplanned interruptions per 1000 properties served.	2013: 16.41. 2012: 17.6.

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 \$1.0 billion, with 84% of that made up of mains and sub-mains, 10% in wells, reservoirs and pump stations, and 6% in service connections and meters.

Where are we heading?

The Council will continue to work with research organisations on lessons learnt from the Canterbury earthquake sequence and measures to continuously improve system resilience through renewal investment.

The Council will continue to renew water mains and sub-mains in line with its annual programme. SCIRT will replace the last of the earthquake damaged infrastructure in the next year.

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

The Health (Drinking Water) Act 2007 requires public water supplies to meet the drinking water standards. This is the driver for the programme of water treatment plant upgrade works on Banks Peninsula. It is planned to have this programme of work completed by the end of the 2014/15 (Little River and Akaroa plants).

Work on the Prestons subdivision water pump station and associated well field will be completed in 2015. This will support the continued development of this area.

Council will conduct a trial to measure the costs and benefits of a water pressure management project. The trial will take place in the Rawhiti Water Zone and last for approximately 12 months. On completion of the trial the Council will decide whether to roll the project out across the entire city.

Service delivery in 2014/15

The Council anticipates that it will be able to provide continuous potable water to all customers throughout 2014/15. Working with the SCIRT rebuild team the Council expects to complete much of the rebuild of the water infrastructure by the end of 2015.

What did it cost?

Water supply

Statement of cost of services for the year ending 30 June

	2014				2013
	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	\$000	\$000	\$000	\$000	\$000
Operational service result					
Water supply	32,094	4,799	27,295	25,352	29,539
Water conservation	2	-	2	125	49
Capital revenues	20	19,151	(19,131)	(6,277)	(12,018)
Cost of service	32,116	23,950	8,166	19,200	17,570
Capital expenditure					
Renewals and replacements	-	-	2,257	3,230	4,326
Infrastructure rebuild	-	-	18,973	7,777	9,795
Improved service levels	-	-	8,920	14,705	2,724
Increased demand	-	-	4,784	4,059	6,227
Total capital expenditure	-	-	34,934	29,771	23,072

Explanation of significant cost of service variances

Water Supply was over spent because of cartage costs resulting from saltwater contamination of the Birdlings Flat well (\$0.5 million), under recovery of the earthquake related costs of maintaining the pumping network, and water billing (\$0.9 million). The net cost of service was lower than 2012/13 because of reduced earthquake related maintenance.

Capital revenues were over recovered against budget and prior year because of an associated increase in capital infrastructure rebuild works. Capital revenues relate to recoveries from the Crown and insurance for replacing assets damaged by earthquake events.

Significant capital expenditure

Major expenditure included; earthquake related infrastructure rebuild (\$19 million), upgrades of the water supply systems at Little River and Cooptown (\$2 million) and Akaroa (\$3 million) and new mains and pumps for subdivisions (\$4 million). Council also provided a reticulated water supply system for Charteris Bay as an extension to the Diamond Harbour water reticulation (\$3 million). New wells were drilled and a number of renewal projects undertaken (\$2 million).

Explanation of significant capital expenditure variances

Capital expenditure was over spent against budget and prior year because of earthquake related infrastructure rebuild works. \$13 million of these were carried forward from the 2012/13 budget because of delays in the rebuild programme caused by a refocus towards wastewater supply rebuild.

Council activities and services

Corporate activities

What are Council's corporate activities?

As with other organisations we have support 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;
 - 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;
- interest costs relating to borrowing for earthquake recovery; and
- other income, such as revenue from regional fuel tax.

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

What capital expenditure is included in corporate activities?

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

What did it cost?

Corporate Activities

Statement of cost of services for the year ending 30 June				2014	2013
	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 and earthquake costs	39,802	-	39,802	32,074	28,896
Internal service providers	18,171	-	18,171	9,779	11,486
Property costs and other expenses	2,000	-	2,000	36,830	2,058
	59,973	-	59,973	78,683	42,440
Revenue from services					
Rates	-	328,353	(328,353)	(332,988)	(302,648)
Dividends	-	56,265	(56,265)	(48,744)	(39,008)
Interest from on lending	-	10,867	(10,867)	(7,978)	(8,265)
General and special fund interest	-	8,573	(8,573)	(8,093)	(10,076)
Internal service providers	-	15,228	(15,228)	(9,779)	(10,739)
Earthquake cost recoveries	-	24,525	(24,525)	(23,239)	(115,411)
Other income	-	16,986	(16,986)	(5,147)	(10,662)
Subvention receipts (income tax)	-	(2,003)	2,003	(2,797)	(4,425)
	-	458,794	(458,794)	(438,765)	(501,234)
Net cost of services	59,973	458,794	(398,821)	(360,082)	(458,794)
Capital expenditure					
Renewals and replacements	-	-	5,728	20,102	6,441
Infrastructure rebuild	-	-	141,283	33,572	193,263
Improved service levels	-	-	2,423	8,458	9,528
Increased demand	-	-	18,723	1,089	(5,178)
Total capital expenditure	-	-	168,157	63,221	204,054

Explanation of significant cost of service variances

Interest costs are \$7.7 million higher than plan. This is caused by financial reporting standards which require the Council to treat the lease of the Civic Offices as a finance lease, showing the building as an asset in its financial statements, a corresponding debt to the building owner, and breaking down lease payments into notional interest plus repayment of that debt. This notional interest of \$7.4 million was budgeted for as a lease payment.

The \$10.9 million increase in interest costs from 2013 reflects the increase in borrowing to fund the earthquake recovery and on lending to CCHL.

The change in the revenue of internal service providers from 2013 is due to \$2.9 million relating to infrastructure rebuild cost subsidies, \$1.2 million of Vbase management costs rebilled and \$1.4 million of insurance recoveries. The change in the costs reflects change in the

revenues mentioned which were recharged to external activities plus additional costs incurred with respect to earthquake insurance claims of \$2.4 million.

The planned amount of property costs and other expenses include provision for the Council's share of the Port Hills rockfall compensation. The final date and amount of the settlement cannot currently be determined.

The \$4.6 million lower than planned rates revenue collected by the Council is largely due to rates remissions of \$4.5 million which were budgeted for as component of other expenses. Rates revenue was higher in 2014 due to an increased work plan performed by the Council and a \$1.8 million decrease in rates remissions principally due to a reduction in earthquake rates remissions granted.

Dividends are higher than plan and 2013 due to increased dividends from CCHL and Transwaste Canterbury Limited (Transwaste).

Interest from on lending was higher than plan and prior year due to increased lending to CCHL. This increase was partially off-set by lower interest from on lending to Vbase Limited (Vbase) as a result of advance loan repayments during 2014.

The \$1.7 million variance to 2013 relating to interest on general investments and special funds is largely due to the draw down of the earthquake related special funds in 2014. This is partially offset, however, by an increase in interest revenue on general investments as a result of higher investment rates during the current year.

Subvention receipts were significantly lower than plan and 2013 due to a decrease in taxable income among the Council group.

Earthquake cost recoveries reflect insurance and government subsidies relating to rebuild work in progress. Generally this is planned within the appropriate activities, but is not allocated until the work is completed. The decrease in earthquake cost recoveries between 2013 and 2014 is mainly due to higher insurance and Crown contributions being received in 2013.

Other income is higher than plan for 2014 reflecting interest revenue accrued on outstanding earthquake subsidy recoveries of \$5.2 million, petrol tax of \$2.5 million, gains on asset disposals of \$5.9 million, and gains on cashflow hedges of \$2.1 million. The increase in other income compared to 2013 is principally due to higher gains on asset disposal of \$5.9 million.

Significant capital expenditure

\$18.7 million was spent on strategic land acquisitions; \$5.4 million on Information Management and Communications Technology (IM&CT) renewals, replacements and developments; \$2.6 million on fleet, plant, and miscellaneous property purchases and \$141.2 million on infrastructure rebuild projects in progress (including SCIRT transfers and work in progress (WIP) allocation).

Explanation of significant capital expenditure variances

Infrastructure rebuild works are higher than plan as work in progress relating to rebuild works while planned in the appropriate activities is only allocated to the activities when projects are completed. This is off-set by lower than planned expenditure for renewals and replacements of \$14.4 million which is comprised of \$2.4 million IM&CT renewals and developments and \$12 million of budgeted capital and corporate investments which were not spent during the year. The higher than planned capital expenditure with respect to increased demand represents \$17 million of carry forwards from 2012/13 relating to strategic land acquisitions which were spent in 2013/14.

Council activities and services

Funding impact statements

The funding impact statements show the source and application of funds for activities of the Council and are a requirement of the Local Government Act 2002.

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

The purpose of the funding impact statements is to present the capital and operating expenditure separately. The format is prescribed in the Local Government (Financial Reporting) Regulations 2014. As the format of the statements is prescribed in legislation it improves the ability to compare the results across different councils. As a result of changes in the Local Government (Financial Reporting) Regulations 2014 the Council's capital earthquake recoveries are included as Other Dedicated Capital Funding. To assist with the ability to compare results across councils footnotes have been added to each table to enable the reader to identify the impact of the earthquake and rebuild on the sources of and application of operating and capital funding.

Funding impact statement for year ending 30 June 2014 (whole of Council)

	2012/13	2012/13	2013/14	2013/14
	Annual	Annual	Three Year	
	Plan	Report	Plan	Actual
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	188,023	199,132	233,473	228,616
Targeted rates (other than a targeted rate for water supply)	97,201	77,946	77,711	76,672
Subsidies and grants for operating purposes	20,781	23,011	20,555	23,956
Fees and charges and targeted rates for water supply	118,072	111,939	112,460	118,849
Interest and dividends from investments	61,343	62,861	64,816	80,957
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	38,911	59,065	31,652	28,435
Total operating funding (A)	524,331	533,954	540,667	557,485
Applications of operating funding				
Payments to staff and suppliers	398,100	411,900	390,571	423,216
Finance costs	36,384	44,211	40,637	50,423
Other operating funding applications	38,020	34,339	64,007	34,074
Total applications of operating funding (B)	472,504	490,450	495,215	507,713
Surplus (deficit) of operating funding (A-B)	51,827	43,504	45,452	49,772
Sources of capital funding				
Subsidies and grants for capital expenditure	9,032	14,928	21,546	17,081
Development and financial contributions	8,655	20,193	13,000	23,922
Increase (decrease) in debt	194,269	260,747	281,065	(17,494)
Gross proceeds from sale of assets	1,205	4,532	75,792	35,360
Lump sum contributions	-	-	-	-
Other dedicated capital funding (2)	386,137	330,255	416,194	269,077
Total sources of capital funding (C)	599,298	630,655	807,597	327,946
Application of capital funding				
Capital expenditure				
- to meet additional demand	88,574	46,284	63,007	65,052
- to improve the level of service	67,370	40,044	60,286	53,261
- to replace existing assets (3)	688,718	544,433	808,712	552,861
Increase (decrease) in reserves	(193,537)	(97,815)	(78,956)	(100,861)
Increase (decrease) of investments	-	141,213	-	(192,595)
Total applications of capital funding (D)	651,125	674,159	853,049	377,718
Surplus (deficit) of capital funding (C-D)	(51,827)	(43,504)	(45,452)	(49,772)
Funding balance ((A-B) + (C-D))	-	-	-	-
Footnotes				
1 Earthquake related operating recoveries	27,408	45,367	20,721	32,048
2 Earthquake recoveries	386,137	330,255	416,194	269,077
3 Earthquake rebuild application of capital funding	642,335	498,820	744,069	503,230

Funding impact statement for year ending 30 June 2014 for City planning and development

	2012/13	2013/14	2013/14
	Annual	Three Year	
	Plan	Plan	Actual
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	21,072	18,283	17,903
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	28
Fees and charges and targeted rates for water supply	18	-	46
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	1,380	944	248
Total operating funding (A)	22,470	19,227	18,225
Applications of operating funding			
Payments to staff and suppliers	18,764	20,287	18,625
Finance costs	-	-	-
Internal charges and overheads applied	1,082	1,344	1,344
Other operating funding applications	6,492	4,041	3,524
Total applications of operating funding (B)	26,338	25,672	23,493
Surplus (deficit) of operating funding (A-B)	(3,868)	(6,445)	(5,268)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	4,984	6,938	4,657
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	-	1,196
Total sources of capital funding (C)	4,984	6,938	5,853
Applications of capital funding			
Capital expenditure			
- to meet additional demand	264	418	203
- to improve the level of service	-	75	-
- to replace existing assets (3)	852	-	382
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,116	493	585
Surplus (deficit) of capital funding (C-D)	3,868	6,445	5,268
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	-	-	-
2 Earthquake recoveries	-	-	1,196
3 Earthquake rebuild application of capital funding	-	-	148

Funding impact statement for year ending 30 June 2014 for Community support

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	20,375	20,604	20,175
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	882	945	1,038
Fees and charges and targeted rates for water supply	14,992	14,758	13,973
Internal charges and overheads recovered	-	1,831	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-	1,108
Total operating funding (A)	36,249	38,138	36,294
Applications of operating funding			
Payments to staff and suppliers	23,942	26,607	32,895
Finance costs	114	71	71
Internal charges and overheads applied	2,090	-	2,438
Other operating funding applications	9,074	11,170	10,574
Total applications of operating funding (B)	35,220	37,848	45,978
Surplus (deficit) of operating funding (A-B)	1,029	290	(9,684)
Sources of capital funding			
Subsidies and grants for capital expenditure	3,250	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,992	1,212	2,221
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	5,141	16,986
Total sources of capital funding (C)	9,242	6,353	19,207
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,250	-	-
- to improve the level of service	5,992	1,145	72
- to replace existing assets (3)	1,341	9,202	3,813
Increase (decrease) in reserves	(312)	(3,704)	5,638
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	10,271	6,643	9,523
Surplus (deficit) of capital funding (C-D)	(1,029)	(290)	9,684
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	-	-	1,068
2 Earthquake recoveries	-	5,141	16,986
3 Earthquake rebuild application of capital funding	-	5,273	2,347

Funding impact statement for year ending 30 June 2014 for Cultural and learning services

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	41,602	43,724	42,814
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	1,108	904	746
Fees and charges and targeted rates for water supply	2,595	1,850	1,857
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	406	274	1,129
Total operating funding (A)	45,711	46,752	46,546
Applications of operating funding			
Payments to staff and suppliers	30,797	30,121	31,826
Finance costs	1,276	715	715
Internal charges and overheads applied	2,387	2,672	2,672
Other operating funding applications	6,404	6,722	6,695
Total applications of operating funding (B)	40,864	40,230	41,908
	-	-	-
Surplus (deficit) of operating funding (A-B)	4,847	6,522	4,638
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	195	281	923
Increase (decrease) in debt	7,122	28,461	24,178
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	28,750	4,750	(669)
Total sources of capital funding (C)	36,067	33,492	24,432
Applications of capital funding			
Capital expenditure			
- to meet additional demand	5,648	7,527	3,805
- to improve the level of service	1,669	998	1,334
- to replace existing assets (3)	36,097	31,489	25,027
Increase (decrease) in reserves	(2,500)	-	(1,096)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	40,914	40,014	29,070
	-	-	-
Surplus (deficit) of capital funding (C-D)	(4,847)	(6,522)	(4,638)
	-	-	-
Funding balance ((A-B) + (C-D))	-	-	-

Footnotes

1 Earthquake related operating recoveries	285	150	985
2 Earthquake recoveries	28,750	4,750	(669)
3 Earthquake rebuild application of capital funding	31,250	24,832	19,189

Funding impact statement for year ending 30 June 2014 for Democracy and governance

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	12,517	13,198	12,923
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges and targeted rates for water supply	-	350	403
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-	-
Total operating funding (A)	12,517	13,548	13,326
Applications of operating funding			
Payments to staff and suppliers	11,846	12,725	12,668
Finance costs	-	-	-
Internal charges and overheads applied	627	779	779
Other operating funding applications	44	44	40
Total applications of operating funding (B)	12,517	13,548	13,487
Surplus (deficit) of operating funding (A-B)	-	-	(161)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	161
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	-	-
Total sources of capital funding (C)	-	-	161
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets (3)	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	-
Surplus (deficit) of capital funding (C-D)	-	-	161
Funding balance ((A-B) + (C-D))	-	-	-

Footnotes

1 Earthquake related operating recoveries	-	-	-
2 Earthquake recoveries	-	-	-
3 Earthquake rebuild application of capital funding	-	-	-

Funding impact statement for year ending 30 June 2014 for Economic development

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	8,238	8,216	8,045
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	20	5	34
Fees and charges and targeted rates for water supply	27	17	103
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-	29
Total operating funding (A)	8,285	8,238	8,211
Applications of operating funding			
Payments to staff and suppliers	1,545	1,652	1,219
Finance costs	-	-	-
Internal charges and overheads applied	475	566	566
Other operating funding applications	7,448	7,541	7,533
Total applications of operating funding (B)	9,468	9,759	9,318
Surplus (deficit) of operating funding (A-B)	(1,183)	(1,521)	(1,107)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	(419)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	-	-
Total sources of capital funding (C)	-	-	(419)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets (3)	167	179	174
Increase (decrease) in reserves	(1,350)	(1,700)	(1,700)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(1,183)	(1,521)	(1,526)
Surplus (deficit) of capital funding (C-D)	1,183	1,521	1,107
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	-	-	-
2 Earthquake recoveries	-	-	-
3 Earthquake rebuild application of capital funding	-	-	-

Funding impact statement for year ending 30 June 2014 for Parks and open spaces

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	24,949	34,811	34,087
Targeted rates (other than a targeted rate for water supply)	24,283	-	-
Subsidies and grants for operating purposes	9	11	40
Fees and charges and targeted rates for water supply	3,064	3,214	3,082
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	436	148	2,646
Total operating funding (A)	52,741	38,184	39,855
Applications of operating funding			
Payments to staff and suppliers	50,042	33,547	39,918
Finance costs	1,871	785	785
Internal charges and overheads applied	2,849	2,328	2,326
Other operating funding applications	1,018	867	880
Total applications of operating funding (B)	55,780	37,527	43,909
Surplus (deficit) of operating funding (A-B)	(3,039)	657	(4,054)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	130
Development and financial contributions	3,727	4,458	4,307
Increase (decrease) in debt	42,217	21,148	21,042
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	17,913	-	520
Total sources of capital funding (C)	63,857	25,606	25,999
Applications of capital funding			
Capital expenditure			
- to meet additional demand	15,089	5,884	5,027
- to improve the level of service	14,258	9,601	15,199
- to replace existing assets (3)	47,979	13,798	5,540
Increase (decrease) in reserves	(16,508)	(3,020)	(3,821)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	60,818	26,263	21,945
Surplus (deficit) of capital funding (C-D)	3,039	(657)	4,054
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	288	-	2,529
2 Earthquake recoveries	17,913	-	520
3 Earthquake rebuild application of capital funding	41,700	8,852	2,303

Funding impact statement for year ending 30 June 2014 for Recreation and leisure

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	15,787	16,729	16,381
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	1,654	1,573	1,474
Fees and charges and targeted rates for water supply	11,171	12,549	12,262
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	110	110	2,108
Total operating funding (A)	28,722	30,961	32,225
Applications of operating funding			
Payments to staff and suppliers	24,777	25,725	27,981
Finance costs	563	265	265
Internal charges and overheads applied	1,602	1,901	1,901
Other operating funding applications	2,988	2,901	2,194
Total applications of operating funding (B)	29,930	30,792	32,341
Surplus (deficit) of operating funding (A-B)	(1,208)	169	(116)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	381	551	1,714
Increase (decrease) in debt	1,825	17,271	(343)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	1,400	5,824	2,343
Total sources of capital funding (C)	3,606	23,646	3,714
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	102
- to improve the level of service	1,650	50	-
- to replace existing assets (3)	3,913	25,425	4,531
Increase (decrease) in reserves	(3,165)	(1,660)	(1,035)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,398	23,815	3,598
Surplus (deficit) of capital funding (C-D)	1,208	(169)	116
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	-	-	1,900
2 Earthquake recoveries	1,400	5,824	2,343
3 Earthquake rebuild application of capital funding	2,800	23,596	1,110

Funding impact statement for year ending 30 June 2014 for Refuse minimisation and disposal

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	13,223	12,498	12,238
Targeted rates (other than a targeted rate for water supply)	20,347	21,182	15,998
Subsidies and grants for operating purposes	1,000	1,030	1,067
Fees and charges and targeted rates for water supply	7,334	7,154	7,888
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	800	1,711
Total operating funding (A)	41,904	42,664	38,902
Applications of operating funding			
Payments to staff and suppliers	39,057	39,045	34,991
Finance costs	304	202	202
Internal charges and overheads applied	2,167	2,506	2,506
Other operating funding applications	-	-	-
Total applications of operating funding (B)	41,528	41,753	37,699
Surplus (deficit) of operating funding (A-B)	376	911	1,203
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	625	2,060	164
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	1,667	1,239
Total sources of capital funding (C)	625	3,727	1,403
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	625	25	25
- to replace existing assets (3)	1,676	4,542	2,516
Increase (decrease) in reserves	(1,300)	71	65
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,001	4,638	2,606
Surplus (deficit) of capital funding (C-D)	(376)	(911)	(1,203)
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	-	-	-
2 Earthquake recoveries	-	1,667	1,239
3 Earthquake rebuild application of capital funding	1,300	3,702	1,903

Funding impact statement for year ending 30 June 2014 for Regulatory services

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	8,908	10,111	9,901
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges and targeted rates for water supply	34,137	32,182	32,871
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	4,167	4,065	5,722
Total operating funding (A)	47,212	46,358	48,494
Applications of operating funding			
Payments to staff and suppliers	46,746	43,063	56,570
Finance costs	-	-	-
Internal charges and overheads applied	2,298	2,665	2,665
Other operating funding applications	320	670	994
Total applications of operating funding (B)	49,364	46,398	60,229
Surplus (deficit) of operating funding (A-B)	(2,152)	(40)	(11,735)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,498	109	11,596
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	-	-
Total sources of capital funding (C)	2,498	109	11,596
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5	264	-
- to replace existing assets (3)	80	45	42
Increase (decrease) in reserves	261	(240)	(181)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	346	69	(139)
Surplus (deficit) of capital funding (C-D)	2,152	40	11,735
Funding balance ((A-B) + (C-D))	-	-	-

Footnotes

1 Earthquake related operating recoveries	88	-	589
2 Earthquake recoveries	-	-	-
3 Earthquake rebuild application of capital funding	-	-	-

Funding impact statement for year ending 30 June 2014 for Roads and footpaths

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	49,894	45,214	44,273
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	9,897	10,038	13,736
Fees and charges and targeted rates for water supply	4,481	5,015	6,493
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	6,489	3,933	4,786
Total operating funding (A)	70,761	64,200	69,288
Applications of operating funding			
Payments to staff and suppliers	55,934	49,275	55,681
Finance costs	5,932	3,725	3,725
Internal charges and overheads applied	4,618	4,933	4,933
Other operating funding applications	15	-	-
Total applications of operating funding (B)	66,499	57,933	64,339
Surplus (deficit) of operating funding (A-B)	4,262	6,267	4,949
Sources of capital funding			
Subsidies and grants for capital expenditure	5,006	20,769	15,284
Development and financial contributions	901	1,302	3,970
Increase (decrease) in debt	35,681	128,238	40,163
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	104,667	103,253	37,515
Total sources of capital funding (C)	146,255	253,562	96,932
Applications of capital funding			
Capital expenditure			
- to meet additional demand	16,034	22,448	21,501
- to improve the level of service	16,692	18,735	7,636
- to replace existing assets (3)	163,709	218,646	72,791
Increase (decrease) in reserves	(45,918)	-	(47)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	150,517	259,829	101,881
Surplus (deficit) of capital funding (C-D)	(4,262)	(6,267)	(4,949)
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	5,894	3,363	4,083
2 Earthquake recoveries	104,667	103,253	37,515
3 Earthquake rebuild application of capital funding	150,585	205,831	58,827

Funding impact statement for year ending 30 June 2014 for Sewerage collection treatment and disposal

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(24,005)	(9,583)	(9,384)
Targeted rates (other than a targeted rate for water supply)	52,571	39,564	29,882
Subsidies and grants for operating purposes	-	-	-
Fees and charges and targeted rates for water supply	5,189	5,046	5,675
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	16,111	12,918	12,930
Total operating funding (A)	49,866	47,945	39,103
Applications of operating funding			
Payments to staff and suppliers	50,089	42,481	50,155
Finance costs	2,776	1,757	1,757
Internal charges and overheads applied	2,296	2,481	2,481
Other operating funding applications	-	-	6
Total applications of operating funding (B)	55,161	46,719	54,399
Surplus (deficit) of operating funding (A-B)	(5,295)	1,226	(15,296)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	476
Development and financial contributions	2,570	3,713	8,423
Increase (decrease) in debt	57,770	157,159	133,300
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	152,033	229,988	153,000
Total sources of capital funding (C)	212,373	390,860	295,199
Applications of capital funding			
Capital expenditure			
- to meet additional demand	36,615	13,463	6,340
- to improve the level of service	14,253	8,590	16,796
- to replace existing assets (3)	250,077	370,033	256,767
Increase (decrease) in reserves	(93,867)	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	207,078	392,086	279,903
Surplus (deficit) of capital funding (C-D)	5,295	(1,226)	15,296
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	15,803	12,650	12,855
2 Earthquake recoveries	152,033	229,988	153,000
3 Earthquake rebuild application of capital funding	245,900	362,207	252,157

Funding impact statement for year ending 30 June 2014 for Water supply

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(8,489)	(7,093)	(6,945)
Targeted rates (other than a targeted rate for water supply)	-	-	17,979
Subsidies and grants for operating purposes	-	-	-
Fees and charges and targeted rates for water supply	28,288	26,794	26,208
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	2,375	2,509	1,656
Total operating funding (A)	22,174	22,210	38,898
Applications of operating funding			
Payments to staff and suppliers	17,829	18,125	18,824
Finance costs	1,585	1,042	1,042
Internal charges and overheads applied	1,325	1,482	1,405
Other operating funding applications	-	4	5
Total applications of operating funding (B)	20,739	20,653	21,276
Surplus (deficit) of operating funding (A-B)	1,435	1,557	17,622
Sources of capital funding			
Subsidies and grants for capital expenditure	776	777	1,192
Development and financial contributions	880	1,270	2,167
Increase (decrease) in debt	16,382	21,937	(1,838)
Gross proceeds from sale of assets	-	-	(2)
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	51,540	4,230	15,793
Total sources of capital funding (C)	69,578	28,214	17,312
Applications of capital funding			
Capital expenditure			
- to meet additional demand	10,752	6,572	4,784
- to improve the level of service	6,110	12,192	8,920
- to replace existing assets (3)	88,511	11,007	21,230
Increase (decrease) in reserves	(34,360)	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	71,013	29,771	34,934
Surplus (deficit) of capital funding (C-D)	(1,435)	(1,557)	(17,622)
Funding balance ((A-B) + (C-D))	-	-	-

Footnotes

1 Earthquake related operating recoveries	2,375	2,509	1,466
2 Earthquake recoveries	51,540	4,230	15,793
3 Earthquake rebuild application of capital funding	85,900	7,777	18,973

Funding impact statement for year ending 30 June 2014 for Stormwater and flood protection and control works

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	(2,327)	(2,279)
Targeted rates (other than a targeted rate for water supply)	-	16,965	12,813
Subsidies and grants for operating purposes	-	-	-
Fees and charges and targeted rates for water supply	-	20	40
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	-	-	2,884
Total operating funding (A)	-	14,658	13,458
Applications of operating funding			
Payments to staff and suppliers	-	18,636	17,263
Finance costs	-	-	-
Internal charges and overheads applied	-	977	977
Other operating funding applications	-	-	3
Total applications of operating funding (B)	-	19,613	18,243
Surplus (deficit) of operating funding (A-B)	-	(4,955)	(4,785)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	1,425	2,416
Increase (decrease) in debt	-	41,858	15,241
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding (2)	-	38,102	5,586
Total sources of capital funding (C)	-	81,385	23,243
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	5,605	4,566
- to improve the level of service	-	153	856
- to replace existing assets (3)	-	70,672	13,036
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	76,430	18,458
Surplus (deficit) of capital funding (C-D)	-	4,955	4,785
Funding balance ((A-B) + (C-D))	-	-	-

Footnotes

1 Earthquake related operating recoveries	-	-	2,492
2 Earthquake recoveries	-	38,102	5,586
3 Earthquake rebuild application of capital funding	-	68,427	11,018

Funding impact statement for year ending 30 June 2014 for Corporate

	2012/13 Annual Plan \$000	2013/14 Three Year Plan \$000	2013/14 Actual \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,956	29,088	28,483
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	6,211	6,049	5,793
Fees and charges and targeted rates for water supply	6,776	3,511	7,948
Internal charges and overheads recovered	23,816	22,925	26,993
Local authorities fuel tax, fines, infringement fees, and other receipts (1), (2)	68,780	70,767	72,433
Total operating funding (A)	109,539	132,340	141,650
Applications of operating funding			
Payments to staff and suppliers	26,738	29,282	24,599
Finance costs	21,961	32,075	41,861
Internal charges and overheads applied	-	122	-
Other operating funding applications	4,217	30,047	1,624
Total applications of operating funding (B)	52,916	91,526	68,084
Surplus (deficit) of operating funding (A-B)	56,623	40,814	73,566
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	19,173	(145,326)	(267,615)
Gross proceeds from sale of assets	1,205	75,792	35,360
Lump sum contributions	-	-	-
Other dedicated capital funding (3)	29,835	23,239	35,569
Total sources of capital funding (C)	50,213	(46,295)	(196,686)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	922	1,090	18,723
- to improve the level of service	6,116	8,458	2,423
- to replace existing assets (4)	94,316	53,674	147,012
Increase (decrease) in reserves	5,482	(68,703)	(98,683)
Increase (decrease) of investments	-	-	(192,595)
Total applications of capital funding (D)	106,836	(5,481)	(123,120)
Surplus (deficit) of capital funding (C-D)	(56,623)	(40,814)	(73,566)
Funding balance ((A-B) + (C-D))	-	-	-
Footnotes			
1 Earthquake related operating recoveries	2,674	2,049	4,081
2 Interest and dividends from investments	61,343	64,816	80,949
3 Earthquake recoveries	29,835	23,239	35,569
4 Earthquake rebuild application of capital funding	82,900	33,572	135,077

Financial statements

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

Financial statements

Financial highlights

Financial result - Parent

The Council had an operating surplus before asset contributions of \$197 million for 2013/14 compared to a planned surplus of \$388 million and prior year surplus of \$227 million.

Its total comprehensive income was a profit of \$811 million, compared to a planned profit of \$452 million and a prior year profit of \$57 million. The improvement in overall profit was principally the result of greater than expected asset and investment revaluations.

Whereas in prior years the financial impact of the earthquakes was separately disclosed it is now part of the Council's normal operations. After adjusting for revenue and expenses that are directly attributable to the earthquakes, the Council's underlying operating surplus before asset contributions was a deficit of \$20.5 million (2013: \$48.3 million).

The difference between the Council's operating surplus and its final profit (total comprehensive income) represents a number of non-cash items such as vested assets, increases in the value of subsidiaries and property plant and equipment, and changes in the value of derivative hedges.

Further progress was made in establishing the damage to infrastructure assets and Council facilities and these have been impaired or written off as information becomes available. At 30 June 2014 the impairment provision for infrastructure assets totalled \$552 million, a net increase of \$37 million on 2013, and \$142 million for buildings and facilities an increase of \$100 million on 2013.

The impairment of infrastructure assets is based on the expected percentage of network which will be repaired or replaced by SCIRT. The buildings and facilities impairment is determined based on damage estimates. These are reviewed annually to ensure the assumptions remain appropriate. The impairment provisions made to date will be reversed in future years and replaced with entries against individual assets as the information becomes available.

Although the asset revaluation programme has recommenced (water supply and marine structures were

revalued in 2013/14), there remains a level of uncertainty on the other main asset classes.

As a result the Council remains unable to fully comply with accounting standards in respect of its property, plant and equipment (as has been the case since 2011) and has received a qualified audit opinion.

The qualified opinion does not reflect on the Council's financial management or its ability to fund the rebuild of its infrastructure, it simply reflects the fundamental uncertainty around the actual value of its assets including projects that should be transferred from work in progress and the full extent of earthquake damage to them.

More detail on the financial impact of the rebuild is outlined in the *Impact of the rebuild* and note 23 of the *Financial Statements* later in the Annual Report.

Financial Position

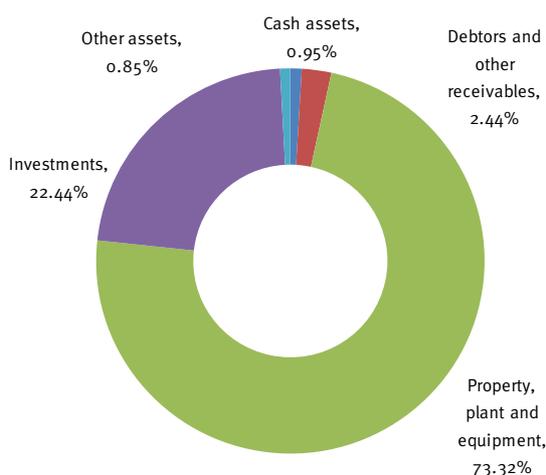
The Council's statement of financial position shows a strong position with total assets of \$9.1 billion and net assets of \$7.9 billion.

The Council's total assets of \$9.1 billion are higher than plan by \$0.6 billion. The increase in assets is primarily the result of:

- the revaluation of :
 - subsidiaries \$120.4 million; and
 - property plant and equipment \$189.2 million;
- additional lending to CCHL \$101.5 million; and
- accrued insurance recoveries \$81 million.

Total liabilities of \$1.2 billion are lower than plan by \$86.9 million primarily due to the delays in the rebuild of the City requiring the Council to borrow less than planned.

Our asset breakdown is as shown:



Crown and Insurance Funding

Crown contributions and insurance proceeds of \$288 million (2013: \$373 million) were received in 2014. These relate to continuing payments from insurers and Crown agencies (CERA and NZTA). At year end the Council had a receivable from CERA of \$20.6 million and \$120.1 million of insurance recoveries.

The Council is still in negotiation with its insurers and the insurance receivable represents the receivable that can be recognised under accounting standards and does not necessarily represent the total amount of the claims that the Council has with its insurers.

Achievements

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

Looking forward

The major focus of the Council in 2015 will be the preparation of the 2015 – 25 LTP together with the continuing rebuild of our city. In conjunction with the SCIRT alliance, the infrastructure rebuild continues in line with SCIRT's published programme of works. While SCIRT has the responsibility for the rebuild and repair of the horizontal infrastructure networks over the forthcoming years, Council will continue to maintain existing assets to meet the immediate needs of the community.

Major capital works planned for the year to June 2015 include the following:

- The ongoing facilities rebuild.
- Work will continue on delivering the Social Housing repair and replacement programme.
- The repair of the Art Gallery will continue as will the rebuild of the New Central and Halswell libraries.
- Work will continue on projects such as the replacement of the Ferrymead Bridge, the three-laning of the Causeway and Main Road and the development of options to enable Sumner Road (Evans Pass) to be reopened.
- The Coastal Pathway Project will complete phasing and design for tender in mid 2015.
- Commitments towards the construction of the Metro Sports Facility, a recreation and sport centre in the east and an athletics track will be further advanced.
- Construction of improved sand and grit removal facilities at CWTP will be completed. Earthquake repairs will continue at CWTP and it is anticipated that the plant will be fully repaired by the end of 2015.
- Work on restoring the Bridge of Remembrance and Triumphal Arch was commenced by SCIRT during 2012/13 and is due for completion in early 2015.
- Completion of work on the Wigram wastewater pressure main and continuing the Wairaki diversion wastewater upgrade.
- Construction work will be completed on the upgrading the Akaroa and Little River water supplies to meet the New Zealand Drinking Water Standards by the end June 2015.

Other non-capital major works planned include the following:

- Preparation of master plans will continue with the aim of having all completed within the coming financial year. Implementation will continue on priority projects identified within the plans and funded via the Three Year Plan, and case management work will be targeted in response to requests for assistance.
- The District Plan Review priority stage one chapters will be notified and heard with some decisions released by late 2014. Concurrently the stage two chapters will be progressed for approval prior to pre-notification engagement in early 2015.

Christchurch will host a range of local, national and international sporting events including the ICC Cricket World Cup, FIFA Under 20 World Cup, NZ Women's Golf

Open, the NZ Road Cycling Nationals, along with Le Race and Airport Marathon.

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

Operating surplus breakdown

Sources of operating income

Total income for the year ended 30 June 2014 is \$884.0 million including vested assets. It was received from the following sources:

Sources of operating income	Actual \$million	Plan \$million
Rates revenue	330.7	337.6
Sale of goods / services	39.6	35.0
Rental revenue	30.5	25.6
Interest revenue	24.7	16.1
Dividends	56.3	48.7
Development contributions	24.0	13.0
NZ Transport Agency subsidies (excl earthquake)	32.6	17.8
Earthquake subsidies & revenue	287.8	384.3
Other revenue	50.8	111.5
Vested assets	7.0	3.5
Total	884.0	993.1

The \$330.7 million of rates collected (including targeted water supply rates) equates to \$36.38 per week for the average residential ratepayer. In 2014 the cost to ratepayers of Council activities and services is as shown below.

Group of Activity	Cents per dollar of Rates	Average Residential Rates/Week \$
City planning and development	11c	4.00
Community support	9.6c	3.48
Cultural and learning services	26c	9.47
Democracy and governance	6.6c	2.39
Economic development	4.6c	1.68
Parks and open spaces	20.5c	7.45
Recreation and leisure	8c	2.90
Refuse minimisation and disposal	13.7c	4.98
Regulatory services	10.8c	3.92
Stormwater and flood protection and control works	6c	2.18
Roads and footpaths	10.3c	3.73
Sewerage collection, treatment and disposal	-31.1c	-11.29
Water supply	4c	1.49
	100c	36.38

Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2014 was \$680.3 million. Key components include:

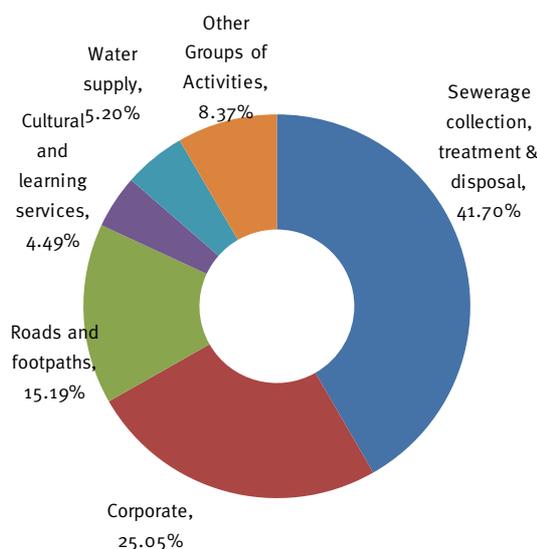
Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation, amortisation and impairment	154.0	106.4
Finance costs	50.4	40.6
Personnel costs	159.3	155.5
Grants / donations	31.2	34.0
Earthquake expenses	70.7	76.5
Other operating expenses	214.7	188.6
Total	680.3	601.6

Note 8 of the financial statements provides further expense details.

Investing in the assets of the city

The Council spent \$671 million, across a wide range of capital projects, compared to the budget of \$932 million. The under-spend is the result of delays in the infrastructure and facilities rebuild programme and the Council's other capital projects. A large portion of the capital spend relates to the infrastructure rebuilding programme which is funded through insurance recoveries and Crown contributions. The sewerage collection, treatment and disposal activity has the largest share of infrastructure rebuild spend.

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



The Corporate activity includes infrastructure rebuild work in progress that is unable at year end to be allocated to a particular activity. On completion of the projects they are reflected in the appropriate activity.

The Other Groups of Activities category comprises Parks and open spaces (3.84%), Stormwater and flood protection and control works (2.75%), Refuse Minimisation and Disposal (0.38%), Recreation and Leisure (0.69%), Community Support (0.58%), City Planning and Development (0.09%), Economic development (0.03%) and Regulatory Services (0.01%).

Capital projects

A total of \$509 million (2013: \$499 million) has been spent on infrastructure build projects during the year; the majority is in relation to the sewerage collection and treatment, water supply and roading networks.

Water supply and sewerage capital projects during the year included \$8 million on the Wigram sewerage Pressure Main and Pump Station; \$6 million on the Charteris Bay sewerage system; \$2 million on the Akaroa and \$2 million on the Little River and Cooptown water supply upgrades; and \$3 million on the extension to the Charteris Bay water supply network.

Work continued on the Ferrymead Bridge \$14 million; \$4.0 million on Carriageway sealing and surfacing; \$2.6 million on the Marshlands/Prestons intersection improvements; \$1.6 million on Canterbury Park access, \$1.2 million on the Main Road three laning and \$1.0 million on the McCormack's Bay culvert bridge and upgrade.

The Botanic Gardens Entry Pavilion and Washington Way Skate Park redevelopment were completed during the year.

Major capital projects completed for the year within Recreation and Leisure included \$1.9 million for the Hagley Oval test cricket venue and \$1.1 million on facilities rebuild projects.

Stormwater flood protection and control projects included \$1.1 million of land purchases; \$2.7 million of further projects as part of the South West Area plan including \$1.1 million for the Knights Basin stormwater detention and treatment facilities and \$0.7 million for the Owaka & Awatea green corridor.

Within the Art Gallery and Library \$18.2 million was spent on art gallery repairs and \$1.2 million on art acquisitions; \$4.5 million on library books; \$3.3 million on the new Halswell Library and \$1.0 million on the new Central Library.

Strategic land acquisitions totalling \$18.7 million were made during the year; and \$5.7 million was spent on

renewals, replacements and developments within the Council's information technology unit.

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

Insurance of Council Assets

Insurance of assets	2014
	\$000
Total book value of Property, plant and equipment	6,663,092
Book value of assets covered by insurance	1,091,852
Book value of assets covered by financial risk sharing arrangements	1,103,326
The maximum amount to which assets are insured under Council insurance policies	873,132

The book value of assets covered by insurance excludes land and land under roads of \$1.5 billion and work in progress of \$1.3 billion.

As the Council has not been able to fully revalue its property, plant and equipment since the earthquakes the book value of assets is less than the value which Council uses to determine the insurance value.

The Council is a member of the Local Authority Protection Programme which is a Financial Risk Sharing arrangement. At 30 June 2014 the Council had a small amount of cover excluding earthquakes. The Council is unable to obtain more extensive cover for its underground assets until the full condition assessments and valuations of infrastructure assets are complete.

It is noted that only water supply assets and artworks have been revalued in the last three years. As a result the 30 June 2014 book value could be significantly different from the replacement value of the assets.

In addition to the Council's insurance in the event of a natural disaster it is assumed that Central Government will continue to contribute 60% towards the restoration of underground water, waste and drainage assets and NZTA will continue to contribute 44-54% towards the restoration of road assets.

The table above represents the insurance position at 30 June 2014. Subsequent to balance date the Council has renewed its insurance for buildings which has resulted in the maximum amount of insurance coverage under Council insurance policies increasing to \$1.57 billion. The Council now has full insurance cover for all occupied buildings.

Financial statements

Group results

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

Group results	2014	2013
	\$000	\$000
Revenue from operations	2,038,297	1,672,363
Operating surplus (before tax)	556,060	315,548
Total assets	10,536,354	9,375,668
Total liabilities	2,233,507	2,234,018
Total equity	8,302,847	7,141,650

The increase in operating surplus in 2014 is due to a number of one-off factors in particular the \$438.3 million of insurance recoveries being recognised by LPC on the settlement of its insurance claim, and improvements in profitability of the CCHL Group including City Care and Orion.

The increase in total assets in 2014 reflects the increasing value of the assets held by the City as the rebuild continues.

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

Financial statements

Financial ratios

The Council has five financial ratios which form a key part of its financial risk management strategy and they also form the key limits for the Council's borrowing from the Local Government Funding Agency (LGFA).

The five ratios are:

- Net debt as a percentage of equity;
- Net interest as a percentage of total revenue;
- Net debt as a percentage of total revenue;
- Net interest as a percentage of annual rates revenue; and
- Liquidity.

These ratios define the limits within which the Council must maintain its balance sheet and borrowing ratios. In the Three Year Plan the limits for a number of ratios were reviewed to better reflect the expected future financial constraints on the Council.

The actual ratios for the year are set out in the *Financial prudence benchmarks* section later in the Annual Report.

Financial statements

Financial prudence benchmarks

The Local Government (Financial Reporting) Amendment Regulation 2013 came into force on 1 February 2014. These regulations introduced seven financial prudence benchmarks for local authorities organised around three elements of financial prudence – affordability, sustainability and predictability, against which the Council is required to report.

The regulations set out the detail and the format for the disclosures including the layout of the graphs. To assist readers additional information has been provided to explain the results.

Disclosure statement

Annual report disclosure statement for the year ending 30 June 2014

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the 'regulations'). Refer to the regulations or the *Glossary* to the Annual Report for more information, including definitions of some of the terms used in this statement.

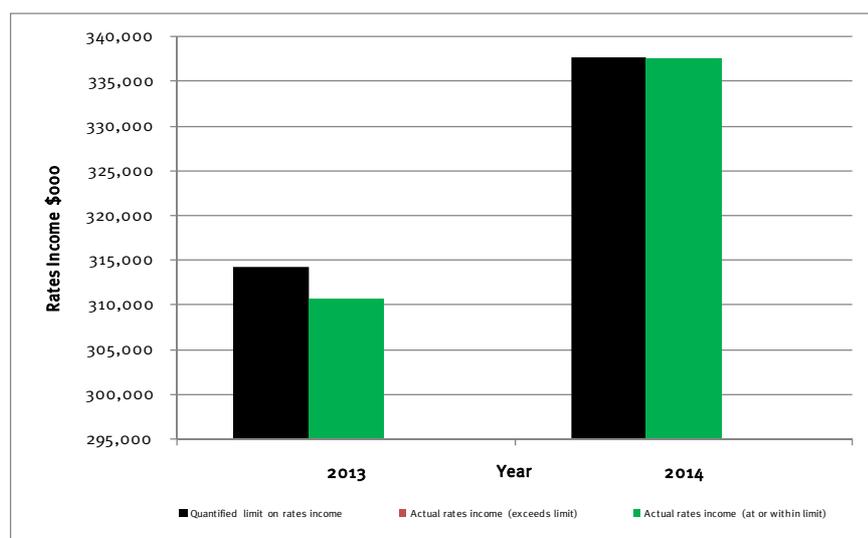
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increase equals or is less than each quantified limit on rates increases.

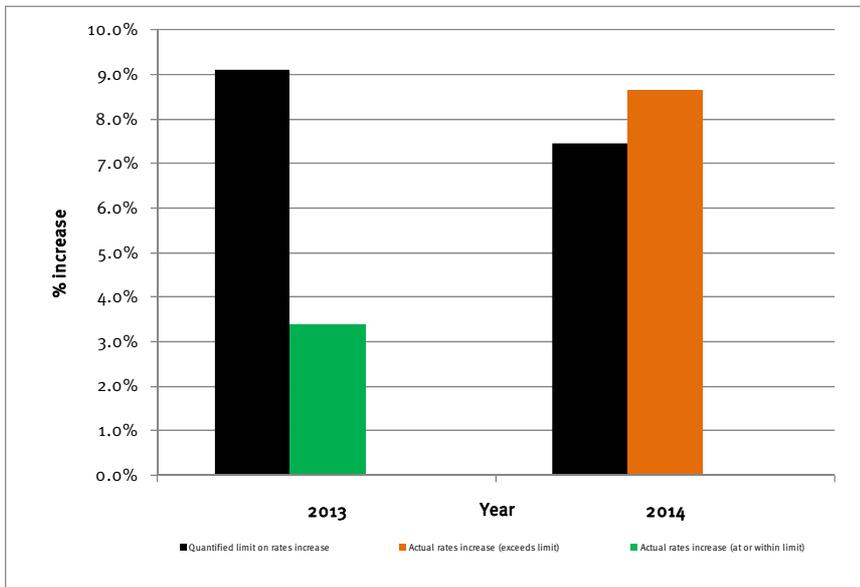
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit for 2014: \$337,638,000 and 2013: \$314,225,000.



Rates (increases) affordability

The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s Three Year Plan and 2013 Annual Plan. The quantified limit is 2014: 7.5%, 2013:9.1%.



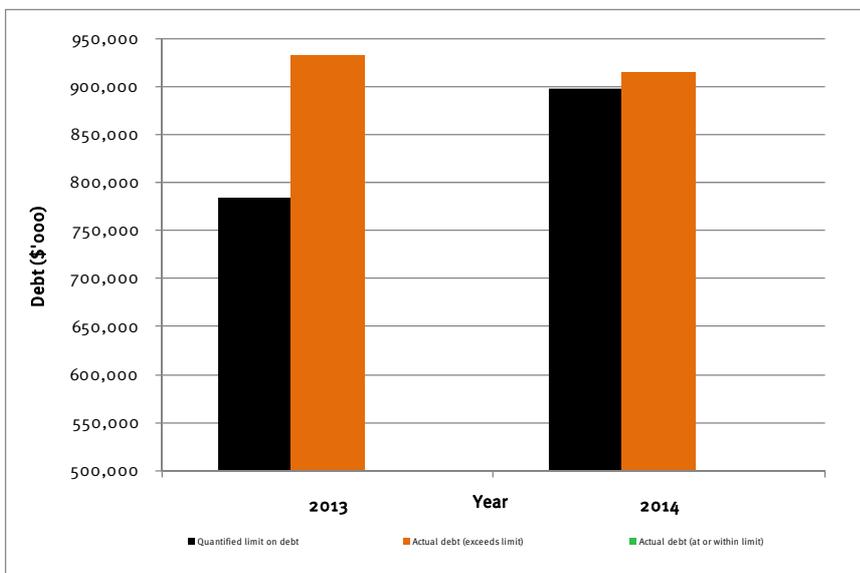
This benchmark looks at the year on year percentage increase in rates income. In 2013 rates income was \$3.6 million lower than planned as the expected level of population growth was not achieved. In 2014 actual rates income is in line with the planned income and hence the actual percentage increase in rates income has exceeded the set limit.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has six measures for debt affordability and these are set out below.

Total borrowing

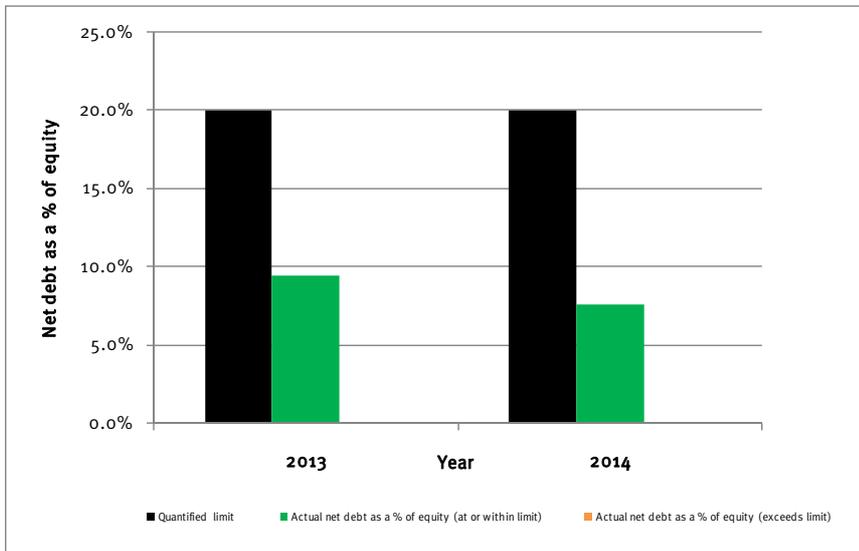
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s Three Year Plan and 2013 Annual Plan. The quantified limit is 2014: \$897,675,000 and 2013: \$784,855,000.



The quantified limit set in the financial strategy for 2013 and 2014 was the total projected borrowing. In 2013 the Council had \$115 million of debt which matured early in the 2013/14 year which was pre funded at 30 June 2013.

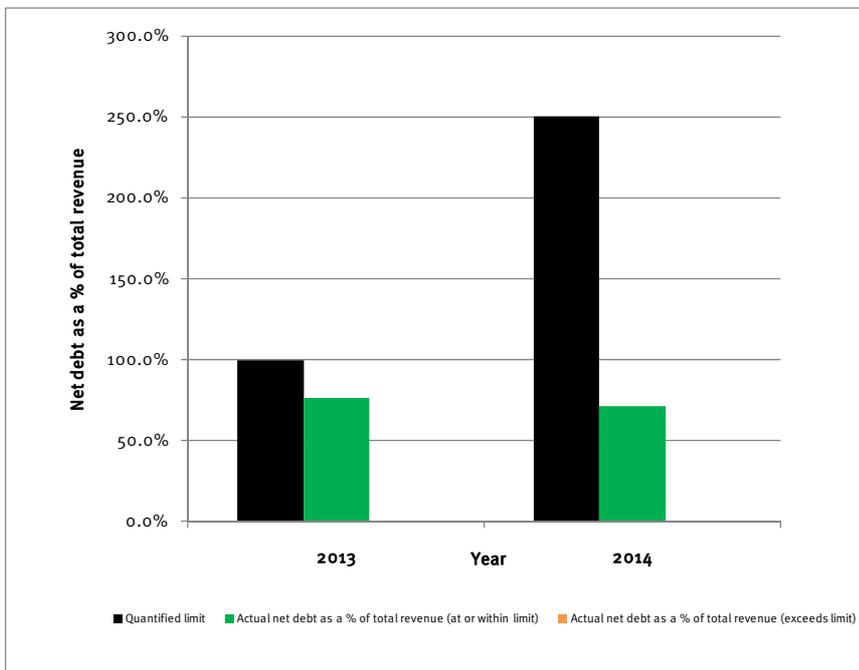
Net debt as a percentage of equity

The following graph compares the Council's actual net borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit is net debt comprised of total borrowings less liquid assets and investments (excluding shares and advances to subsidiaries) as a percentage of equity being less than or equal to 20% (2013 and 2014).



Net debt¹ as a percentage of total revenue²

The following graph compares the Council's net borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit is net debt as a percentage of total revenue being less than or equal to 250% (2014) and 100% (2013).

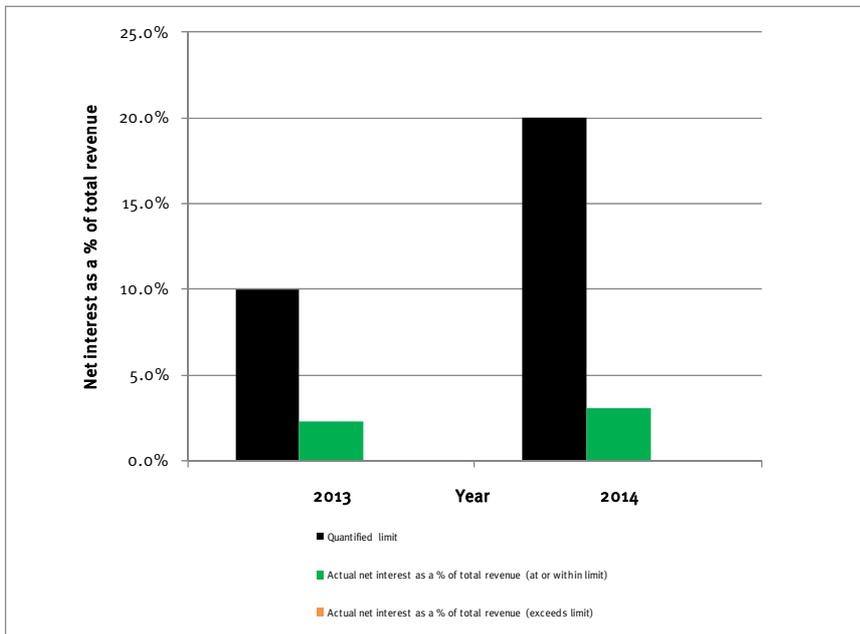


¹ Net debt is defined as total financial liabilities less financial assets (excluding trade and other receivables).

² Total revenue is total cash operating revenue excluding development contributions and non government capital contributions.

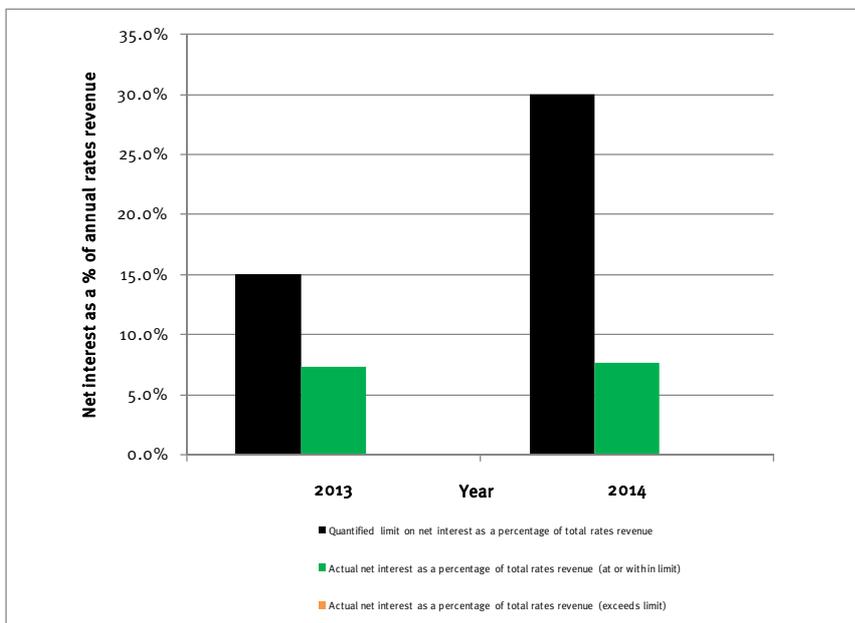
Net interest as a percentage of total revenue

The following graph compares the Council's net borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit is net interest as a percentage of total operating revenue being less than or equal to 20% (2014) and 10% (2013).



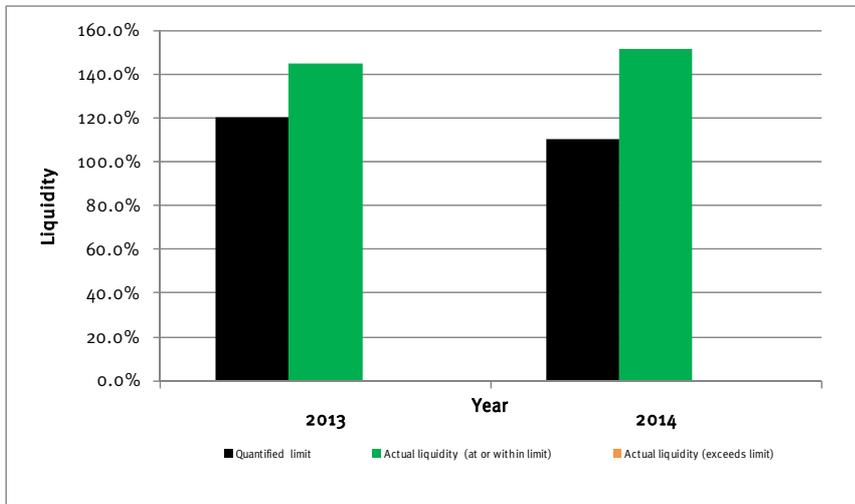
Net interest as a percentage of annual rates income

The following graph compares the Council's net borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit is net interest as a percentage of annual rates income being less than or equal to 30% (2014) and 15% (2013).



Liquidity

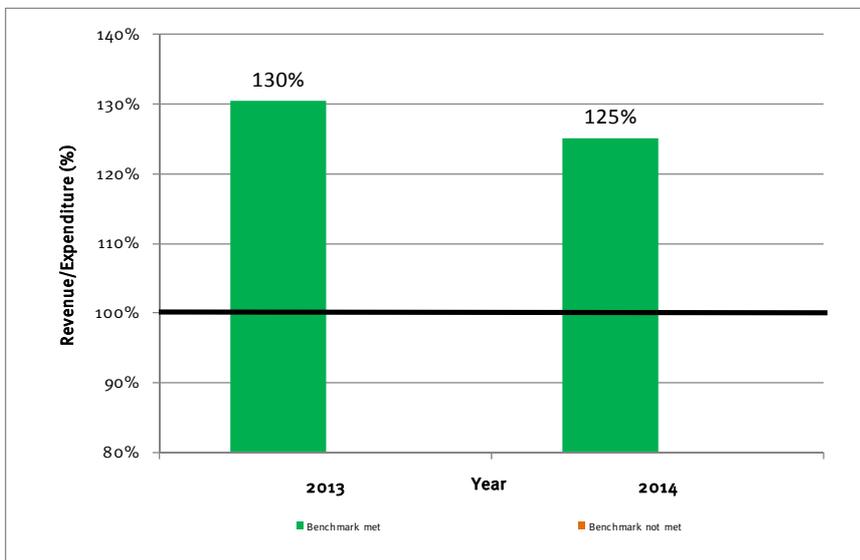
The following graph compares the Council's net borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan and 2013 Annual Plan. The quantified limit is liquidity being greater than 110% (2014) and 120% (2013). For debt affordability liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings.



Balanced budget benchmark

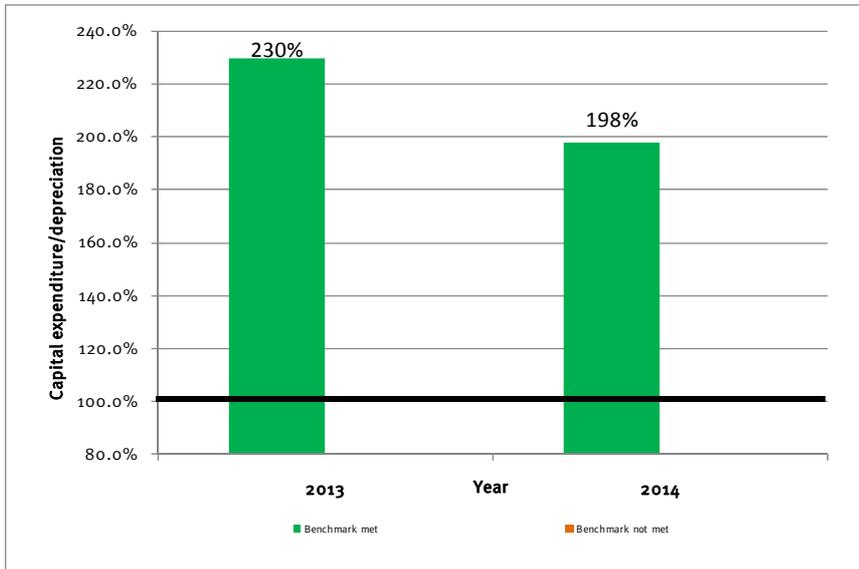
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

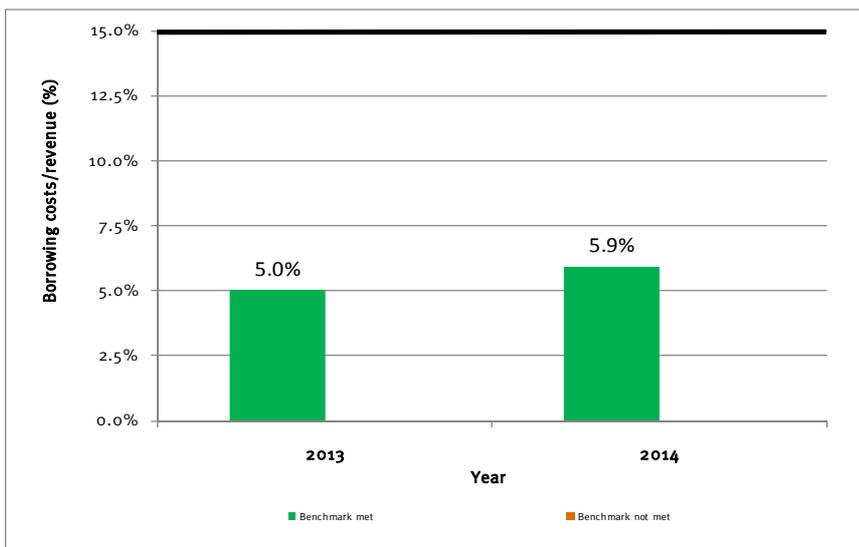
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

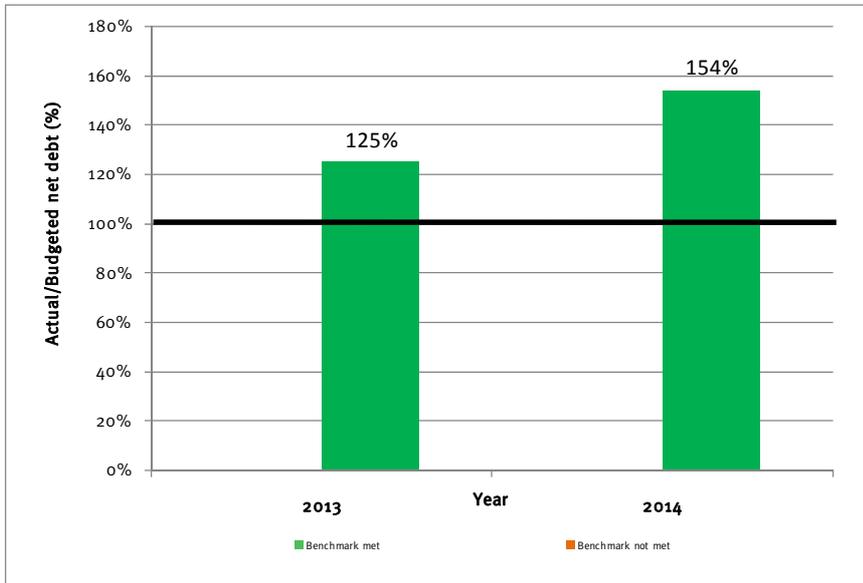
Because Statistics New Zealand projects the Council's population will grow as fast as, or faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs are equal to or are less than 15% of its revenue.



Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

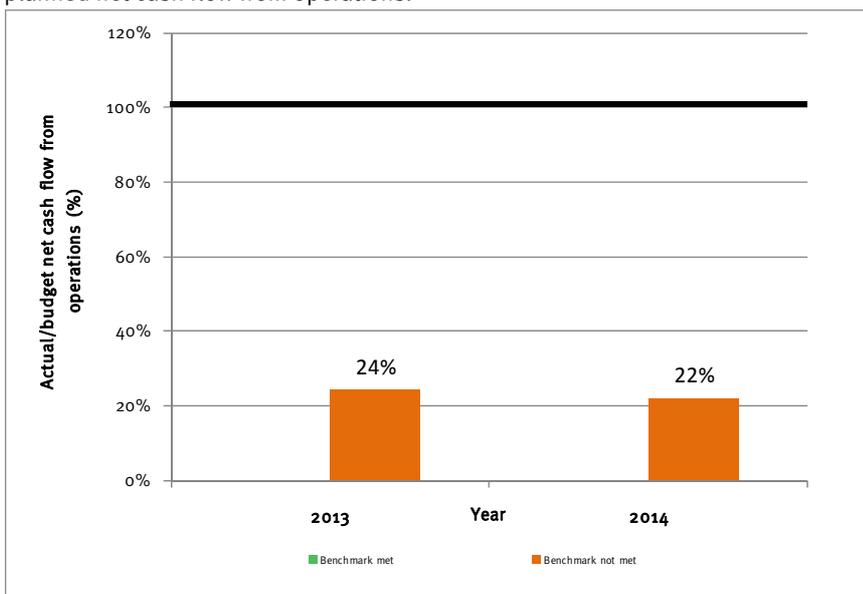
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. However where the Council has net assets (its financial assets (excluding trade and other receivables) exceeds financial liabilities) it meets the benchmark if its net financial assets exceed its planned net financial assets.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council has not met the benchmark level in respect of its net operating cashflows being equal to or greater than planned as the planned operating cashflows included cash inflows from insurance and Crown earthquake contributions which have been recognised as investing cashflows in the financial statements. Future plans will reclassify insurance and Crown earthquake contributions as investing cashflows.

Financial statements

Independent Auditor's Report

To the readers of Christchurch City Council
and group's annual report
for the year ended 30 June 2014

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand to carry out the audit of the City Council and group's financial statements, statement of service provision and other statements required by legislation.

Because of the effects of the earthquakes on the assets owned by the City Council and group, it has been difficult to prepare financial statements that comply with generally accepted accounting practice and legislation. These difficulties include determining the full extent of the damage arising from the earthquakes, and matters that have arisen because of the extensive rebuild activities that are now underway to repair that damage. These matters, which have limited our audit, are outlined in more detail below.

Qualified opinion – Our work was limited in a number of respects

Financial statements

In our opinion, except for the possible effects of the matters that are outlined in 1 to 4 below, the City Council and group's financial statements, including the notes to the financial statements that include accounting policies and other explanatory information about the financial statements, on pages 173 to 255:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the City Council and group's financial position as at 30 June 2014 and the results of their operations and cash flows for the year ended on that date.

Statement of service provision

In our opinion, the City Council and group's statement of service provision on pages 33 to 131 except for the "what did it cost" sections and the associated variance explanations, including the reported comparative information, which have been affected by the matters outlined in 1 to 4 below:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the City Council's levels of service for the year ended 30 June 2014, including the levels of service as measured against the intended levels of service adopted in the three-year plan, and the reasons for any significant variances between the actual service and the expected service.

Other statements required by legislation

In our opinion, except for the possible effects of the matters outlined in 1 to 4 below, the City Council and group's other statements on pages 9 to 292 fairly reflect the information drawn from the City Council and group's audited information, and the requirements of legislation.

Compliance with the *Other Requirements* of schedule 10

In our view, the City Council and group's annual report contains the Other Requirements of schedule 10 of the Local Government Act 2002 that are applicable and required to be included in the annual report.

Deficiencies in rates setting resolutions between 2004/05 and 2012/13

Without further modifying our opinion, we draw your attention to the disclosures in note 44 on page 255 which only apply to the rates income that has been recognised as comparative information in the statement of comprehensive income. These disclosures outline the Council's deficiencies in its rates setting resolutions between 2004/05 and 2012/13, specifically in how payment dates were set, and how rates penalties were charged. A bill to correct the deficiencies in the rates set between 2004/05 and 2012/13 had its first reading in Parliament on 28 May 2014 and has been referred to the Local Government and Environment Committee.

Matters that have arisen because of the damage that was caused by the earthquakes

Due to the damage caused by a series of earthquakes and the fact that the City Council and group have been unable to determine the full extent of that damage, our audit was limited because of the following matters:

1. We were unable to obtain sufficient audit evidence over the carrying value of land, buildings, the roading network, the sewerage system and the storm water system

Information has been disclosed on pages 169 to 171 and 215 to 217 about the effects of the earthquakes on the City Council and group's land, buildings, roading network, sewerage system and storm water system assets, and the reasons why the financial effects from that damage is not fully reflected in these financial statements. We consider that the City Council's approach to reporting these matters in the annual report is reasonable and the note provides the best information that is currently available about the financial effects of the damage.

However, because the costs to repair the City Council and group's land, buildings, roading network, sewerage system and storm water system assets cannot be estimated with sufficient reliability, the impact of the earthquakes on these assets has not been fully accounted for in the financial statements. In addition, these assets have not been revalued.

As a result the carrying value of land, buildings, the roading network, the sewerage system and the storm water system that has been recognised in the City Council and group's balance sheet of \$4.145 billion and the associated depreciation expense of \$82 million which has been recognised by the City Council and group in the statement of comprehensive income is likely to be materially incorrect.

Because the City Council and group have not accounted for damage to its land, buildings, roading network, sewerage system and storm water system asset classes and have not carried out a revaluation of these asset classes, 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. This matter also affected the

comparative information presented by the City Council and group.

2. We were unable to obtain sufficient audit evidence over the revaluation of water supply assets relating to the prior reporting periods

The City Council revalued its water supply assets in 2014 to a carrying value of \$1.041 billion as at 30 June 2014. We have obtained sufficient appropriate audit evidence to support that carrying value as at 30 June 2014.

However, we were unable to obtain evidence to confirm the amount of the revaluation increment and the depreciation expense, which is fully recognised in the 30 June 2014 statement of comprehensive income that should have been recognised in the prior reporting periods.

As a result, the revaluation increment is likely to be overstated and the depreciation expense understated, in the 30 June 2014 statement of comprehensive income as the carrying values of the water supply asset class should have been higher in 2013.

3. We were unable to obtain sufficient audit evidence over the carrying value of insurance receivables recognised in the financial statements

As stated in note 19 on page 207, the insurance receivable recognised by the City Council is \$118 million and by the group is \$266 million. The City Council is still in negotiation with its insurers in respect of these amounts. No allowance has been made for any amount that may not be recoverable. We were unable to obtain sufficient appropriate audit evidence over the insurance receivables that will be recovered, and when recovery will occur. There are no practical audit procedures that could be undertaken to determine the timing and amount of any insurance receivables. If the full amounts are not recovered then the City Council and group will need to recognise an expense.

The group has assumed for tax purposes, that the Lancaster Park Stadium is irreparable and that a replacement stadium will be built. If the assumptions are incorrect then there could be a material increase in the group's current and deferred

tax liabilities. We are unable to determine whether or not the current and deferred tax balances are materially correct until such time as the decision over the future of the Lancaster Park Stadium is made. This decision is subject to the negotiations between the City Council and its insurers.

Matters that have arisen because of the rebuild activities

The City Council and group are involved in extensive rebuild activities to repair the damage caused by a series of earthquakes. Our audit was limited because of the following matter:

4. We were unable to obtain sufficient audit evidence over the capital work in progress balance recognised in the financial statements

Included within the City Council's infrastructural assets is capital work in progress of \$1.105 billion related to work completed by the Stronger Christchurch Infrastructure Rebuild Team. As outlined on page 170, the City Council was unable to accurately classify this balance into completed assets, assets still under construction, and operating expenditure which would otherwise be recognised in the statement of comprehensive income. Further, as the City Council was unable to identify completed assets within the capital work in progress balance, the completed assets have not been depreciated, in keeping with the requirements of generally accepted accounting practice, and the City Council has not written off the old and damaged assets that have been replaced.

As a consequence 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.

Our audit was completed on 23 October 2014. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision. We are unable to determine whether there are material misstatements because the scope of our work was limited, as we referred to in our opinion.

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720: *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the City Council's compliance with the Other Requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on.

As explained above, we have not obtained all the information and explanations we have required to provide a basis for our opinion on the financial statements and the statement of service provision.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and a statement of service provision 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;
 - fairly reflect the City Council and group's service performance, including achievements compared to forecast;
- other statements required by legislation, including:
 - funding impact statements in relation to each group of activities that fairly reflects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's three-year plan;
 - statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflect by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's three-year plan;

- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's three-year plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is also required to include in its annual report the information, otherwise referred to as the Other Requirements of schedule 10 of the Local Government Act 2002 that is applicable and required to be included in its annual report.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatements, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

We also outline whether the Council has included in its annual report all of the information required by the Other Requirements of schedule 10 of the Local Government Act 2002 that is applicable and required to be included in its annual report.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we carried out other audit and assurance engagements for the City Council and subsidiary companies. These audit and assurance engagements, as described in note 10 on pages 196 and 197, are compatible with those independence requirements.

Other than this audit, which includes our report on the Other Requirements, and the other audit and assurance engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial statements

Summary of consolidating CCTOs and CCOs

The following pages report the financial results of Council and its subsidiaries and associates for the year ended 30 June 2014.

Council parent statements include:

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

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

Subsidiaries and associates

Christchurch City Holdings Limited

CCHL is a wholly owned company formed to hold Council's investments in subsidiaries.

Major subsidiaries and associates of CCHL are:

- *Enable Services Limited*
ESL is a wholly owned company, established to make an investment in fibre-optic networks and ducting in the city. The financial statements consolidated are for the year ended 30 June 2014.
- *Christchurch International Airport Limited*
CIAL is 75 per cent owned by CCHL. CIAL owns the Christchurch International Airport. The financial statements consolidated are for the year ended 30 June 2014.
- *City Care Limited*
City Care is a wholly owned company that provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2014.
- *EcoCentral Limited*
EcoCentral is a wholly owned company. EcoCentral overseas the processing of refuse and recycling collected from households throughout the Canterbury region. The financial statements consolidated are for the year ended 30 June 2014.

- *Lyttelton Port Company Limited*
LPC is 79.7 per cent owned by CCHL. LPC owns and operates the Lyttelton port. The financial statements consolidated are for the year ended 30 June 2014.
- *Orion New Zealand Limited*
Orion is 89.3 per cent owned by CCHL. Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. Orion also owns the electricity contracting business Connetics Limited. The financial statements consolidated are for the year ended 31 March 2014.
- *Red Bus Limited*
Red Bus is a public transport company and is wholly owned by CCHL. The financial statements consolidated are for the year ended 30 June 2014.

Vbase Limited

Vbase is wholly owned by the Council. It owns Horncastle Arena (formerly CBS Canterbury Arena), Lancaster Park (formerly AMI Stadium) and the Town Hall it also manages AMI Stadium Addington, the conference and event facilities at the Air Force Museum at Wigram and the Ilex Café and function room at the Botanic Gardens. The financial statements consolidated are for the year ended 30 June 2014.

Tuam Limited

Tuam Limited (Tuam) is wholly owned by Council. It owned the former Tuam Street Civic Offices and related Tuam Street properties which were sold during the year. The financial statements consolidated are for the year ended 30 June 2014.

Civic Building Limited

Civic Building Limited (CBL) is wholly owned by Council. CBL owns the Council's 50 per cent interest in the joint venture with Ngāi Tahu Property Limited (NTPL) which owns and manages the civic building on Worcester Boulevard. The financial statements consolidated are for the year ended 30 June 2014.

Riccarton Bush Trust

The trust was established to administer and maintain Riccarton Bush, Riccarton House, Deans Cottage and the grounds. The financial statements consolidated are for the year ended 30 June 2014.

The World Buskers' Festival Trust

The trust was established by Council to organise and manage the annual World Buskers Festival in Christchurch. The financial statements consolidated are for the year ended 30 June 2014.

The Rod Donald Banks Peninsula Trust

The trust was established by Council to promote sustainable management and conservation of the natural environment of Banks Peninsula together with supporting and facilitating projects that provide public access to the region. The financial statements consolidated are for the year ended 30 June 2014.

Christchurch Agency for Energy Trust

CAfE was established by Council to raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy. The financial statements consolidated are for the year ended 30 June 2014.

Canterbury Development Corporation Holdings Limited

Canterbury Development Corporation Holdings Limited (CDCH) is 100 per cent owned by the Council. CDCH is the Council's holding company for CDC and its subsidiaries. CDC is the economic development agency for the City and its economic development planning interaction with the wider Canterbury economy. The financial statements consolidated are for the year ended 30 June 2014.

Transwaste Canterbury Limited

Transwaste is 39 per cent owned by the Council. Transwaste has the principal purpose of operating a non-hazardous landfill in Canterbury. The financial statements for the year ended 30 June 2014 are equity accounted.

Financial statements

Impact of the rebuild

PARENT

The purpose of this note is to summarise the effect of the earthquakes and the subsequent rebuild on the financial statements.

Insurance recoveries

The Council's financial statements include income from insurance recoveries of \$1.4 million (2013: \$78 million) and an insurance receivable of \$120.1 million (2013: \$178.0 million). These amounts reflect the costs incurred and recoveries recognised based on information available to 30 June 2014. Insurance recoveries for the year reflect the value of claims for demolished and damaged buildings and facilities.

The Council continues to lodge claims with its insurer for damage to its buildings and facilities. Claims are submitted on an asset by asset basis with the necessary engineering and technical evidence to support each claim. At 30 June 2014 \$476.3 million of cumulative claims had been lodged (30 June 2013: \$132.1 million).

Insurance recoveries can only be recognised as income when there is virtual certainty of receiving the recovery. No major insurance settlements have been concluded this year.

The Council has still to lodge claims for a number of buildings but at year end was unable to reliably measure what each would be. These have been treated as contingent assets. A note to this effect has been included in note 38 *Contingent liabilities and contingent assets* in the financial statements.

Because of the delay in reaching settlement Council is undertaking the repair and rebuild of some facilities in advance of an insurance agreement being reached. In these cases the repair/rebuild is funded through the Building and Infrastructure Improvement Allowance which is borrowed for. To date the actual rebuild spend is minimal as designs are still being finalised.

It is anticipated that the cost of rebuilding the Council's assets is likely to exceed the insurance recoveries.

The Earthquake Commission made a further progress payment of \$17.3 million during the year in addition to the \$21 million received 2012. Those funds which have

not already been put towards the repair and rebuild of Council's social housing units are reserved specifically for that purpose.

Cost Share agreement

The Cost Share Agreement between Council and the Crown which was signed in June 2013 defines the funding and delivery responsibilities of each party for the rebuild. This includes funding for the infrastructure rebuild that SCIRT is carrying out, and claims for response and recovery costs incurred in maintaining the damaged infrastructure network.

During the year the Council incurred \$472.0 million (2013: \$493.0 million) of infrastructure rebuild costs for work completed by SCIRT. This cost was funded by both the Crown and Council.

For the year 30 June 2014 the Council has received the following from the Crown:

- \$14 million (2013: \$24.7 million) was claimed for response / recovery costs. A further \$14.9 million (2013: \$27.3 million) has been incurred and will be claimed in the 2014/15 year.
- \$286.4 million (2013: \$295.5 million) of cost recoveries from NZTA and CERA for SCIRT infrastructure rebuild projects. At 30 June 2014 the Council had as a receivable a further \$5.7 million (2013: \$168.6 million).

The Council is recognising Crown funding as income when the amount can be reliably measured and there is virtual certainty of receiving it.

For a number of anchor projects the final ownership structure remains uncertain. Until the Council knows if it will own the completed projects it is unable to recognise the associated Crown funding or liability for the Council's share of the funding. As such, future recoveries of Crown funding have been treated as contingent assets and potential liabilities for the Council funding as contingent liabilities. A note to this effect has been included in note 38 *Contingent liabilities and contingent assets* in the financial statements.

Impact on property plant and equipment

Revaluations

The Council holds a number of its assets (including infrastructure networks and land and buildings) at fair value which requires them to be revalued on a regular basis. The revaluation programme has been largely suspended over the past few years due to the inability to determine the condition of underground assets and the absence of an effective market for above ground assets.

This year Council completed the valuations of its Water Supply network and its marine structures (piers, wharves and jetties) assets. The water supply network was valued at \$1.04 billion using optimised depreciated replacement value, this was an increase of \$579.4 million on the previous book value. Marine structures were valued at \$16.9 million using optimised depreciated replacement value an increase of \$8.2 million on the previous book value. It is expected that several other major asset classes will be revalued in the 2014/15 year.

Work in progress

The SCIRT work in repairing and rebuilding the City's infrastructure is scheduled for completion in 2016. The Council recognises the cost of these projects as WIP while the assets are being constructed. As projects are completed and handed over the asset value is transferred from WIP to the appropriate asset class.

In 2013/14 the Council has spent \$492.2 million (2013: \$496.3 million) on the repair and rebuild of its infrastructure the majority of this was through SCIRT. \$21 million (2013: \$2.4 million) was spent on the repair and rebuild on buildings and facilities.

At 30 June 2014 the value of WIP was \$1.3 billion (2013: \$856 million) of which \$1.1 billion relates to SCIRT (2013: \$753 million).

The nature of the infrastructure rebuild programme means that projects have been completed and are being used by the Council prior to their being formally transferred to the Council and out of WIP. This means that the WIP balance includes completed assets that should be part of the value of the infrastructure network assets in the statement of financial position.

The completed and in use projects in the WIP balance have not been capitalised as the Council has been unable to obtain information to identify the individual assets created and those assets which the completed projects replace.

Impairment

Following the earthquake events the value of Council's assets has been a key accounting issue. The Council's policy has been to write off assets that have been destroyed / demolished.

While a number of demolitions have occurred, a significant number of Council's assets have suffered damage or are expected to have suffered damage (in the case of the underground networks) as a result of the earthquakes. To take account of this the value of these asset classes has been reduced (this is known as impairment).

Impairment of infrastructure assets has been estimated based on the percentage of each network (water supply, sewerage, stormwater and roading) that SCIRT will be repairing and replacing.

As at 30 June 2014 the impairment of infrastructure assets totalled \$551.8 million (2013: \$515.2 million). The increase includes a further \$42 million of impairment which was made to sewerage assets. This was recognised in the Council's Statement of Comprehensive Income. There was no revaluation reserve available for sewerage assets as previous impairments had exhausted the reserve. \$5.6 million was reversed from the provision as assets were replaced.

The Council has also impaired a number of its buildings and facilities where it believes that they have been damaged beyond repair, but until the insurance position of each building/facility is agreed they cannot be written off. In addition to those assets that are considered damaged beyond repair the Council has impaired its significant facilities where the remaining cost of repair is able to be estimated. At 30 June 2014 the impairment of buildings and facilities was \$142 million (2013: \$42 million) an increase of \$100 million from 2013. The increase in the impairment provision is the result of more detailed information becoming available about the damage to Social Housing complexes and larger facilities.

GROUP

Continuing impact on assets held by Council's subsidiaries

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

Lyttelton Port Company Limited

LPC entered into mediation with its insurers over its insurance claim which concluded with a settlement in mid December 2013. The outcome of that process was that all the various claims LPC had against its insurers under its material damage, business interruption and contract works insurance policies were settled. The settlement involved the payment of \$438.3 million (less payments made already) in full and final settlement.

LPC has generally elected to reinstate its damaged or destroyed assets, though significant physical works are yet to commence.

Vbase Limited

The February 2011 earthquake caused significant damage to the Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, and Lancaster Park (formerly AMI Stadium). The Convention Centre and Hadlee stand at Lancaster Park have been demolished. Lancaster Park and the Christchurch Town Hall for Performing Arts suffered significant damage and it will cost more than their insured value to return these assets to pre-earthquake condition. Vbase's other major asset, the Horncastle Arena (formerly CBS Canterbury Arena), did not suffer significant earthquake damage and is operational.

Vbase have an insurance receivable balance of \$137 million at 30 June 2014 (2013: \$180.6 million) relating to its claims for damage to its buildings. The movement in the receivable over the year is the result of receiving \$9.8 million of insurance recoveries and a \$29.0 million reduction to reflect the current fair value of the receivable. In addition it also has a claim under its business interruption and increased cost of working policies. Vbase is still in negotiation with its insurer on its insurance claims.

Orion New Zealand Limited

The Canterbury earthquakes, particularly the 22 February 2011 earthquake, caused significant damage to Orion's electricity distribution network and to its office buildings.

Several material damage and business interruption insurance claims have been lodged. Orion expects to reach agreement with its insurers by 31 March 2015 for most of the remaining parts of its earthquake claims.

Financial statements
Financial statements

Statement of comprehensive income

For the year ended 30 June 2014

	<i>Note</i>	30 Jun 14	30 Jun 14	Parent	30 Jun 14	Group
		Actual	Plan	30 Jun 13	30 Jun 14	30 Jun 13
		\$000	\$000	Actual	Actual	Actual
				\$000	\$000	\$000
Rates revenue excluding targeted water supply rates	2(a)	305,288	307,714	277,076	298,490	270,763
Fees, charges and targeted water supply rates		64,943	64,917	62,846	61,693	58,879
Development and financial contributions		24,027	13,000	20,563	24,027	24,804
Subsidies and grants	2(b)	321,278	402,081	326,449	321,362	327,677
Other revenue	2(c)	128,791	185,771	189,760	1,273,027	960,502
Finance income	3	24,692	16,072	23,853	23,217	19,725
Other gains	4	7,980	-	1,125	36,481	10,013
Total income		876,999	989,555	901,672	2,038,297	1,672,363
Depreciation, amortisation and impairment	5	154,032	106,364	171,332	259,984	269,907
Finance costs	6	50,423	40,637	44,218	88,331	80,298
Personnel costs	7	159,251	155,547	146,471	406,179	373,116
Other expenses	8	298,039	299,032	302,812	690,751	668,584
Other losses	4	18,602	-	10,309	47,455	11,505
Total operating expenses		680,347	601,580	675,142	1,492,700	1,403,410
Share of associate's surplus/(deficit)	20	-	-	-	2,895	1,213
Surplus before asset contributions		196,652	387,975	226,530	548,492	270,166
Vested assets	9	6,959	3,500	36,114	7,568	45,382
Surplus before income tax expense		203,611	391,475	262,644	556,060	315,548
Income tax expense/(credit)	11(a)	(1,505)	(2,797)	(2,360)	38,147	23,180
Surplus from continuing operations		205,116	394,272	265,004	517,913	292,368
Surplus for the period		205,116	394,272	265,004	517,913	292,368
Other comprehensive income						
Property, plant and equipment valuation gain/(loss)		587,537	57,773	665	778,054	31,394
Gains/(losses) from:						
Investment revaluation gain/(loss)		116,790	-	61,320	(80)	(87)
Cash flow hedges gain/(loss)		6,317	-	28,419	20,043	46,485
Income tax relating to components of other comprehensive income		-	-	-	(48,602)	3,448
Property, plant and equipment impairment loss		(104,814)	-	(298,357)	(104,814)	(298,357)
Other comprehensive income for the period, net of tax		605,830	57,773	(207,953)	644,601	(217,117)
Total comprehensive income for the period, net of tax		810,946	452,045	57,051	1,162,514	75,251
Surplus for the period attributable to:						
Parent entity		205,116	394,272	265,004	438,516	279,049
Non controlling interests		-	-	-	79,397	13,319
		205,116	394,272	265,004	517,913	292,368
Total comprehensive income attributable to:						
Equity holders of the parent		810,946	452,045	57,051	1,057,279	51,470
Non controlling interests	35	-	-	-	105,235	23,781
		810,946	452,045	57,051	1,162,514	75,251

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of changes in equity

For the year ended 30 June 2014

	Parent								
	Asset	Fair value				Attributable	Non		
	revaluation	through	Hedging	Reserve	Capital	Retained	holders of	Controlling	
	reserve	equity	reserve	Fund	reserve	earnings	parent	interests	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	Total
									\$000
Balance as at 1 July 2012	1,543,697	1,305,260	(38,775)	407,087	1,733,853	2,129,913	7,081,035	-	7,081,035
Surplus for the period	-	-	-	-	-	265,004	265,004	-	265,004
Other comprehensive income for year (net of tax)	(297,692)	61,320	28,419	-	-	-	(207,953)	-	(207,953)
Transfer to/from retained earnings	(2,379)	-	-	(105,183)	-	-	(107,562)	-	(107,562)
Transfer to/from reserves	-	-	-	-	-	107,562	107,562	-	107,562
Balance as at 30 June 2013	1,243,626	1,366,580	(10,356)	301,904	1,733,853	2,502,479	7,138,086	-	7,138,086
Surplus for the period	-	-	-	-	-	205,116	205,116	-	205,116
Other comprehensive income for year (net of tax)	482,723	116,790	6,317	-	-	-	605,830	-	605,830
Transfer to/from retained earnings	(16,254)	-	-	(102,858)	-	-	(119,112)	-	(119,112)
Transfer to/from reserves	-	-	-	-	-	119,112	119,112	-	119,112
Balance as at 30 June 2014	1,710,095	1,483,370	(4,039)	199,046	1,733,853	2,826,707	7,949,032	-	7,949,032

	Group								
	Asset	Fair value				Attributable	Non		
	revaluation	through	Hedging	Reserve	Capital	Retained	holders of	Controlling	
	reserve	equity	reserve	Fund	reserve	earnings	parent	interests	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	Total
									\$000
Balance as at 1 July 2012	1,871,476	(553)	(61,966)	407,147	1,734,934	2,855,277	6,806,315	256,564	7,062,879
Surplus for the period	-	-	-	-	-	279,049	279,049	13,319	292,368
Other comprehensive income for year (net of tax)	(266,804)	(87)	39,312	-	-	-	(227,579)	10,462	(217,117)
Transfer to/from retained earnings	(2,399)	-	-	(104,733)	-	-	(107,132)	-	(107,132)
Transfer to/from reserves	-	-	-	-	-	107,132	107,132	-	107,132
Other items	-	-	-	-	-	6,806	6,806	(110)	6,696
Consolidation of CCOs	-	-	-	-	-	2,468	2,468	-	2,468
Dividends paid or provided for	-	-	-	-	-	-	-	(5,644)	(5,644)
Balance as at 30 June 2013	1,602,273	(640)	(22,654)	302,414	1,734,934	3,250,732	6,867,059	274,591	7,141,650
Surplus for the period	-	-	-	-	-	438,516	438,516	79,397	517,913
Other comprehensive income for year (net of tax)	605,255	(80)	13,588	-	-	-	618,763	25,838	644,601
Transfer to/from retained earnings	(16,708)	-	-	(102,768)	-	-	(119,476)	-	(119,476)
Transfer to/from reserves	-	-	-	-	-	119,477	119,477	-	119,477
Other items	10	-	-	-	-	4,801	4,811	(454)	4,357
Consolidation of CCOs	-	-	-	-	-	29	29	-	29
Dividends paid or provided for	-	-	-	-	-	-	-	(5,704)	(5,704)
Balance as at 30 June 2014	2,190,830	(720)	(9,066)	199,646	1,734,934	3,813,555	7,929,179	373,668	8,302,847

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Balance sheet

As at 30 June 2014

	Note	30 Jun 14 Actual \$000	30 Jun 14 Plan \$000	Parent 30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	Group 30 Jun 13 Actual \$000
Current assets						
Cash and cash equivalents	12	86,495	1,897	146,598	325,040	161,646
Debtors and other receivables	13(a)	69,807	51,167	92,105	186,686	193,995
Derivative financial instruments	15(a)	342	-	-	555	34
Other financial assets	16(a)	24,251	104,528	59,409	150,047	111,465
Prepayments		3,985	-	4,534	12,223	14,033
Inventories	17(a)	3,236	3,914	6,024	22,303	23,120
Current tax assets	11(b)	-	-	-	-	4,399
Assets classified as held for sale	18	12,192	-	37,227	31,062	58,511
Insurance receivables and other assets	19(a)	140,720	60,000	373,835	151,970	583,828
Total current assets		341,028	221,506	719,732	879,886	1,151,031
Non-current assets						
Debtors and other receivables	13(b)	11,850	-	-	29,217	222
Investments in associates	20	6,196	-	6,196	50,149	43,601
Derivative financial instruments	15(b)	16,538	-	9,865	20,735	11,827
Other financial assets:	16(b)					
- Investment in CCOs and other similar entities		1,950,733	1,711,257	1,757,352	19,965	3,607
- Other financial assets		61,376	75,149	69,591	91,222	81,223
Prepayments		-	-	-	10,675	8,200
Inventories	17(b)	-	-	-	575	-
Property, plant and equipment	23	6,663,092	6,481,612	5,689,849	9,003,187	7,808,340
Investment property	24	-	-	-	184,370	169,382
Intangible assets	25	49,055	45,834	48,341	64,644	62,511
Deferred tax assets	11(c)	3,982	-	2,426	23,319	14,247
Goodwill	26	-	-	-	21,477	21,477
Insurance receivables and other assets	19(b)	-	-	-	136,933	-
Total non-current assets		8,762,822	8,313,852	7,583,620	9,656,468	8,224,637
Total assets		9,103,850	8,535,358	8,303,352	10,536,354	9,375,668
Current liabilities						
Creditors and other payables	27	115,236	139,352	114,644	193,690	181,684
Borrowings	28(a)	41,109	118,109	252,303	116,641	350,128
Derivative financial instruments	15(c)	157	-	382	1,493	1,659
Employee entitlements	30(a)	15,300	14,311	14,551	43,861	40,005
Current tax liabilities	11(b)	-	-	-	17,464	-
Provisions	31(a)	4,088	1,335	6,169	4,088	6,169
Other	32(a)	44,954	-	34,794	46,742	35,540
Total current liabilities		220,844	273,107	422,843	423,979	615,185
Non-current liabilities						
Borrowings	28(b)	873,805	882,955	680,105	1,359,676	1,203,441
Derivative financial instruments	15(d)	22,575	43,900	22,933	33,220	48,015
Employee entitlements	30(b)	5,913	5,657	5,884	7,795	7,884
Deferred tax liabilities	11(c)	3,982	3,865	3,931	386,741	335,463
Provisions	31(b)	18,833	25,268	19,759	18,833	19,759
Other	32(b)	8,866	7,051	9,811	3,263	4,271
Total non-current liabilities		933,974	968,696	742,423	1,809,528	1,618,833
Total liabilities		1,154,818	1,241,803	1,165,266	2,233,507	2,234,018
Net assets		7,949,032	7,293,555	7,138,086	8,302,847	7,141,650
Equity						
Reserves	33	5,122,325	4,814,737	4,635,607	4,115,624	3,616,327
Retained earnings	34	2,826,707	2,478,818	2,502,479	3,813,555	3,250,732
Parent entity interest		7,949,032	7,293,555	7,138,086	7,929,179	6,867,059
Non controlling interest	35	-	-	-	373,668	274,591
Total equity		7,949,032	7,293,555	7,138,086	8,302,847	7,141,650

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Cash flow statement

For the year ended 30 June 2014

	Note	30 Jun 14 Actual \$000	30 Jun 14 Plan \$000	Parent 30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	Group 30 Jun 13 Actual \$000
Cash flows from operating activities						
Receipts from rates revenue, excluding targeted water supply rates		332,745	356,776	304,069	325,947	297,756
Receipts from other revenue		179,333	570,761	150,247	998,466	911,810
Interest received		24,818	16,072	24,670	18,128	19,385
Dividends received		56,265	48,744	39,008	114	-
Subvention receipts		1,081	2,797	3,711	-	-
Earthquake recoveries		17,250	-	87,937	30,253	87,937
Payments to suppliers and employees		(452,527)	(454,908)	(440,122)	(1,078,045)	(1,019,446)
Interest and other finance costs paid		(49,949)	(40,637)	(44,323)	(87,823)	(83,869)
Income tax paid		-	-	-	(21,768)	(17,827)
Net GST movement		1,893	-	(14,320)	1,875	(14,493)
Net cash provided by/(used in) operating activities	36	110,909	499,605	110,877	187,147	181,253
Cash flows from investing activities						
Proceeds from sale of investment securities		55,095	81,429	49,553	135,711	120,017
CEDF Vesting		-	-	-	609	-
Proceeds from repayment of related party loans and advances		19,988	-	469	-	469
Proceeds from repayment of advances		-	-	-	34	-
Proceeds from sale of property, plant and equipment		36,018	75,792	223	42,890	1,770
Proceeds from sale of associates		-	-	-	-	20,793
Proceeds from sale of investment properties		-	-	-	16,879	-
Insurance recoveries		373,094	-	263,412	756,334	296,167
Payment for investment securities		(3,324)	-	-	(162,850)	(108,837)
Payment for investment in associates		-	-	-	(3,750)	-
Loans made to external parties		-	-	-	(20,208)	-
Payment for property, plant and equipment		(534,442)	(934,825)	(631,181)	(671,262)	(776,904)
Amounts advanced to related parties		(101,500)	-	-	(2,867)	(6,814)
Payment for intangible assets		-	-	-	(5,694)	(5,997)
Payment for goodwill		-	-	-	-	(250)
Payment for investment properties		-	-	-	(14,569)	(3,735)
Vbase insurance advance invested		-	-	(27,171)	-	-
Other		-	-	-	(29)	-
Net cash (used in)/provided by investing activities		(155,071)	(777,604)	(344,695)	71,228	(463,321)
Cash flows from financing activities						
Proceeds from external borrowing		229,291	289,283	340,000	247,491	476,350
Repayment of external borrowings		(233,006)	(8,218)	(77,697)	(335,943)	(179,034)
Repayment of related party borrowings		(11,450)	-	(44)	-	-
Repayment of finance leases		(776)	-	(110)	(825)	(338)
Dividends paid - non controlling interests		-	-	-	(5,704)	(5,644)
Net cash provided by/(used in) financing activities		(15,941)	281,065	262,149	(94,981)	291,334
Net increase in cash and cash equivalents		(60,103)	3,066	28,331	163,394	9,266
Cash introduced due to consolidation of CCOs		-	-	-	-	1,143
Cash and cash equivalents at beginning of year		146,598	1,628	118,267	161,646	151,237
Cash and cash equivalents at end of year		86,495	4,694	146,598	325,040	161,646

The accompanying notes form part of and are to be read in conjunction with these financial statements

1. Statement of significant accounting policies

Reporting entity

The Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity consists of the entities listed in the Group structure section.

The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a PBE for the purposes of NZ IFRS. Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of the Council are for the year ended 30 June 2014. The financial statements were approved by the Council on 23 October 2014.

Basis of preparation

Statement of compliance

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 Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for PBEs for periods beginning on or after 1 December 2012 with the following exceptions related to 2014:

- NZ IAS 36 (PBE) – Impairment of Assets
Assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair and insurers have agreed to pay out the indemnity value of the building, the Council has recognised the indemnity amount as an impairment to the building.

An impairment provision was recognised in 2012 for damage to certain classes of infrastructure assets. In 2014 and 2013 further provisions have been made in respect of infrastructure assets and facilities. These provisions will be reversed and replaced with the final impairments/write offs as more information becomes available.

Further information about this matter is set out in the introductory note to the financial statements and in note 23.

- NZ IAS 16 (PBE) – Property, Plant and Equipment
Assets due for valuation in 2014 were land and building and stormwater infrastructure assets. These were not revalued during 2014 and therefore their carrying value represents their 2010 and 2008 fair values less depreciation, respectively. Further information about this is set out in note 23 to the financial statements.

The Council has completed a revaluation of water supply and marine structure assets and the carrying value of these assets represent their fair value at 30 June 2014.

NZ IAS 16 (PBE) 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 2014 for those assets that were not revalued.

All of the above have flow on effects to depreciation, impairment of assets carrying values, revaluation reserves, and retained earnings.

Measurement base

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 accrual basis of accounting has been used unless otherwise stated.

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 *Rebuild* note set out in pages 169 to 171 and note 23 to the financial statements.

New accounting standards and interpretations

Changes in accounting policy and disclosures

There have been no new standards, interpretations and amendments adopted for 2014. This is discussed in further detail below.

Principles of consolidation

(i) Subsidiaries

Subsidiaries include special purpose entities and those over which the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights.

Potential exercisable or convertible voting rights are considered when assessing whether the Council controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council.

Non controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and balance sheet.

(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 surplus and deficit, 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 surplus and deficit, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

(iii) Joint ventures

Joint ventures are those over whose activities the Group has joint control and established by contractual agreement. The Group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group's financial statements on a line-by-line basis using the proportionate method.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus and deficit, 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 surplus and deficit 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 surplus and deficit. 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 Council would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Hedging

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the surplus and deficit 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 surplus and deficit.

Amounts accumulated in equity are recycled through surplus and deficit in the periods when the hedged item will affect surplus and deficit (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 the surplus and deficit.

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 statement of comprehensive income.

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.

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 surplus and deficit 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 surplus and deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus and deficit.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their

cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

	Estimated Useful Life
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 (PBE) – Property, Plant and Equipment. Because of the scale of earthquake damage the Council has not complied with this requirement for 2014 except for water supply and marine structure assets.

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 (PBE) – Impairment of Assets. Further information about this matter is set out in note 23.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in surplus and deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

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 (CGUs) and is tested annually for impairment (see Impairment Policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in surplus and deficit.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(iii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment Policy).

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Estimated useful lives are:

Software	1-10 yrs
Resource consents and easements	5-10 yrs
Patents, trademarks and licenses	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Investments

The Council classifies its investments in the following categories:

Financial assets at fair value through surplus and deficit

This category has two sub-categories: financial assets held for trading and those designated at fair value through surplus and deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

Financial assets at fair value through equity

Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Parent company investment in subsidiaries

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is 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 surplus and deficit.

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 Council'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 Council 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 Council, 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 Council 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 Council occupies an insignificant portion.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through surplus and deficit.

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 surplus and deficit.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the balance sheet.

Impairment

Normally the carrying amounts of the Council's assets, other than investment property (see Investments Policy) and deferred tax assets (see Income Tax Policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Further information about this matter is set out in note 23.

Impairment losses on property, plant and equipment are recognised through surplus and deficit. 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 surplus and deficit.

For goodwill, other intangible assets that have an indefinite useful life, and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any

goodwill allocated to CGUs (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in surplus and deficit even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in surplus and deficit is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus and deficit.

(i) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a PBE, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. For the Group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through surplus and deficit. 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 surplus and deficit, the impairment loss shall be reversed, with the amount of the reversal recognised in surplus and deficit.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised through surplus and deficit 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 5.72%.
- the estimated length of time needed for post-closure care is 35 years.
- the Council's 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) Building related claims, including but not limited to weathertight homes

The Council through its insurers is processing a number of homebuilding related claims.

The provision is calculated based on:

- the number of known claims.
- the average actual settlement costs.
- the average actual claims settled per year.

Further details of this matter are discussed in note 31.

Employee entitlements

The Group's employee compensation policy is based on total cash remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

These estimated amounts are discounted to their present value using an interpolated 10-year government bond rate.

Superannuation is provided as a percentage of remuneration.

(iii) National Provident Fund's defined benefit plan scheme ("the Scheme")

The Group participates in the Scheme, which is a multi-employer defined benefit plan. However, because it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, the Group's participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

Leases

(i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components: (Further information can be found in note 33)

- Asset revaluation reserve.
- Fair value through equity reserve.
- Hedging reserve.
- Reserve funds.
- Capital reserves.
- Retained earnings.

Revenue

(i) Rates, goods sold and services rendered

Rates are set annually by a resolution from Council and revenue is recognised through surplus and deficit at the time of invoicing. Revenue from the sale of goods is recognised through surplus and deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through surplus and deficit 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 surplus and deficit 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 surplus and deficit.

(iii) Finance income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised through surplus and deficit as it accrues, using the effective interest method.

(iv) Rental income

Rental income from investment and other property is recognised through surplus and deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Government grants

Grants from the Government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and Council will comply with all attached conditions.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(vii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on Council's net investment in the finance lease.

(viii) Development contributions

Development contributions are recognised through surplus and deficit in the year in which they are received.

(ix) Other gains

Other gains include revaluations of investment properties (see Investment Property Policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging Policy).

(x) Earthquake subsidies and recoveries

Earthquake subsidies and recoveries include payments from Government agencies, Ministries and Departments as well as payments from Council's insurers. Earthquake subsidies and recoveries are recognised in the financial statements when received or when it is probable or virtually certain that they will be received under the insurance contracts in place.

(xi) Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in Council are recognised as income when control over the asset is obtained.

Expenses**(i) Operating lease payments**

Payments made under operating leases are recognised through surplus and deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised through surplus and deficit 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 surplus and deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense through surplus and deficit as it accrues.

(iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property Policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging Policy).

(v) Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant and any grant criteria are met.

Income tax

Income tax on the surplus and deficit for the year comprises current and deferred tax. Income tax is recognised through surplus and deficit except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences that are not provided for include goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the balance sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Donated goods and services

Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms and for this reason, are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

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 2013/14 budget included in the Three Year 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 valuation of the Council's water supply and marine structure at depreciated replacement value involves a significant amount of judgement and estimate of replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. An independent valuer was commissioned to perform the valuation and valuations of these asset classes will continue on a regular basis to ensure that the depreciated

replacement value does not differ materially from their carrying value.

- The determination of the impairment of network assets required the Council to estimate the proportion of the networks that need replacing and to exercise judgement when considering the uncertainty in the estimate of damage and the impairment determination.
- The determination of the impairment of facilities required the Council to estimate the expected repair cost of earthquake damage for those facilities.
- Management are required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance and should be expensed in the current year or capital expenditure. In making this assessment they make judgements about the expected length of service potential of the asset and the likelihood of it becoming obsolete as a result of other more permanent repairs.
- Management are required to exercise judgement when determining whether insurance payments and recoveries from Government agencies and insurers are probable or virtually certain and should be recognised as revenue in the current year. In making this assessment they make judgements about the likelihood of payment by insurers or Government agencies based on the agreements in place.
- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and weathertight homes provisions.
- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.

- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- Management of most of the subsidiary companies use independent valuers to determine the fair value of certain assets. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in fair value of an asset is subsequently recorded within the Statement of Comprehensive Income or other comprehensive income depending on asset classification.

In addition to the above factors, the following areas specific to individual companies within the Group require critical judgement estimates and assumptions.

- Orion has included the estimated impacts of the Canterbury earthquakes on its estimates of the future cash flows of the business. These estimates contain some uncertainty. These estimates are relevant to the company's cyclical reviews and revaluations of the carrying value of the electricity distribution network.
- CIAL use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. A key factor for this classification is whether the property is used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through net surplus and deficit or through other comprehensive income.
- LPC has identified areas of estimation uncertainty in relation to the carrying value of land, building and harbour structures; depreciation rates and the estimation of useful lives; amortisation of intangible assets such as resource consents, easement and software, and the quantification of contingent liabilities.
- ESL's investment in ENL represents an investment in a start-up infrastructure company. The investment is recognised as an investment in an associate for ESL. ESL is required to assess the value of its investment in ENL for impairment. Assessment of the value of ENL requires significant assumptions including the levels of uptake, averages rates of sales, operating cost level, depreciation rates and financing costs.
- ESL is contracted to build the UFB network for Enable Networks Ltd (ENL) over a build programme concluding by December 2019. A project of this nature has a number of up-front costs, including initial design, resourcing of staff, and investment in total project infrastructure. These costs are required to be recovered throughout the build programme. ESL has exercised its judgement as to whether these costs will be recoverable through the life of the project.
- CCHL values its investments in subsidiary companies at fair value. This has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value. In intervening years, valuations are reviewed to determine whether there are any factors present that would indicate the possibility of a significant value change. If such factors are present, a full valuation is performed and reflected in the financial statements.
- Vbase has assumed that Lancaster Park stadium is irreparable and the Company intends to rebuild a replacement stadium. Treating the asset as irreparable results in the venue being treated as sold for income tax purposes. This assumption has significant implications to Vbase's current and deferred tax balances.

New standards and interpretations

From 1 July 2014 the public sector in New Zealand moves to new Public Benefit Entity accounting standards (PBE Standards). These standards are issued by the New Zealand Accounting Standards Board of the External Reporting Board comprising:

- Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS);
- Public Benefit Entity International Financial Reporting Standards (PBE IFRS) including Public Benefit Entity International Accounting Standards (PBE IAS); and
- Public Benefit Entity Financial Reporting Standards (PBE FRS).

There are new standards that have not been part of the current NZ IFRS PBE suite. In particular there are new standards that deal with exchange and non-exchange revenue and service concession arrangements.

It is currently expected that the adoption of these new standards will not have a significant effect on the Council's financial statements. The financial impacts of any changes will be accounted for through opening retained earnings.

2. Operating and other revenue

(a) Rates excluding targeted water supply rates

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
General rates	228,723	184,173	221,925	180,071
Targeted rates attributable to activities:				
- land drainage	16,781	24,122	16,781	23,585
- sewerage	40,447	52,123	40,447	50,962
- waste minimisation	20,649	19,704	20,649	19,265
- fire service	89	86	89	84
- targeted loan servicing	41	41	41	40
Rates penalties	3,034	3,191	3,034	3,120
Total gross rates	309,764	283,440	302,966	277,127
Less remissions:				
Churches & community service	(406)	(421)	(406)	(421)
Cultural	(153)	(178)	(153)	(178)
Social housing	(1,628)	(1,654)	(1,628)	(1,654)
Earthquake	(1,389)	(3,156)	(1,389)	(3,156)
Maori land	-	(1)	-	(1)
Recreation and sport	(900)	(954)	(900)	(954)
Total remissions	(4,476)	(6,364)	(4,476)	(6,364)
Rates revenue net of remissions	305,288	277,076	298,490	270,763

The annual rates income of the Council for the year ended 30 June 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Parent	
	30 Jun 14	30 Jun 13
	Actual	Actual
	\$000	\$000
Rates, excluding targeted water supply rates	305,288	277,076
Targeted water supply rates	25,384	25,572
Total annual rates income	330,672	302,648

Rating base information

The rates for 2013/14 were set based on 163,832 rating units within Christchurch City. The total capital value of these rating units as at 30 June 2013 was \$76,842,639,271 of which \$38,302,802,512 consisted of land value.

(b) Subsidies and grants

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Government grants received	1,428	880	1,428	880
NZ Transport Agency (NZTA)	32,569	29,279	32,569	29,279
Subsidies (excl. NZTA)	870	871	954	2,099
Earthquake subsidies - NZTA	67,637	39,318	67,637	39,318
Earthquake subsidies (excl. NZTA)	218,774	256,101	218,774	256,101
Total subsidies and grants	321,278	326,449	321,362	327,677

Government grants

Parent

Grants received by Council in 2014 were as follows:

- Ministry for Arts/Culture & Heritage provided \$0.5 million towards the earthquake recovery and rejuvenation of the Akaroa Museum.
- Ministry of Education provided early childhood education and 20 hours free funding of \$0.44 million which was spent on wages.
- Ministry of Business Innovation provided \$0.34 million towards NZ IceFest.
- Ministry of Justice with its Strategic Partnership with the Crime Prevention Unit, provided \$0.1 million towards crime prevention.
- Ministry of Health provided \$0.05 million towards Injury Prevention.

Grants received by Council in 2013 were as follows:

- Ministry of Education provided early childhood education and 20 hours free funding of \$0.45 million which was spent on wages.
- Ministry of Economic Development in partnership with New Zealand Major Events provided \$0.4 million towards NZ IceFest.
- Ministry of Social Development supported the Council's School Holiday Programmes with \$0.02 million of grants.
- Ministry of Internal Affairs through New Zealand Rural Fire Authority provided \$0.01 million towards new fire fighting equipment.

Group

No additional Government grants were received by the Group.

(c) Other revenue

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Sale of goods	-	-	26,191	30,739
Rendering of services	-	-	506,650	498,592
Construction contract revenue	-	-	206,562	175,491
Electricity transmission rental rebates	-	-	4,102	7,081
Rental income from investment properties	-	-	18,040	16,355
Other rental revenue	30,535	29,316	88,632	82,546
Dividends from subsidiaries	52,000	36,324	-	-
Dividends from associates and others	4,264	2,684	113	-
Subvention receipts	(2,003)	4,425	-	714
Petroleum tax	3,596	3,548	3,596	3,548
Insurance receipts	1,402	78,041	364,976	98,981
Sundry income	38,997	35,422	54,165	46,455
Total operating and other income	128,791	189,760	1,273,027	960,502

Insurance receipts

LPC and its insurers entered into a mediation process on all of its various claims arising from the September 2010, February 2011 and June 2011 earthquakes under LPC's material damage, business interruption and contract works insurance policies. This mediation process

resulted in a full and final settlement being reached which involved the payment in aggregate by the three insurers of \$438.3 million (less payments already made).

The Council's subvention receipts revenue for the year amounted to \$2.8 million which was off-set by the

reversal of the amount accrued in the prior year.

3. Finance income

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest income - bank deposits	8,543	10,019	16,843	13,923
Interest income - related party loans	10,823	8,265	-	-
Interest income - finance lease	-	-	-	2
Interest income - other	5,326	5,569	6,374	5,800
Total finance income	24,692	23,853	23,217	19,725

4. Other gains and losses

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Other gains				
Non-financial instruments				
Gains on disposal of property, plant and equipment	5,921	233	9,636	244
Gains on disposal of investments	-	-	4	1,788
Gains on revaluation of investment property or held for sale assets	-	-	23,423	7,089
	<u>5,921</u>	<u>233</u>	<u>33,063</u>	<u>9,121</u>
Financial instruments				
Gains through ineffectiveness of cash flow hedges	2,059	892	2,110	892
Gains on investments held at fair value through surplus and deficit	-	-	1,308	-
	<u>2,059</u>	<u>892</u>	<u>3,418</u>	<u>892</u>
Total other gains	7,980	1,125	36,481	10,013
Other losses				
Non-financial instruments				
Losses on disposal of property, plant and equipment	9,999	7,538	10,055	7,683
Losses on assets written off	8,318	2,550	10,311	3,046
Losses on revaluation of property, plant and equipment	-	-	24,489	-
	<u>18,317</u>	<u>10,088</u>	<u>44,855</u>	<u>10,729</u>
Financial instruments				
(Gains) / Losses through ineffectiveness of fair value hedges	1	(7)	1	(3)
Losses through ineffectiveness of cash flow hedges	-	-	2,315	533
Fair value through surplus and deficit financial assets fair value change	-	-	-	18
Losses on investments held at fair value through surplus and deficit	284	228	284	228
	<u>285</u>	<u>221</u>	<u>2,600</u>	<u>776</u>
Total other losses	18,602	10,309	47,455	11,505

5. Depreciation, amortisation and impairment

	Note	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
<u>Depreciation and amortisation</u>					
Depreciation of non-current assets		106,854	109,286	206,359	203,254
Amortisation of intangible assets		6,727	5,336	11,044	9,233
Amortisation of other assets		-	-	210	210
		<u>113,581</u>	<u>114,622</u>	<u>217,613</u>	<u>212,697</u>
<u>Impairment of assets</u>					
Impairment of property, plant and equipment	23	42,220	56,710	40,930	57,210
Impairment of goodwill and intangible assets		1,993	-	1,993	-
Impairment of other assets		(179)	-	(124)	-
Reversals of impairment losses		(3,583)	-	(428)	-
		<u>40,451</u>	<u>56,710</u>	<u>42,371</u>	<u>57,210</u>
Total depreciation, amortisation and impairment		<u>154,032</u>	<u>171,332</u>	<u>259,984</u>	<u>269,907</u>

6. Finance costs

	30 Jun 14	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual	
	\$000	\$000	\$000	\$000	
Interest expense					
Interest on bank borrowings	43,033	36,792	62,267	59,982	
Interest on debt instruments	-	-	20,480	19,010	
Interest on finance leases	7,384	7,411	5,464	4,087	
Other interest expense	6	15	120	(2,781)	
Total finance costs	<u>50,423</u>	<u>44,218</u>	<u>88,331</u>	<u>80,298</u>	

7. Personnel costs

	30 Jun 14	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual	
	\$000	\$000	\$000	\$000	
Salaries and wages	156,212	144,015	395,642	364,269	
Defined contribution plan employer contributions	2,261	2,132	4,945	4,523	
Defined benefit plan employer contributions	-	-	127	109	
Increase/(decrease) in employee	778	324	3,767	2,342	
Other personnel costs	-	-	1,698	1,873	
Total personnel costs	<u>159,251</u>	<u>146,471</u>	<u>406,179</u>	<u>373,116</u>	

8. Other expenses

	Note	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Audit fees	10	311	317	1,278	1,611
Directors' fees		-	-	2,170	2,278
Donations and grants		31,203	29,581	31,547	30,297
Net foreign exchange (gains) / losses		-	-	(152)	(58)
Net movement in provision expenses		(853)	1,922	(853)	1,922
Minimum lease payments under operating leases		2,928	2,317	11,372	12,079
Orion network maintenance and transmission expenses		-	-	89,841	84,863
Rental expenses		-	-	4,336	3,760
Raw materials and consumables used		-	-	55,592	57,717
Provision of services and maintenance of assets		144,243	129,322	221,752	231,616
Consultants and legal fees		21,506	17,314	28,784	26,133
Other operating expenses		28,026	23,419	156,473	108,037
Earthquake expenses		70,675	98,620	88,611	108,329
Total other expenses		298,039	302,812	690,751	668,584

9. Vested assets

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Restricted land and buildings	1,118	7,318	1,118	7,318
Infrastructure assets	5,712	28,732	5,712	28,732
Other vested assets	129	64	738	9,332
Total vested asset income	6,959	36,114	7,568	45,382

10. Remuneration of auditors

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Audit of the financial statements	309	292	1,049	1,013
<i>Other services:</i>				
Assurance-related	2	20	5	374
Special audits required by regulators	-	-	93	-
Other services	-	5	-	23
Total	311	317	1,147	1,410
Other auditor				
Audit of the financial statements	-	-	115	139
Other non-audit services	-	-	16	62
Total	-	-	131	201
Total remuneration of auditors	311	317	1,278	1,611

The auditor of the Council and the rest of the Group, excluding LPC and CDCH is Audit New Zealand. LPC is audited by KPMG and CDCH is audited by Grant Thornton. All are appointed by the Auditor-General.

Audit New Zealand

Other Services, assurance-related principally comprised:

Parent

Other services performed by Audit New Zealand for Council are for costs incurred with the Audit of the Debenture Trust Deed.

Group

Orion New Zealand Limited

- assurance review on the Annual Compliance Statement prepared in accordance with the Commerce Commission's Electricity Distribution Services Default Price-Quality Path Determination 2010 (2014 and 2013);
- annual assurance review of the company's disclosures prepared in accordance with the Electricity Distribution Information Disclosure Determination 2012 (2014 and 2013);

- assurance review of certain parts of the information prepared to comply with a Commerce Commission information request under section 53ZD of the Commerce Act 1986 (2013); and
- assurance review of certain parts of the information prepared as part of the Customised Price-Quality Path Proposal to the Commerce Commission (2013).

Christchurch International Airport Limited

- audit of the company's disclosures pursuant to the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010; and
- audit of the company's bond registry.

KPMG

Other non audit related services included a secondment service provided for a short term vacancy within the finance team.

11. Income taxes

(a) Components of tax expense

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax expense/(income)	-	-	41,259	17,470
Adjustments to current tax of prior years	-	-	3,284	(18,102)
Deferred tax expense/(income)	51	66	(6,839)	11,543
Impairment of deferred tax asset	-	-	(34)	-
Benefit arising from previously unrecognised tax losses	(1,556)	(2,426)	(1,556)	(4,677)
Adjustments to deferred tax of prior years	-	-	(2,634)	16,527
Deferred tax expense relating to use of prior year losses	-	-	4,667	419
Total tax expense/(income)	(1,505)	(2,360)	38,147	23,180
Reconciliation of prima facie income tax:				
Surplus before tax	203,611	262,644	556,060	315,548
Income tax expense calculated at standard tax rate	57,011	73,540	155,697	88,353
Non-deductible expenses	-	-	4,710	4,812
Non-assessable income and non-deductible items	(36,679)	(61,774)	(121,674)	(68,319)
Tax loss not recognised as deferred tax asset	-	-	(671)	-
Effect on deferred tax balances re assets no longer depreciable	-	-	-	(1,095)
Deferred tax assets on previously unrecognised and unused tax losses	-	-	(4,241)	-
(Over)/under provision of income tax in previous year	-	-	390	(87)
Imputation adjustment	(21,837)	(14,126)	-	-
Deferred tax on removal of building depreciation	-	-	3,936	(484)
Total tax expense/(income)	(1,505)	(2,360)	38,147	23,180
Income tax recognised in other comprehensive income				
<i>Deferred tax</i>				
Asset revaluations	-	-	(44,001)	8,538
Revaluations of financial instruments treated as cash flow hedges	-	-	(4,601)	(5,084)
	-	-	(48,602)	3,454

The tax rate in the above reconciliation is the corporate tax rate of 28% (2013: 28%) payable by New Zealand companies on taxable profits under New Zealand tax law.

\$8 million of the 2014 losses will be transferred to other entities in the Group by way of loss offset and subvention payment. A subvention receipt of \$2.3 million (2013: \$5.3 million) has been accrued.

Council has tax losses for the current financial year of \$40 million (2013: \$27.8 million). It is expected that

(b) Current tax assets and liabilities

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax assets				
Tax refund receivable	-	-	-	4,399
Total current tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,399</u>
Current tax payables				
Income tax payable	-	-	17,464	-
Total current tax liabilities	<u>-</u>	<u>-</u>	<u>17,464</u>	<u>-</u>

(c) Deferred tax balance

	Charged to:			Parent
	Opening balance	Net surplus and deficit	Other Comprehensive Income	Closing balance
	\$000	\$000	\$000	\$000
30 June 2014				
Deferred tax liabilities:				
Property, plant and equipment	3,931	51	-	3,982
	<u>3,931</u>	<u>51</u>	<u>-</u>	<u>3,982</u>
Deferred tax assets:				
Tax losses	2,426	1,556	-	3,982
	<u>2,426</u>	<u>1,556</u>	<u>-</u>	<u>3,982</u>
Net deferred tax liability/(asset)	<u>1,505</u>	<u>(1,505)</u>	<u>-</u>	<u>-</u>
30 June 2013				
Deferred tax liabilities:				
Property, plant and equipment	3,865	66	-	3,931
	<u>3,865</u>	<u>66</u>	<u>-</u>	<u>3,931</u>
Deferred tax assets:				
Tax losses	-	2,426	-	2,426
	<u>-</u>	<u>2,426</u>	<u>-</u>	<u>2,426</u>
Net deferred tax liability/(asset)	<u>3,865</u>	<u>(2,360)</u>	<u>-</u>	<u>1,505</u>

	Charged to:			Group
	Opening	Net surplus	Other	Closing
	balance	and deficit	Comprehensive	balance
	\$000	\$000	Income	\$000
			\$000	
30 June 2014				
Deferred tax liabilities:				
Fair value hedges	56	367	669	1,092
Property, plant and equipment	292,142	11,655	44,001	347,798
Intangible assets	602	367	-	969
Other	42,663	(5,781)	-	36,882
	<u>335,463</u>	<u>6,608</u>	<u>44,670</u>	<u>386,741</u>
Deferred tax assets:				
Cashflow hedges	5,863	(1)	(3,932)	1,930
Provisions and employee entitlements	5,351	555	-	5,906
Doubtful debts and impairment losses	175	(89)	-	86
Tax losses	2,477	12,513	-	14,990
Other	381	26	-	407
	<u>14,247</u>	<u>13,004</u>	<u>(3,932)</u>	<u>23,319</u>
Net deferred tax liability/(asset)	<u>321,216</u>	<u>(6,396)</u>	<u>48,602</u>	<u>363,422</u>
30 June 2013				
Deferred tax liabilities:				
Fair value hedges	91	(35)	-	56
Property, plant and equipment	302,172	(1,492)	(8,538)	292,142
Intangible assets	691	(89)	-	602
Other	16,822	25,841	-	42,663
	<u>319,776</u>	<u>24,225</u>	<u>(8,538)</u>	<u>335,463</u>
Deferred tax assets:				
Cashflow hedges	10,296	194	(4,627)	5,863
Fair value hedges	888	(431)	(457)	-
Provisions and employee entitlements	5,034	317	-	5,351
Doubtful debts and impairment losses	72	103	-	175
Tax losses	2,302	175	-	2,477
Other	326	55	-	381
	<u>18,918</u>	<u>413</u>	<u>(5,084)</u>	<u>14,247</u>
Net deferred tax liability/(asset)	<u>300,858</u>	<u>23,812</u>	<u>(3,454)</u>	<u>321,216</u>

The other deferred tax liabilities balance includes \$18.0 million (2013: \$31.6 million) of deferred tax liabilities relating to insurance receipts and earthquake expenses.

(d) Unrecognised tax losses

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
The following tax losses have not been brought to account as assets:				
Tax losses	<u>18,724</u>	-	-	181
Tax effect	<u>5,243</u>	-	-	51

(e) Imputation credit balances

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Imputation credits available for use in subsequent reporting periods	-	-	49,819	43,332

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Cash and cash equivalents	86,495	146,598	323,650	161,646
Cash and cash equivalents (USD)	-	-	1,262	-
Cash and cash equivalents (AUD)	-	-	128	-
Total cash and cash equivalents	86,495	146,598	325,040	161,646

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash and cash equivalents includes balances which are invested for periods between 1 day and three months. Short term investments of this nature depend on the immediate cash requirements of the Council and the Group and earn interest at the respective short term deposit rates.

13. Debtors and other receivables

(a) Current debtors and other receivables

	Note	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Current asset portion					
Trade receivables (before impairment)		45,310	62,904	96,858	110,428
Related party receivables:					
Subsidiaries		4,964	4,508	-	-
Associates		-	-	1,724	6,698
Chargeable work in progress		-	-	66,296	53,850
Interest receivable		934	1,486	1,208	1,660
Contract retentions		-	-	3,489	2,267
Finance lease receivable - current portion	14	-	-	25	50
GST receivable		5,302	7,200	1,200	2,257
Rates debtors		15,175	17,213	15,175	17,213
Other		-	-	2,961	1,194
		<u>71,685</u>	<u>93,311</u>	<u>188,936</u>	<u>195,617</u>
Provision for impairment - trade receivables		(1,878)	(1,206)	(2,250)	(1,622)
Total debtors and other receivables		<u>69,807</u>	<u>92,105</u>	<u>186,686</u>	<u>193,995</u>

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.

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 in net surplus and deficit for the current financial year.

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.

(b) Non-current debtors and other receivables

	Note	Parent		Group	
		30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
		Actual	Actual	Actual	Actual
		\$000	\$000	\$000	\$000
Finance lease receivable - non current portion	14	-	-	193	222
Other receivables from external party		11,850	-	29,024	-
		<u>11,850</u>	<u>-</u>	<u>29,217</u>	<u>222</u>
Provision for impairment - other		-	-	-	-
Total non-current debtors and other receivables		<u>11,850</u>	<u>-</u>	<u>29,217</u>	<u>222</u>
Total debtors and other receivables		<u>81,657</u>	<u>92,105</u>	<u>215,903</u>	<u>194,217</u>

(c) Credit risk aging of trade receivables

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Gross receivables				
Not past due	43,018	58,966	86,805	102,667
Past due 0-30 days	1,960	6,285	8,012	10,910
Past due 31-60 days	3,531	2,439	5,599	5,865
Past due more than 60 days	11,976	7,861	13,341	10,331
	<u>60,485</u>	<u>75,551</u>	<u>113,757</u>	<u>129,773</u>
Impairment				
Not past due	-	-	-	-
Past due 0-30 days	(197)	(159)	(197)	(159)
Past due 31-60 days	-	-	-	(2)
Past due more than 60 days	(1,681)	(1,047)	(2,053)	(1,461)
	<u>(1,878)</u>	<u>(1,206)</u>	<u>(2,250)</u>	<u>(1,622)</u>
Gross trade receivables	60,485	75,551	113,757	129,773
Individual impairment	(1,459)	(1,001)	(1,831)	(1,417)
Collective impairment	(419)	(205)	(419)	(205)
Trade receivables (net)	<u>58,607</u>	<u>74,345</u>	<u>111,507</u>	<u>128,151</u>
Movements in provision for impairment of receivables				
Balance at start of year	(1,206)	(2,762)	(1,622)	(3,257)
Provisions made during year	(882)	(594)	(943)	(615)
Provisions reversed during year	210	2,150	293	2,201
Receivables written off during year	-	-	22	49
Balance at end of year	<u>(1,878)</u>	<u>(1,206)</u>	<u>(2,250)</u>	<u>(1,622)</u>

14. Finance lease receivables

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	-	-	180	206
Later than one year and not later than five years	-	-	743	740
Later than five years	-	-	1,504	1,713
Minimum lease receivables	-	-	<u>2,427</u>	<u>2,659</u>
Less future finance charges	-	-	(2,209)	(2,387)
Present value of minimum lease receivables	-	-	<u>218</u>	<u>272</u>
Present value of future minimum lease				
No later than one year	-	-	25	50
Later than one year and not later than five years	-	-	(3,115)	(2,847)
Later than five years	-	-	3,308	3,069
Present value of future minimum lease	-	-	<u>218</u>	<u>272</u>
Represented by				
Current portion	-	-	25	50
Non-current portion	-	-	193	222
Total	-	-	<u>218</u>	<u>272</u>

15. Derivative financial instruments

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current assets				
Interest rate swaps - fair value hedges	327	-	432	-
Other interest rate swaps	15	-	15	-
Forward foreign exchange contracts	-	-	108	34
	<u>342</u>	<u>-</u>	<u>555</u>	<u>34</u>
(b) Non-current assets				
Interest rate swaps - fair value hedges	-	1,105	2,033	1,105
Interest rate swaps - cash flow hedges	16,538	8,760	18,702	10,722
	<u>16,538</u>	<u>9,865</u>	<u>20,735</u>	<u>11,827</u>
Total derivative financial instrument assets	<u>16,880</u>	<u>9,865</u>	<u>21,290</u>	<u>11,861</u>
(c) Current liabilities				
Interest rate swaps - fair value hedges	-	-	67	-
Interest rate swaps - cash flow hedges	141	382	1,297	1,642
Other interest rate swaps	16	-	129	-
Forward foreign exchange contracts	-	-	-	17
	<u>157</u>	<u>382</u>	<u>1,493</u>	<u>1,659</u>
(d) Non-current liabilities				
Interest rate swaps - fair value hedges	-	-	5,241	5,388
Interest rate swaps - cash flow hedges	20,090	22,933	24,623	42,627
Other interest rate swaps	2,485	-	3,356	-
	<u>22,575</u>	<u>22,933</u>	<u>33,220</u>	<u>48,015</u>
Total derivative financial instrument liabilities	<u>22,732</u>	<u>23,315</u>	<u>34,713</u>	<u>49,674</u>
Net interest rate swap fair value	(5,852)	(13,450)	(13,531)	(37,830)
Net forward foreign contract fair value	-	-	108	17
Net derivative financial instruments fair value	<u>(5,852)</u>	<u>(13,450)</u>	<u>(13,423)</u>	<u>(37,813)</u>

On 20 April 2010 Council acquired an interest rate swap which was novated from CCHL. At the time of the transfer, the interest rate swap had a value of \$2.1 million; it has since been revalued at 30 June 2014 to a fair value of \$2.5 million (2013: \$3.9 million).

The changes in the fair value of this interest rate swap, including the initial transfer amount flow through the surplus and deficit. The impact is included in the gains and losses note 4.

16. Other financial assets

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current financial assets				
<i>Interest-bearing loans advanced to subsidiaries:</i>				
Vbase Ltd	13,251	-	-	-
Tuam Ltd	-	4,750	-	-
Total advances to subsidiaries	13,251	4,750	-	-
Other advances	-	-	66	86
Total current loans and advances	13,251	4,750	66	86
Local authority stock	5,000	15,000	5,000	15,000
Stocks and bonds with less than one year to maturity	-	3,000	-	3,000
Bank deposits with maturities of 4 to 12 months	6,000	36,659	141,439	93,364
Other	-	-	3,542	15
Total current financial assets	24,251	59,409	150,047	111,465
(b) Non-current financial assets				
Investment in CCOs and similar entities				
<i>Interest-bearing loans advanced to subsidiaries:</i>				
CCHL Ltd	101,500	-	-	-
Vbase Ltd	18,985	46,416	-	-
Civic Building Ltd	58,888	58,888	-	-
Total advances to subsidiaries	179,373	105,304	-	-
Advances to other related parties	-	-	16,441	-
Total advances to related parties	179,373	105,304	16,441	-
<i>Council investment in subsidiaries:</i>				
CCHL Ltd	1,552,000	1,446,337	-	-
Vbase Ltd	189,111	190,169	-	-
Tuam Ltd	20,207	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
Canterbury Development Corporation Holdings Ltd	2,370	2,370	-	-
Total shares in subsidiaries	1,767,836	1,648,441	-	-
Investment in unlisted shares	3,524	3,607	3,524	3,607
Total investment in CCOs and similar entities	1,950,733	1,757,352	19,965	3,607
Other financial investments				
<i>Loans and advances</i>				
Advance to Theatre Royal	2,300	2,300	2,300	2,300
Community, special and other loans	2,614	2,486	2,614	2,486
Other advances	-	-	446	526
Less provision for fair value and impairment	(765)	(943)	(765)	(943)
Other loans and advances	9,144	6,240	33,557	12,728
Total non-current loans and advances	13,293	10,083	38,152	17,097
<i>Other investments:</i>				
Local authority stock	5,000	10,000	5,000	10,000
Stocks and bonds with over one year to maturity	36,233	36,375	36,233	36,375
Bank deposits with over one year to maturity	5,000	11,000	6,400	12,750
Investment in unlisted shares	1,850	2,133	5,437	5,001
Total other investments	48,083	59,508	53,070	64,126
Total other financial investments	61,376	69,591	91,222	81,223
Total non-current financial assets	2,012,109	1,826,943	111,187	84,830
Total other financial assets (current and non-current)	2,036,360	1,886,352	261,234	196,295

Fair value

Bank deposits

The carrying amount of term deposits approximates their fair value.

Local authority stock

The fair value of local authority and Government stock is \$10.3 million (2013: \$25.7 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 6.44%-6.75% (2013: 2.66%-6.73%).

The face value of local authority stock is \$10.0 million (2013: \$25.0 million).

Stocks and bonds

The fair value of stocks and bonds is \$35.2 million (2013: \$40.1 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 4.73%-7.25% (2013: 2.65%-7.25%).

The face value of stocks and bonds is \$35.7 million (2013: \$38.7 million).

Loans to related parties

The fair value of the Council's loans to related parties is \$200.5 million (2013: \$134.3 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 4.08%-9.22% (2013: 2.66%-9.22%). The average effective interest rate on the loans to related parties is 7.24% (2013: 7.87%).

The face value of the loans to related parties is \$192.6 million (2013: \$110.1 million). Loans advanced to subsidiaries at balance date are shown in the table to note 16.

During 2014 Tuam repaid its loan of \$4.8 million, Vbase paid back \$15.2 million of its loan and Council advanced \$101.5 million to CCHL.

Enable Services Ltd has advanced \$16.4 million to associated company Enable Networks Ltd in the form of senior notes. Of this, \$11.4 million matures in 2021 and \$5 million in 2023. The average interest rate is 6.0% (2013: Nil).

Other loans and advances

The face value of the Council's other loans and advances is \$9.1 million (2013: \$6.2 million) and relates to the borrower's notes issued by the Council to LGFA representing 1.6% of the total amount borrowed and outstanding from LGFA as of 30 June 2014. The average interest rate is 3.67% (2013: 2.63%). The fair value of these loans as of 30 June 2014 is \$8.5 million (2013: \$5.8 million).

On 29 June 2012, CCHL entered into a loan agreement with Christchurch Engine Centre to advance up to US\$17 million, effectively replacing the Council's previous combined equity/debt investment in Jet Engine Facility Ltd. CCHL has entered into a cross currency interest rate swap to achieve a fixed interest rate on the US\$ loan.

Unlisted shares – CCO and similar entities

Unlisted shares in CCOs and similar entities include \$1.7 million (2013: \$1.8 million) in New Zealand Local Government Insurance Corporation (NZLGIC) and \$1.9 million (2013: \$1.9 million) in the LGFA.

Due to the size and nature of the Council's investment in LGFA, the Council has estimated the fair value of this investment based on LGFA's net asset backing as at 30 June.

The fair value of unlisted shares of NZLGIC has been determined by using the asset valuation as per their latest published accounts.

Unlisted shares – Other

Unlisted shares – other includes the \$1.8 million investment in Endeavour I-cap. This investment was for the purposes of enabling a portion of Council's investment portfolio to be applied to new economic development initiatives which would benefit the local economy while ultimately providing a return to Council. The fair value of the fund has been determined by using value of the funds investments as at 30 June 2014.

Shares in subsidiary companies

The fair value of the Council's investments in its major subsidiary companies was assessed by independent valuers, Ernst and Young, as at 30 June 2014.

The Council's investment in CCHL increased in the year by \$105.6 million (2013: \$59.0 million) to \$1,552.0 million, as a result of the Ernst and Young review which was on a sum of the parts approach.

The remaining major subsidiary (Vbase) was reviewed as at 30 June 2014 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.

The value of the Council's investment in CDCH was reviewed after its acquisition of the CDC Group in 2013. This acquisition resulted in a \$2.4 million increase in the net asset value of CDCH. The net asset value was considered an appropriate basis for fair value. There has been no change in the value of the investment in 2014.

The value of the investment in Tuam was reviewed at 30 June 2014. Tuam sold its land and buildings to the CCDU during the year and recognised a gain on the sale of the

property which resulted in a significant increase in the net book value of the company. The net asset value was considered an appropriate basis for fair value given the nature of Tuam's assets. This has resulted in the value increasing \$14.8 million to \$20.2 million.

CBL owns 50% of the joint venture between CBL and NTPL - see note 21. Although the current net book value of CBL is negative, the Council has decided not to impair its investment as CBL's major source of income is rental on the Civic Building, and since the Council is the tenant, there is no reason to consider this to be in doubt. Based on modelling carried out for the Council, it is believed that when the loan is due for repayment, CBL will be able to repay the loan.

17. Inventories

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current inventories				
Inventory - raw materials and maintenance items	-	-	15,009	14,046
Inventory - finished goods	3,236	6,024	7,340	9,099
	<u>3,236</u>	<u>6,024</u>	<u>22,349</u>	<u>23,145</u>
Inventory - allowance for impairment	-	-	(46)	(25)
Total current inventories	<u>3,236</u>	<u>6,024</u>	<u>22,303</u>	<u>23,120</u>
(b) Non current inventories				
Inventory - work in progress	-	-	575	-
Inventory - finished goods	-	-	-	-
	<u>-</u>	<u>-</u>	<u>575</u>	<u>-</u>
Inventory - allowance for impairment	-	-	-	-
Total Non current inventories	<u>-</u>	<u>-</u>	<u>575</u>	<u>-</u>

Certain inventories are subject to security interests created by retention of title clauses.

18. Assets held for sale

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Land and buildings held for sale	12,192	37,196	30,696	58,480
Plant and equipment held for sale	-	31	366	31
Total amounts held for sale	<u>12,192</u>	<u>37,227</u>	<u>31,062</u>	<u>58,511</u>

Parent

During 2013 a number of properties were transferred from property, plant and equipment to current assets held for sale, due to acquisitions under negotiation with CERA for the central city rebuild for \$37.2 million. A number of

these assets were disposed in 2014. During 2014, the Council transferred \$7.4 million from property, plant and equipment to current assets held for sale relating to the Crossing car park. This resulted in a closing balance of assets held for sale of \$12.1 million (2013: \$37.2 million).

19. Other assets

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Other current assets				
Capitalised contract set-up costs	-	-	59	24
Insurance receivables	140,720	373,835	151,911	583,106
Other	-	-	-	698
Total current other assets	140,720	373,835	151,970	583,828
(b) Other non-current assets				
Insurance receivables	-	-	136,929	-
Other	-	-	4	-
Total current other assets	-	-	136,933	-
Total other assets	140,720	373,835	288,903	583,828

Parent

Insurance receivables include \$118 million (2013: \$176 million) due from the Council's insurers. The Council is still in negotiation with its insurers and the amount represents the receivable that can be recognised under accounting standards and does not necessarily represent the total amount of claims that the Council has with its insurers.

As the insurance negotiations are ongoing it is uncertain when a settlement will be reached and what that settlement will be. As a result, the Council is unable to recognise the present value of the receivables as required by accounting standards.

Given the potential range of settlement possibilities the present value of the balance could range from \$112.3 million if received in twelve months to \$101.3 million if received in thirty-six months. This is using a discount rate of 5.72%.

Group

The current and non-current insurance receivables include \$266 million (2013: \$357 million) due from the Council's insurers. Within this balance is \$11.0 million of current receivables and \$137 million of non-current receivables which represent the present value of receivables for which it has been possible to estimate the timing of future cash receipts. This resulted in an amortised cost adjustment of \$29 million recognised in other expenses in the Statement of Comprehensive Income.

The remaining \$118 million of receivables are those of the Council.

20. Investments in associates

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at start of year	6,196	6,196	43,601	58,929
Acquisitions	-	-	7,804	6,726
Share of total recognised revenues and expenses	-	-	2,895	1,213
Dividends from associates	-	-	(4,151)	(2,684)
Share of revaluations	-	-	-	(106)
Disposal	-	-	-	(20,477)
	6,196	6,196	50,149	43,601

There is no goodwill included in the carrying value of associates (2013: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of Incorporation	Effective Ownership Interest	
		30 Jun 14	30 Jun 13
		Transwaste Canterbury Ltd - Parent	NZ
Enable Networks Ltd	NZ	49%	33%

No public price quotations exist for these investments.

Transwaste Canterbury Ltd

The Council has a 39% ownership interest in Transwaste. Transwaste was incorporated on 31 March 1999 to select, consent, develop, own and operate a non-hazardous regional landfill in Canterbury. The landfill opened in June 2005.

With a 39% interest the Council has significant influence but cannot control the operations therefore accounts for it as an associate.

Enable Services Ltd

CCHL's 100% owned subsidiary ESL entered into an agreement with Crown Fibre Holdings (CFH) and Enable Networks Ltd (ENL) on 31 May 2011 relating to the construction, deployment and operation of the UFB network for the Christchurch.

Although ESL holds the substantial majority of total shares issued in ENL, it only holds approximately 49% (2013: 33%) of the voting shares and does not control ENL. It is deemed to hold significant influence over ENL through its holding of A and B shares and therefore accounts for ENL as an associate.

Summarised financial statements of associates

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Assets	86,374	80,850	178,736	190,032
Liabilities	50,289	55,366	102,864	77,189
Revenue	57,957	37,499	63,191	45,960
Net surplus	20,298	9,197	12,157	7,878

21. Joint venture

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current assets	-	-	150	769
Non-current assets	-	-	57,616	54,675
Current liabilities	-	-	36,388	41,280
Revenue	-	-	5,145	5,326
Expenses	-	-	7	10

CBL is in a joint venture partnership with Ngāi Tahu Property Ltd (NTPL). The amount above represents the 50% share of CBL in the joint venture.

22. Construction contracts

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contract costs incurred	-	-	242,308	238,220
Progress billings	-	-	155,801	195,472
Gross amounts due from customers	-	-	9,685	14,094
Advances received	-	-	-	420
Retentions included in progress billings	-	-	2,170	1,836

23. Property, plant & equipment

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Operational assets	960,443	1,040,839	3,300,538	3,159,730
Infrastructural assets	4,861,115	3,835,602	4,861,115	3,835,602
Assets restricted from sale	841,534	813,408	841,534	813,008
Balance at end of financial year	6,663,092	5,689,849	9,003,187	7,808,340

Reconciliation of movement in property plant and equipment

							Parent
	Freehold land & land improvements	Buildings	Plant & equipment	Work in progress	Landfill at cost	Library books at cost	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets							
Gross carrying amount							
Cost/valuation at 1 July 2012	527,294	619,425	142,235	5,899	8,217	99,680	1,402,750
Additions	4,209	7,160	6,112	-	-	4,375	21,856
Disposals	(8,430)	(4,979)	(2,037)	-	-	-	(15,446)
Net movements in work in progress	-	-	-	2,385	-	-	2,385
Re-classified as held for sale	(30,914)	(9,737)	-	-	-	-	(40,651)
Transfers and other	(4,710)	-	-	-	-	-	(4,710)
Cost/valuation at 30 June 2013	487,449	611,869	146,310	8,284	8,217	104,055	1,366,184
Additions	10,345	33,343	10,913	-	-	4,772	59,373
Disposals	(2,187)	(32,216)	(3,192)	-	-	-	(37,595)
Net movements in work in progress	-	-	-	20,326	-	-	20,326
Re-classified as held for sale	(7,403)	-	-	-	-	-	(7,403)
Transfers and other	-	(63)	63	(13)	-	-	(13)
Cost/valuation at 30 June 2014	488,204	612,933	154,094	28,597	8,217	108,827	1,400,872
Accumulated depreciation							
Accumulated depreciation and impairment at 1 July 2012	(8,412)	(83,999)	(95,619)	-	(8,217)	(83,548)	(279,795)
Disposals	-	1,014	1,586	-	-	-	2,600
Re-classified as held for sale	31	5,546	-	-	-	-	5,577
Impairment losses charged to net surplus and deficit in the statement of comprehensive income	(5,271)	(16,110)	(66)	-	-	-	(21,447)
Depreciation expense	(2,605)	(16,067)	(8,983)	-	-	(4,625)	(32,280)
Accumulated depreciation and impairment at 30 June 2013	(16,257)	(109,616)	(103,082)	-	(8,217)	(88,173)	(325,345)
Disposals	134	17,081	2,606	-	-	-	19,821
Re-classified as held for sale	-	-	-	-	-	-	-
Impairment losses charged to other comprehensive income	-	(104,799)	-	-	-	-	(104,799)
Depreciation expense	(2,635)	(13,698)	(9,144)	-	-	(4,629)	(30,106)
Accumulated depreciation and impairment at 30 June 2014	(18,758)	(211,032)	(109,620)	-	(8,217)	(92,802)	(440,429)
Carrying amount at 30 June 2013	471,192	502,253	43,228	8,284	-	15,882	1,040,839
Carrying amount at 30 June 2014	469,446	401,901	44,474	28,597	-	16,025	960,443

Operational assets

									Group
	Freehold land & land improvements	Buildings	Plant & equipment	Electricity distribution system	Specialised assets *	Work in progress	Landfill at cost	Library books at cost	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount									
Cost/valuation at 1 July 2012	944,875	1,135,339	463,068	786,876	333,186	110,008	8,217	99,680	3,881,249
Additions	10,902	9,013	45,255	45,504	7,180	38	-	4,375	122,267
Disposals	(8,430)	(10,832)	(21,516)	(2,149)	-	-	-	-	(42,927)
Net movements in work in progress	-	(2,213)	-	-	-	(42,338)	-	-	(44,551)
Re-classified as held for sale	(30,914)	(13,216)	-	-	-	-	-	-	(44,130)
Net revaluation increments/(decrements)	36,125	989	-	-	(6,832)	-	-	-	30,282
Transfers and other	(28,993)	46,356	2,417	-	42,541	-	-	-	62,321
Cost/valuation at 30 June 2013	923,565	1,165,436	489,224	830,231	376,075	67,708	8,217	104,055	3,964,511
Additions	13,983	45,745	52,329	61,135	19,137	4,834	-	4,772	201,935
Disposals	(2,187)	(34,186)	(11,682)	(4,510)	(257)	-	-	-	(52,822)
Net movements in work in progress	-	-	-	-	-	47,417	-	-	47,417
Re-classified as held for sale	(16,410)	90	(1,833)	-	-	-	-	-	(18,153)
Net revaluation increments/(decrements)	4,694	(17,477)	-	17,208	(5,598)	-	-	-	(1,173)
Transfers and other	-	-	3,134	(89)	14,893	(19,263)	-	-	(1,325)
Cost/valuation at 30 June 2014	923,645	1,159,608	531,172	903,975	404,250	100,696	8,217	108,827	4,140,390
Accumulated depreciation									
Accumulated depreciation and impairment at 1 July 2012	(8,170)	(238,518)	(263,668)	(28,058)	(59,141)	-	(8,217)	(83,548)	(689,320)
Disposals	-	6,865	19,366	551	-	-	-	-	26,782
Net adjustments from revaluation increments/(decrements)	-	-	-	-	1,722	-	-	-	1,722
Re-classified as held for sale	31	5,791	-	-	-	-	-	-	5,822
Impairment losses charged to net surplus and deficit in the statement of comprehensive income	(6,905)	(16,610)	(66)	-	-	-	-	-	(23,581)
Depreciation expense	(2,640)	(38,495)	(33,501)	(29,277)	(17,710)	-	-	(4,625)	(126,248)
Transfers and other	-	138	(96)	-	-	-	-	-	42
Accumulated depreciation and impairment at 30 June 2013	(17,684)	(280,829)	(277,965)	(56,784)	(75,129)	-	(8,217)	(88,173)	(804,781)
Disposals	134	17,878	9,505	560	3	-	-	-	28,080
Net adjustments from revaluation increments/(decrements)	-	61,751	-	86,991	19,198	-	-	-	167,940
Re-classified as held for sale	-	1,145	1,467	-	-	-	-	-	2,612
Impairment losses charged to other comprehensive income	1,610	(105,429)	-	-	-	-	-	-	(103,819)
Depreciation expense	(2,650)	(37,943)	(34,840)	(30,782)	(18,767)	-	-	(4,629)	(129,611)
Transfers and other	(286)	(14)	16	11	-	-	-	-	(273)
Accumulated depreciation and impairment at 30 June 2014	(18,876)	(343,441)	(301,817)	(4)	(74,695)	-	(8,217)	(92,802)	(839,852)
Carrying amount at 30 June 2013	905,881	884,607	211,259	773,447	300,946	67,708	-	15,882	3,159,730
Carrying amount at 30 June 2014	904,769	816,167	229,355	903,971	329,555	100,696	-	16,025	3,300,538

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

Infrastructure assets

	Parent & Group					
	Roading network at fair value	Sewerage system at fair value	Water system at fair value	Storm water system at fair value	Work in progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Gross carrying amount						
Cost/valuation at 1 July 2012	1,855,662	879,847	469,497	358,862	422,740	3,986,608
Additions	39,232	86,296	14,860	23,915	-	164,303
Disposals	(2,354)	-	(62)	-	-	(2,416)
Net movements in work in progress	-	-	-	-	438,999	438,999
Transfers and other	3,454	-	600	-	-	4,054
Cost/valuation at 30 June 2013	1,895,994	966,143	484,895	382,777	861,739	4,591,548
Additions	29,275	74,423	32,761	4,601	-	141,060
Disposals	(7,779)	(6,578)	(2,538)	(73)	-	(16,968)
Net movements in work in progress	-	-	-	-	422,657	422,657
Net revaluation increments/(decrements)	-	-	538,948	-	-	538,948
Cost/valuation at 30 June 2014	1,917,490	1,033,988	1,054,066	387,305	1,284,396	5,677,245
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2012	(96,562)	(169,840)	(35,318)	(53,412)	(4,874)	(360,006)
Disposals	675	-	9	-	-	684
Impairment losses charged to net surplus and deficit in the statement of comprehensive income	(243,435)	(81,281)	-	-	(378)	(325,094)
Depreciation expense	(37,954)	(18,680)	(10,341)	(4,555)	-	(71,530)
Transfers and other	1	-	(1)	-	-	-
Accumulated depreciation and impairment at 30 June 2013	(377,275)	(269,801)	(45,651)	(57,967)	(5,252)	(755,946)
Disposals	5,751	4,495	2,537	73	-	12,856
Net adjustments from revaluation increments/(decrements)	-	-	40,421	-	-	40,421
Impairment losses charged to net surplus and deficit in the statement of comprehensive income	-	(42,220)	-	-	-	(42,220)
Depreciation expense	(37,062)	(18,921)	(10,651)	(4,607)	-	(71,241)
Accumulated depreciation and impairment at 30 June 2014	(408,586)	(326,447)	(13,344)	(62,501)	(5,252)	(816,130)
Carrying amount at 30 June 2013	1,518,719	696,342	439,244	324,810	856,487	3,835,602
Carrying amount at 30 June 2014	1,508,904	707,541	1,040,722	324,804	1,279,144	4,861,115

Core Assets

Included within the infrastructure assets above are the following core Council assets.

Core Assets

	Closing book value \$000	Additions Constructed \$000	Vested \$000	Parent Replacement Cost \$000
Treatment plants	3,711	6	-	7,279
Reticulation	1,037,011	32,089	666	1,766,755
Water Supply	1,040,722	32,095	666	1,774,034
Treatment plants	133,138	13,598	-	197,394
Reticulation	574,403	59,980	845	1,025,432
Sewerage	707,541	73,578	845	1,222,826
Stormwater drainage	324,804	3,683	918	453,175
Flood protection and control works	-	-	-	-
Roads and footpaths	1,508,904	25,992	3,283	2,287,198
Total	3,581,971	135,348	5,712	5,737,233

The assets for flood protection and control works are included in stormwater.

The Council completed the construction of \$135.35 million of assets relating to its core infrastructure assets and purchased a further \$5.71 million of assets. These assets are carried at their net book value using their respective historical costs or deemed costs as revalued.

The replacement cost is based on the replacement cost estimate at the last valuation of the asset class, water supply (2014), sewerage (2009), stormwater drainage including flood protection and control works (2008) and roads and footpaths (2010).

Parent & Group

Assets restricted from sale

	Land and buildings at fair value \$000	Artworks at fair value \$000	Heritage assets at fair value \$000	Library books at fair value \$000	Work in progress \$000	Total \$000
Gross carrying amount						
Cost/valuation at 1 July 2012	719,198	70,908	21,210	6,327	6,729	824,372
Additions	19,291	497	27	207	-	20,022
Net movements in work in progress	-	-	-	-	5,418	5,418
Re-classified as held for sale	(1,718)	-	-	-	-	(1,718)
Net revaluation increments/(decrements)	-	665	-	-	-	665
Transfers and other	656	-	-	-	-	656
Cost/valuation at 30 June 2013	737,427	72,070	21,237	6,534	12,147	849,415
Additions	27,547	535	712	292	-	29,086
Net movements in work in progress	-	-	-	-	(3,029)	(3,029)
Net revaluation increments/(decrements)	6,791	-	-	-	-	6,791
Transfers and other	-	-	-	-	(177)	(177)
Cost/valuation at 30 June 2014	771,765	72,605	21,949	6,826	8,941	882,086
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2012	(22,285)	-	(130)	-	-	(22,415)
Re-classified as held for sale	10	-	-	-	-	10
Impairment losses charged to net surplus and deficit in the statement of comprehensive income	(7,696)	-	(830)	-	-	(8,526)
Depreciation expense	(5,366)	(72)	(38)	-	-	(5,476)
Accumulated depreciation and impairment at 30 June 2013	(35,337)	(72)	(998)	-	-	(36,407)
Net adjustments from revaluation increments/(decrements)	1,377	-	-	-	-	1,377
Impairment losses charged to other comprehensive income	(15)	-	-	-	-	(15)
Depreciation expense	(5,396)	(73)	(38)	-	-	(5,507)
Accumulated depreciation and impairment at 30 June 2014	(39,371)	(145)	(1,036)	-	-	(40,552)
Carrying amount at 30 June 2013	702,090	71,998	20,239	6,534	12,147	813,008
Carrying amount at 30 June 2014	732,394	72,460	20,913	6,826	8,941	841,534

Revaluations and impairment review

Parent

Revaluations

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 then reviewed at each balance date to ensure that those values are not materially different to fair value.

Following an assessment of asset classes it was determined that there was sufficient information for a valuation of water supply and marine structure infrastructure assets to be undertaken.

Assets due for valuation in 2014 were land and buildings and stormwater, water ways and wetlands infrastructure assets. These were not revalued during 2014 due to insufficient information being available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage and determining the cost of replacement.

Water supply assets were valued at 30 June 2014 by Beca Projects NZ Limited (Beca). The fair value of the water supply infrastructure assets was determined using the depreciated replacement cost method in accordance with NZ IAS 16(PBE) and assessed at \$1.04 billion. The revaluation resulted in a \$579.4 million increase in the asset revaluation reserve. Depreciated replacement cost was calculated using the following assumptions:

- Construction costs were calculated with reference to the unit rates to reproduce the assets with modern equivalents. The unit rates include all incidental costs such as project costs including reinstatement costs. These have been reviewed for the local market.
- Useful lives of assets are determined from information provided in the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines 2006 and the Council's current estimates of service life.
- Assets in the red zone areas of the City and not being used to supply water to the surrounding green zone areas were removed from the valuation.

Marine structure assets were valued as at 30 June 2014 by Beca. The fair value of marine structure infrastructure assets was determined using the depreciated replacement cost method in accordance with NZ IAS

16(PBE) and assessed at \$16.9 million. The revaluation resulted in an \$8.2 million increase in the asset revaluation reserve. Depreciated replacement cost was calculated using the following assumptions:

- Replacement costs have been calculated based on the cost of modern equivalent assets. Cost data is based on standard rates and reviewed by quantity surveyors with local knowledge.
- No allowance has been made for spare capacity of the assets.
- The remaining useful life is based on standard economic life for each element type with adjustments for the age and condition of each element.

The most recent valuations in these financial statements were as follows:

- Works of art have been valued at a fair value of \$70.9 million as at 30 June 2012 by Art + Object Limited. The fair value is assessed as the estimated market value.
- Additional works of art (the Akaroa Museum Valuation) were valued at a fair value of \$0.86 million as at 30 June 2013 by Art + Object Limited. The fair value is assessed as the estimated market value.
- Roading assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$1.4 billion using the depreciated replacement cost method. In addition, the roading class of assets includes \$407 million of land under roads which has not been revalued. Council's policy is not to revalue land under roads.
- Operational land and land improvements and restricted land and buildings include park and open space assets. These were valued by AECOM Limited at 30 June 2009 to a fair value of \$89.3 million using the 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 depreciated replacement cost method.
- Heritage and public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of \$20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with public art being valued at fair value in accordance with NZ IAS 16.

- Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of \$1.5 billion (operational assets \$958 million and restricted assets \$590 million).
- 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 depreciated replacement cost method.

Accounting for earthquake damage

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

- some of Council's infrastructural and building assets have been damaged beyond repair, and NZ IAS 16 (PBE) – Property, Plant and Equipment requires Council to write off those assets. The write off is expensed in the net surplus or deficit in the Statement of Comprehensive Income for the year.
- much of Council's infrastructural and building assets have been impaired, and NZ IAS 36 (PBE) - Accounting for Impairment, requires the Council to recognise an impairment loss on those assets. Impairment is recognised in other comprehensive income against revaluation reserves for each class of asset. Any excess of impairment above the revaluation reserve is expensed in the net surplus or deficit in the Statement of Comprehensive Income.

Council has been able to write off a number of individual assets where they are damaged beyond repair and have been demolished or sold to the Crown.

There is a further category of assets where Council believe have been damaged beyond repair but until such time as the insurance position on the particular building has been determined the Council cannot write these off. This process may take several more years as in most cases final decisions about write off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies.

Recognition of impaired assets in these financial statements

The table below detail the impairment that has been taken again property plant and equipment since the earthquakes.

	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000	30 Jun 12 Actual \$000	Total \$000
Buildings / facilities	100,269	29,973	11,792	142,034
	100,269	29,973	11,792	142,034
Infrastructural assets				
Roading network	(10)	243,813	19,410	263,213
Sewerage system	38,795	80,220	121,154	240,169
Water system	(2,124)	-	15,194	13,070
Storm water system	(64)	-	35,451	35,387
	36,597	324,033	191,209	551,839
	136,866	354,006	203,001	693,873

The negative amounts in 2014 relates to disposals of properties for which impairment was recognised in prior years.

Infrastructure

The infrastructure assets of Council have been impaired since 30 June 2012 with the impairment provision being reviewed annually. The basis of the provision is an estimate of the percentage of each infrastructure network that will be replaced or repaired by SCIRT. The impairment of each network is detailed above.

The impairment of infrastructure assets has reduced the value of the assets in the Council's financial statements and has up to 2013 been recognised in other comprehensive income against the revaluation reserves for each class of asset.

The 2014 impairment review concluded that a further \$42.2 million of impairment was required to sewerage assets. This was reflected in the net surplus in the Statement of Comprehensive Income as the revaluation reserve for sewerage assets had been exhausted. No further impairment was required to the other infrastructure classes.

As SCIRT replaces the infrastructure assets and delivers them to Council the impaired assets will be written off in the financial statements and the new assets added.

Buildings / Facilities

The Council has impaired those buildings and facilities in the following situations:

- where it has received insurance indemnity payments as this is a reflection that the insurer considers the building to be damaged beyond repair or the cost of fixing the damage is higher than the indemnity value.

From 2013 onwards an impairment provision has been determined based on the following information:

- it is possible to estimate of value of damage incurred;
- insurance recoveries received and/or agreed with insurers indicate the level of damage;
- payments received from EQC; and
- the Cost Share Agreement with the Crown transferred social housing complexes in residential red zone.

The value of the land on which residential red zone, housing complexes stood has also been written down to \$0 as agreed in the Crown Cost Sharing Agreement.

The impairment of the affected buildings was recognised by reducing the value of the assets in the Council's financial statements and by reducing the value of the Council's asset revaluation reserves by an equal amount.

Group

Orion New Zealand Limited

Electricity distribution network and substation buildings (the network)

The network was revalued to fair value of \$904 million as at 31 March 2014 by Ernst & Young Transaction Advisory Services Limited (the valuer) in accordance with NZ IAS 16 - Property, Plant and Equipment and NZ IAS 36 – Impairment of Assets. The valuer used a discounted cash flow methodology and based their forecast cash flows on Orion's forecasts.

The revaluation resulted in a \$101 million increase in the carrying value of the network on 31 March 2014.

Freehold land - 2013 and 2014 valuations

Orion's freehold land was revalued by CBRE Limited, to fair value as at 31 March 2014 in accordance with NZ IAS 16 – Property, Plant and Equipment and NZ IAS 36 – Impairment of Assets. The valuer selected a representative sample of Orion's substation sites and revalued the land at those sites using sales comparisons

and unit metre frontage methodology to develop standard site multipliers which were applied to the rateable land values for approximately 2,200 substation sites.

The two largest substation sites were valued using discounted cashflow and/or sales comparison approaches.

The head office land and buildings were valued using a market rental assessment and capitalisation rate of 7.75%. The valuer confirmed the fair value of the land and buildings was their carrying value.

Christchurch International Airport Limited

As at 30 June 2014 car parking assets and commercial building assets were revalued by Independent Valuers, Crighton Anderson Property and Infrastructure Limited. Terminal and specialised facilities, sealed surfaces and infrastructure assets were valued by Opus International Limited at 30 June 2014. The revaluation of these assets resulted to an increase in value in 2014 by \$76.5 million. Land was last revalued on 30 June 2013 with an increase in value of \$29.8 million. No adjustment for impairment was deemed necessary for these assets.

Lyttelton Port Company Limited

Assets are carried at 2006 valuation (or cost for subsequent additions) less accumulated depreciation and impairment charges. During the course of the 2014 year LPC management assessed that there was no change in the useful economic lives of major items of property, plant and equipment (2013: Nil).

Vbase Limited

The Horncastle Arena (formerly CBS Canterbury Arena) was revalued by Knight Frank Limited at 30 June 2014 (the valuer) using the depreciated replacement cost method in accordance with NZ IAS 16 (PBE) - Property, Plant and Equipment and NZ IAS 36 (PBE) – Impairment of Assets. The revaluation concluded that the Horncastle Arena is valued at \$32.6 million as at 30 June 2014. The value was determined based on the current estimated cost to rebuild the Arena based on building standards when the Arena was built in 1999. The revaluation resulted in a reduction of the carrying value of the Horncastle Arena by \$24 million.

24. Investment property

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	169,383	145,431
Net transfer from property, plant & equipment	-	-	275	14,022
Additional capitalised expenditure	-	-	5,489	3,549
Net gain/(loss) from fair value adjustments	-	-	9,223	6,380
Balance at end of financial year	-	-	184,370	169,382

Group

Christchurch International Airport Limited

The valuation as at 30 June 2014 was completed by Crighton Anderson (2013: 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. The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental income using market comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Included in the amount above is \$10.5 million relating to investment properties under construction but sufficiently advanced to enable a fair value to be assessed. These properties are carried at fair value on completion less estimated costs to complete.

25. Intangible assets

	Parent						
	Easements & resource consents		Work in progress		Trademarks	Other	Total
	\$'000	Software \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount							
Cost/valuation at 1 July 2012	-	46,744	10,891	3,304	274	61,213	
Additions	-	21,508	-	-	128	21,636	
Disposals	-	-	(7,043)	-	-	(7,043)	
Gross carrying amount at 30 June 2013	-	68,252	3,848	3,304	402	75,806	
Additions	-	7,048	2,063	-	340	9,451	
Disposals	-	(49)	-	-	-	(49)	
Transfers and other	-	-	(16)	-	-	(16)	
Gross carrying amount at 30 June 2014	-	75,251	5,895	3,304	742	85,192	
Accumulated amortisation and impairment							
Accumulated amortisation and impairment at 1 July 2012	-	(20,012)	(1,173)	(845)	(99)	(22,129)	
Amortisation expense	-	(5,035)	-	(233)	(68)	(5,336)	
Accumulated amortisation and impairment at 30 June 2013	-	(25,047)	(1,173)	(1,078)	(167)	(27,465)	
Amortisation expense	-	(6,397)	-	(228)	(102)	(6,727)	
Impairment losses charged to net surplus and deficit in the	-	-	-	(1,993)	-	(1,993)	
Disposals	-	48	-	-	-	48	
Accumulated amortisation and impairment at 30 June 2014	-	(31,396)	(1,173)	(3,299)	(269)	(36,137)	
Carrying amount at 30 June 2013	-	43,205	2,675	2,226	235	48,341	
Carrying amount at 30 June 2014	-	43,855	4,722	5	473	49,055	
						Group	
	Easements & resource consents		Work in progress		Trademarks	Other	Total
	\$'000	Software \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount							
Cost/valuation at 1 July 2012	-	79,983	12,150	3,304	4,633	100,070	
Additions	441	28,419	(1,188)	-	128	27,800	
Additions from internal developments	-	135	-	-	-	135	
Disposals	-	(5,831)	(7,043)	-	-	(12,874)	
Transfers and other	-	1,543	(1,881)	-	-	(338)	
Gross carrying amount at 30 June 2013	441	104,249	2,038	3,304	4,761	114,793	
Additions	621	9,266	4,602	-	363	14,852	
Additions from internal developments	-	335	-	-	-	335	
Disposals	-	(169)	-	-	-	(169)	
Transfers and other	-	-	(16)	-	-	(16)	
Gross carrying amount at 30 June 2014	1,062	113,681	6,624	3,304	5,124	129,795	
Accumulated amortisation and impairment							
Accumulated amortisation and impairment at 1 July 2012	-	(43,612)	(1,173)	(847)	(3,110)	(48,742)	
Amortisation expense	(43)	(8,888)	-	(234)	(68)	(9,233)	
Disposals	-	5,693	-	-	-	5,693	
Accumulated amortisation and impairment at 30 June 2013	(43)	(46,807)	(1,173)	(1,081)	(3,178)	(52,282)	
Amortisation expense	(44)	(10,669)	-	(229)	(102)	(11,044)	
Impairment losses charged to net surplus and deficit in the	-	-	-	(1,993)	-	(1,993)	
Disposals	-	168	-	-	-	168	
Accumulated amortisation and impairment at 30 June 2014	(87)	(57,308)	(1,173)	(3,303)	(3,280)	(65,151)	
Carrying amount at 30 June 2013	398	57,442	865	2,223	1,583	62,511	
Carrying amount at 30 June 2014	975	56,373	5,451	1	1,844	64,644	

The Council has recognised an impairment charge of \$1.99 million (2013: Nil) against intangible assets relating to the Ellerslie International Flower Show. The continued losses suffered by the event and the announcement by Council in June 2014 that no show will

be held in 2015 provide a clear indication that the intangible asset is impaired. The impairment charge is included within *Depreciation, Amortisation and Impairment* expenses in the statement of comprehensive income (note 5).

26. Goodwill

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Gross carrying amount				
Balance at beginning of financial year	-	-	28,201	27,951
Additional amounts recognised from business combinations	-	-	-	250
Balance at end of financial year	-	-	28,201	28,201
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(6,724)	(6,724)
Balance at end of financial year	-	-	(6,724)	(6,724)
Carrying amount				
At beginning of financial year	-	-	21,477	21,227
At end of financial year	-	-	21,477	21,477

The carrying amount of goodwill allocated to cash-generating units for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Christchurch City Holdings Ltd	-	-	21,477	21,477
	-	-	21,477	21,477

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.

No impairment losses were determined to be required for the 2014 financial year (2013: Nil).

27. Creditors & other payables

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Trade payables and accrued expenses	85,579	86,552	169,828	178,464
Amounts due to related parties	11,150	14,164	-	-
Interest payable	5,164	4,722	8,307	2,584
Deposits held	-	-	164	216
Retentions	13,343	9,206	15,391	420
Total creditors and other payables	115,236	114,644	193,690	181,684

28. Borrowings

(a) Current borrowings

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Unsecured:				
Commercial paper	-	-	53,000	88,000
Bonds/other fixed rate borrowing maturing < 12 months	-	2	-	2
Floating rate notes	-	-	25,000	-
Loans from external parties	-	-	-	25,000
Finance lease liabilities	7,909	7,851	5,441	4,078
	7,909	7,853	83,441	117,080
Secured:				
Commercial paper	-	5,000	-	5,000
Bonds/other fixed rate borrowing maturing < 12 months	30,000	-	30,000	-
Floating rate notes	3,200	225,000	3,200	225,000
Loans from external parties	-	3,000	-	3,000
Loans from group entities	-	11,450	-	-
Finance lease liabilities	-	-	-	48
	33,200	244,450	33,200	233,048
Total current portion of borrowings	41,109	252,303	116,641	350,128

(b) Non-current borrowings

	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000
Unsecured:				
Bonds/other fixed rate borrowing maturing > 12	7	11	189,784	141,364
Floating rate notes	-	-	135,000	160,000
Loans from external parties	-	-	188,800	210,600
Finance lease liabilities	95,041	95,875	63,132	53,425
	95,048	95,886	576,716	565,389
Secured:				
Bonds/other fixed rate borrowing maturing > 12	96,847	31,109	96,847	31,109
Floating rate notes	637,000	505,000	637,000	505,000
Loans from external parties	30,423	33,623	49,113	101,943
Loans from group entities	14,487	14,487	-	-
	778,757	584,219	782,960	638,052
Total non-current portion of borrowings	873,805	680,105	1,359,676	1,203,441
Total (memorandum only)				
Commercial paper	-	5,000	53,000	93,000
Bonds and other fixed rate borrowing (excl finance leases)	126,854	31,122	316,631	172,475
Floating rate notes	637,000	730,000	797,000	890,000
Loans from external parties	33,623	36,623	241,113	340,543
Loans from group entities	14,487	25,937	-	-
Finance lease liabilities	102,950	103,726	68,573	57,551
Total borrowings	914,914	932,408	1,476,317	1,553,569

Parent

During the year \$226.5 million of bonds and floating rate notes were issued primarily to advance to subsidiaries and replace debt maturities intended to fund rebuild costs. Total bonds and floating rate notes of \$255.0 million were repaid during the year.

Secured loans

The Council's secured debt of \$811.9 million (2013: \$828.7 million) is issued at both fixed and floating interest rates. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. As at 30 June 2014, this rate averaged 3.55% (2013: 4.13%). The Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2014 the average effective interest rate for the fixed rate debt is 6.82% (2013: 6.37%).

Council also has an undrawn \$100 million standby facility. This matures in December 2015.

Security

The Council's loans are secured over either special or general rates of the City.

Fair value

The fair value of all loans is \$773.4 million (2013: \$816.6 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 3.64%-6.82% (2013: 2.63%-6.91%).

The carrying amounts of borrowings repayable within one year approximate their fair value as the impact of discounting is not significant.

Internal borrowings

During 2014, the Council borrowed \$39 million from its Capital Endowment Fund. Interest of \$0.723 million was charged by the Fund. The terms of the borrowings range between one year and three years. Internal borrowings and the associated interest charges are eliminated on consolidation of activities in the Council's financial statements.

Group

Details of the material borrowings are as follows:

Christchurch City Holdings Ltd

CCHL's borrowings at 30 June 2014 comprised:

- Bonds and floating rate notes totalling \$230 million (2013: \$230 million) in six tranches ranging from \$15 million to \$70 million. These borrowings mature at various intervals until November 2019. Interest on floating rate bonds is based on bank bill rates plus the relevant issue margin, with a weighted average borrowing cost at balance date of 4.35% (2013: 3.66%). Bond coupon rates are at 6.87% (2013: 6.87%);
- Commercial paper of \$53 million (2013: \$97 million). This is short term debt on a 90 day rollover period. The average rate as at balance date was 3.6% (2013: 3.1%); and
- CCHL also has an undrawn \$150 million standby facility. This matures in December 2015.

The borrowings have been put in place under a \$650 million debt issuance programme (increased from \$350 million during the 2013 financial year). The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Orion New Zealand Ltd

Orion's bank debt of \$58.8 million (2013: \$55.6 million) is unsecured. However, a deed of negative pledge and guarantee requires Orion to comply with certain covenants.

Interest rates for all drawdowns on the facilities are floating, based on bank bill rates plus a margin. At 31 March 2014, this rate (including margin) averaged 3.62% (2013: 3.28%). Orion has entered into derivative contracts to hedge its exposure to bank bill interest rate fluctuations. Daily commitment fees are also payable on the facilities.

Christchurch International Airport Ltd

CIAL has a \$205 million (2013: \$230 million) funding facility with four banks (five banks in 2013), a subordinated loan of \$50 million (2013: \$50 million) from CCHL to fund the ongoing business and future property and commercial development, and an overdraft facility of \$1 million (2013: \$1 million).

CIAL completed a \$50 million bond issue in October 2013, the bonds have an interest rate of 6.25% and maturity of eight years.

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 6.1% to 6.7% (2013: 5.8% to 6.2%).

Lyttelton Port Company Ltd

LPC repaid all of its debt during the year from the proceeds of its insurance settlement. (2013: Total debt was \$30.6 million, and average effective interest rates were 6.9%).

Enable Services Ltd

ESL has entered into a subordinated loan agreement with CCHL. The loan is unsecured and interest is charged at a base rate plus a 1% margin. At 30 June 2014 the base rate was 5.83% (2013: 4.10%). The line of credit is for \$220 million (2013: \$220 million) of which ESL has drawn down \$100 million at balance date (2013: \$52.5 million).

City Care Ltd

Bank loans of \$18.7 million (2013: \$37.7 million) are secured by a debenture over the assets and undertakings of City Care. The loans were made under a committed cash advance facility of \$50 million (2013: \$50 million). The facility is structured as a two year rolling facility with a current maturity date of 28 February 2016. Interest rates on the floating rate debt are based on bank bill rates plus a margin and averaged 3.75% for the year (2013: 3.60%).

Red Bus Ltd

Red Bus had no debt as at 30 June 2014 (2013: \$5.0 million). Red Bus has a bank overdraft facility (undrawn as at 30 June 2014 and 2013) which is secured by a registered first and only debenture over its assets and undertakings.

Red Bus also has an undrawn \$5 million loan facility with CCHL (2013: \$5 million).

EcoCentral Ltd

As at 30 June 2014 EcoCentral had borrowings of \$7 million (2013: \$9 million). These borrowings were made under a \$15 million facility with CCHL. Interest is charged on a floating rate basis plus an agreed margin, except where interest rate swaps have been entered into in which case the rate charged is the interest swap rate plus the agreed margin. The facility matures in April 2016.

29. Finance lease liabilities

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	8,997	8,934	8,199	5,050
Later than one year and not later than five years	47,551	46,298	32,561	25,194
Later than five years	167,637	177,887	113,752	97,881
Minimum lease payments *	224,185	233,119	154,512	128,125
Less: future finance charges	(121,235)	(129,393)	(85,939)	(70,574)
Present value of minimum lease payments	102,950	103,726	68,573	57,551
Minimum future lease payments				
No later than one year	7,909	7,851	5,441	4,126
Later than one year and not later than five years	33,802	32,968	20,244	17,158
Later than five years	61,239	62,907	42,888	36,267
Total present value of minimum lease payments	102,950	103,726	68,573	57,551
Represented by:				
Current portion	7,909	7,851	5,441	4,126
Non-current portion	95,041	95,875	63,132	53,425
Total finance leases	102,950	103,726	68,573	57,551

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Parent

Effective 13 August 2010, the Council leased the Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCBJV). CBL is a wholly owned Council subsidiary which owns a 50% interest in the unincorporated joint venture with NTPL. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The annual lease payment is \$8.9 million plus GST.

Group

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at its local grid exit points. The agreements are for terms of between 8 and 35 years. Orion does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amounts are reviewed annually by Transpower and the assessed risk free portion of the lease interest rate may be adjusted.

30. Employee entitlements

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current portion				
Accrued pay	2,392	1,799	7,381	6,138
Annual leave	11,754	11,583	30,492	28,312
Sick leave	256	256	449	431
Retirement and long service leave	898	913	2,159	2,573
Bonuses and other	-	-	3,380	2,551
	<u>15,300</u>	<u>14,551</u>	<u>43,861</u>	<u>40,005</u>
(b) Non-current portion				
Retirement and long service leave	5,913	5,884	7,333	7,402
Bonuses and other	-	-	462	482
	<u>5,913</u>	<u>5,884</u>	<u>7,795</u>	<u>7,884</u>
Total employee entitlements	<u>21,213</u>	<u>20,435</u>	<u>51,656</u>	<u>47,889</u>

Employee benefits

The provision for long service leave is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of

estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next five years.

31. Provisions

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current provisions				
Landfill aftercare provision	1,866	2,107	1,866	2,107
Weather-tight homes provision	2,222	4,062	2,222	4,062
	<u>4,088</u>	<u>6,169</u>	<u>4,088</u>	<u>6,169</u>
(b) Non-current provisions				
Landfill aftercare provision	14,893	17,326	14,893	17,326
Weather-tight homes provision	3,940	2,433	3,940	2,433
	<u>18,833</u>	<u>19,759</u>	<u>18,833</u>	<u>19,759</u>
Total provisions	<u>22,921</u>	<u>25,928</u>	<u>22,921</u>	<u>25,928</u>

Landfill aftercare

In previous years the Council operated several landfills. The Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills after the sites are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;

- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover and vegetation.

Closed landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is \$16.8 million (2013: \$19.4 million). The discount rate used to calculate this provision is 5.72% (2013: 4.60%).

The Council participates in the regional waste disposal joint venture run by Transwaste through its Kate Valley landfill site. This site has been granted resource consent for 35 years from opening date which was 8 June 2005. The Council's ownership share of Transwaste is 38.9%.

Building related claims

A provision has been recognised for the estimated cost of known weathertight claims currently outstanding. This includes those claims that are being actively managed by the Council as well as claims lodged with WHRS and the High Court, but not yet being actively managed.

The Council engaged Melville Jessup Weaver to conduct an independent actuarial calculation of their liability for weathertight and other building related claims not yet lodged. The provision has been determined on the basis of that advice and is net of any third party contributions including insurance, where applicable.

	Landfill aftercare \$000	Weathertight homes \$000	Parent Total \$000
Balance at 1 July 2012	19,981	4,264	24,245
Additional provisions made	(309)	2,231	1,922
Amounts used	(239)	-	(239)
Balance at 30 June 2013	19,433	6,495	25,928
Additional provisions made	(2,361)	1,508	(853)
Amounts used	(313)	(1,841)	(2,154)
Balance at 30 June 2014	16,759	6,162	22,921

32. Other liabilities

	30 Jun 14	Parent 30 Jun 13	30 Jun 14	Group Parent
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Other current liabilities				
Deferred income	-	-	1,048	867
Income in advance	44,218	34,058	45,694	34,673
Service concession agreement	736	736	-	-
	44,954	34,794	46,742	35,540
(b) Other Non-current liabilities				
Deferred income	-	-	1,904	2,769
Income in advance	2,550	2,760	1,359	1,502
Service concession agreement	6,316	7,051	-	-
	8,866	9,811	3,263	4,271
Total other liabilities	53,820	44,605	50,005	39,811

Deferred income

On 11 September 2002, LPC entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited (Solid Energy) which provided for LPC to receive a \$13 million prepayment of agreement charges. Should LPC fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination, then LPC would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of \$13 million. Deferred lease income received is recognised through surplus and deficit on a straight line basis over the 15-year term of the agreement.

Service concession arrangement

On 16 May 2008 the Council entered into an arrangement with Meta Processing Limited (Meta) to construct the Material Recovery Facility located at 21 Parkhouse Road. The arrangement required Meta to build, own and operate the facility for a period of 15 years. After 15 years, the ownership of the facility will be transferred to Council

at zero cost. The facility began operations in February 2009.

This arrangement is governed by NZ IFRIC 12 - Service Concession Arrangements. The IFRIC requires the Council to recognise the facility as an asset and depreciate the asset over its useful life. The Council is also required to recognise the service concession liability, which represents the deferred benefit that the arrangement provides to the Council. This consideration is released as a credit to the surplus and deficit over the 15-year life of the arrangement.

In August 2009 the Council's subsidiary company EcoCentral purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). As EcoCentral is part of the Council Group for the year ended 30 June 2014, the accounting impact of the service concession agreement has been eliminated on consolidation.

33. Reserves

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Asset revaluation reserve				
Balance at beginning of financial year	1,243,626	1,543,697	1,602,273	1,871,476
Gain/(loss) on revaluation of assets	587,537	665	747,247	26,860
Tax associated with revaluation movements	-	-	6,823	(2,479)
Impairment losses	(104,814)	(298,357)	(104,814)	(299,991)
Deferred tax liability arising on revaluation	-	-	(44,001)	8,806
Reversal of deferred tax liability on realisation of property, plant & equipment	-	-	10	9
Transfer (to)/from retained earnings on disposal of property, plant & equipment	(16,254)	(2,379)	(16,708)	(2,408)
Balance at end of financial year	1,710,095	1,243,626	2,190,830	1,602,273
Fair value through equity reserve				
Balance at beginning of financial year	1,366,580	1,305,260	(640)	(553)
Gain/(loss) on revaluation of subsidiary investments	116,870	61,406	-	(1)
Gain/(loss) on revaluation of available for sale assets	(80)	(86)	(80)	(86)
Balance at end of financial year	1,483,370	1,366,580	(720)	(640)
Hedging reserve				
Balance at beginning of financial year	(10,356)	(38,775)	(22,654)	(61,966)
<i>Gain/(loss) recognised on cash flow hedges:</i>				
Interest rate swaps	6,317	28,419	14,834	43,739
Forward foreign exchange contracts	-	-	208	(157)
Currency swaps	-	-	38	-
Income tax	-	-	(3,349)	(4,270)
<i>Transfer to net surplus and deficit in the statement of comprehensive income:</i>				
Interest rate swaps	-	-	2,389	-
Income tax	-	-	(532)	-
Balance at end of financial year	(4,039)	(10,356)	(9,066)	(22,654)
Reserve funds				
Balance at beginning of financial year	301,904	407,087	302,414	407,147
Transfer to/(from) other reserves	(102,858)	(105,183)	(102,768)	(104,733)
Balance at end of financial year	199,046	301,904	199,646	302,414
Capital reserves				
Balance at beginning of financial year	1,733,853	1,733,853	1,734,934	1,734,934
Balance at end of financial year	1,733,853	1,733,853	1,734,934	1,734,934
Total Reserves	5,122,325	4,635,607	4,115,624	3,616,327

Asset revaluation reserve

These include revaluations of property, plant and equipment.

Fair value through equity reserve

This reserve records movements in the fair value of fair value through equity assets. In the parent accounts, these assets are the investments in subsidiaries and associates.

Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Reserve funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution. For further information please refer to the *Monitoring* section on page 290.

Capital reserves

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989.

34. Retained earnings

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	2,502,479	2,129,913	3,250,732	2,855,277
Net surplus for the period	205,116	265,004	438,516	279,049
Transfer from reserve funds	102,858	105,183	102,768	104,753
Transfer from retained earnings on disposal of property, plant and equipment	16,254	2,379	16,709	2,379
Other movements	-	-	4,801	6,806
Consolidation of CCOs	-	-	29	2,468
Balance at end of financial year	2,826,707	2,502,479	3,813,555	3,250,732

35. Non Controlling interests

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at beginning of financial year	-	-	274,591	256,564
Share of comprehensive income for period	-	-	105,235	23,781
Dividends paid or provided for	-	-	(5,704)	(5,644)
Adjustment to non-controlling interests for share acquisitions	-	-	(454)	(110)
Balance at end of financial year	-	-	373,668	274,591

36. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Surplus for the period	205,116	265,004	517,913	292,368
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	154,032	171,332	259,984	269,907
Donated and subsidised assets	(6,959)	(36,114)	(6,959)	(45,382)
(Gains)/losses in fair value of investment property and assets held for sale	-	-	(23,423)	(7,089)
(Gains)/losses in fair value of derivative financial instruments	(2,058)	(899)	(1,102)	(344)
Share of associates' (surplus)/deficit (less dividends)	-	-	1,256	(1,213)
Net foreign exchange (gains)/losses	-	-	(152)	(58)
Deferred tax charged/(credited) to income	(1,505)	(2,360)	(6,396)	23,812
Finance lease income	(776)	(110)	(776)	(110)
(Gains)/losses in fair value of Investments held at fair value through net surplus and deficit account	284	228	284	228
Shares in Enable Networks Ltd received as consideration for UFB network build	-	-	(17,826)	-
Non-cash asset acquisition	(123,828)	-	(123,828)	-
Other non cash movements	88	-	2,320	4,834
Net changes in non-cash items	19,278	132,077	83,382	244,585
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	12,396	9,855	35,215	8,697
Movement in capital creditors	(6,316)	3,415	(23,745)	1,576
Recognition of service concession arrangement	(946)	(736)	(946)	(736)
Insurance proceeds classified as investing activities	(373,094)	(263,412)	(756,334)	(295,990)
Other	(3)	1,268	13,984	-
Net changes in investing/financing activities	(367,963)	(249,610)	(731,826)	(286,453)
Add/(less) movement in working capital items				
Current trade and other receivables	22,298	(31,774)	2,772	(62,526)
Current inventories	2,788	(2,108)	817	(1,773)
Current prepayments	549	464	1,810	(1,953)
Income tax receivable	-	21	4,399	(4,399)
Other current assets	233,115	374	402,871	13,059
Non-current receivables	(11,850)	-	(28,995)	53
Non-current prepayments	-	-	(2,475)	928
Other non-current assets	-	-	(137,508)	24
Current payables	592	(6,125)	16,572	2,239
Current provisions and employee entitlements	(1,332)	3,347	1,775	3,659
Income tax payable	-	-	17,464	(18,113)
Other current liabilities	10,160	1,493	40,199	1,500
Non-current provisions and employee entitlements	(897)	(1,340)	(1,015)	(901)
Other non-current liabilities	(945)	(946)	(1,008)	(1,044)
Net changes in net assets and liabilities	254,478	(36,594)	317,678	(69,247)
Net cash from operating activities	110,909	110,877	187,147	181,253

37. Capital commitments and operating leases

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Capital and other operating commitments				
Capital commitments				
Property, plant and equipment	107,107	91,723	178,912	102,623
Electricity distribution network	-	-	10,939	36,167
Intangible assets	212	651	2,094	1,186
Ultra-Fast Broadband Network	-	-	286,000	401,000
Total capital commitments	107,319	92,374	477,945	540,976
Other operating commitments				
Other operating commitments	74,483	73,405	74,561	73,421
(b) Non cancellable operating lease liabilities				
No later than one year	2,982	2,214	8,641	6,929
Later than one year and not later than five years	8,291	5,288	19,462	14,856
Later than five years	7,662	853	12,682	3,675
Total non-cancellable operating lease liabilities	18,935	8,355	40,785	25,460
(c) Non cancellable operating lease receivables				
No later than one year	6,086	6,305	59,796	57,915
Later than one year and not later than five years	14,042	17,072	181,117	213,833
Later than five years	32,742	35,080	161,873	174,797
Total non-cancellable operating lease receivables	52,870	58,457	402,786	446,545

Capital commitments

Group

In addition to the capital commitments shown above, ESL has entered into agreements to build, operate and maintain a UFB network on behalf of ENL. The agreements require ESL to have built the UFB network past all priority premises (business, health, schools and government) by December 2015 and all premises to have been passed by December 2019. Upon each stage of the network being completed, and subject to that stage satisfactorily passing user acceptance testing, ENL will purchase that stage.

As at 30 June 2014 the estimated cost of the UFB network including connections, central office construction and other components of the network, to December 2021 is \$403 million. The total remaining after cash payments at balance date was \$286 million (2013: \$401 million) expected cost.

CCHL has committed the necessary funding to ESL to meet the costs of building the network prior to sale to ENL and its share of the funding obligations to ENL.

Non cancellable operating lease liabilities

Parent

The Council leases computer equipment, property, and a number of car parks across the City.

Non cancellable operating lease receivables

Parent

The Council leases properties to various parties.

Group

Orion New Zealand Ltd

Orion leases land and a small building adjacent to its head office site. The lease expires in May 2018 with an optional right of renewal for an additional two years. A group company leases its head office property and other sites under operating leases.

Orion also leases some land adjacent to some substation and operational sites to a range of tenants. These leases are incidental to Orion's principal business.

Christchurch International Airport Ltd

Non-cancellable operating lease receivables \$313 million (2013: \$347 million). CIAL has a number of property leases that generate rental income. The leases are for terms between 1 month and 85 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

Lyttelton Port Company Ltd

Non-cancellable operating lease receivables \$47 million (2013: \$54 million). LPC leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods including "in perpetuity". There were no contingent rents recognised as income in the year.

38. Contingent liabilities & contingent assets

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contingent liabilities				
Performance bonds	-	-	52,432	56,780
Lyttelton Port Company Ltd - Port noise mitigation	-	-	1,200	1,200
Uncalled capital in LGFA	1,880	1,880	1,880	1,880
Uncalled capital in CCHL	650,138	650,138	-	-
Uncalled capital in Tuam Ltd	7,000	7,000	-	-
Uncalled capital in Civic Building Ltd	10,000	10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd	1,556	1,556	1,556	1,556
Other professional indemnity claims	200	200	200	200
Christchurch Symphony Orchestra guarantee	200	200	200	200
Legal disputes	890	1,970	890	1,970
Total contingent liabilities	671,864	672,944	58,358	63,786
Contingent assets				
Other	80	2,000	80	2,000
Total contingent assets	80	2,000	80	2,000

Parent

Contingent Liabilities

New Zealand Local Government Funding Agency

The Council is a shareholder of LGFA. LGFA was incorporated in December 2011 for the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poor's of AA+.

The Council is one of 30 local government shareholders of LGFA (2013: 30). In that regard, it has uncalled capital of \$1.88 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2014, LGFA had borrowings totalling \$3,695 million (2013: \$2,865 million).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However,

the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Associate contingencies

The Council's share of the contingencies of associates is \$4.7 million (2013: \$4.7 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to Transwaste. It is anticipated that no material liabilities will arise.

Current legal proceedings

There are current legal proceedings against the Council for four specific issues and the potential for claims in nine others. The amounts claimed in some proceedings and issues raised in respect of Council decisions in other proceedings are disputed.

Included in Council's current legal proceedings are proceedings on a number of building related matters. These matters span a variety of buildings and situations including earthquake related circumstances.

Whilst every effort is made to calibrate Council response to the situation, the Council may have further liability which it has not yet been made aware of. For further detail on the Council's provisioning for Building related matters see note 31.

Land contamination

The Council owns a number of properties identified by ECan in its Listed Land Use Register in May 2014 that may be potentially contaminated. Council is working through a process of assessing the likelihood of actual contamination. The uncertainty as to the actual contamination and what costs are attached mean the Council cannot estimate its future liability.

Christchurch City Council – rebuild costs

The current estimate is that the earthquake-related response and recovery costs faced by the Council total \$4.8 billion. The largest component of this is the \$2.9 billion cost of the infrastructure rebuild programme. The Council is committed to this expenditure. Rebuild and recovery costs will in part be met from insurance and Crown contributions. The balance will be funded by the Council and is a future liability. The value of this remains uncertain as it is dependent on insurance recoveries and Crown contributions together with the final construction costs. The Council has not yet concluded any major insurance settlements but has recognised insurance receivables where it is virtually certain of receiving funds. The nature of the damage, and insurance claim process, means it is not yet possible to estimate with any certainty the amount of recoveries that will be received.

The cost share agreement details that Council will contribute 50% towards CERA's costs in acquiring the Port Hills Residential Red Zone Properties. At balance date the Council could not estimate with certainty the value of this obligation.

The Council has agreed with the Crown the rebuild cost sharing arrangements. Accounting standards require that revenue, including funding contributions, can only be

recognised where there is virtual certainty of receiving the payment. While the Council considers this hurdle has been met, the quantum of the funding remains uncertain.

The Council has a contingent asset in relation to these recoveries. The Council is working with the Government and its insurers and the Crown to determine the amount of the recoveries, but it is not yet possible to estimate that amount with any certainty.

Contingent assets

Christchurch City Council – insurance and rebuild cost sharing recoveries

Accounting standards require that insurance recoveries and Crown contributions can only be recognised where there is virtual certainty of receiving the payment. Council considers that certain insurance recoveries have met that hurdle. For many, this standard has not been met and the Council has a contingent asset. The ultimate quantum of all the insurance recoveries and Crown funding contributions cannot be reliably measured as there will continue to be uncertainty for a number of years around the range of possible outcomes and at 30 June 2014 there is insufficient information to form a reasonable judgement.

Group

Contingent liabilities

Performance bonds

The following contingent liabilities exist in respect of contract performance bonds:

- CCHL \$42.5 million (2013: \$45.0 million);
- City Care \$8.4 million (2013: \$9.9 million);
- Red Bus \$0.9 million (2013: \$0.9 million); and
- Orion \$0.7 million (2013: \$1.0 million)

CCHL entered into a \$50 million performance bond with ANZ bank in June 2011 in support of ESL's successful bid under the Government's UFB initiative. The amount of the bond decreases annually and terminates in 2022.

None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made.

Lyttelton Port Company Ltd

LPC has contingent liabilities in respect of potential commitments for noise mitigation measures. These could give rise to a maximum amount payable of \$1.2 million (2013: \$1.2 million) in total over the next seven years.

National Provident Fund's Defined Benefit Plan Contributors Scheme

Some members of the Group are participating employers in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers ceased to participate in the scheme, the Group could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Group could be responsible for an increased share of the deficit.

The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

Enable Services Ltd

The Network Infrastructure Project Agreement signed between ESL, ENL, CFH and CCHL provides that, if ESL fails to achieve any milestone to which liquidated damages (LDs) apply on or before the applicable milestone date, ENL will be entitled to claim and ESL will pay on demand (such demand either from LFC or CFH) the LDs applicable to that milestone for each day (or part thereof) that any such milestone is not met.

Under the Network Delivery Alliance (NDA) agreement, accounts are prepared at the completion of each Network Deployment Plan. This contract has a fixed Gross Maximum price which has been broken down into a budget for the project. Actuals are compared to budget to derive a Pain/Gain situation relating to that plan. If a pain situation exists Transfield Services Ltd (TSL), the contractor, will refund any overspend on that stage to ESL. If a gain situation exists ESL and TSL share the gain. At balance date this process was not complete. TSL has lodged a \$22.5 million (2013: \$47.5 million) performance bond with ESL under the Alliance agreement.

Orion New Zealand Ltd

Orion has two contingent liabilities related to the sale of the company's former head office site in the Christchurch CBD to the Crown in September 2013. The amounts and timing of the resolution of these two potential issues cannot be reliably estimated. Accordingly \$3.5 million of the sale price is held in solicitors' trust account pending resolution of these issues.

Orion is subject to a claim from a contractor for work purported to have been done between 2005 and 2011 which the contractor alleges the company has not paid for. The claim is for approximately \$0.5 million. Orion disputes the claim.

Contingent assets

Orion New Zealand Ltd

Orion has lodged several material damage and business interruption insurance claims in relation to damage and losses from the Canterbury earthquakes. In the year ended 31 March 2014, Orion has recognised \$nil (2013: \$1.8 million) of insurance cash settlement proceeds it has so far received from insurers as revenue. Orion expects to reach several more such agreements with insurers in the year ended 31 March 2015 for most of the remaining parts of its earthquake claims, however the amounts and timing of these future cash settlement agreements cannot be reliably estimated.

Vbase Ltd

Vbase had business interruption insurance in place which entitles it to recover any lost revenues for a maximum 24 month period from the date of an event adversely affecting one or more of its venues. The February 2011 earthquake event triggered the claim process under the policy in relation to three of its closed venues. Vbase has received payments under the policy but the quantum of the future recoveries cannot be reliably measured until all financial data up to February 2013 is made available for the insurance assessor to calculate and agree the final payout.

Tuam Ltd

As at 30 June 2014, Tuam is still unable to reliably measure the cost of repairs and therefore the total associated insurance recoveries due. In line with the sale and purchase agreement, Tuam has accrued a receivable of \$14.185 million which is the minimum amount it will receive on settlement of its insurance claim.

39. Financial instrument risks

Financial risk management objectives

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Market risk

The Council and the Group enter into derivative arrangements in the ordinary course of their business to manage interest rate and foreign currency risks.

Interest rate risk management

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

The following tables summarise the Council's and Group's exposure to interest rate risk.

	Non-interest bearing			Parent Non-interest bearing		
	Fixed	Variable	bearing	Fixed	Variable	bearing
	30 Jun 14	30 Jun 14	30 Jun 14	30 Jun 13	30 Jun 13	30 Jun 13
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	-	86,495	-	-	146,598	-
Bank deposits with maturities > 12 months	5,000	-	-	11,000	-	-
Short term deposits	6,000	-	-	33,659	3,000	-
Debtors and other receivables	-	-	80,678	-	-	87,565
Related party receivables	-	-	4,964	-	-	4,508
Local authority stock	10,000	-	-	13,000	12,000	-
Stocks and bonds	16,734	19,499	-	19,950	19,425	-
Loans and advances	4,270	8,450	573	2,755	7,115	213
Related party loans	181,124	11,500	-	105,554	4,500	-
Net settled derivative assets	-	16,880	-	-	9,865	-
Insurance receivables and other assets	-	-	140,720	-	-	344,848
	223,128	142,824	226,935	185,918	202,503	437,134
Financial liabilities						
Commercial paper	-	-	-	(5,000)	-	-
Bonds and other fixed rate borrowing	(30,000)	(96,854)	-	(30,013)	(1,109)	-
Floating rate notes	(532,200)	(104,800)	-	(539,560)	(190,440)	-
Loans from external parties	(33,623)	-	-	(36,623)	-	-
Loans from group entities	-	(14,487)	-	(25,700)	(237)	-
Finance lease liabilities	-	(102,950)	-	-	(103,726)	-
Net settled derivative liabilities	-	(22,732)	-	-	(23,315)	-
	(595,823)	(341,823)	-	(636,896)	(318,827)	-
	(372,695)	(198,999)	226,935	(450,978)	(116,324)	437,134

	Non-interest			Group Non-interest		
	Fixed	Variable	bearing	Fixed	Variable	bearing
	30 Jun 14	30 Jun 14	30 Jun 14	30 Jun 13	30 Jun 13	30 Jun 13
	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets						
Cash and cash equivalents	236,745	88,284	11	17,845	143,751	50
Bank deposits with maturities > 12 months	6,400	-	-	12,750	-	-
Short term deposits	141,439	-	-	90,364	3,000	-
Debtors and other receivables	289	72	238,222	-	-	211,612
Local authority stock	10,000	-	-	13,000	12,000	-
Stocks and bonds	16,734	23,041	-	19,965	19,425	-
Loans and advances	24,195	13,450	573	9,243	7,727	213
Related party loans	16,441	-	-	-	-	-
Finance lease receivables	-	-	218	25	-	247
Net settled derivative assets	-	20,829	461	464	11,363	34
Insurance receivables and other assets	-	-	288,840	-	-	583,106
	452,243	145,676	528,325	163,656	197,266	795,262
Financial liabilities						
Commercial paper	-	(53,000)	-	(14,000)	(79,000)	-
Bonds and other fixed rate borrowing	(219,777)	(96,854)	-	(171,366)	(1,109)	-
Floating rate notes	(612,200)	(184,800)	-	(619,560)	(270,440)	-
Loans from external parties	(218,623)	(22,490)	-	(271,623)	(68,920)	-
Finance lease liabilities	(48)	(68,524)	(1)	(111)	(57,436)	(4)
Net settled derivative liabilities	-	(34,713)	-	-	(49,674)	-
	(1,050,648)	(460,381)	(1)	(1,076,660)	(526,579)	(4)
	(598,405)	(314,705)	528,324	(913,004)	(329,313)	795,258

Interest rate swap contracts

Under interest rate swap contracts, the parties 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		Parent	
	Notional principal amount		Fair value	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	\$000	\$000	\$000	\$000
Floating for fixed contracts				
Less than 1 year	46,500	-	(142)	-
1 to 2 years	36,000	106,500	(288)	(1,277)
2 to 5 years	153,500	189,500	(5,261)	(11,492)
More than 5 years	1,129,400	546,200	(488)	(1,786)
	1,365,400	842,200	(6,179)	(14,555)
Fixed for floating contracts				
Less than 1 year	30,000	-	327	-
1 to 2 years	-	30,000	-	1,105
2 to 5 years	-	-	-	-
More than 5 years	-	-	-	-
	30,000	30,000	327	1,105

At 30 June 2014, the average fixed interest rates of cash flow hedge interest rate swaps varied from 4.46% to 5.24% (2013: 4.05% to 5.19%).

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equities securities price risk on its investments in LPC, a

company listed on the New Zealand Stock Exchange (NZX). The investment in LPC is classified as a financial asset held at fair value through equity, and revalued annually on the basis of its quoted share price. While the share price can and does fluctuate, the investment is held as a long-term asset with no intention of sale, and such fluctuations do not impact on the Group's profits.

	Group		Group	
	Notional principal amount		Fair value	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	\$000	\$000	\$000	\$000
Floating for fixed contracts				
Less than 1 year	146,500	39,000	(1,177)	(1,260)
1 to 2 years	196,000	291,500	(697)	(7,550)
2 to 5 years	412,500	341,500	(12,590)	(17,368)
More than 5 years	1,294,400	793,200	3,399	(9,234)
	2,049,400	1,465,200	(11,065)	(35,412)
Fixed for floating contracts				
Less than 1 year	30,000	-	131	-
1 to 2 years	-	30,000	-	1,105
2 to 5 years	-	-	-	-
More than 5 years	81,814	81,814	(2,597)	(3,523)
	111,814	111,814	(2,466)	(2,418)

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

Jun 14	Group		
New Zealand \$000	USD	AUD	EUR
Foreign currency risk			
Trade receivables	19,401	-	-
Net balance sheet exposure before hedging activity	<u>19,401</u>	<u>-</u>	<u>-</u>
Net cash flow exposure before hedging activity	<u>-</u>	<u>-</u>	<u>-</u>
Forward exchange contracts			
Foreign currency on hand	-	-	-
Net unhedged exposure	<u>19,401</u>	<u>-</u>	<u>-</u>
Jun 13	Group		
New Zealand \$000	USD	AUD	EUR
Foreign currency risk			
Trade receivables	140	21	305
Loan balances	6,814	-	-
Trade payables	-	(281)	(53)
Net balance sheet exposure before hedging activity	<u>6,954</u>	<u>(260)</u>	<u>252</u>
Estimated forecast sales	4,313	-	-
Estimated forecast purchases	-	-	(304)
Net cash flow exposure before hedging activity	<u>4,313</u>	<u>-</u>	<u>(304)</u>
Forward exchange contracts			
Notional amounts	(9,740)	251	304
Net unhedged exposure	<u>1,527</u>	<u>(9)</u>	<u>252</u>

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

policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

The following table summarises the Group's exposure to foreign currency transactions:

including where applicable entities that have the required Standard and Poor's credit ratings.

The Council's receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 38.

Orion has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailer customers. CIAL also has a concentration of credit risk on a small number of customers, with 79% (2013: 70%) of trade receivables due from 10 customers. City Care has a concentration of credit risk in respect of its transactions with its ultimate shareholder the Council, with 55% (2013: 60%) of its revenue derived from this source (including transactions with SCIRT). Red Bus has a concentration of credit risk with ECan, which provides 85% (2013: 81%) of its revenue. Notwithstanding this concentration of credit risk, all of these major customers are considered to be of high credit quality.

The Group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion, which generally requires collateral security (such as bank letters of credit) from its electricity retailer customers, the Group does not generally require collateral security from its customers. Recent changes to the Electricity Industry Participation Code significantly reduce the prudential securities that electricity distribution businesses may require from their electricity retail customers (now restricted to entities with a credit rating of less than BBB-), and this has had the effect of reducing the security held by Orion.

The Group has a concentration of credit risk with respect to its insurance receivables as it has a relatively small number of counterparties from which such receivables are claimed. Nevertheless, the Group does not consider that such concentration of risk affects the recoverability or collectability of its insurance claims as the reinsurers backing the claims have credit ratings of AA to A-.

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 to avoid a possible past due status other than trade receivables.

The following table summarises the status of receivables as at balance date:

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Cash at bank, term deposits and foreign currency	97,495	194,257	472,879	267,761
Debtors and other receivables (including insurance receivables)	226,362	92,073	527,641	211,884
Loans	205,917	120,137	54,659	17,182
Government or local authority stock	10,000	25,000	10,000	25,000
Stocks and bonds	36,233	39,375	39,775	39,391
Derivative financial instrument assets	16,880	9,865	21,290	11,861
	592,887	480,707	1,126,244	573,079

Counterparties

Cash at bank, term deposits and foreign currency

A+	-	-	2,400	-
AA	-	-	281,564	10,446
AA-	97,495	194,257	187,915	256,315
BBB+	-	-	500	500
Lower than BBB or unrated	-	-	500	500
	97,495	194,257	472,879	267,761

Loans

AA	9,144	-	30,585	-
A+	101,500	-	-	-
Lower than BBB or unrated	95,273	120,137	24,074	17,182
	205,917	120,137	54,659	17,182

Government or local authority stock

AA	-	12,000	-	12,000
A	5,000	5,000	5,000	5,000
Lower than BBB or unrated	5,000	8,000	5,000	8,000
	10,000	25,000	10,000	25,000

Stocks and bonds

AA	30,196	30,240	33,738	30,255
A	3,500	6,500	3,500	6,501
Lower than BBB or unrated	2,537	2,635	2,537	2,635
	36,233	39,375	39,775	39,391

Derivative financial instrument assets

AA	-	-	-	1,996
AA-	16,880	9,865	21,290	9,865
	16,880	9,865	21,290	11,861

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial

liabilities and has funding arrangements in place to cover potential shortfalls.

A number of Council counterparties are unrated as per the table above. These balances primarily consist of inter-group loans and local authority stock.

The Council is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 38.

The following tables analyse the Council's and Group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts in the tables following are the contractual undiscounted cash flows:

Jun 14	Balance sheet \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	Parent
						5 years + \$000
Financial liabilities:						
Creditors and other payables	115,236	115,236	115,236	-	-	-
Net settled derivative liabilities	22,732	35,009	757	3,403	11,582	19,267
Bonds and other fixed rate borrowing	126,854	168,164	37,184	5,546	16,549	108,885
Floating rate notes	637,000	868,628	41,175	94,795	444,740	287,918
Loans from external parties	33,623	41,026	5,929	6,139	28,958	-
Loans from group entities	14,487	16,493	1,007	15,486	-	-
Finance lease liabilities	102,950	204,771	8,218	8,218	35,215	153,120
	1,052,882	1,449,327	209,506	133,587	537,044	569,190
Financial assets:						
Cash and cash equivalents	86,495	86,676	86,676	-	-	-
Bank deposits with maturities > 1 year	5,000	5,483	321	5,162	-	-
Short term deposits	6,000	6,269	6,269	-	-	-
Debtors and other receivables	80,678	80,678	80,678	-	-	-
Related party receivables	4,964	4,964	4,964	-	-	-
Local authority stock	10,000	10,997	5,659	5,338	-	-
Stocks and bonds	36,233	44,255	2,423	7,406	34,219	207
Loans and advances	13,293	15,168	635	636	6,050	7,847
Related party loans	192,624	261,821	12,425	16,981	91,519	140,896
Net settled derivative assets	16,880	82,484	3,231	6,912	28,563	43,778
Insurance receivables and other assets	140,720	140,720	140,720	-	-	-
	592,887	739,515	344,001	42,435	160,351	192,728
Jun 13						
	Balance sheet \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5 years + \$000
Financial liabilities:						
Creditors and other payables	110,078	110,078	110,078	-	-	-
Net settled derivative liabilities	23,315	34,085	2,725	2,668	10,651	18,041
Commercial paper	5,000	5,038	5,038	-	-	-
Bonds and other fixed rate borrowing	31,122	33,652	1,833	31,819	-	-
Floating rate notes	730,000	934,694	264,121	36,706	309,873	323,994
Loans from external parties	36,623	44,493	5,833	5,774	32,886	-
Loans from group entities	25,937	29,330	12,837	1,007	15,486	-
Finance lease liabilities	103,726	212,931	8,160	8,218	25,442	171,111
	1,065,801	1,404,301	410,625	86,192	394,338	513,146
Financial assets:						
Cash and cash equivalents	146,598	147,465	147,465	-	-	-
Bank deposits with maturities > 1 year	11,000	12,426	675	6,589	5,162	-
Short term deposits	36,659	38,045	38,045	-	-	-
Debtors and other receivables	87,565	87,565	87,565	-	-	-
Related party receivables	4,508	4,508	4,508	-	-	-
Local authority stock	25,000	26,904	15,907	5,659	5,338	-
Stocks and bonds	39,375	49,764	5,602	2,570	41,592	-
Loans and advances	10,083	525	88	86	129	222
Related party loans	110,054	154,025	8,245	9,722	53,566	82,492
Net settled derivative assets	9,865	119,346	5,887	10,020	37,152	66,287
	480,707	640,573	313,987	34,646	142,939	149,001

Jun 14	Group					
	Balance sheet \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5 years + \$000
Financial liabilities:						
Creditors and other payables	193,690	193,718	193,718	-	-	-
Net settled derivative liabilities	34,713	44,417	5,619	6,647	14,105	18,046
Commercial paper	53,000	53,000	53,000	-	-	-
Bonds and other fixed rate borrowing	316,631	417,464	48,981	94,330	30,524	243,629
Floating rate notes	797,000	1,058,595	74,811	131,735	533,339	318,710
Loans from external parties	241,113	267,834	14,786	173,583	79,465	-
Finance lease liabilities	68,573	144,805	7,809	6,466	24,036	106,494
	1,704,720	2,179,833	398,724	412,761	681,469	686,879
Financial assets:						
Cash and cash equivalents	325,040	325,911	325,911	-	-	-
Bank deposits with maturities > 1 year	6,400	6,883	321	6,562	-	-
Short term deposits	141,439	48,850	48,850	-	-	-
Debtors and other receivables	238,583	258,325	152,472	14,185	91,668	-
Local authority stock	10,000	10,997	5,659	5,338	-	-
Stocks and bonds	39,775	47,797	5,965	7,406	34,219	207
Loans and advances	38,218	44,580	1,532	1,536	13,424	28,088
Related party loans	16,441	24,210	1,034	1,034	3,102	19,040
Finance lease receivables	218	2,607	180	180	743	1,504
Net settled derivative assets	21,290	90,796	3,214	6,793	32,730	48,059
Insurance receivables and other assets	288,840	317,624	152,344	34,633	38,979	91,668
	1,126,244	1,178,580	697,482	77,667	214,865	188,566
Jun 13						
	Balance sheet \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	5 years + \$000
Financial liabilities:						
Creditors and other payables	177,118	177,843	177,729	43	71	-
Net settled derivative liabilities	49,674	55,368	12,732	10,103	14,366	18,167
Commercial paper	93,000	93,038	93,038	-	-	-
Bonds and other fixed rate borrowing	172,475	198,873	6,642	36,628	74,809	80,794
Floating rate notes	890,000	1,138,547	273,141	71,827	384,413	409,166
Loans from external parties	340,543	391,237	75,407	190,338	125,492	-
Finance lease liabilities	57,551	118,027	4,658	4,643	14,232	94,494
	1,780,361	2,172,933	643,347	313,582	613,383	602,621
Financial assets:						
Cash and cash equivalents	161,646	162,514	162,514	-	-	-
Bank deposits with maturities > 1 year	12,750	14,176	675	8,339	5,162	-
Short term deposits	93,364	94,750	94,750	-	-	-
Debtors and other receivables	211,612	204,296	193,546	8,410	630	1,710
Local authority stock	25,000	26,904	15,907	5,659	5,338	-
Stocks and bonds	39,390	49,779	5,617	2,570	41,592	-
Loans and advances	17,183	9,596	299	309	898	8,090
Finance lease receivables	272	26	26	-	-	-
Net settled derivative assets	11,861	128,637	6,208	10,130	40,248	72,051
	573,078	690,678	479,542	35,417	93,868	81,851

Sensitivity analysis

In managing interest rate risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates and foreign exchange rates on the Council and Group's pre-tax profits and equity:

Financial assets and liabilities at floating rate

	Jun-14				Parent Jun-13			
	Increase		Decrease		Increase		Decrease	
	1.00% Other	1.00% compr. income	-1.00% Other	-1.00% compr. income	1.00% Other	1.00% compr. income	-1.00% Other	-1.00% compr. income
	Pre-tax surplus \$000							
Floating rate notes	(853)	-	853	-	(1,904)	-	1,904	-
Commercial paper	-	-	-	-	-	-	-	-
Cash and cash equivalents	865	-	(865)	-	1,466	-	(1,466)	-
Related party loans	115	-	(115)	-	45	-	(45)	-
Interest rate swap derivatives	2,620	64,580	(2,364)	(72,275)	2,103	39,263	(2,536)	(43,174)
	2,747	64,580	(2,491)	(72,275)	1,710	39,263	(2,143)	(43,174)

	Jun-14				Group Jun-13			
	Increase		Decrease		Increase		Decrease	
	1.00% Other	1.00% compr. income	-1.00% Other	-1.00% compr. income	1.00% Other	1.00% compr. income	-1.00% Other	-1.00% compr. income
	Pre-tax surplus \$000							
Floating rate notes	(1,653)	-	1,653	-	(2,704)	-	2,704	-
Commercial paper	(530)	-	530	-	(790)	-	790	-
Cash and cash equivalents	941	-	(941)	-	1,438	-	(1,438)	-
Bank deposits	52	-	(52)	-	2	-	2	-
Related party loans	45	-	(45)	-	45	-	(45)	-
Interest rate swap derivatives	3,201	71,292	(2,909)	(79,439)	2,799	45,906	(3,254)	(50,361)
	2,056	71,292	(1,764)	(79,439)	790	45,906	(1,241)	(50,361)

Foreign exchange risk

	Jun-14				Group Jun 13			
	-10%		+10%		-10%		+10%	
	Pre-tax surplus \$000	Other compr. income \$000	Pre-tax surplus \$000	Other compr. income \$000	Pre-tax surplus \$000	Other compr. income \$000	Pre-tax surplus \$000	Other compr. income \$000
Trade receivables	17,765	-	(20,712)	-	18	-	(18)	-
Creditors and other payables	-	-	-	-	(50)	-	50	-
Derivatives - held for trading	(17,888)	-	20,835	-	112	(293)	(101)	293
Total sensitivity to foreign exchange risk	(123)	-	123	-	80	(293)	(69)	293

Equity price risk

The estimated impact of movements in market price on the CCHL investment relates to the movement in the share price of the LPC. A movement of 10% in the share price would impact equity by \$26.1 million (2013: \$23.2 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.

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 (PBE) and NZ IFRS 7 (PBE):

	Parent		Group	
	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Financial assets				
Fair value through surplus or deficit - held for trading				
Derivative financial instrument assets	-	-	353	-
Unlisted shares	3,716	3,999	3,716	3,999
	3,716	3,999	4,069	3,999
Derivatives that are hedge accounted				
Derivative financial instrument assets	16,880	9,865	20,937	11,861
Loans and receivables				
Cash and cash equivalents	86,495	146,598	325,040	161,646
Debtors and other receivables	85,642	92,073	238,583	211,612
Finance lease receivables	-	-	218	272
Other financial assets:				
- term deposits	5,000	11,000	6,400	12,750
- loans	9,144	6,240	34,069	13,254
- loans to related parties	192,624	110,054	16,441	-
- local authority stock	10,000	25,000	10,000	25,000
- stocks and bonds	36,233	39,375	39,775	39,390
- short term deposits	6,000	36,659	141,439	93,364
Community loans	2,614	2,486	2,614	2,486
Theatre Royal	2,300	2,300	2,300	2,300
Provision for fair value and impairment	(765)	(943)	(765)	(943)
Insurance receivables	140,720	373,835	288,840	583,106
	576,007	844,677	1,104,954	1,144,237
Fair value through equity				
Council investment in subsidiaries:				
CCHL	1,552,000	1,446,337	-	-
Vbase Ltd	189,111	190,169	-	-
Tuam Ltd	20,207	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
Canterbury Development Corporation Holdings Ltd	2,370	2,370	-	-
	1,767,836	1,648,441	-	-
Other unlisted shares	1,658	1,741	5,245	4,609
	1,769,494	1,650,182	5,245	4,609
Total financial assets	2,366,097	2,508,723	1,135,205	1,164,706
Financial liabilities				
Fair value through surplus or deficit - held for trading				
Derivative financial instrument liabilities	-	-	447	1,419
Borrowings	30,327	31,105	30,327	31,105
	30,327	31,105	30,774	32,524
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	22,732	23,315	34,266	48,255
Financial liabilities at amortised cost				
Creditors and other payables	115,236	110,078	193,690	177,118
Borrowings	884,587	901,303	1,445,990	1,522,464
	999,823	1,011,381	1,639,680	1,699,582
Total financial liabilities	1,052,882	1,065,801	1,704,720	1,780,361

Fair value measurement basis

	Jun-14				Parent Jun 13			
	Carrying	Level 1	Level 2	Level 3	Carrying	Level 1	Level 2	Level 3
	value \$000	\$000	\$000	\$000	value \$000	\$000	\$000	\$000
Financial assets at fair value through surplus or deficit								
Unlisted shares	3,524	-	-	3,524	3,999	-	-	3,999
	<u>3,524</u>	<u>-</u>	<u>-</u>	<u>3,524</u>	<u>3,999</u>	<u>-</u>	<u>-</u>	<u>3,999</u>
Derivatives that are hedge-accounted								
Derivative financial instrument assets	16,880	-	16,880	-	9,865	-	9,865	-
Available-for-sale financial assets								
Shares in subsidiary companies	1,647,383	-	-	1,647,383	1,648,441	-	-	1,648,441
Other unlisted shares	1,850	-	1,850	-	1,741	-	1,741	-
	<u>1,649,233</u>	<u>-</u>	<u>1,850</u>	<u>1,647,383</u>	<u>1,650,182</u>	<u>-</u>	<u>1,741</u>	<u>1,648,441</u>
Derivatives that are hedge accounted								
Derivative financial instrument liabilities	22,732	-	22,732	-	23,315	-	23,315	-
Net financial assets and liabilities	<u>1,646,905</u>	<u>-</u>	<u>(4,002)</u>	<u>1,650,907</u>	<u>1,640,731</u>	<u>-</u>	<u>(11,709)</u>	<u>1,652,440</u>

	Jun-14				Group Jun 13			
	Carrying	Level 1	Level 2	Level 3	Carrying	Level 1	Level 2	Level 3
	value \$000	\$000	\$000	\$000	value \$000	\$000	\$000	\$000
Financial assets at fair value through surplus or deficit								
Unlisted shares	3,524	-	-	3,524	3,999	-	-	3,999
	<u>3,524</u>	<u>-</u>	<u>-</u>	<u>3,524</u>	<u>3,999</u>	<u>-</u>	<u>-</u>	<u>3,999</u>
Derivatives that are hedge-accounted								
Derivative financial instrument assets	21,198	-	21,198	-	11,861	-	11,861	-
Available-for-sale financial assets								
Other unlisted shares	4,718	-	4,718	-	4,609	-	4,609	-
Investment in Enertech Capital Partners II LP	15	-	-	15	15	-	-	15
	<u>4,733</u>	<u>-</u>	<u>4,718</u>	<u>15</u>	<u>4,624</u>	<u>-</u>	<u>4,609</u>	<u>15</u>
Financial liabilities at fair value through surplus or deficit								
CIAL fixed rate bond	70,033	-	70,033	-	71,353	-	71,353	-
Derivative financial instrument liabilities	447	-	447	-	1,419	-	1,419	-
	<u>70,480</u>	<u>-</u>	<u>70,480</u>	<u>-</u>	<u>72,772</u>	<u>-</u>	<u>72,772</u>	<u>-</u>
Derivatives that are hedge accounted								
Derivative financial instrument liabilities	34,266	-	34,266	-	48,255	-	48,255	-
Net financial assets and liabilities	<u>(75,291)</u>	<u>-</u>	<u>(78,830)</u>	<u>3,539</u>	<u>(100,543)</u>	<u>-</u>	<u>(104,557)</u>	<u>4,014</u>

40. Related parties

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the *Group structure and Council Controlled Organisations* section of the Annual Report.

(a) Receipts from related parties

	30 Jun 14	Parent 30 Jun 13
	Actual	Actual
	\$000	\$000
Rates received by Council		
Vbase Ltd	541	532
CCHL Group	6,534	5,766
Tuam Ltd	48	122
Civic Building Ltd	244	459
Services provided by Council		
CCHL Group	7,840	11,312
Transwaste Canterbury Ltd	-	6
Vbase Ltd	7,591	5,381
Civic Building Ltd	315	10
Tuam Ltd	32	105
World Buskers' Festival Trust	151	107
Riccarton Bush Trust	26	311
Rod Donald Banks Peninsula Trust	1	2
Christchurch Agency for Energy Trust	-	2
Interest received/receivable by Council		
Tuam Ltd	344	344
Civic Building Ltd	5,420	5,593
Vbase Ltd	2,493	2,937
CCHL Group	3,052	-
Subvention payments paid to Council		
CCHL Group	1,081	3,711
Dividends paid/payable to Council		
CCHL Group	52,000	36,324
Transwaste Canterbury Ltd	4,152	2,684
Sale of land		
CCHL Group	598	337
Loans repaid by related parties		
Vbase Ltd	15,238	-
Civic Building Ltd	-	400
Tuam Ltd	4,750	-
Loss offsets to Council		
CCHL Group	2,380	-

(b) Payments to related parties

	30 Jun 14	Parent 30 Jun 13
	Actual	Actual
	\$000	\$000
Interest paid/payable by Council		
CCHL Group	1,388	1,766
Vbase Ltd	-	327
Purchase of good/services		
CCHL Group	115,990	118,507
CCBJV	10,731	10,040
Vbase Ltd	9,439	261
Transwaste Canterbury Ltd	176	203
World Buskers' Festival Trust	10	2
Other payments		
Loan repayment to CCHL Group	11,450	44
Loan provided to CCHL Group	101,500	-
Funding to Christchurch Agency for Energy Trust	303	733
Funding to World Buskers' Festival Trust	234	238
Funding to Riccarton Bush Trust	373	619
Funding to Canterbury Development Corporation Ltd	4,591	4,494

(c) Year end balances arising from transactions

	30 Jun 14	Parent 30 Jun 13
	Actual	Actual
	\$000	\$000
Receivables from related parties		
CCHL Group	767	1,307
Vbase Ltd	2,731	2,465
Tuam Ltd	6	2
Civic Building Ltd	339	58
Riccarton Bush Trust	3	2
Payables to related parties		
CCHL Group	11,022	13,781
Vbase Ltd	18	383
Christchurch Agency for Energy Trust	110	-
Loans from related parties		
CCHL Group	14,487	25,937
Loans to related parties		
Tuam Ltd	-	4,750
Civic Building Ltd	58,888	58,888
Vbase Ltd	18,985	34,223
CCHL Ltd	101,500	-
Redeemable preference shares - Vbase Ltd	13,251	12,193

(d) Key management personnel and elected members of the Council

During the year Councillors and key management personnel, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

The transactions below do not include transactions between Council and those CCTOs which are consolidated into the Group results where key management personnel hold directorships or trusteeships. These transactions are listed in parts (a) to (c) above. For a list of the directors of the trading enterprises in which Council has an interest see the *Subsidiary and associate companies* section of the Annual Report.

	30 Jun 14 Actual \$000	Parent 30 Jun 13 Actual \$000
Transactions		
<u>Canterbury Development Corporation</u> - Lianne Dalziel, David East, Paul Lonsdale and Andrew Turner are directors; Ngaire Button and Aaron Keown were directors until November 2013.		
Funding	4,606	4,494
<u>Christchurch & Canterbury Marketing Ltd</u> - Jimmy Chen is a director. Helen Broughton and Claudia Reid were directors until November 2013.		
Funding	500	1,000
Purchases	11	17
<u>Canterbury Museum Trust</u> - Paul Lonsdale and David East are trustees. Bob Parker and Claudia Reid were trustees until November 2013.		
Funding	6,658	6,361
Sales	7	-
<u>Canterbury West Coast Sports Trust (Sport Canterbury)</u> - Yani Johanson is a trustee.		
Funding	86	50
Sales	61	32
<u>Theatre Royal Charitable Foundation</u> - Ali Jones is a director. Barry Corbett was a director until November 2013.		
Funding	1	300
Community loan repayment	12	10
<u>Keep Christchurch Beautiful Incorporated</u> - Pauline Cotter is a committee member.		
Purchases	26	30
<u>CRIS Limited</u> - Paul Lonsdale is a director. Ngaire Button and Aaron Keown were directors until November 2013.		
Funding	350	350
<u>Gough, Gough & Hamer Ltd</u> - James Gough is a director.		
Purchases	-	239
<u>The Art and Industry Biennial Trust</u> - Peter Beck is a trustee.		
Funding	86	80
Purchases	463	268
<u>Neighbourhood Trust</u> - Ngaire Button is a trustee.		
Funding	179	87
<u>Arts Centre of Christchurch Trust</u> - Yani Johanson is a trustee.		
Funding	2,400	-
Sales	14	-
<u>Canterbury Neighbourhood Support</u> - David East is a trustee.		
Funding	65	-
<u>Orana Wildlife Trust</u> - Pauline Cotter is a trustee.		
Funding	255	-
<u>Project Lyttelton Incorporated</u> - Andrew Turner is a trustee.		
Funding	42	-
<u>Pillars Incorporated</u> - Raf Manji is a trustee.		
Funding	13	-
<u>Avon-Heathcoat Estuary Ihutai Trust</u> - Glenn Livingstone is a trustee.		
Funding	11	-
<u>Kids Festival Trust</u> - Tim Scandrett is a trustee.		
Sales	34	-
<u>Christchurch Civic Music Council</u> - Lianne Dalziel is a trustee.		
Funding	12	-

In addition to the transactions above the following relationships have been disclosed but in accordance with NZ IAS 24 - Related Party Disclosures, transactions between Council and these entities are not considered to be related party transactions.

Michael Aitken is a trustee of the Christchurch Stadium Trust. Council has provided the Trust with funding, and Vbase provides management services to the Trust.

Key management personnel include the Mayor, Councillors, Chief Executive and the Executive Team.

Except for the transactions listed above entered into between the Council and key management personnel, and items of a trivial nature, no key management personnel entered into any related party transactions with Council.

During the year a limited number of complimentary tickets were provided to Councillors, key management personnel and Council staff to attend Vbase events and festivals such as the World Buskers Festival.

Remuneration of elected members and key management personnel is detailed in note 42 Remuneration.

41. Major budget variations

	Parent 30 Jun 14 \$000
Planned comprehensive income	452,045
Revenue:	
Rates revenue in line with plan	160
Higher rental income due to increase in operating cost oncharges	4,903
Interest income higher than plan due to interest received from CERA on earthquake recoveries	5,524
Interest income higher than plan due to new CCHL advance	3,096
Higher development contributions	11,027
Dividends received higher than plan, primarily from CCHL	7,519
Subvention receipts lower than expected due to losses within the group (refer note 11 (a))	(4,800)
NZ Transport Agency subsidies lower than plan due to cost recovery lower than expected	(41,576)
Licence fees received lower than plan	(1,557)
Earthquake insurance recoveries and Crown contributions lower than plan due to delays in earthquake works	(107,701)
Other gains (refer Note 4)	7,980
Other revenue higher than plan primarily in rendering of services and sale of goods	2,870
Revenue unfavourable to plan	(112,555)
Expenditure:	
Depreciation higher than plan	(47,668)
Higher finance costs primarily due to finance lease planned as operating lease	(9,786)
Higher employee costs primarily due to increase in staff within Regulation Services	(3,704)
Decrease in provisions due to lower aftercare costs at Burwood Landfill	853
Provision of services and maintainance of assets higher than planned which mainly relates to parks projects	(13,444)
Consultants and legal fees higher than planned	(6,954)
Lease liability lower than planned	6,605
Other operating expenses lower than plan	5,283
Lower than budgeted grants and levies paid	2,778
Earthquake response expenses lower than anticipated	5,872
Other losses (refer note 4)	(18,602)
Expenditure unfavourable to plan	(78,767)
Assets vested in Council	3,459
Income tax expense	(1,292)
Other comprehensive income:	
Net property, plant and equipment valuation and impairment movents	424,950
Higher investment revaluation gain	116,790
Cash flow hedge gain not in plan	6,317
Total comprehensive income	548,057
Total variances	358,902
Actual comprehensive income, net of tax	810,946

Balance sheet

Total assets of \$9.1 billion are higher than budget by \$0.6 billion.

Current assets of \$341 million are higher than budget by \$119 million. The significant portion of this relates to \$81 million of insurance receivables pertaining to the recovery of costs incurred due to the earthquake where insurance accrued was not actually received during the current year and \$12 million of fixed assets classified as held for sale but which were budgeted as part of non-current assets. While cash investments were higher than plan by \$85 million this was off-set by lower than planned other financial assets.

Non-current assets of \$8.8 billion are higher than budget by \$449 million. The main reasons for this are the following:

- The revaluation of the investment in CCHL and Tuam resulting to value of the equity investment being \$120.4 million higher than budget.
- Loan advances to CCHL during the year of \$101.5 million which were not budgeted.
- The revaluation of property, plant and equipment resulted in the value of property, plant and equipment being \$189.2 million higher than budget.
- Unplanned items including \$3.9 million of deferred tax assets were recognised as of 30 June 2014.
- The Annual Plan's opening balance included impairments of \$1.2 billion, only \$0.7 billion has been impaired to 30 June 2014 resulting to actual being lower than plan by \$151.2 million.

Total liabilities of \$1.2 billion are lower than budget by \$87 million.

The main reasons for this are the following:

- Capital rebuild projects have been delayed reducing borrowings by \$150 million offset by unplanned borrowing for CCHL of \$101.5 million.
- Derivative liabilities were \$21 million lower than planned resulting from floating interest rates being higher compared to the expected level.
- Provisions for landfill and weathertight homes were lower than forecast by \$3.6 million.

42. Remuneration

(a) Chief Executive

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

On 13 September 2013 the Council accepted the resignation of the Chief Executive, Tony Marryatt. Tony Marryatt was on leave from 3 July until his last day of employment on 30 November 2013. An acting Chief Executive, Jane Parfitt was appointed from 3 July 2013 to 15 June 2014 when the permanent Chief Executive, Karleen Edwards was appointed.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive, as per above, for the year to 30 June 2014 was:

	\$
Tony Marryatt	803,164
1 July 2013 - 30 November 2013	
Jane Parfitt	346,411
3 July 2013 - 15 June 2014	
Karleen Edwards	16,233
16 June 2014 - 30 June 2014	
	<u>1,165,808</u>

The corresponding amount paid in 2013 was \$550,221.

The \$803,164 paid to Tony Marryatt from 1 July 2013 to 30 November 2013 included salary (\$239,530), outstanding annual increment (\$93,206), accrued leave (\$181,276), superannuation contributions (\$19,888) and a severance payment (\$269,264). Sundry non-cash benefits of \$8,957 were also provided.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2014 the Council made five severance payments - \$269,264, \$15,000, \$14,500, \$10,000 (2). This compares with the year ending 30 June 2013 when the Council made eight severance payments - \$20,000, \$20,000, \$7,000, \$5,000, \$5,000, \$3,700, \$2,908 and \$2,000.

(c) Key management personnel

	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000
The compensation of the key management personnel of the entity are set out below:		
Salaries and other short term benefits	3,606	4,110
Termination benefits	965	-
	4,571	4,110

Total key management personnel remuneration includes that of the Mayor, Councillors and Executive Leadership Team of the Council. The total key management

compensation of \$4.6 million includes the Mayor and Councillors \$1.5 million (2013: \$1.4 million) and the Chief Executive and Executive Team \$3.1 million (2013: \$2.7 million).

Termination benefits include severance payments and other payments made to key management personnel when ceasing employment.

The remuneration details of the Chief Executive, Mayor and Councillors are set out in notes a) and d).

(d) Elected members

	Jun 14 Council Remuneration \$	Jun 14 Directors Fees \$	Jun 14 Total \$	Jun 13 Council Remuneration \$	Jun 13 Directors Fees \$	Jun 13 Total \$
Peter Beck	28,936	-	28,936	88,571	-	88,571
Helen Broughton	28,936	11,596	40,532	88,981	13,750	102,731
Sally Buck	28,936	17,111	46,047	91,631	22,000	113,631
Ngairé Button	33,411	12,734	46,145	104,080	24,904	128,984
Tim Carter	28,936	16,834	45,770	88,511	37,275	125,786
Jimmy Chen	91,595	-	91,595	88,511	-	88,511
Barry Corbett	28,936	16,834	45,770	88,511	37,275	125,786
James (Jamie) Gough	91,595	12,734	104,329	88,511	12,452	100,963
Yani Johanson	91,595	-	91,595	88,511	-	88,511
Aaron Keown	28,936	12,734	41,670	88,511	24,904	113,415
Glenn Livingstone	91,595	-	91,595	88,511	-	88,511
Bob Parker	60,847	16,834	77,681	185,573	43,501	229,074
Claudia Reid	28,936	11,596	40,532	88,571	13,750	102,321
Sue Wells	28,936	16,834	45,770	89,361	37,275	126,636
Lianne Dalziel	118,029	-	118,029	-	-	-
Andrew Turner	62,659	-	62,659	-	-	-
Vicki Buck	72,337	-	72,337	-	-	-
David East	62,659	-	62,659	-	-	-
Raf Manji	62,659	-	62,659	-	-	-
Paul Lonsdale	62,659	-	62,659	-	-	-
Pauline Cotter	62,659	-	62,659	-	-	-
Ali Jones	62,659	-	62,659	-	-	-
Phil Clearwater	62,659	-	62,659	-	-	-
Tim Scandrett	62,659	-	62,659	-	-	-
	1,383,764	145,841	1,529,605	1,356,345	267,086	1,623,431

All Council appointed directors of CCHL are remunerated equally.

See note 40 Related Parties for detail on transactions between Council and elected members and key management personnel.

(e) Council employees

At balance date, the Council employed 2,905 (2013: 2,803) staff members. These comprised 1,646 (2013: 1,563) full time employees with the balance of employees representing 378 (2013: 373) full-time equivalent employees. An employee is a full-time

employee if they normally work more than 37.5 hours per working week.

The table below provides the total annual remuneration by band for employees at 30 June. Total remuneration also includes non-financial benefits such as superannuation benefits provided to employees.

	30 Jun 14
	Actual
Less than \$60,000	1,818
\$60,000 - \$79,999	454
\$80,000 - \$99,999	313
\$100,000 - \$119,999	178
\$120,000 - \$139,999	90
\$140,000 - \$159,999	24
\$160,000 - \$179,999	13
\$180,000 - \$219,999	7
\$220,000 - \$319,999	6
\$320,000 - \$399,999	<u>2</u>
Total employees	<u>2,905</u>

	30 Jun 13
	Actual
Less than \$60,000	1,858
\$60,000 - \$79,999	427
\$80,000 - \$99,999	270
\$100,000 - \$119,999	143
\$120,000 - \$139,999	63
\$140,000 - \$159,999	19
\$160,000 - \$179,999	10
\$180,000 - \$239,999	6
\$240,000 - \$339,999	6
\$540,000 - \$559,999	<u>1</u>
Total employees	<u>2,803</u>

43. Capital management

The Council's capital (equity or ratepayer's funds), comprises 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.

Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its LTP/ Three Year Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Three Year Plan.

44. Legislative requirements

Council

Subsequent to 30 June 2013 the Council became aware of a deficiency in its rates setting resolutions in relation to the setting of payment dates and the charging of rates penalties, which has been present since 2004/5. The Council resolved to reset its rates that it had set for the 2013/14 financial year; the required public notice was issued and rates were formally reset at a Council meeting in late September 2013. A Bill to correct the deficiencies in the rates set between 2004/5 and 2012/13 has had its first reading in Parliament on 28 May 2014 and was referred to the Local Government and Environment Committee. Submissions were due to the Committee by 14 August 2014 and a report is due on 28 November 2014.

The Local Government Act 2002, Schedule 10 specifies the minimum groups of activities which the Council must report against. The schedule requires stormwater drainage and flood protection and control works to be two separate groups of activity. The Council in preparing its Three Year Plan and Annual Report has combined the two activities on the basis that Flood Protection and Control Works was at that stage an activity with a relatively minor level of expense.

Council Controlled Organisations

The Local Government Act 2002 requires CCOs to submit their half year accounts and a SOI to their Boards and to their shareholders within specified timeframes. For the 2013/14 financial year all submitted half year accounts within the specified timeframes set out in the legislation. Two CCOs did not submit draft or final SOIs within the specified timeframes set out in the legislation.

45. Subsequent events

On 1 August 2014 CCHL entered into a lock up agreement with Port Otago Limited to acquire its 15.476% shareholding in LPC at a price of \$3.95 per share conditional on LPC paying a \$0.20 per share dividend to shareholders prior to the purchase becoming effective. CCHL made an offer to the remaining shareholders on the same basis and intends to exercise its rights to compulsorily acquire any remaining shares. This offer commits, subject to the payment of the dividend by LPC, CCHL to a gross payment of at least \$82.0 million (net \$65.7 million after receipt of its share of the dividend).

Group structure and Council Controlled Organisations

In order to achieve the Council's objectives it has established or invested in a number of companies and trusts. These organisations are managed independently to deliver significant services including the operation of infrastructure assets or enable administrative efficiencies to be achieved.

Through its wholly owned investment arm CCHL, the Council has invested in a number of infrastructure assets which are considered strategic assets for the City.

The Council also has invested directly in other CCTOs; Vbase, Tuam, CBL and CDCH to enable administrative efficiencies to be achieved.

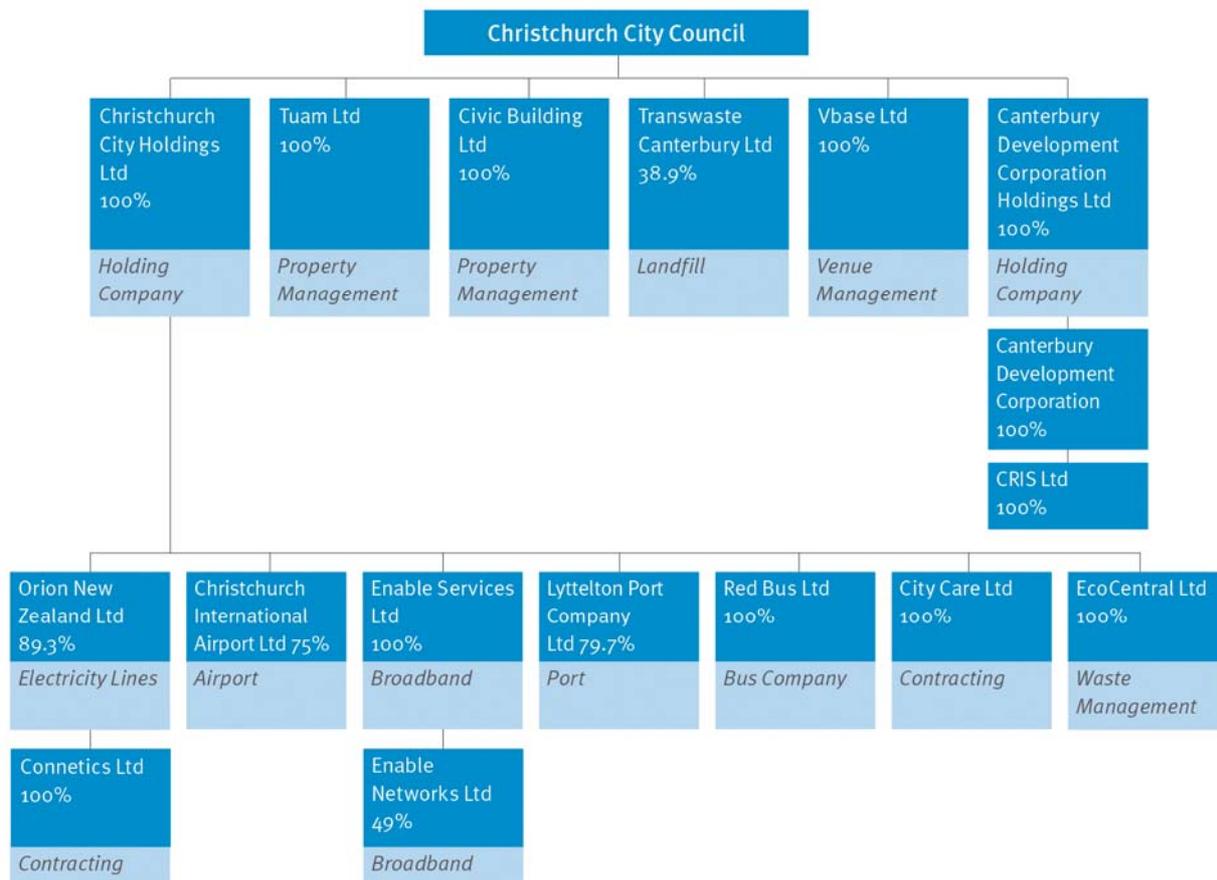
In addition to these trading organisations the Council has interests in a number of trusts which were set up to deliver specific services, events, facilities or benefits to the City.

This section explains what the organisations do, how their performance is measured and how they performed during 2013/14.

Group structure and Council Controlled Organisations

Group structure

as at 30 June 2014



Group structure and Council Controlled Organisations
Summary financial table

	Income	Net result (after tax and minority interest)	
	2014 \$000	2014 \$000	2013 \$000
Christchurch City Holdings Ltd (parent)	58,265	37,088	44,011
Orion New Zealand Ltd	268,362	50,455	48,991
Lyttelton Port Company Ltd	473,435	343,226	16,913
Christchurch International Airport Ltd	139,880	15,694	18,428
City Care Ltd	350,804	12,892	2,798
Enable Services Ltd	65,771	(6,511)	(3,701)
EcoCentral Ltd	35,717	891	753
Red Bus Ltd	17,408	(616)	(593)
Vbase Ltd	22,561	(48,345)	(7,861)
Civic Building Ltd	5,066	(860)	(41)
Tuam Ltd	14,422	13,829	503
Canterbury Development Corporation Holdings Ltd	6,845	331	1,266
Riccarton Bush Trust	1,101	(668)	7
The World Buskers' Festival Trust	1,450	(34)	20
Rod Donald Banks Peninsula Trust	178	21	(15)
Christchurch Agency for Energy Trust	612	327	460
Transwaste Canterbury Ltd	57,957	20,298	9,492
Gardens Event Trust	124	-	-
Central Plains Water Trust	80	-	-

For more detail refer to individual company reports.

Group structure and Council Controlled Organisations

Christchurch City Holdings Ltd

www.cchl.co.nz



CCHL is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on the Council's behalf.

Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Ltd
- City Care Ltd
- Red Bus Ltd
- EcoCentral Ltd

Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, and this now extends to assisting the Council in the rebuild and redevelopment of Christchurch following the Canterbury earthquakes. CCHL will continue to invest in existing and new infrastructural assets such as the electricity distribution network, the airport, port, transport and high speed broadband.

Their strategic approach is to identify infrastructural needs that cannot be filled by the private sector or existing Council operations, then take a role in helping to meet those needs through joint ventures, public-private partnerships, establishing new entities or simply acting as a catalyst for others.

CCHL also encourages and, if necessary will facilitate, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets – recent examples being the funder of ENL, and the provision of some of the funding requirements for the construction of the new airport terminal.

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its CCTO's.

Key performance targets

	2014 Target	2014 Actual
CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2014 financial year that meets or exceeds budget of \$46.0 million.	Achieved – CCHL paid an ordinary dividend of \$52.0m - \$6m higher than the budgeted amount.
CCHL's capital structure is appropriate for the nature of its business.	CCHL will review the level and composition of its debt facilities to ensure it remains appropriate in the context of its funding commitments (in particular ESL).	Funding structures are reviewed on an ongoing basis. CCHL has secured further longer term funding from Council to assist with funding the Enable broadband rollout.

CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.

**2014
Target**

CCHL will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.

**2014
Actual**

Investment returns (both current and forecast) from the subsidiaries were reviewed and compared with expected equity returns derived from independently assessed weighted average cost of capital. The review noted that some companies continued to be affected by the aftermath of the earthquakes, and hence equity returns were lower than would normally be expected, but over time returns were forecast to climb to the expected levels.

CCHL's treasury management policies and practices are consistent with best practice.

CCHL's treasury management policy will be reviewed in the 2014 calendar year.

As there were no significant financial or structural changes during the year, the review of the treasury policy was deferred. The review will be completed in the 2015 financial year.

Financial summary – Parent

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	58,265	62,519
Operating and other expenses	21,177	18,599
Operating profit before tax	37,088	43,920
Tax (benefit)	-	(91)
Net profit for the year	37,088	44,011

Operating profit for 2014 was slightly down at \$37.1 million compared to the previous year's result of \$43.9 million. Included in the 2013 result, was a \$13.1 million gain recognised on the liquidation of Selwyn Plantation Board Ltd, with previously accumulated revaluation balances being transferred to profit.

Revenue has slightly decreased from \$62.5 million in 2013 to \$58.3 million in 2014. Besides the \$13.1 million decrease on other gains mentioned above, the movement also included an increase in dividends from Orion and the payment of the first dividend since the earthquakes by LPC, partially offset by lower dividends from CIAL.

Operating expenses have increased from \$18.6 million in 2013 to \$21.2 million in 2014. The main contributor to this movement was increased finance costs of \$2.8 million, partially offset by decreased operating expenses of \$0.2 million.

Group structure and Council Controlled Organisations

Orion New Zealand Ltd



www.oriongroup.co.nz

Orion is an energy network management company in which Council has an 89.3% shareholding through CCHL. Orion owns the electrical contracting business Connetics Ltd. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

Subsidiary companies

- Connetics Ltd

Nature and scope of activities

Orion owns and operates one of the largest electricity distribution networks in New Zealand. The network covers 8,000 square kilometres in central Canterbury between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

Key performance targets

Network reliability targets

Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI).

Overall network - Number of supply interruptions per year per connected customer (SAIFI).

SAIDI and SAIFI measures are international industry standards which enable assessment of network performance.

Three severe weather events adversely affected the company's network reliability in 2014, in particular a severe wind storm on 10 September 2013. Orion estimates that this wind storm caused around 60 million minutes of outages for its customers; reasonably close to the 88 million minutes caused by the 4 September 2010 earthquake.

Orion's network delivers electricity to around 190,000 homes and businesses. This number has reduced from pre-earthquake levels because of earthquake related demolitions.

Policies and objectives relating to ownership and control

Orion is considered a regional strategic asset, operating in a commercial manner and in a way that benefits the region as a whole.

Through the SOI, the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

	2014 Target	2014 Actual
3 years average to 31 March 2016: 106		474
3 years average to 31 March 2016: 1.4		1.3

Despite being adversely affected by severe storms during the year, Orion's network reliability levels remain on course to return to near pre-quake levels by 2019.

Financial summary

Statement of financial performance for the year ended 31 March 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	268,362	261,094
Operating and other expenses	199,280	195,374
Operating profit before tax	69,082	65,720
Tax expense	18,627	16,729
Net profit for the year	50,455	48,991

Orion achieved a net profit of \$50.5 million, \$13.5 million above its SOI and \$1.5 million above last year.

Revenue has increased from \$261.1 million in 2013 to \$268.4 million in 2014. Contributing to this was an increase in electricity delivery services income of \$10.0 million, offset by a decrease in transmission rental rebates of \$2.9 million.

Expenses have increased from \$195.4 million in 2013 to \$199.3 million in 2014. The main contributor to this movement is an increase in network maintenance costs of \$5.0 million.

Group structure and Council Controlled Organisations

Lyttelton Port Company Ltd

www.lpc.co.nz

LPC was established under the Port Companies Act 1988 operating the Port of Lyttelton. Through CCHL, the Council at 30 June 2014 had a 79.70% shareholding in the company. At year end LPC remained listed on the NZX.

Subsequent to balance date CCHL made a successful takeover offer for all the shares in LPC it did not already own.

LPC is New Zealand's third-largest deep-water port. It provides a vital link in international trade routes and plays a key role in the global transport network.

Summary of the years highlights include:

- Insurance settlement of \$438.3 million for earthquake damage will help support the port redevelopment.
- LPC's \$1 billion 30 year vision for the future was launched for stakeholder consultation.
- Total container volumes increased 7.2%.
- 4.7% rise in operating revenues to \$115.8 million.
- 18.4% increase in dry bulk imports.
- 62.7% increase in log exports.
- 14.6% increase in vehicle imports.
- 2.7% increase in coal exports.

Nature and scope of activities

LPC is involved in providing land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipping of a wide range of products; the ownership of land and facilities necessary to maintain LPC's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

Impact of the Canterbury earthquakes

LPC and its insurers entered into a mediation process that concluded in mid December 2013. The outcome of that process was that all the various claims LPC had under its material damage, business interruption and contract works insurance policies arising out of the September 2010, February 2011 and June 2011 earthquakes were settled.

The total settlement received by LPC was a gross amount of \$450 million less deductibles of \$11.7 million in full and final settlement. LPC received a cash amount of



\$382.7 million plus GST in February being the gross amount less payments previously received.

Policies and objectives relating to ownership and control

LPC is considered a regional strategic asset and as such the Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Because it is a public listed company, LPC does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	473,435	126,760
Operating and other expenses	111,481	102,105
Operating profit before tax	361,954	24,655
Tax expense	18,728	7,742
Net profit for the year	343,226	16,913

LPC delivered a solid financial result after one off items, with increased operating revenue derived from the rise in volumes and a final settlement of earthquake insurance claims.

Revenue increased significantly as a result of the insurance settlement of \$382.7 million. Operating revenue with the impact of the earthquakes increased 4.7% to \$116 million due to increased volumes.

Group structure and Council Controlled Organisations

Christchurch International Airport Ltd

www.christchurch-airport.co.nz



The company is jointly owned by CCHL (75%) and the Crown (25%). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of the aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

Nature and scope of activities

CIAL operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors, and develops airport land for retail, commercial and freight logistics businesses.

Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Following are some of the highlights achieved during the year:

- Domestic passenger volumes continued the positive growth trends (up 3.4%).

- CIAL increased its sponsorship activities to include some notable events (such as the Christchurch Airport Marathon) and other cultural events in the City.
- In December 2013, Air New Zealand and partner Virgin Australia commenced the direct services between Christchurch and Perth.
- Reinstatement of services to the Gold Coast in May and June 2014.
- CIAL was successful in securing its first charter flight from China for Chinese New Year 2014. The flight arrived in Christchurch on February 3rd 2014, carrying 228 passengers on the first commercially flown B787 Dreamliner to arrive in the city.

Overall passenger numbers have increased compared to the previous year (up 3.45%) which is broadly affected by an increase in aircraft movements of 4.68%. These results translate to an increase in total revenue of 11.7%. This is off-set, however, by an increase in total expenses of 14.3%.

Key performance targets

CIAL's key performance targets include:

- To deliver sustainable growth in revenue and earnings.
- Grow South Island tourism and position CIAL as a shaper of future tourism growth.
- Deliver superior customer service.
- Provide "fit for purpose" infrastructure with the flexibility to meet future growth.
- Operate in a sustainable manner and be recognised as a positive contributor to the community.

	2014 Target	2014 Actual
Aircraft movements (excluding general aviation)	66,713	75,072
Domestic passengers	4,282,693	4,337,917
International passengers	1,315,699	1,352,240

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	139,880	125,213
Operating and other expenses	116,359	101,785
Operating profit before tax	23,521	23,428
Tax expense	7,827	5,000
Net profit for the year	15,694	18,428

Revenue has increased from \$125.2 million in 2013 to \$139.9 million in 2014. The main contributors to this increase were increases in airport charges revenue (\$2.7 million), lease rentals and concessions (\$4.5 million), other revenue (\$1.5 million) and passenger departure charges (\$1.4 million).

Expenses have increased from \$101.8 million in 2013 to \$117.0 million in 2014. The main contributors to this increase are employee remuneration (\$2.1 million), financing and interest costs (\$4.0 million) marketing and promotion expense (\$1.7 million) and depreciation expense (\$3.5 million).

Group structure and Council Controlled Organisations

City Care Ltd

www.citycare.co.nz



City Care is a CCTO, 100% owned by Council through CCHL.

Nature and scope of activities

City Care is in the business of constructing, maintaining and managing infrastructure and property assets. The company's main service offerings are as follows:

- Constructing and maintaining property buildings and facilities for central and local government and for private asset owners and developers.
- Maintaining parks infrastructure, predominately for local authorities.
- Constructing and maintaining road networks and associated civil assets for both central and local authorities and for private asset owners and developers.
- Constructing and maintaining water and wastewater infrastructure predominately for local authorities.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no current plans to sell down or relinquish control of this company. The company has an important role in the City as a quality contractor. Through the negotiation of an annual SOI, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2014 Target	2014 Actual
Maintain current level of client satisfaction	Maintain	Not achieved – The Client satisfaction result declined slightly in the year. This is the focus of management initiatives for the coming year.
Quality - develop a behavioural based quality system.	Develop system	Achieved
Accreditation of: ISO 14001 Environment Management, ISO 9001 Quality Management, NZS 4801 Health and Safety Management and ISO 14064 Greenhouse Gas Reporting.	Maintained	Maintained

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	350,804	351,147
Operating and other expenses	<u>332,856</u>	<u>347,175</u>
Operating profit before tax	17,948	3,972
Tax expense	<u>5,056</u>	<u>1,174</u>
Net profit for the year	<u>12,892</u>	<u>2,798</u>

Operating revenue was slightly down in 2014 with \$350.8 million compared to \$351.1 million in 2013. The main contributor to the revenue movement between the two years was a decrease of \$15.1 million for the rendering of services which was partially offset by an increase in construction contract revenue of \$10.3 million and revenue from the sale of goods totalling \$4.4 million.

Overall expenses have decreased \$14.3 million from 2013 to 2014. The significant contributors to this movement were decreases in the following costs: raw materials and consumables \$3.7 million and subcontractor costs \$28.4 million. These decreases were partially offset by increases in employee benefits expenses \$7.0 million, depreciation and amortisation expenses \$0.9million and other expenses of \$9.7 million.

Group structure and Council Controlled Organisations

Enable Services Ltd

www.enablenetworks.co.nz



This company is a CCTO, 100% owned by CCHL and trades as Enable Networks.

Nature and scope of activities

ESL commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan Christchurch changing its name in October 2011.

In May 2011, the Crown awarded ESL the UFB contract covering 180,000 businesses and homes in Christchurch and the surrounding areas. This once-in-50-year infrastructure initiative will see an investment in partnership with the Crown of \$440 million over the next 10 years and will contribute significantly to economic growth in Christchurch.

Key performance targets

	2014 Target	2014 Actual
Revenue	\$62.1 million	\$65.7 million.
Number of premises passed (cumulative)	53,316	47,773. The two year deployment programme was completed in the first quarter of FY 2014, creating a flow on effect on the total number of additional premises able to be passed in the year. The momentum generated by the establishment of the Network Delivery Alliance is now operating at full capacity.
Aggregate demand from schools in order to assist in the transformation of educational services.	105	76. Fibre broadband services are now available to 111 schools within ENL's coverage area – with the deployment programme on target to reach the remaining schools by the end of 2015. When a school chooses to connect to fibre broadband is being driven by Network 4 Learning (N4L). ENL is working closely with N4L to drive them to prioritise the connection of local schools that can access fibre broadband services.

Associate companies

Enable Networks Limited (ENL)

Policies and objectives relating to ownership and control

ESL is considered a regional strategic asset and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	65,771	46,420
Operating and other expenses	72,806	50,437
Operating (loss) before tax	(7,035)	(4,017)
Tax (benefit)	(524)	(316)
Net (loss) for the year	(6,511)	(3,701)

Overall ESL's results translated into a net loss before tax of \$6.5 million, which is greater than the forecast loss of \$6.0 million. This was due to lower than anticipated EBITDA and the inclusion of a higher proportion of the loss in ENL due to ESL holding a higher proportion of the company than anticipated in the SOI.

ESL is making a long-term investment in ENL and expects to generate considerable long-term returns from this investment. The net loss is expected and manageable during the first eight years of operation as it builds the network and gains market share.

Group structure and Council Controlled Organisations

EcoCentral Ltd

www.ecocentral.co.nz



EcoCentral is a CCTO, 100% owned by CCHL.

EcoCentral oversees the processing of refuse and recycling collections of waste from households and commercial premises throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and finds ways to ensure Christchurch is a leader in recycling.

recycling centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.

- EcoShop, on Blenheim Road, is the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.

Nature and scope of Activities

EcoCentral manages:

- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold either domestically or internationally to be made into new products.
- EcoDrop, three transfer stations for managing Christchurch's recycling and refuse for both domestic and commercial waste. Each station has a

Policies and objectives relating to ownership and control

Following purchase from the Council in January 2011, CCHL is now the sole shareholder of this company. The company has an important role in the City as a quality handler and processor of recycled material. Through the negotiation of an annual SOI, the Council, via its 100% ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2014 Target	2014 Actual
Residual waste from the EcoSort recycling facility.	8% of total waste received.	10.21%
Eco Drop – Recovered tonnes for resale.	1,500 tonnes	1,102 tonnes

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	35,717	32,927
Operating and other expenses	34,446	31,846
Operating profit	1,271	1,081
Tax expense	380	328
Net profit for the year	891	753

Operating revenue increased from \$32.9 million in 2013 to \$35.7 million in 2014. This movement was almost entirely due to the increase in service rendering revenue during the year of \$3.5 million, partially offset by a reduction in the sale of goods totalling \$0.9 million.

Operating expenses increased from \$31.8 million in 2013 to \$34.4 million in 2014. The principal driver of the increase related to other operating expenditure which increased by \$2.5 million in 2014.

Group structure and Council Controlled Organisations

Red Bus Ltd

www.redbus.co.nz

Red Bus is a CCTO, 100% owned by CCHL. It provides public passenger transport, freighting and ancillary services to domestic and commercial users, including the tourist market.

Red Bus operates a large passenger transport business in Canterbury with approximately 230 employees and 122 buses. The urban public transport services provided by Red Bus are predominantly operated under contract to ECan, the planner and regulator for Canterbury public transport. The company also operates high quality charter services and commercial urban services that are not ratepayer subsidised.

Nature and scope of activities

Red Bus provides scheduled urban public passenger transport services in Christchurch. The company also delivers a broad base of charter services and operates some commercial urban services.

Key performance targets

	2014 Target	2014 Actual
Number of urban passengers.	≥3.7 million	3.84 million
Percentage of service trips starting on time.	≥ 97%	97.3%
Percentage of bus fleet with Euro 2 or higher emission compliant engines.	≥ 85%	92%
Drivers holding a NZQA qualification.	> 55% of drivers	55%

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	17,408	17,263
Operating and other expenses	18,261	18,084
Operating loss before tax	(853)	(821)
Tax (benefit)	(237)	(228)
Net loss for the year	(616)	(593)

Impact of the Canterbury earthquakes

The Canterbury earthquakes continue to have a major impact on Public Transport with significant damage to roading and public transport infrastructure.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. Through the negotiation of an annual SOI, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Revenue increased from \$17.3 million in 2013 to \$17.4 million in 2014. The company maintained positive operating cash flows during the year.

Expenses increased from \$18.0 million in 2013 to \$18.3 million in 2014. A large proportion of this movement was due to an increase of \$0.2 million in employee benefits and \$0.2 million in other expenses. Depreciation and amortisation reduced \$0.1 million when compared to 2013.



Group structure and Council Controlled Organisations

Vbase Ltd

www.vbase.co.nz



Vbase is a 100% subsidiary of the Council. The Council has entrusted Vbase with ownership and management of the three premier entertainment and event venues – Lancaster Park (formerly AMI Stadium), Christchurch Town Hall for Performing Arts and Horncastle Arena (formerly CBS Canterbury Arena).

Nature and scope of activities

The 2010 and 2011 earthquakes have caused serious damage to all venues with only Horncastle Arena being open since February 2011.

Vbase secured a management service agreement to operate the temporary stadium – AMI Stadium (Addington) erected by the Christchurch Stadium Trust to support large scale rugby fixtures and other events. The first game was held in this stadium in March 2012.

Vbase also secured a management service agreement to operate the Wigram Air Force Museum (AFM) from February 2013. This agreement covers the temporary conference and event space provided by the Museum's

new extension as well as function rooms and the on-site café.

In April 2014 Vbase signed a management agreement to operate at the ilex café at the Christchurch Botanical Gardens. The venue consists of a café with indoor and outdoor seating as well as a separate space that can be used to accommodate private functions for up to 120 people.

Policies and objectives relating to ownership and control

Through the SOI, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company. The structure of the company has not been changed, but in July 2011 Vbase entered into an agreement with the Council to have its business managed in-house by the Council.

Key performance targets

Objective and Strategy	Performance Measure 2013/14	Result
Great Stages – Vbase will tailor a great stage for any event: Maximise the number of events at Horncastle Arena.	At least 90 events are delivered at Horncastle Arena.	A total of 96 events were delivered. Target achieved and exceeded.
Maximise the number of event days at Horncastle Arena.	At least 54% of available event days utilised at Horncastle Arena.	Target not achieved. A total of 186.5 event days were reached which is equivalent to 51% of the available event days utilised at Horncastle Arena.
Great Hosting - Guest satisfaction with events delivered at Vbase venues (client satisfaction survey).	Achieve greater than 80% satisfaction during year.	Of the survey respondents a 91% client satisfaction level has been achieved.

Objective and Strategy	Performance Measure 2013/14	Result
Secure events that will encourage high usage of the venues.	Visitors to venues exceeds 250,000.	Achieved and exceeded target. Total visitors for the year to 30 June were 588,685. AFM 114,221 Arena 275,053 AMI 198,410 ilex 1,001
Facilitate access to the venues for local sporting, charitable and cultural organisations.	Total venue discounts exceed \$300,000.	Vbase provided a total of \$307,605 of venue discounts during the year for organisations meeting the criteria.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	22,561	18,507
Operating and other expenses	78,945	31,008
Operating loss before tax	(56,384)	(12,501)
Tax (benefit)	(8,039)	(4,640)
Net loss for the period	(48,345)	(7,861)

The 2014 revenue number includes a material damage insurance recovery accrual amount of \$5.7 million as well as \$1.8 million of interest income.

The 2013 revenue number includes a similar insurance recovery accrual totalling \$1.9 million. The 2013 revenue number also includes a \$1.0 million amount which relates to the revaluation of Vbase owned land.

The 2014 expense number includes a \$29 million fair value adjustment related to the material damage insurance debtor accrual. This adjustment is factoring in the timing of the anticipated receipt of material damage insurance recoveries for venue rebuild/repair projects.

Excluding all of the one-off revenue and expense items mentioned above operating and expense revenue is materially up during the 2014 year. This is due to high patronage at the AFM and AMI Stadium (Addington) venues and the ilex café opening to the public in May 2014.

The 2014 expense number also includes a \$24 million building valuation decrease.

The 2013 expense number includes \$7.4 million of earthquake related costs as well as a \$0.5 million building impairment.

Group structure and Council Controlled Organisations

Civic Building Ltd

CBL is a CCTO, 100% owned by the Council. The company was incorporated on 12 October 2007 and amalgamated with its wholly owned subsidiary Tuam 2 Limited on 30 June 2009.

Nature and scope of activities

CBL owns a 50% interest of the CCBJV with NTPL. The joint venture owns the new Civic Building in Hereford Street.

Policies and objectives relating to ownership and control

Through a SOI, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

Key performance targets

	2014 Target	2014 Actual
Meet the financial targets contained within the SOI.	Budgeted key performance indicators are met or exceeded.	Achieved. Lease income was met and all performance indicators were met or exceeded.
Manage the investment in a commercially astute and prudent manner.	Ensure the Civic Building is managed in accordance with the management agreement.	The building is being managed in accordance with the management agreement.
The Civic Building was designed to achieve a high standard in terms of environmental and energy sustainability.	The tenant intends applying for a NABERSNZ 6 star rating during the year to evidence that the Civic Building operates to a high standard of environmental and energy sustainability.	The tenant did not apply for the NABERSNZ 6 star rating during the year.
Encourage the tenant to continue to allow access to meeting rooms and the foyer in the Civic Building to appropriate community groups where there is availability.	Tenant allows access.	Achieved. The tenant is allowing community groups to use the function room and foyer for non-profit purposes.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	5,066	6,066
Operating and other expenses	6,488	6,375
Operating loss before tax	(1,422)	(309)
Tax (benefit)	(562)	(268)
Net loss for the year	(860)	(41)

Revenue decreased from \$6.1 million in 2013 to \$5.1 million in 2014. This was due to the 2013 result including a gain on revaluation of investment property of \$0.9 million.

Expenses increased from \$6.4 million in 2013 to \$6.5 million in 2014. The main contributor to this movement was repairs and maintenance costs of \$0.2 million incurred in 2014.

Group structure and Council Controlled Organisations Tuam Ltd

Tuam is a CCTO, 100% owned by the Council.

Nature and scope of activities

This company formerly owned the old civic building and related Tuam Street properties which were sold to the CCDU during the year. Tuam is now investigating other commercial property investment which are consistent with Council's strategies and plans.

Policies and objectives relating to ownership and control

Through a SOI, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

2014 Performance Target

Tuam will repay its loan to Council.

The company meets all relevant legislative and contractual requirements.

2014

Actual

Achieved – Loan was repaid in October 2013.

Achieved. The Local Government Act 2002 requires the Company to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2013/14 financial year the Company met the specified timeframes set out in the legislation.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	14,422	1,052
Operating and other expenses	200	706
Operating profit before tax	14,222	346
Tax expense (benefit)	393	(157)
Net profit for the year	13,829	503

Operating expenses have reduced following the sale of the investment properties. The 2013 expense total of \$0.7 million contains one-off earthquake related costs of \$0.2 million.

Revenue is impacted in both years as a result of significant one-off items. The 2014 revenue amount of \$14.2 million includes a \$14.2 million gain on disposal of the Tuam Street investment properties. The 2013 revenue amount of \$1.1 million includes material damage insurance recoveries of \$0.2 million and a \$0.7 million gain on revaluation of held for sale assets.

Group structure and Council Controlled Organisations

Canterbury Development Corporation Holdings Ltd

www.cdc.org.nz

CDCH is 100% owned by Council. It was incorporated on 4 May 2012 as CCC Four Limited and on 1 July 2012 it acquired full ownership of CDC.

CDC was set up as a limited liability trust company by Council on 5 December 1983. In 2003 the CDC Trust was settled by Council as CDC Limited shareholder. This charitable trust was subsequently found to be invalid by the High Court so ownership of CDC was transferred to CDCH.

Subsidiary and associate entities

As part of delivering against its objective to develop the economy, CDC has been instrumental in the establishment of a number of entities and is the sole shareholder of CRIS Limited.

New Zealand Food Innovation (SI) Limited is a fully owned subsidiary of CRIS Limited and forms part of a National Network that attracts significant funding from the MBIE.

CDC is also a Joint Venture (JV) partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partner Limited, a regional vehicle funded by the MBIE to drive increased capability in the small to medium entity sector; and the Canterbury Business Recovery Group Ltd, founded following the 2010 and 2011 earthquakes to support small businesses

through their recovery from events subsequent to the earthquakes.

Nature and scope of activities

- CDC provides economic development leadership for Christchurch.
- CDC maintains Centres of Expertise in Economic Research, Workforce and Infrastructure.
- CDC initiates and/or implements priority economic development projects identified through CEDS.
- CDC leads the CRIS.
- CDC facilitates the development of key sectors and specific high growth potential businesses within these sectors to achieve national and local government growth agendas.
- CDC works to optimise the long term benefits of the significant investment in the city rebuild.

Policies and objectives relating to ownership and control

The Council is the sole shareholder of CDCH. It has no plans to sell down or relinquish control of CDCH. CDCH has an important role in the City by being responsible for the development and stewardship of the CEDS. Through the negotiation of an annual SOI, the Council establishes broad parameters for CDCH without inhibiting proper commercial management.

Key Performance Targets

Objective	2014 Target	2014 Actual
Provides economic development leadership for Christchurch.	Develop a Greater Christchurch Economic Development Strategy by end of December 2013.	Achieved
Maintains centres of expertise in economic research, workforce and infrastructure.	Update and expand the Canterbury economic infrastructure stock take annually by 30 June.	Achieved
Leads the CRIS.	10 high growth potential businesses and projects that meet investment objectives of Canterbury Economic Development Fund are identified and invested in each year.	Achieved
Facilitates business recovery.	Maintains data on and connections with the distribution networks and contacts structure for promoting trade with China annually.	Achieved

Objective	2014 Target	2014 Actual
	Business improvement services provided to 10 medium to large Christchurch businesses per annum.	Achieved
Facilitates business recovery.	Facilitate 10 local companies per annum to supply goods or services to the recovery programme.	Achieved

Financial Summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	6,845	6,955
Operating and other expenses	6,466	5,680
Operating profit before tax	379	1,275
Tax expense	48	9
Net profit for the year	331	1,266

The decrease in net profit in 2014 is the result of increased operating and other expenses and the receipt of \$0.465 million of insurance receipts in 2013. No insurance receipts were received in 2014.

Group structure and Council Controlled Organisations

Riccarton Bush Trust

www.riccartonhouse.co.nz

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

Incorporated under a 1914 Act of Parliament, a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012 give the Riccarton Bush Trust the power to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Council appoints five of the eight members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Key performance targets

	Target	Actual
Management Plan for Riccarton House and Bush as required by the new amendment to the Riccarton Bush Act.	Draft Management Plan available for public consultation by June 2014.	Preliminary work started, but delayed by earthquake recovery related priorities. The Trust has set a new target completion date of early November 2014. Target will be achieved but later than planned.
Upgrade of heating for Riccarton House.	New heating plant installed and operating in Riccarton House by December 2013.	Three zone heating installed and operational. Final consent sign-off inspection was received in July 2014. Target was achieved but later than planned.
Resolve non-performing Council administered Asset Waterways in and adjacent to Riccarton Bush.	Council administered asset waterways in and adjacent to Riccarton Bush providing adequate drainage to the bush by December 2013.	The Council administered Asset Waterway (Kauri Drain) was surveyed by the Council and City Care removed the boulders to give an unimpeded flow. As this did not resolve the problem entirely, City Care put a camera underground and found, and subsequently cleared, a blockage in the drain at Kauri Street. The drain is now working adequately. Target achieved.
To have Riccarton House fully open to the public as soon as practical.	Riccarton House open to the public by 1 April 2014.	Opening date expected August 2014 following consent and Building Warrant of Fitness sign-off. Target will be achieved but later than planned.

Impact of the Canterbury earthquakes

Riccarton House was extensively damaged in the 2010 and 2011 earthquakes. The estimated repair bill is \$2.2 million which will be covered by insurance. The Trust will be liable for a total of \$0.07 million for strengthening works and the excess on the insurance claim.

At 30 June 2014 the repairs were essentially complete and Riccarton House reopened to the public on 21 August 2014.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	1,101	1,177
Operating and other expenses	1,769	1,170
Operating (loss) profit before tax	(668)	7
Net (loss) profit for the year	(668)	7

Revenue remained consistent with \$1.1 million in 2013 compared to \$1.2 million in 2014. While the 2013 result included significant increases in grant revenue (\$0.5 million) as well as \$0.3 million of material damage insurance recoveries the 2014 result included an impairment reversal of \$0.4 million and reduced material damage insurance recoveries totalling \$0.1 million.

Expenses have increased from \$1.2 million in 2013 to \$1.8 million in 2014. This increase was almost entirely caused by a total of \$1.4 million in earthquake repair costs during the 2014 year versus \$0.8 million during 2013.

There is a one off revaluation gain in 2014 (\$5.3 million) related to a revised valuation on Riccarton House which is included in Riccarton Bush Trust's other comprehensive income.

Group structure and Council Controlled Organisations

The World Buskers' Festival Trust

www.worldbuskersfestival.com

The World Buskers' Festival Trust is a charitable trust established by the Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

Nature and scope of activities

The Trust is established for charitable objectives that include the following:

- Holding an annual buskers festival in Christchurch.
- Fostering the growth of street theatre as a performing art in New Zealand.
- Encouraging the participation of the wider community as audiences and performers in street theatre as a recreational activity.
- Increasing the importance of street theatre as part of our cultural community.
- Furthering the objects and activities of the Trust.
- Generating capital and income to further the aims and objects of the Trust.
- Working in conjunction with other groups, bodies and organisations having aims and objects in common with the Trust.

Key performance targets

	2014 Target	2014 Actual
Visitor attendance.	Attract at least 300,000 visits	Achieved – Estimated attendance in excess of 300,000. Estimates are based on ticket sales and approximation of open air events.
Customer satisfaction.	90% of visitors are satisfied with the festival (independent research on a three year cycle)	Not measured in 2014. Survey is scheduled to take place in 2015.
Festival development.	Festival business plan to include succession planning for key roles to reduce risk of non-performance.	The festival has been restructured with the Trust Board taking the lead with a focus on succession planning.
	Any surplus generated to be for future festival development	No surplus in 2014.

Impact of the Canterbury earthquakes

The Canterbury earthquakes continue to impact the Trust by reducing the number of venues available to the festival and have resulted in the Trust continuing to utilise and erect temporary venues in Hagley Park to host the festival.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	1,450	1,403
Operating and other expenses	1,484	1,383
Operating (loss) profit	(34)	20
Net (loss) profit for the year	(34)	20

Operating revenue was consistent between both the 2013 and 2014 years, with favourable weather conditions resulting in a slight increase on 2013 performance. A large contributor to the movement in operating costs between 2013 and 2014 was increased management and contractor expenditure which increased by \$0.1 million in 2014.

Group structure and Council Controlled Organisations

Rod Donald Banks Peninsula Trust

www.roddonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust is a charitable trust and was created by the Council on 12 July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region. The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula.

Nature and scope of activities

The Trust recognises the community as being of critical importance to the achievement of its Charitable Objects and focuses its efforts on engaging with groups and projects which have similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups and projects in the pursuit of their common goals. The Trust's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups and projects to achieve goals that they cannot otherwise achieve on their own.

Key performance targets

2014 Target	2014 Actual
Inform the public and relevant interest groups about on going activities and progress of the Trust.	
Contact People who have registered their interest with the Trust at least once per year with a newsletter.	A newsletter was sent out to all people who have registered their interest with the Trust in February.
Send press releases to local media when significant events have occurred.	<p>The Trust ran a Perspective article in the Press advocating on behalf of the Banks Peninsula Walking Festival and contributed to a summer series on walking on Banks Peninsula tying in with its mapping project.</p> <p>The Trust also ran a photographic competition which has generated considerable interest with many entries.</p> <p>A press release was sent out on completion of the Comprehensive Mapping project which resulted in articles in the Christchurch Press and Akaroa Mail.</p>
Provide tangible support for the key projects and leadership building the Access pillar	
Create a comprehensive inventory and map of walks on Banks Peninsula. Identify other funders who can support projects.	<p>Working with DOC on Spine of Lizard project with an aim for provision of interpretation.</p> <p>The Comprehensive Mapping Project has been the Trust's major project during 2013-14. A complete inventory of all walks on Banks Peninsula has been created, mapped in a series of user friendly maps and published as the "Banks Peninsula Walks Reference" book on a new website www.bankspeninsulawalks.co.nz. Three brochures have also been developed with illustrated maps, directions and interpretative information on 20 walks in the Akaroa area that were previously not publicised or where the material was done on a voluntary basis, out of date, and without a sponsor to keep it up to date. These brochures are "Akaroa</p>

**2014
Target**

**2014
Actual**

Village Walks”, “Akaroa Country Walks” and “Akaroa Harbour and Bays Walks”.

All material was developed in collaboration with Trust partners acknowledged in the reference book.

The first brochure was released in December 2013. The rest of the products are sold through all information centres on Banks Peninsula. They have been well received, with marketing, maintenance, reprints and keeping the products up to date now forms part of the Trust’s on-going operational activity.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	178	186
Operating and other expenses	157	201
Operating profit (loss)	21	(15)
Net profit (loss) for the year	21	(15)

Operating expenses for 2014 include grants totalling \$0.06 million made to local community projects compared to grants of \$0.12 million in 2013. Similar grants will be made in the future when opportunities matching the Trusts objectives arise.

Group structure and Council Controlled Organisations Christchurch Agency for Energy Trust



CAfE is a charitable trust established by the Council on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

Nature and scope of activities

In order to pursue its charitable objects CAfE has committed to undertaking the following activities:

- By building on the range of initiatives included in the Sustainable Energy Strategy for Christchurch 2008/18, published by the Council, CAfE developed a work program and a structure to manage the delivery of initiatives including those brought in by other parties. The initial focus is the delivery of Christchurch based projects and “localising” relevant Energy Efficiency and Conservation Authority projects.

- Providing an educational role with a primary focus of raising awareness about energy efficiency and renewable energy options as a value proposition with initial focus on homeowners and architects/designers.
- Acting as a broker facilitating projects that deliver benefits to businesses and larger organisations (including schools, hospitals and the transport sector).
- Lobbying Government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.
- Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.

Key performance targets

	2014 Target	2014 Actual
Christchurch Energy Grants Scheme.	Allocating at least \$400,000 in incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme.	Two applications were received and approved. Total grants allocated \$600,000.
EECA plus CAfE EnergyFirst Project	At least 40 EnergyFirst applications received.	Two EnergyFirst applications received for 2013/14 financial year.
	At least 40 EnergyFirst design reports completed.	25 design reports completed.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	612	1,136
Operating and other expenses	285	676
Operating profit	327	460
Net profit for the year	327	460

Revenue has decreased from \$1.1 million in 2013 to \$0.6 million in 2014, due to a decrease in appointer contributions and project funding.

Expenses have decreased from \$0.7 million in 2013 to \$0.3 million in 2014. The main contributor to this was a change in focus and how the Trust was administered.

Group structure and Council Controlled Organisations Transwaste Canterbury Ltd



Transwaste was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened on 8 June 2005. Transwaste is a joint venture between local authorities in the region and Transpacific Industries Group (NZ) Limited, with Council owning 38.9 per cent.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

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.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

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.

Key performance targets

	2014 Target	2014 Actual
Operate with no proven breaches of Resource Management Act consents.	Nil proven consent breaches.	Achieved.
Reliability of access to the Kate Valley landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Achieved. The landfill was closed due to high wind or snow on 7 days for 25 hours in total, representing 99.4% performance.
Reliability of access to the BRRP facilities.	BRRP is available to demolition contract transporters for more than 99% of normal annual transport access hours.	Achieved. No disruption of waste transport services occurred.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	57,957	37,778
Operating and other expenses	29,624	24,827
Operating profit before tax	28,333	12,951
Tax expense	8,035	3,459
Net profit for the year	20,298	9,492

Group structure and Council Controlled Organisations

Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Council on 18 December 2008. The primary purpose of the Trust is to raise the community's awareness of the benefits of good horticultural, floricultural and landscape construction and design practices and encourage active participation in these practices across all cultures and age groups.

Nature and scope of activities:

In order to pursue its Charitable Objects the Trust focuses on the following activities:

- Fostering, promoting and increasing the knowledge of the public as to horticulture, floriculture, landscape construction, landscape design and cuisine.
- Providing support for schools of learning and establishing scholarships and prizes in areas of horticulture, floriculture, landscape design and construction.
- Promoting gardening as a leisure activity across all cultures, genders and age groups in New Zealand.
- Promoting and maintaining the health and safety of the public or any section of the public.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	124	83
Operating and other expenses	124	83
Operating profit / (loss)	-	-
Net profit / (loss) for the year	-	-

Group structure and Council Controlled Organisations

Central Plains Water Trust

www.cpw.org.nz



The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

Trustees of the CPWT were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Runanga O Ngāi Tahu.

The resource consent process has taken over 11 years with the 'take' consents for the Rakaia and Waimakariri Rivers having been lodged in 2001. Since this date there has been a lengthy hearing and appeal mediation process resulting in the Rakaia consent being extended by 10 years to 35 years which now makes it consistent with the Waimakariri term.

Central Plains Water Limited (CPWL), with assistance from the Trust, has successfully negotiated and settled with all appellants and a final memorandum was filed in the Environment Court so that it could issue the final consents. As part of the settlement process the Trust agreed to an agreement made with Ngāi Tahu for additional Ngāi Tahu representation on the Trust Board, and the settler councils have now endorsed this. The final resource consents were issued by the Environment Court on 25 July 2012.

In April 2014, a significant milestone was achieved with the commencement of the construction of Stage 1 of the CPWL Scheme. Following this, the Trust's priority is now focused on reviewing the funding arrangements to continue in assisting CPWL in the construction of the scheme and monitor CPWL's activities especially compliance with the Water Use Agreements.

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 CPWT, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

	2014 Target	2014 Actual
To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust.	Provide assistance and monitor progress during the financial reporting period.	Achieved. The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.
To consult, develop scheme recreational opportunities and environmental community enhancers.	To consult, develop scheme recreational opportunities and environmental community enhancers during the financial reporting period.	Achieved. Priority has been directed towards assisting the company with its funding requirements by making the resource consents available as a security in limited circumstances. In the process, the Trust obtained appropriate legal advice to ensure compliance with the trust deed and relevant documentation is accurate.
The Trustees' will prepare an annual budget and will report the financial results.	The Trustees' prepared an annual budget and reported financial results during the year.	Achieved. Financial statements were provided to the settlors for the quarters ending 30 September, 31 December, 31 March and 30 June.

Financial summary

Statement of financial performance for the year ended 30 June 2014

	2014 Actual \$000	2013 Actual \$000
Operating revenue	80	44
Operating and other expenses	80	44
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Group structure and Council Controlled Organisations

Canterbury Economic Development Co. Ltd

Canterbury Economic Development Co. Ltd (CED Co) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to co-ordinate strategic economic development initiatives.

Nature and scope of activities

CED Co will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury. Its objectives are:

- To receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund.
- Act as the clearing house of correspondence between projects and the Ministry of Economic Development (MED) and 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.

CED Co remained dormant throughout the financial year to 30 June 2014. Participating Councils have been formally asked to provide their opinions on how best to use the Company going forward. In addition discussions will be held at upcoming Council Chief Executives forums on the possibility of utilising the Company as a possible shared service mechanism for the Canterbury area.

Monitoring

This section contains information about the Council's reserve and trust funds including the capital endowment fund and includes a members' interest register for subsidiary companies.

Monitoring

Reserves and Trust Funds

The Council maintains a number of special reserves and trust funds which have a specific purpose. 2013 was the first year that the Council has reported on all the special reserves and trust funds.

The table below shows the movement in the funds for the year to 30 June 2014:

Reserve	Activities to which the reserve relates to	Balance 1 July 2013 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2014 \$000
Trusts and bequests					
ChCh Earthquake Mayoral Relief Fund	Bequests made for Mayoral Earthquake Relief Fund.	2,616	99	(487)	2,228
Earthquake Memorial	Bequests made towards Earthquake Memorial.	1,045	32	-	1,077
Housing Trusts & bequests	Bequests made for the provision of social housing.	406	12	-	418
Cemetery bequests	Various bequests made for the maintenance of cemeteries.	60	2	-	62
CS Thomas Trust - Mona Vale	Funds set aside for restoration work at Mona Vale.	34	1	-	35
Woolston Park Amateur Swim Club (WPASC)	Scholarship programme including an Annual Talented Swimmer Scholarship and an Annual Potential Swimmer Scholarship utilising the former Woolston Park Amateur Swimming Club monies gifted to the Council.	25	1	-	26
Parklands Tennis Club	Residual funds passed to the Council from the windup of the Parklands Tennis Club.	17	1	-	18
19th Battalion Bequest	Funds passed to the Council by the 19th Battalion and Armoured Regiment to help fund the maintenance of the 19th Battalion and Armoured Regiment Memorial area.	15	-	(8)	7
Yaldhurst Hall Crawford Memorial	Funds left by Mr Crawford for capital improvements to the Hall.	10	-	-	10
Sign of Kiwi Restoration Fund	Funds set aside for restoration work at the Sign of the Kiwi.	4	-	-	4
Fendalton Library Equipment Bequest	Bequest made to fund equipment at the Fendalton Library.	3	-	-	3
Art Gallery Trusts & Bequests	Bill Sutton expressed a desire that any proceeds and benefits from any copyright fees that might be charged and accrue be utilised for the acquisition and advancement of Canterbury Art.	1	-	-	1
Mayor's Welfare Fund	Bequests made for Mayor's Welfare Fund intended to provide assistance to families and individuals in the community who are in extreme financial distress.	845	95	-	940
		5,081	243	(495)	4,829

Reserve	Activities to which the reserve relates to	Balance 1 July 2013 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2014 \$000
Special Funds & Reserves					
Earthquake Recovery Fund	To hold and apply funds and recoveries received for the earthquake recovery and rebuild.	124,666	371,226	(475,775)	20,117
Capital Endowment Fund	An inflation protected fund that generates an ongoing income stream which is applied to economic development and civic and community projects.	104,122	4,986	(4,201)	104,907
Capital Endowment Fund 2	Invested in the Endeavour I-Cap Fund to fulfil the requirements of the main Capital Endowment fund that a proportion of that fund be invested locally.	2,153	-	(286)	1,867
Housing Development Fund	A fund used for funding the Council's Social Housing activity.	28,058	11,810	(3,586)	36,282
Development & Financial Contributions - Reserves	Development and financial contributions held for growth related capital expenditure.	24,536	11,422	(15,845)	20,113
Development & Financial Contributions - Water supply	Development and financial contributions held for capital expenditure.	1,553	12,729	(12,550)	1,732
Development & Financial Contributions - Cemeteries	Development and financial contributions held for capital expenditure.	43	54	(96)	1
Historic Buildings Fund	To provide for the purchase by Council of listed heritage buildings threatened with demolition, with the intention of reselling the building with a heritage covenant attached.	2,888	75	(1,801)	1,162
Community Loans Fund	Fund used to help community organisations carry out capital projects by lending funds at low interest rates.	2,678	85	-	2,763
Dog Control Account	Statutory requirement to set aside any Dog Control surpluses.	1,764	-	(181)	1,583
Non Conforming Uses Fund	To enable Council to purchase properties containing non-conforming uses causing nuisance to surrounding residential areas and inhibiting investment and redevelopment for residential	1,614	49	-	1,663
Income Equalisation Fund	To hold funding for approved operational projects that have been delayed.	878	-	(458)	420
Conferences Bridging Loan Fund	To provide bridging finance to organisers to allow them to promote, market and prepare initial requirements for major events and conferences, repaid by first call on registrations.	510	-	-	510
Cash in Lieu of parking	To hold contributions from property developers in lieu of providing parking spaces. Used to develop parking facilities.	554	17	-	571
Loan Repayment Reserve	Fund used for facilitating repayment of rate funded loans.	155	8,273	(8,428)	-
Sandilands Contaminated Sites Remediation	Fund used for remediation work at Social Housing sites.	254	-	-	254
Kilmore St Carpark Depreciation Reserve	Fund is used to hold the contractual obligation to set aside a portion of gross revenue to fund future equipment renewals.	192	3	(195)	-
Businesscare - Commerical Waste Minimisation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.	68	-	-	68
Burwood Landfill Cell A Remediation	Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.	65	68	-	133
Bertelsman Prize	Fund for the provision of in-house training programmes for elected members and staff which have an emphasis on improving excellence within the Council.	20	-	-	20
WD Community Awards Fund	To provide an annual income for assisting in the study, research, or skill development of residents of the former Waimairi District (within criteria related to the Award).	20	1	-	21
Miscellaneous reserves	Minor or obsolete reserves	32	-	(2)	30
		296,823	420,798	(523,404)	194,217
TOTAL RESERVE FUNDS		301,904	421,041	(523,899)	199,046

Monitoring

The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and civic and community projects.

The investment objectives of the fund were met during 2013/14. Council elected not to inflation protect the capital of the fund in 2013/14 and utilised the income to

fund a special one off projects scheme for earthquake recovery / transitional projects or events. All funds were held as cash investments during the year other than a small venture capital investment. This approach was consistent with the objectives outlined in Council's Investment Policy.

Capital endowment fund – funding allocations	2014 Actual \$000	2013 Actual \$000
Total available income from fund	4,986	5,455
Economic development 70%	2,230	3,819
Brought forward from previous year	441	(713)
Available to allocate	2,671	3,106
<i>Less allocated:</i>		
Economic development projects	(850)	(850)
Iconic events	(800)	(1,215)
One-off events	-	(100)
Marketing initiatives	(850)	(500)
Balance available for economic development projects	171	441
Civic and community 30%	2,756	1,636
Brought forward from previous year	3,580	2,702
Available to allocate	6,336	4,338
<i>Less allocated:</i>		
Events & festivals	(235)	(460)
Community projects	(1,363)	(298)
Suburban Masterplans debt servicing	(103)	-
Balance available for civic and community projects	4,635	3,580
Total cash carried forward	4,806	4,021

Fund capital	2014	2013
	Actual	Actual
	\$000	\$000
Fund capital at 1 July:		
Core fund	96,602	96,602
Fluctuation reserve	3,500	3,500
Unallocated income	4,021	1,989
Total fund balance at 1 July	104,123	102,091
During the year:		
Total income received by the fund	4,986	5,455
Less distributed	(4,201)	(3,423)
Less transferred to capital for inflation provision	-	-
Balance to unallocated income	785	2,032
Fund capital at 30 June		
Core fund	96,602	96,602
Fluctuation reserve	3,500	3,500
Unallocated income	4,806	4,021
Total fund balance at 30 June	104,908	104,123

Monitoring

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 2014.

Christchurch City Holdings Ltd (100% owned)

Sarah Smith	Timothy Carter (former Cr) ⁱ
Barry Corbett (former Cr) ⁱ	William Dwyer
Bruce Irvine	Robert (Bob) Parker (former Mayor) ⁱ
Andrew Pearce	Susan Wells (former Cr) ⁱ
Vicki Buck (Cr) ⁱⁱ	Yani Johanson (Cr) ⁱⁱ
Jamie Gough (Cr) ⁱⁱ	Raf Manji (Cr) ⁱⁱ

Enable Services Ltd (100% owned)

William (Bill) Luff	Mark Bowman
Brett Gamble	Charlotte Walshe
Owen Scott	Chris Birkett

Christchurch International Airport Ltd (75% owned)

Philip Carter ⁱⁱⁱ	Catherine Drayton
George Gould	David MacKenzie
Justin Murray	Christopher Paulsen
André Lovatt ^{iv}	

City Care Ltd (100% owned)

Margaret Devlin	Anthony King
Hugh Martyn	Trevor Thornton ^v
Craig Price	Mark Todd
Jim Boulton ^{vi}	

Lyttelton Port Company Ltd (79.6% owned)

Trevor Burt	Roderick Carr
Lindsay Crossen	Rodger Fisher
Brian Wood	Karl Smith
Jim Quinn ^{vii}	Alan Grant ^{viii}

Orion New Zealand Ltd (89.3% owned)

Michael Andrews ^{ix}	Craig Boyce
George Gould ^x	Geoffrey Vazey
Paul Munro	Jeremy Smith ^{xi}
Thomas Austin ^{xii}	

Red Bus Ltd (100% owned)

Ross McRobie ^{xiii}	Tony Mountford
Peter Rae	Timothy Keenan
Robert Lineham	Paul Kiesanowski ^{xiv}

Canterbury Development Corporation Holdings Ltd (100% owned)

Garth Carnaby	Aaron Keown (former Cr) ^{xv}
Peter Barrowclough	Ngaire Button (former Cr) ^{xii}
Jamie Gough (Cr) ^{xii}	Grant Ryan
Louise Edwards	Lianne Dalziel (Mayor) ^{xvi}
Paul Lonsdale (Cr) ^{xiii}	David East (Cr) ^{xiii}
Andrew Turner (Cr) ^{xiii}	

Vbase Ltd (100% owned)

Ngaire Button (former Cr) ^{xvii}	Jamie Gough (Cr)
Anthony Marryatt ^{xviii}	Robert (Bob) Parker (former Mayor) ^{xiv}
Jane Parfitt ^{xix}	Tim Scandrett (Cr) ^{xx}
Paul Lonsdale (Cr) ^{xx}	Karleen Edwards ^{xxi}

Tuam Ltd (100% owned)

Diane Brandish	Paul Anderson ^{xxii}
Jane Parfitt ^{xxiii}	

Civic Building Ltd (100% owned)

Jamie Gough (Cr)	Ngaire Button (former Cr) ^{xiv}
Paul Lonsdale (Cr) ^{xx}	Tim Scandrett (Cr) ^{xx}
Robert (Bob) Parker (former Mayor) ^{xiv}	

EcoCentral Ltd (100% owned)

Paul Anderson	Sarah Smith
Gregory Campbell	David Kerr

Transwaste Canterbury Ltd (38.9% owned)

Gerry Clemens ^{xxiv}	Sally Buck (Cr) ^{xxx}
W. Gill Cox	Gareth James
Thomas Nickels	Robert McKenzie
Richard Davison	Ian Kennedy
David East (Cr) ^{xxvi}	Trevor McIntyre ^{xxvii}

ⁱ Resigned 13 December 2013

ⁱⁱ Appointed 13 December 2013

ⁱⁱⁱ Resigned 23 August 2013

^{iv} Appointed 11 June 2014

^v Resigned 25 October 2013

^{vi} Appointed 25 October 2013, resigned 28 January 2014

^{vii} Appointed 31 March 2014

^{viii} Appointed 08 November 2013, resigned 31 March 2014

^{ix} Resigned 14 August 2013

^x Resigned 31 October 2013

^{xi} Appointed 15 August 2013

xii Appointed 1 May 2014
xiii Resigned 23 October 2013
xiv Appointed 23 October 2013
xv Resigned 20 December 2013
xvi Appointed 20 December 2013
xvii Resigned 28 November 2013
xviii Resigned 12 September 2013
xix Appointed 4 October 2013 and resigned 13 June 2014

xx Appointed 28 November 2013
xxi Appointed 16 June 2014
xxii Resigned 4 July 2014
xxiii Appointed 25 July 2013
xxiv Resigned 29 November 2013
xxv Resigned 11 April 2014
xxvi Appointed 11 April 2014
xxvii Appointed 29 November 2013

Glossary

BCA	Building Consent Authority
BRRP	Burwood Resource Recovery Park
CAfE	Christchurch Agency for Energy Trust
CBD	Central Business District
CBL	Civic Building Limited
CCBJV	Christchurch Civic Building Joint Venture
CCDU	Christchurch Central Development Unit
CCHL	Christchurch City Holdings Limited
CCOs	Council Controlled Organisations
CCT	Christchurch and Canterbury Tourism
CCTOs	Council Controlled Trading Organisations
CDC	Canterbury Development Corporation
CDCH	Canterbury Development Corporation Holdings Limited
CDEM	civil defence emergency management
CEDS	Christchurch Economic Development Strategy
Central City Plan	a recovery plan for the Central City
CERA	Canterbury Earthquake Recovery Agency
CFH	Crown Fibre Holdings Limited
CGU	cash generating unit
CIAL	Christchurch International Airport Limited
City Care	City Care Limited
Council	Christchurch City Council
Cr	Councillor
CRIS	Canterbury Regional Innovation System
CTOC	Christchurch Transport Operations Centre
CWTP	Christchurch Wastewater Treatment Plant
DEE	detailed engineering evaluations
ECE	early childhood education
EcoCentral	EcoCentral Limited
ELC	early learning centres
ESL	Enable Services Limited
ENL	Enable Networks Limited
EOC	emergency operations centre
EQ	earthquake
EQC	Earthquake Commission
ESL	Enable Services Limited
FAP	financial assistance package
FIT	Free Independent Traveler
FDA	financial delegation authority
Group	as outlined in Group Structure section of the Annual Report
IM&CT	information management and communications technology
ISP	internal service providers
LGFA	New Zealand Local Government Funding Agency Limited
Three Year Plan	Christchurch City Three Year Plan 2013-16
LDRP	land drainage recovery programme
LIMs	Land Information Memorandums
LOS	level of service
LFC	Local Fibre Company
LPC	Lyttelton Port Company Limited
LTP	Long Term Plan

LURP	Land Use Recovery Plan
MBIE	Ministry of Business, Innovation and Employment
MKT	Mahaanui Kurataiao Limited
Minister CER	Minister for Canterbury Earthquake Recovery
MOU	memorandum of understanding
NABERSNZ	National Australian Built Environment Rating System New Zealand
NBS	new building standard
NPS	national policy statement
NRFA	National Rural Fire Authority
NTPL	Ngāi Tahu Property Limited
NZFS	New Zealand Fire Service
NZ GAAP	general accepted accounting practice in New Zealand
NZ IAS	New Zealand equivalent to International Accounting Standard
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZLGIC	New Zealand Local Government Insurance Corporation
NZTA	New Zealand Transport Agency
NZTE	New Zealand Trade and Enterprise
NZX	New Zealand Stock Exchange
Orion	Orion New Zealand Limited
PBE	public benefit entity
PIM	Project Information Memorandum
PRFO	Principal Rural Fire Officer
PVL	Powerhouse Ventures Limited
Red Bus	Red Bus Limited
RFID	radio frequency identification
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCIRT	Stronger Christchurch Infrastructure Rebuild Team
SOI	Statement of Intent
Transpower	Transpower New Zealand Limited
Transwaste	Transwaste Canterbury Limited
Tuam	Tuam Limited
UDS	Urban Development Strategy
UFB	ultra-fast broadband
Vbase	Vbase Limited
WHRS	Weathertight Homes Resolution Services
WIP	work in progress
WINZ	Water Information New Zealand

Definition of Terms used for the Financial Prudence Benchmarks¹

Net debt	Total financial liabilities less financial assets (excluding trade and other receivables).
Total revenue	Total cash operating revenue excluding development contributions and non government capital contributions.
Annual rates income	Total rates income (including targeted water supply rates) less rates remissions.
Net interest	The difference between interest income and interest expense recognised by the Council in its financial statements.

¹ The definition set-out in this section and as used in the relevant sections of this Annual Report is based on the Local Government (Financial Reporting and Prudence) Regulations 2014.

Christchurch
City Council

