

Christchurch City
Annual Report

2016

Summary

Christchurch Ōtautahi

Council vision

The Christchurch City Council has a vision for this City:

*Christchurch is a place where anything is possible;
a place that is open to new ideas, new people and
new ways of doing things.*

Annual Report 2016 Summary
Christchurch Ōtautahi

For the period 1 July 2015 to 30 June 2016
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Elected Members 2013–2016



Back Row (from left): Councillor Yani Johanson, Councillor Tim Scandrett, Councillor Raf Manji, Deputy Mayor Vicki Buck, Councillor Paul Lonsdale, Councillor Ali Jones, Councillor David East.

Front Row (from left): Councillor Andrew Turner, Councillor Pauline Cotter, Councillor Phil Clearwater, Mayor Lianne Dalziel, Councillor Jamie Gough, Councillor Glenn Livingstone, Councillor Jimmy Chen.

Chief Executive and Executive Leadership Team



From left: Brendan Anstiss — General Manager Strategy and Transformation, Mary Richardson — General Manager Customer and Community, David Adamson — General Manager City Services, Dr Karleen Edwards — Chief Executive Officer, Peter Gudsell — Chief Financial Officer, Anne Columbus — General Manager Corporate Services.

Absent: Peter Sparrow — General Manager Consenting and Compliance

What is the summary report?

This is a summary of the Christchurch City Council's 2016 Annual Report. It shows at a glance what the Christchurch City Council (the Council) has been doing for the past financial year.

If you would like more information please refer to the full report, copies of which are at city libraries and service centres, and online at ccc.govt.nz/2016annualreport. You can also ask our call centre for a copy by phoning (03) 941 8999 or for Banks Peninsula residents, 0800 800 169.

The 2016 Annual Report for the financial year July 2015 to June 2016 sets out what the Council did in the past year, why we did it, how much it cost, and how we funded it.

It shows how the Council is delivering on the commitments made to our community — commitments made after asking residents what they wanted for their city as part of the three year planning process. It also shows how the Council continues to respond to the rebuild of our city.

The report shows our overall financial position and performance, measured against key financial goals.

In a typical year the Council would expect to receive an unmodified audit report from Audit New Zealand and the Auditor-General. This would mean, amongst other things, that the financial statements meet the accounting standards and fairly reflect the Council's position. However, for the 2016 Annual Report as was the case since 2011 there are a number of earthquake related issues that prevent the Council from complying fully with accounting standards.

The audit was modified for two reasons, both in relation to the carrying value of assets.

The Council's 2015 revaluation of the roading network has estimated the impact of the earthquake on the network's remaining useful life. In making such an estimate, a number of assumptions were necessary. The valuer has stated that further information is required which is not available at present to support the methodology used to determine the remaining useful life of the assets based on their current condition. The Council has also been unable to revalue its stormwater network assets since the earthquakes.

The Council has been unable to appropriately categorise its capital work in progress balance relating to the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) rebuild programme to identify projects or costs that should be treated as operating expenditure.

Consequently, and as in recent years, the Council has not complied with accounting standards and our auditors are unable to give an unmodified 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.

More about the damage to the Council's assets, how we have accounted for it and the surrounding uncertainty is in the introductory note to the financial statements, *Impact of the rebuild*.

The Council adopted the Annual Report on 29 September 2016. Published by the Office of the Chief Executive, Christchurch City Council, in compliance with 598(4) of the *Local Government Act 2002*.



From the Mayor and Chief Executive

The last twelve months have been a genuine turning point for our city. There is a strong sense we have returned to a position of strength, with renewed optimism and greater financial certainty.

We ended 2015 having achieved a number of our goals: insurance settled, Christchurch Art Gallery reopened, Te Hāpua: Halswell Centre up and running, and the Town Hall restoration underway, to name a few. This year promised even more, as work began on the Eastern Recreation and Sport Centre, Ngā Puna Wai and the new central city library, which has taken on the challenge of becoming a 21st century knowledge centre.

Getting the city's finances on a secure financial footing has been a priority this year. By being realistic about the timing of major projects, making operational savings and settling our global insurance claim, we achieved a lower than planned average rates increase of 4.9 per cent. Capping rates increases is important to keep the city affordable for residents.

We reviewed our programme of capital works and rescheduled the capital spending during this year's Annual Plan process so we have a realistic programme that we can deliver.

We also prioritised the remaining earthquake repairs, particularly roads, footpaths and water infrastructure. The Infrastructure Strategy 2015–2045 shows how we will fund infrastructure repairs and maintenance over the next 30 years. The final repairs to earthquake-damaged infrastructure were prioritised to occur in the first 10 years.

Reducing the risk of flooding was another priority, with the \$48 million remediation scheme, aimed at reducing the risk of Dudley Creek flooding, well underway as part of the Land Drainage Recovery Programme.

We also continued to repair and rebuild facilities across the city, prioritising the communities most affected by the earthquakes. SCIRT, which is governed by a financial partnership between the Council, Government and New Zealand Transport Agency (NZTA), is now 92 per cent through its total repair programme to modernise the city's wastewater, fresh water and storm water systems.

Every year, we ask our residents to tell us how we are doing across a range of activities and services through our annual Residents' Survey. The survey found 74 per cent of people were satisfied with overall services, up nine percentage points on last year and the highest result since before the earthquakes.

Residents said rubbish and recycling services were easy to use and reliable; libraries were friendly, accessible and good for families; events and festivals offered a good range of activities and were well-organised; and they liked parks that were well-maintained and offered greenery in the city. The leap in the number of residents who saw the city as cycle-friendly reflects progress on the network of 13 major cycle routes.

Setting up Regenerate Christchurch has been a hugely encouraging milestone, and a New Zealand first in central-local government partnerships. The new legislation means we can take significant steps towards the city's regeneration. Regenerate Christchurch will lead regeneration activities across Christchurch and says its plans will be successful if they reflect the future the people of Christchurch want to see. Regenerate Christchurch will engage with the community to regenerate key areas, including the residential red zone. Opportunities are cultural, economic, environmental and social.

Development Christchurch Limited (DCL) is a new Christchurch City Council owned, but commercially focused development authority. It will contribute to the well-being of Christchurch through the improved outcomes that successful development, investment and regeneration bring. DCL is working on a portfolio of place-making projects that will have tangible benefits, with an early emphasis on New Brighton.

We end this year with a much more positive outlook for our city — one that is underpinned by a greater degree of confidence for the future and a much more cooperative and collaborative working relationship with central government.



Lianne Dalziel
Mayor of Christchurch
29 September 2016



Dr Karleen Edwards
Chief Executive
29 September 2016

Financial results at a glance

The Council's total spend for the year was \$1,412.3 million (\$804.4 million operational expenses and \$607.9 million capital expenditure).

Rates and other revenue of \$1,230.6 million resulted in an operating surplus (after tax) of \$420.5 million. This surplus was due to recognising as revenue the value of assets provided to Council (vested assets) and the Crown funding of the infrastructure network rebuild.

The Council's total surplus was \$632.3 million, due to accounting items such as revaluations of infrastructure, investments in subsidiaries and financial instruments (derivatives).

The gains from vested assets and the revaluation of assets are not cash items and cannot be used to reduce the Council's rates requirement.

The Council group (including the CCHL group and other subsidiaries) had an operating surplus (after tax) for the year of \$345.8 million with a total surplus of \$312.1 million.

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.

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 Long Term Plan 2015–2025, which the Council consulted on then adopted in June 2015, and amended in June 2016.

In the LTP, the elected members agree on 'Community Outcomes' which they achieve by setting policy. The outcomes of the 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 the Annual 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, is represented by one Councillor and two Community Boards — Akaroa/Wairewa and Lyttelton/Mt Herbert, each comprising five Community Board Members.

New wards and representation

The October 2016 local elections will use the new wards and community board structure announced by the Local Government Commission. Features include:

- 16 Councillors plus the Mayor
- One councillor elected from each ward
- Six urban community boards
- One Banks Peninsula community board
- Total number of elected members stays the same at 54

The Council organisation

The Council employs the Chief Executive, the only staff member reporting directly to the Mayor and Council. 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 six Groups:

- City Services
- Customer and Community
- Consenting and Compliance
- Strategy and Transformation
- Finance and Commercial
- Corporate Services

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 19 Council Activities and Services. Find out more about these groups in *Council activities and services* section.

Looking forward

The Council's major focus in 2017 will be delivering the Council's capital programme and the services outlined in the Amended Long Term Plan, and continuing to rebuild the city.

The infrastructure rebuild continues with SCIRT's programme of works due to be completed within the next year. The Council will continue its infrastructure programme and maintain existing assets to meet the community's immediate needs.

Major capital works planned for the year to June 2017 include:

- Continuing to repair and rebuild our facilities including:
 - » Christchurch Town Hall,
 - » Knowledge Centre - New Central Library,
 - » Sumner Community Centre and Library,
 - » Lichfield Street car park,
 - » Mona Vale,
 - » Canterbury Provincial Chambers (Stage 1), and
 - » Old Municipal Chambers.

- Creating Major Cycle Routes throughout the City.
- Delivering the social housing repair and replacement programme.
- Building wastewater treatment plants for Lyttelton Harbour and Akaroa and completing repairs at the Christchurch Wastewater Treatment Plant.
- Continuing work to reopen Sumner Road (Evans Pass).
- Repairing the New Brighton Pier.
- Committing to constructing the Metro Sports Facility, a recreation and sport centre in the east, the sporting hub at Ngā Puna Wai and the South West Leisure Centre.
- Completing the District Plan Review.
- Hosting sporting events including the Pioneer mountain bike race, World Bowls championship, along with Le Race and the Christchurch Airport Marathon.

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

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01 Arts and culture (including libraries)

What we do

Every time you visit Christchurch Art Gallery or 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. There are also many online services and learning opportunities.

What we achieved

- Christchurch Art Gallery was strongly supported after it reopened in December, with more than 200,000 visitors in its first seven months. The gallery added more than 40 new works and won three awards.

- Canterbury Museum had a record-breaking year with 700,000 visitors, while in December the Council gifted it land for a new House Museum displaying art, craft and furniture.
- Work to repair and strengthen the Akaroa Museum finished and fresh exhibitions will gradually reopen.
- The new library at Te Hāpua: Halswell Centre has seen the visitor count triple and the number of book issues double compared with the old Halswell Library.
- Papanui, Shirley and Upper Riccarton Libraries all had earthquake repairs this year with either minimal or no closure. Customer demand saw a temporary library set up in Lyttelton in February while that library is repaired. Planning and design of the new replacement libraries for Sumner and Bishopdale are progressing well and construction is due to start this financial year.

What you thought

98% of visitors to Christchurch Art Gallery were satisfied with their experience.

“The libraries are fantastic and they really try to provide a range of things to the community, the staff are really helpful and make you feel a part of the community.”

(Female, 25–49, Spreydon-Heathcote)

Find out more:
Grandparents get iPad savvy at the library:
ccc.govt.nz/the-council/newsline/show/753

02 Economic development

What we do

Economic development activities aim to help expand the economy so residents have more employment, better opportunities and good quality facilities and services. We also aim to attract more visitors and tourists. This work contributes to making Christchurch a great place to work, live, visit, invest in and do business.

What we achieved

- Canterbury Development Corporation (CDC) is working with key stakeholders to develop the Canterbury Regional Innovation Strategy and review the Christchurch Economic Development Strategy. CDC now provides support to start-ups through the GreenHouse innovation hub.
- Christchurch and Canterbury Tourism briefed and trained over 2,300 international travel sellers on the Christchurch recovery. International guest nights into Christchurch increased 11 per cent for the year ended April 2016.
- Creating a national Antarctic research, science and tourism hub at Christchurch Airport is an ambitious goal from the new Antarctic Office. We established the Antarctic Office to build Christchurch's identity and status as a gateway to Antarctica.

What you thought

“I think they are trying to generate a lot more movement in the city. They are committed to providing tourists with well organised events. They are well organised and planned.”
(Male, 25–49, Burwood-Pegasus)

Find out more:
Christchurch could become world-leading Antarctic research hub
ccc.govt.nz/the-council/newsline/show/647

03 Flood protection and river control

What we do

Flooding is one of our most common natural hazards with disastrous consequences for residents and communities. We are seeking to reduce flooding, especially in areas affected by the earthquakes. The Land Drainage Recovery Programme is helping us to understand the effects of the earthquakes on land drainage and delivering a significant programme of physical work. We are fast tracking high priority projects, such as the Dudley Creek project, the Bells Creek project and Eastman wetlands.

What we achieved

- The \$48 million remediation scheme aimed at reducing the risk of Dudley Creek flooding is well underway, with final preparations being made for an 800-metre long underground piped bypass. Construction was due to begin in August 2016. When completed in mid-2017, the scheme will reduce the risk of flooding to more than 585 properties in the Flockton area.
- Major investigations of the Avon, Styx and Heathcote Rivers and their tributaries continue. We are fast-tracking work to strengthen and increase the height of parts of the temporary stop banks along the lower reaches of the Avon River. We are also constructing two flood detention basins to reduce the risk of flooding for properties in the upper and mid Heathcote area.

What you thought

“Where I live is prone to flooding, it would be good to not worry about flooding especially because I walk everywhere.”
Male, 18–24, Shirley-Papanui)

Find out more:
Shirley culvert work lessens flood risk
ccc.govt.nz/the-council/newsline/show/699



04 Heritage protection

What we do

The city’s heritage buildings and places help sustain a sense of community identity, provide links to the past and help attract visitors.

We are committed to protecting heritage and work with developers, consultants, landowners and others to conserve heritage buildings, areas and other items and to find adaptive reuses for buildings so they continue to contribute to the city’s vitality.

What we achieved

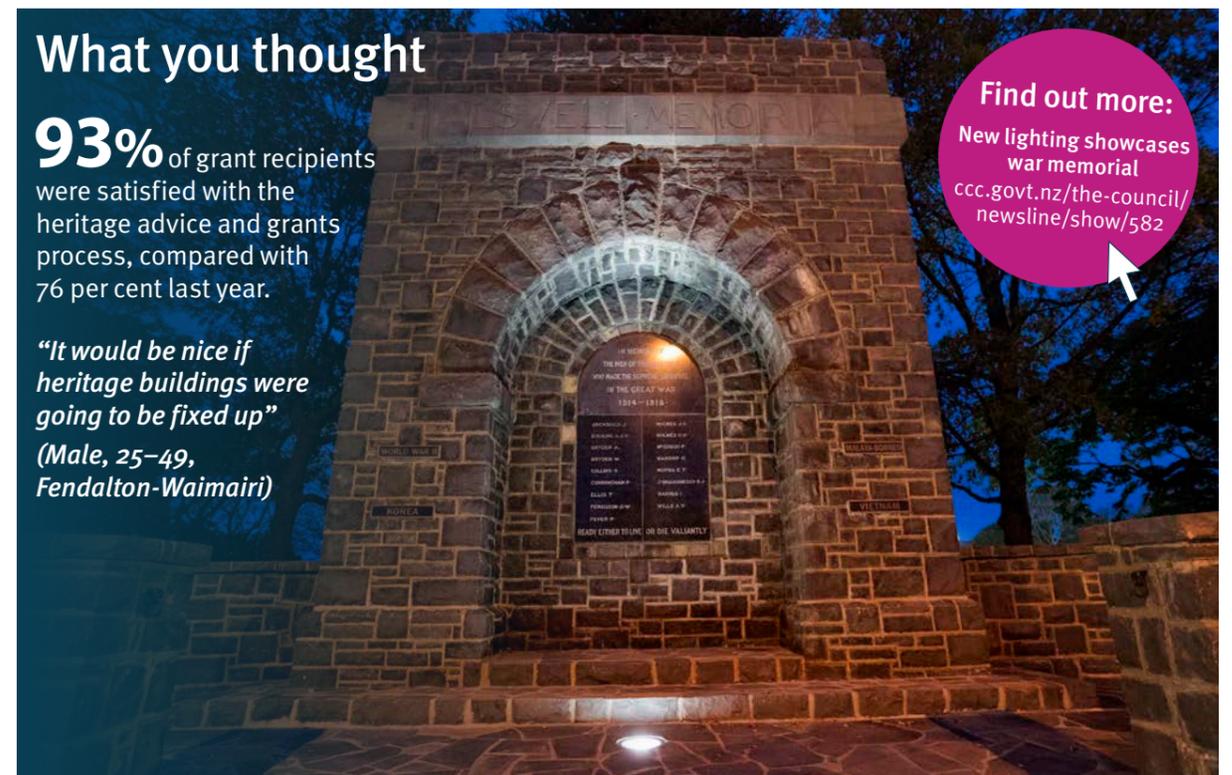
- Heritage grants supported the retention and seismic strengthening of a number of heritage buildings over the last year.
- Heritage Week, with the theme of *Arrivals and Departures – the journeys that have shaped us*, included more than 70 community and council events.
- We reviewed and updated the schedules of heritage places for the replacement District Plan in line with the guidelines for historic heritage.

What you thought

93% of grant recipients were satisfied with the heritage advice and grants process, compared with 76 per cent last year.

“It would be nice if heritage buildings were going to be fixed up”
(Male, 25–49, Fendalton-Waimairi)

Find out more:
New lighting showcases war memorial
ccc.govt.nz/the-council/newsline/show/582



05 Housing

What we do

The Council has been involved in housing since 1938. The Council's provision of social housing contributes to the community's well-being by making safe, accessible and affordable social housing available to people on low incomes, including the elderly and people with disabilities.

What we achieved

- Ōtautahi Community Housing Trust was preparing to take over our social housing service later in 2016. We will keep full ownership of our approximately 2,270 open social housing units and land, while leasing the assets to the Trust to manage. The Trust is responsible for tenancy management, rent-setting and the day-to-day maintenance of the units, while major repairs and renewals will remain our domain.
- Earlier, we celebrated the completion of the largest social housing development since the Canterbury earthquakes. We officially opened 18 new units in February at the Council's Harman Courts housing complex in Addington. Overall, we built 25 new units during the year and repaired and re-opened 19 units.

What you thought

51% of tenants were happy with the condition of their units. Earthquake repairs and an insulation programme have another 18 months to go so many units are not yet repaired.

"There seem to be a lot of people who need affordable housing."

(Female, 65+, Riccarton-Wigram)

Find out more:
Time-lapse video captures demolition
ccc.govt.nz/the-council/newsline/show/638

06 Natural environment

What we do

Our education team runs programmes and initiatives that encourage people to use parks and reserves, waterways, facilities, roads and spaces safely and provide knowledge in respect of the challenges we face as a community to create a sustainable open space environment. Christchurch children can take part through their schools.

What we achieved

- More than 9,000 children, teachers and accompanying parents took part in environmental education programmes at various Council sites such as parks, water and waste facilities.
- Seven schools took part in an emergency preparedness programme called Stan's got a Plan that encourages people and households prepare for disasters and emergencies and to avoid risk from natural hazards.



07 Parks and open spaces

What we do

We maintain and manage 1,040 parks and reserves covering nearly 9,000 hectares in Christchurch and Banks Peninsula. They include botanic and heritage gardens, sports, neighbourhood, regional parks and cemeteries.

Everyone benefits by having access to outdoor 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. As a tourist drawcard, our parks and gardens also help Christchurch businesses thrive.

What we achieved

- The well-maintained amenities, gardens and greenery in the city's parks continue to delight residents and visitors alike.
- The Botanic Gardens remain one of the top destinations in the city, with visitors reporting a 98 per cent level of satisfaction.
- There was a big rise in satisfaction with the maintenance and appearance of cemeteries. Cemetery services also saw an increase in customer satisfaction from 75 per cent to 100 per cent, reflecting work to improve the handling of customer enquiries and more community consultation.

What you thought

84% of people were satisfied with the appearance of garden and heritage parks, up from 71 per cent last year.

"Overall they are very well maintained, you see lots of mowers around and maintenance staff and they are working hard to make it look the best possible, as the 'Garden City'."
(Male, 50–64, Hagley-Ferrymead)

Find out more:
Unlocking the secrets of Christchurch's Botanic Gardens
ccc.govt.nz/the-council/newsline/show/623

08 Regulation and enforcement

What we do

The Council prepares plans, policies and regulations as we have a legal obligation to guide the City's future development, and help make the city a safe and healthy place for people to live, work and visit. Our regulation and compliance teams make sure we follow all laws and rules that apply to the City.

You use the Council's regulation and enforcement 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 we achieved

- We granted building consents for more than \$3 billion in work and issued 95 per cent of them in 20 working days, compared with 89 per cent the previous year. We completed almost 60,000 inspections. A record number of resource consents were processed, 2,344 for land use and 510 for subdivisions.
- We completed all 21 chapters for the proposed Christchurch District Plan and publicly notified them for submissions. Decisions on all proposals are expected this calendar year.

What you thought

85% of customers were satisfied with building consent services, up from 82 per cent last year.

"When I've dealt with the (animal management) staff, they've been helpful, good at problem solving, good at licensing two dogs, and gave me ideas for the property for creating dog free access. When one of my dogs escaped, they called me on my cellphone when he was found."
(Female, 25–49, Shirley-Papanui)

Find out more:
Spring-time to bring new rules for dog owners
ccc.govt.nz/the-council/newsline/show/724

09 Refuse minimisation and disposal

What we do

When we dispose of rubbish properly and reduce the amount we send to landfill we help create a healthy, safe environment to live in.

We collect and dispose of some of the City's solid waste and work with the community to reduce the waste we send to landfill. Encouraging residents and businesses to recycle and reduce their waste is increasingly important.

We monitor closed landfills around Christchurch and through Burwood Resource Recovery Park Limited help sort, reuse and safely dispose of construction and demolition waste from the earthquakes.

What we achieved

- People said rubbish and recycling services were easy to use and reliable in the annual Residents Survey. There was 95 per cent satisfaction with recycling, 92 per cent waste and 82 per cent with organics.
- Burwood Resource Recovery Park sorted 78,270 tonnes of construction and demolition waste over the year.
- Gas extracted from Burwood was used by Christchurch Art Gallery for heating and is also used at the Civic Building for heating, cooling and lighting, and at the wastewater treatment plant for drying biosolids.



What you thought

95% of people were satisfied with kerbside recycling, up from 90 per cent last year.

"The fact that there's three bins and recycling happening I think is really good. It's good to see them considering environmental sustainability."
(Female, 25-49, Riccarton-Wigram)

Find out more:
ccc.govt.nz/the-council/newsline/show/710

10 Resilient communities

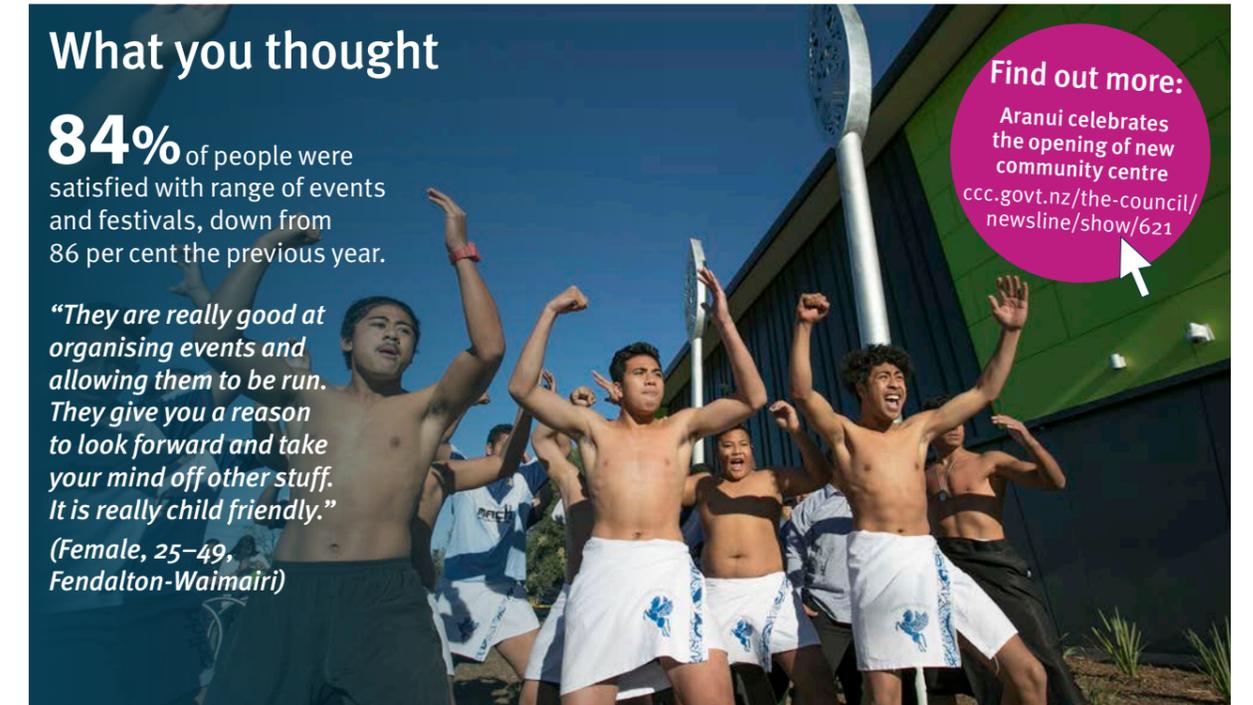
What we do

Resilient communities 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.

We stage events throughout the year such as New Zealand Cup and Show Week, Sparks, Christchurch Lantern Festival, Guy Fawkes fireworks and KidsFest. We also support events such as sport events (Black Caps cricket internationals, Penrith Panthers rugby league home game, All Blacks games) and the Christchurch Arts Festival.

What we achieved

- Notable openings included Aranui Community Centre and Te Hāpua: Halswell Centre. Fendalton, Somerfield and North New Brighton community centres all had repairs completed as well as Lyttelton Recreation Centre.
- We distributed over \$8.1 million to 956 projects through the Strengthening Communities and Creative Communities funding schemes, an increase of \$0.6 million over the previous year.
- A full calendar of events took place through the year and we hosted the All Blacks, Black Caps and New Zealand Cup and Show week. These events promoted Christchurch and attracted visitors to the city.
- Civil Defence Emergency Management plans and procedures were reviewed, with work underway to redevelop our Tsunami Plan and Recovery Plan.



What you thought

84% of people were satisfied with range of events and festivals, down from 86 per cent the previous year.

"They are really good at organising events and allowing them to be run. They give you a reason to look forward and take your mind off other stuff. It is really child friendly."
(Female, 25-49, Fendalton-Waimairi)

Find out more:
ccc.govt.nz/the-council/newsline/show/621

11 Roads and footpaths

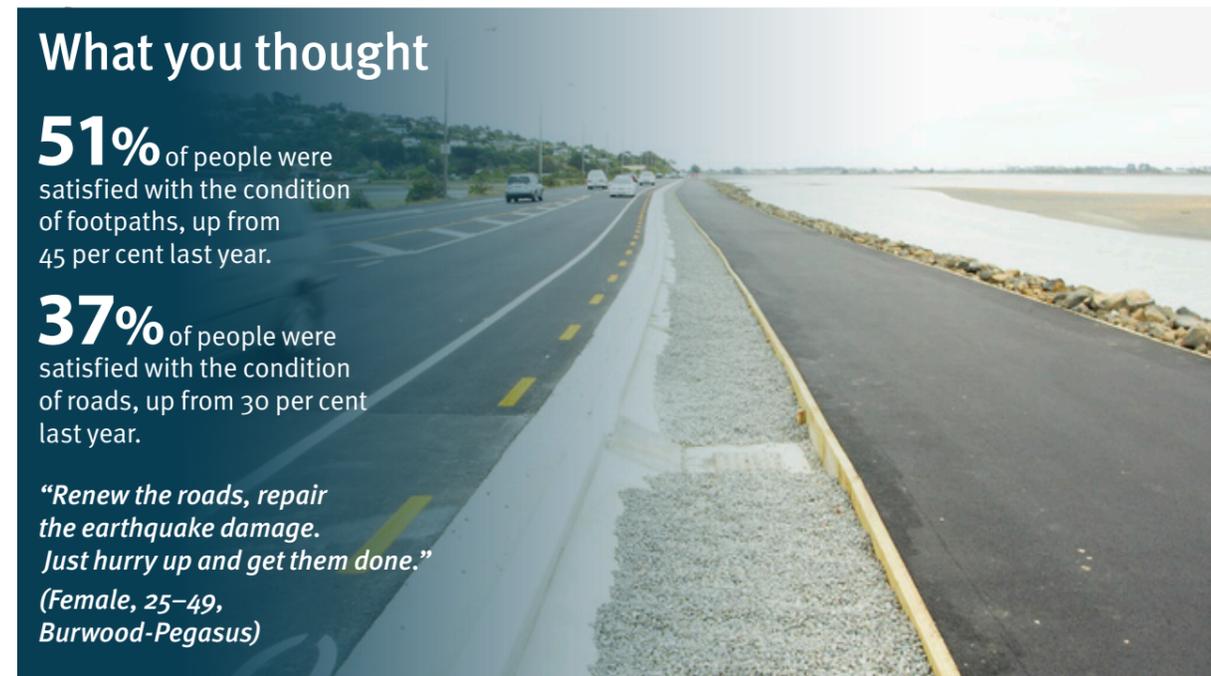
What we do

We provide streets, roads and paths so that people have safe, easy and reliable access to homes, shops, businesses and leisure activities. We also maintain the street lighting, street furniture, signs, road markings and tram infrastructure that supports this network.

What we achieved

- We resealed 39 kilometres of roads, renewed 25 kilometres of footpaths and added seven kilometres of new roads through subdivision development. A \$26 million road resurfacing programme also got underway. SCIRT continued to address the most seriously damaged roads from the 2010/2011 earthquakes under its jointly funded programme with the Crown.

- The new road to link Wigram Road with Annex Road was completed in July 2016. The Wigram-Magdala link includes a new bridge across Curletts Road and is part of an upgrade that addresses growth in the south-west of the city.
- In the central city, the Accessible City programme progressed, with work on sections of Tuam Street, Lichfield Street and Colombo Street completed. Work to repair earthquake-damaged street lights and convert existing lights to LED technology continued through the year, with \$2 million spent.
- The new Ferrymead Bridge was completed to improve access and resilience on the Main Road corridor to Redcliffs and Sumner. Work continued to protect the Sumner corridor from rockfall hazards and restore an alternative route to Lyttelton.



What you thought

51% of people were satisfied with the condition of footpaths, up from 45 per cent last year.

37% of people were satisfied with the condition of roads, up from 30 per cent last year.

“Renew the roads, repair the earthquake damage. Just hurry up and get them done.”
(Female, 25–49, Burwood-Pegasus)

12 Sewerage collection, treatment and disposal

What we do

Wastewater is collected from Christchurch homes and businesses by Council to protect public health. Wastewater is pumped to treatment plants through underground pipes. There we remove contaminants before discharging it safely back into the natural environment.

What we achieved

- Thousands of homes in the north-east of Christchurch will benefit from two new wastewater pump stations opened in April. The two stations in Pages Road give Aranui New Zealand’s newest, most resilient wastewater system.

- Work to repair and replace the City’s damaged wastewater network continued, with SCIRT having replaced 458 kilometres of sewer pipe so far (about 82 per cent of the total repair work). Alternative wastewater systems are now operating in areas where damage and liquefaction risk meant the old gravity systems needed replacing.
- Design is underway for a project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the Christchurch Wastewater Treatment Plant. We were granted several resource consents for the proposed Akaroa Wastewater Treatment Plant but alternatives to the harbour outfall are being investigated.
- Design for the South East Halswell wastewater scheme was completed, this will provide a wastewater service to new subdivisions in the area.



What you thought

80% of people were satisfied with wastewater services, up from 78 per cent last year.

“Waste water seems to be being dealt with well — they’re doing a good service in terms of water and its infrastructure”.
(Male, 50–64, Fendalton-Waimairi)

13 Sport and recreation

What we do

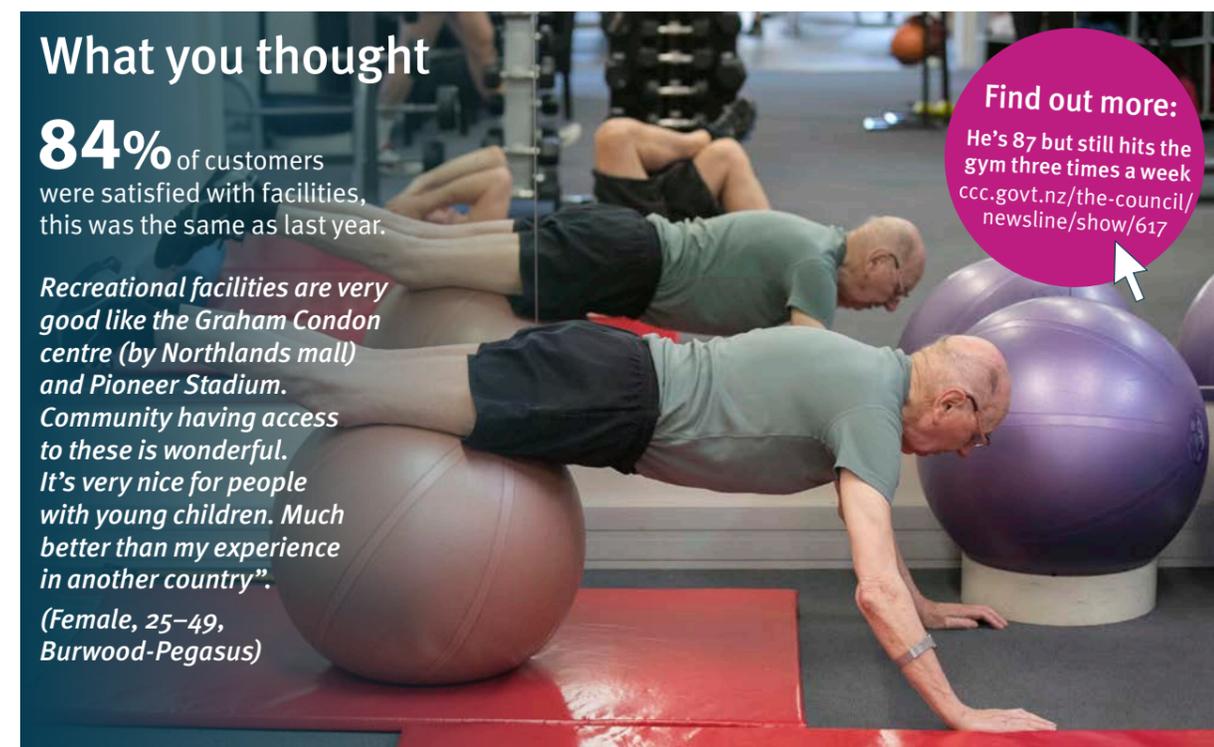
We give everyone in Christchurch the opportunity and encouragement to live a healthier and more active lifestyle by taking part in leisure, sport and physical activities.

You may use our recreation and leisure facilities like the Pioneer, Graham Condon or Jellie Park Recreation and Sport Centres or our sports parks around the City.

As well as running these facilities, we support other groups running recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

What we achieved

- Christchurch residents' passion for physical activity continues with more than 3.62 million visits to recreation and sport centres and services in the past year
- Planning and design work has continued on four major recreation and sport facilities including: Metropolitan Recreation and Sport Facility, Eastern Recreation and Sport Centre, Ngā Puna Wai Sports Hub and South Western Recreation and Sport Centre, while the new Te Hāpua: Halswell Centre brought upgraded changing rooms and outdoor spaces for summer pool users in Halswell.
- We also worked with Water Safety New Zealand to run 100,580 affordable swim lessons for communities that needed them the most.



What you thought

84% of customers were satisfied with facilities, this was the same as last year.

Recreational facilities are very good like the Graham Condon centre (by Northlands mall) and Pioneer Stadium. Community having access to these is wonderful. It's very nice for people with young children. Much better than my experience in another country".
(Female, 25-49, Burwood-Pegasus)

Find out more:
He's 87 but still hits the gym three times a week
ccc.govt.nz/the-council/newsline/show/617

14 Stormwater drainage

What we do

Looking after natural waterways and stormwater networks by keeping a well-maintained stormwater drainage system helps to decrease flood risk, safeguard public health, and allow transport and other infrastructure networks to function. This also helps to protect water quality and maintain the health of ecosystems.

What we achieved

- Repairing damage to the stormwater network, or rebuilding it through SCIRT and the Council's operations team, remains our focus. We completed various projects to fix earthquake damage during the year, and removed silt build-up.
- We also worked with developers at Longhurst and Highsted on projects to enhance water quality. Work on the Carr's Road basin, extensions to the Eastman wetlands and the Kaputone Stream realignment also brought ecological benefits.



What you thought

50% reported customer satisfaction, up from 45 per cent last year.

"Clean... the build-up of silt which is blocking the drains."
(Female, 65+, Riccarton-Wigram)

Photo courtesy of Neil Macbeth and SCIRT

15 Strategic governance

What we do

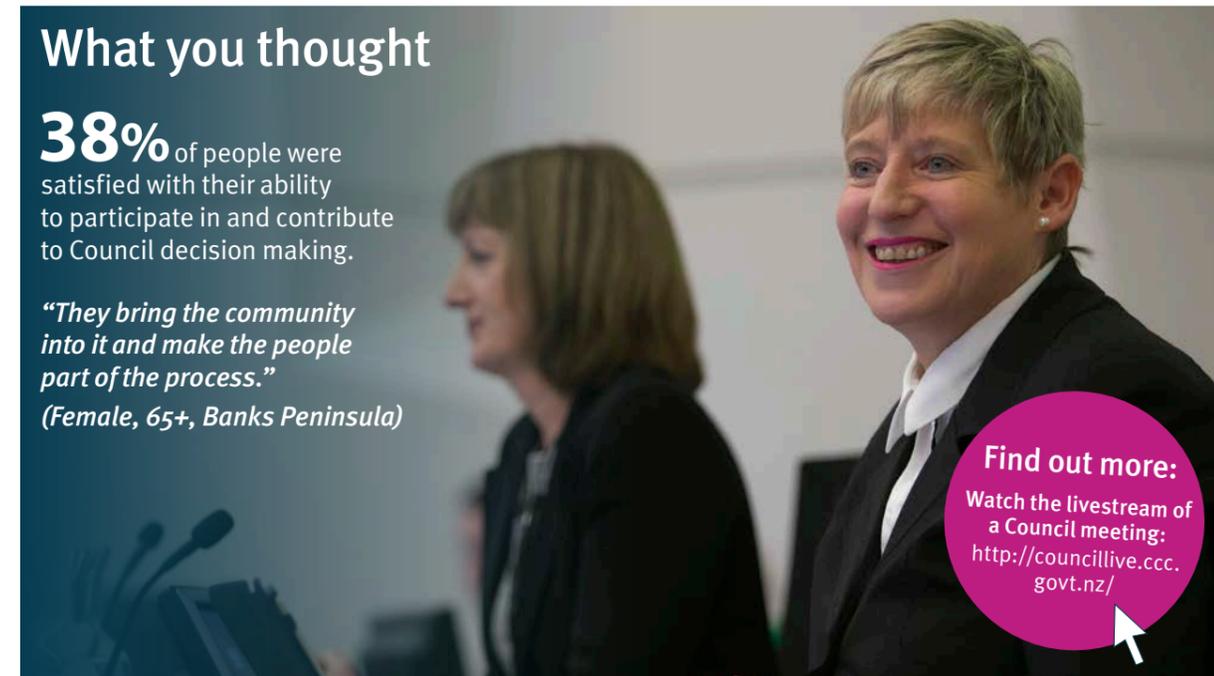
The Council plays a part in the lives of everyone in Christchurch — from collecting kerbside rubbish, supplying safe drinking water, or maintaining parks, to hosting festivals and events.

Residents can influence how the Council runs the city by voting for their representatives in local elections every three years, and by becoming involved in the decision-making process by giving comments and feedback during public consultations.

We support active democracy by ensuring individuals and groups have information and many opportunities to be involved in local government decision-making, including local elections.

What we achieved

- We now provide better, timelier and more accurate information on our website, including our new digital channel Newline. We have also increased our use of social media channels, to engage with a wider cross section of residents and inform them about Council decisions.
- Council staff and elected members have also focused on engaging with residents on key policies and plans, seeking their views and feedback and establishing closer working relationships with the community.
- A draft multicultural strategy to celebrate the benefits of Christchurch's increasing diversity and help the Council respond to the changing face of the city's population was released in June 2016.



What you thought

38% of people were satisfied with their ability to participate in and contribute to Council decision making.

"They bring the community into it and make the people part of the process."
(Female, 65+, Banks Peninsula)

Find out more:
Watch the livestream of a Council meeting:
<http://councillive.ccc.govt.nz/>

16 Strategic planning

What we do

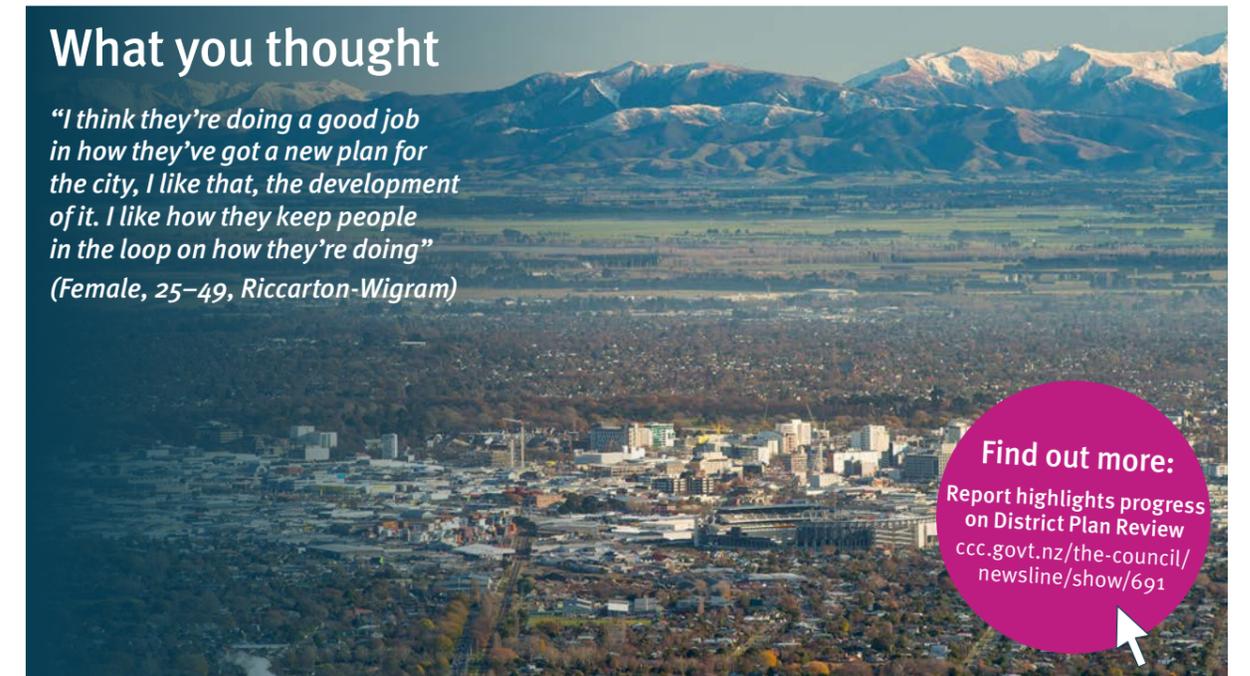
We all want to live in a city that is well laid-out and offers exciting opportunities for work and recreation. By protecting our environment, managing growth and guiding the use and development of our infrastructure, we help make Christchurch a great place to live and do business. By actively creating temporary streetscapes, activating vacant spaces and supporting the creative sector, we also support Christchurch's ongoing regeneration.

What we achieved

- We continued our rolling review of bylaws with four adopted, four out for consultation and four started.

The provisional Local Alcohol Policy was notified, draft Housing and Business Improvement District policies were developed and a development contribution rebate policy was adopted.

- We supported nine suburban centre masterplans and various transitional projects.
- We offered strategic natural environment advice to support various projects and partners, including the District Plan Review. We also contributed to stormwater management plans and activities.
- Our work on sustainability focuses on healthy and energy efficient homes through the Build Back Smarter and Eco-Design Advisor services. Target Sustainability continues to support the smart design of new commercial buildings.



What you thought

"I think they're doing a good job in how they've got a new plan for the city, I like that, the development of it. I like how they keep people in the loop on how they're doing"
(Female, 25-49, Riccarton-Wigram)

Find out more:
Report highlights progress on District Plan Review
ccc.govt.nz/the-council/newsline/show/691

17 Transport

What we do

We plan, build, operate and maintain Christchurch's major cycleway network. We plan, build and maintain infrastructure to support the operation of the bus network and the trams, and we protect and control the use of road corridor. We operate and maintain the traffic lights, traffic cameras and traveller information portals as well as plan and provide transport education. We operate and maintain Christchurch's public parking facilities. We plan, build and maintain harbour and marine structures.

What we achieved

- The Uni-Cycle route was the highest priority for construction among the Council's network of 13 major

cycle routes and the first section opened in August. It is proving popular, with an average of 890 cyclists using a new crossing to Hagley Park every weekday in February, up from 590 a day in November. Work continued to complete other sections and to widen a shared path through North Hagley Park. Planning for the Papanui Parallel route and a section of the Rapanui — Shag Rock cycleway progressed, with construction due to start in late-2016.

- Two bus lounges opened in Riccarton this year as part of public transport improvements along Riccarton Road. More than 3,000 people board buses in Riccarton every day. The roundabout on the corner of Riccarton Road and Deans Ave will be replaced by traffic lights, with all work completed by early 2018.
- We completed planning and tendering for the new Litchfield Street Car Park so construction could start in August 2016. Christchurch now has more than 2,500 metres parks within the Four Avenues, compared with 1,900 at the same time last year.



What you thought

52% of people thought Christchurch was a cycle-friendly city, up from 37 per cent last year.

"It's a cycle-friendly city, it's convenient, they put their time and effort into the Bus Exchange and it's very fast and convenient."
(Female, 18–24, Spreydon-Heathcote)

18 Water supply

What we do

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

We supply clean drinking water to protect the health of the community, for commercial users, to promote water conservation, and an adequate water supply for fighting fires.

What we achieved

- Earthquake repairs to the water network continued and we have now completed and re-commissioned most water main repairs and renewals. We completed the pump station and reservoir repair and renewal programme. Well repairs continue and are due to finish in late 2016.
- Construction of the new water supply system to feed the Preston's subdivision has almost finished, while well drilling got underway at the new Gardiners Pump Station site to meet growth in Christchurch's north-west.
- The Little River Water Treatment Plant upgrade was completed.



What you thought

91% of people were satisfied with water supply.

"It happens without fuss and we get the best water in New Zealand coming to our houses and at minimal cost."
(Male, 50–64, Burwood-Pegasus)

Photo courtesy of Neil Macbeth and SCIRT

19 Corporate

What we do

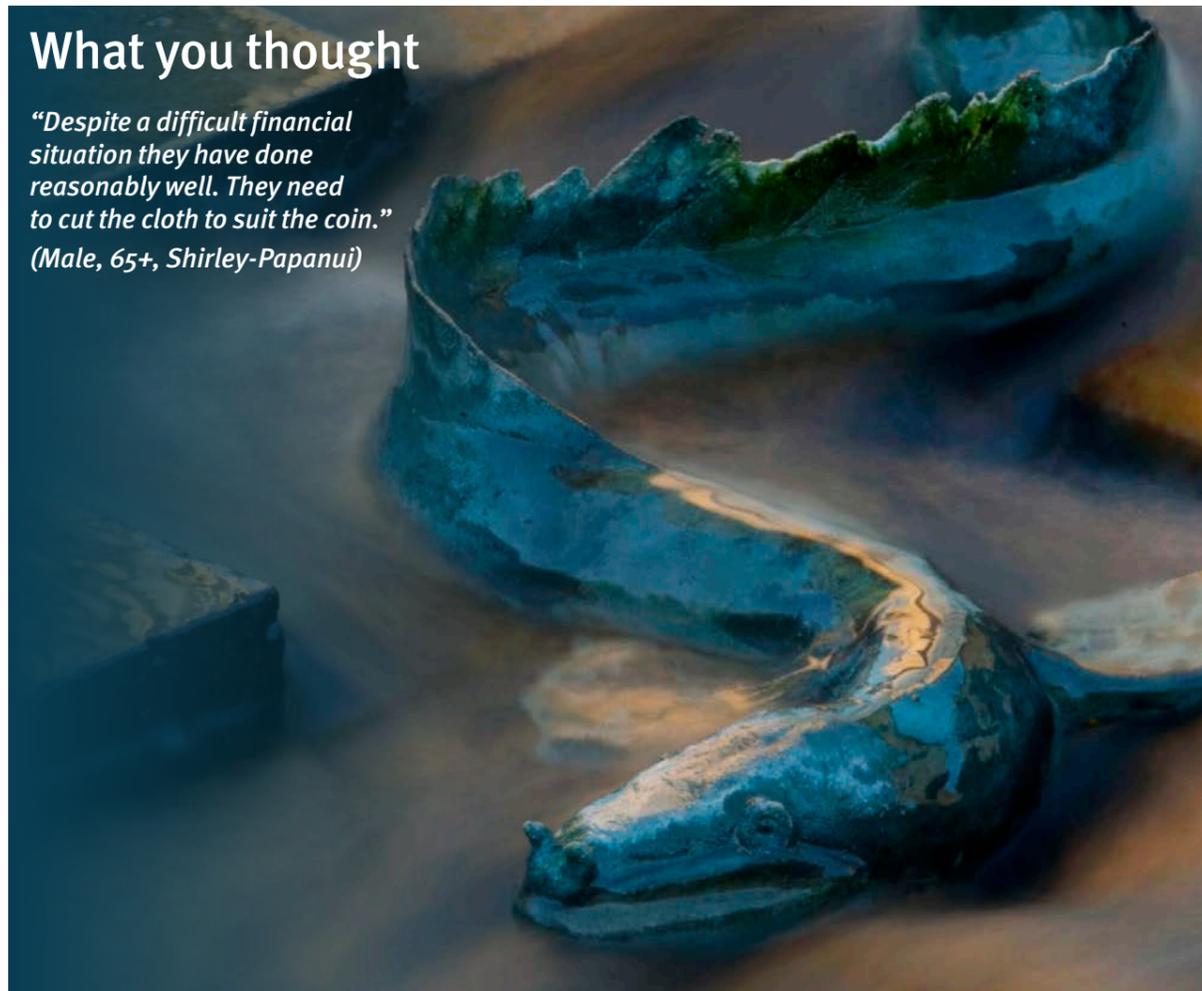
As with other organisations, we have services such as human resources, legal, finance, and information technology that support the Council's work.

What we achieved

- We received a full and final net payment of \$603 million in February to settle our material damage insurance claims arising from the earthquakes.
- The settlement was \$635 million, about \$80 million higher than budgeted for by the Council. This means we will now not have to borrow as much for rebuild and repair work.

What you thought

*"Despite a difficult financial situation they have done reasonably well. They need to cut the cloth to suit the coin."
(Male, 65+, Shirley-Papanui)*



Our performance summary

Council Group of Activity	Activity	Level of service	Targets	Actual result
Arts and culture (including libraries)	Print and digital collections and content readily available for loan, for use in libraries and via the Library's website.	Library user satisfaction with library service at Metro, Suburban and Neighbourhood libraries.	At least 90% of library users satisfied with the library service.	93% satisfaction.
Economic development	Maintain and develop relationships with Antarctic partners.	Maintain and develop relationships with partners currently using Christchurch as a base for Antarctic programmes.	Maintain five active partnerships within Antarctic Community: United States of America, New Zealand, Italy, Korea and the secretariat for the Council of Managers National Antarctic Programmes (COMNAP).	Five active partnerships maintained.
Parks and open spaces	Provide and manage neighbourhood parks.	Neighbourhood Parks are maintained to specifications so parks are clean, tidy, safe and functional.	At least 95% of contract technical specifications pertaining to neighbourhood parks are met.	95% of contract technical specifications met as measured via key results area model.
Refuse minimisation and disposal	Domestic kerbside collection service for recyclable materials.	Kerbside wheelie bins for recyclables emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	99.63%.
Regulation and enforcement	Building consents.	Grant Building Consents within 20 working days.	The minimum is to issue 90% of building consents with 19 working days from the date of lodgement.	93.9% in 19 working days and 95.3% in 20 working days.
Resilient communities	Co-ordinate civil defence readiness, response and recovery.	Council is prepared for and maintains an effective response capacity to manage civil defence emergencies: Civil Defence Emergency Management (CDEM) Plans and procedures covering local response and recovery arrangements and specific contingency plans are in place.	CDEM Plans and procedures are reviewed annually.	All plans have been reviewed with a set of actions listed for each plan.
Sewerage collection, treatment and disposal	Wastewater collection.	Provide wastewater collection in a safe, convenient and efficient manner (attendance and resolution).	Resolution time: Median response time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault: < 24 hours.	Median response time 1 Hour 50 Minutes.
Sport and recreation	Facility based recreational and sporting programmes and activities.	Provide well utilised facility-based recreation and sporting programmes and activities.	The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 4.82 visits to aquatic facilities/head of population.	5.59 visits to aquatic facilities per head of population.
Stormwater drainage	Provide and maintain the stormwater drainage system (surface water management systems, such as streams, rivers, utility waterways, basins, structures, pipes).	Response times to attend a flooding event.	Median response time to attend a flooding events, from time of notification received: 30 minutes.	Median response time greater than 30 minutes. Only one flooding event to a single property during the year. Confusion over the cause and extent of flooding to single property delayed contractor response.
Strategic governance	Public Participation in Community and City Governance and Decision-making.	Percentage of residents that understand how Council makes decisions.	At least 35% based on nationwide survey.	37%, per the general satisfaction survey.
Strategic planning	Strategic Policy and Planning.	Advice is provided to Council on high priority policy and planning issues that affect the City.	Recommended work programme submitted by 30 June for the following financial year.	Draft work programme has been submitted to General Manager and is on Executive Leadership Team agenda for July 2016.
Transport	Road operations.	Provide journey reliability on specific strategic routes.	Measure journey time on specific strategic routes: Airport to City; Barrington St to Innes Rd; Hornby to City; Belfast to City: establish baseline.	Baseline established. Typically 25 minutes during peak, 15 minutes during between peaks during day and 10 minutes overnight.
Water supply	Water conservation.	Supply continuous potable water to all customers (LGA response and resolution).	Median response time for attendance for urgent call-outs following notification: <= 1 hour.	Median response time 33 minutes.

Financial highlights

Financial result

Council results — at a glance

Total rates revenue	\$396.2 million
Average weekly cost of rates	\$42.11
Operating surplus (after tax)	\$420.5 million
Total operating revenue	\$1.2 billion
Total operating expenditure	\$804 million
Total surplus (comprehensive revenue)	\$632 million
Total spending on capital projects	\$608 million
Crown and insurance proceeds	\$348 million
Total net assets	\$9.9 billion
Total liabilities	\$2.1 billion

The Council had an operating surplus of \$426.1 million for the year to 30 June 2016 compared to a planned surplus of \$543.1 million and prior year surplus of \$306.8 million.

After adjusting for the gains and losses from the revaluation of derivatives and other financial assets there was an operating surplus (before tax) of \$425.5 million for 2016, an increase of \$185.3 million on 2015 (\$240.2 million), but \$119.3 million lower than planned (\$543.1 million). The main reasons for these variances are explained further under the operating revenue and operating expenditure headings below.

The Council's total comprehensive revenue and expense was \$632.3 million (2015: \$1.4 billion). The difference between the operating surplus and total comprehensive revenue and expense represents the tax expense and the net gains from the revaluation of infrastructure assets, investments in subsidiaries and financial instruments (derivatives).

The net gain from the revaluation of our infrastructure and investment assets is not readily convertible to cash. As such, it cannot be used to fund the Council's costs.

Accounting standards require the Council to recognise

gains and losses arising from receiving assets for less than the market value, the revaluation of property, plant and equipment, investments and financial assets and liabilities (particularly the derivatives supporting the Council's borrowing) in its financial statements. These gains and losses have been described as statutory reporting items.

In 2016 these include an increase from the revaluation of property, plant and equipment (\$77.2 million), an increase in the value of subsidiaries (\$248.3 million), offset by a decrease in the value of derivative hedges (\$113.7 million).

Operating revenue

Revenue for the year ended 30 June 2016 is \$1.2 billion including vested assets.

Revenue was received from the following sources:

Sources of operating revenue	Actual \$million	Plan \$million
Rates revenue	396.2	392.8
Fees and charges	77.6	68.6
Rental revenue	36.4	27.8
Interest revenue	27.9	22.7
Dividends	137.9	255.3
Development contributions	31.2	17.2
NZ Transport Agency subsidies (excluding earthquake)	39.8	37.2
Earthquake subsidies and revenue	168.9	75.7
Insurance receipts	179.3	54.3
Other revenue	45.1	33.6
Vested assets	90.3	283.8
Total	1,230.6	1,269.0

Vested assets are non-cash revenue such as parcels of land received from developers in lieu of cash development contributions.

Crown contributions and insurance proceeds of \$348 million (2015: \$276 million) were received in 2016. These relate to

insurance settlement receipts and continuing payments from Crown agencies (CERA/DPMC and NZTA).

Operating revenue was \$38.4 million lower than planned as:

- dividend income was \$117 million lower due to a reduction in Transwaste and CCHL dividends; and
- vested asset income was \$193 million lower due to a delay in the handing over of anchor projects.

Offset by:

- insurance recoveries being \$234 million higher than planned in 2016 as a result of reaching a global insurance settlement for our material damage claim.

Operating expenditure

Total operating expenditure for the year was \$804.4 million (2015: \$700.5 million). Key components include:

Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation and amortisation	190.6	161.2
Finance costs	72.4	78.6
Personnel costs	179.1	177.8
Grants/donations	37.4	34.3
Provision of services and maintenance of assets	160.2	179.2
Consultants and legal fees	42.1	34.8
Other	122.6	60.0
Total	804.4	725.9

Operating expenditure after adjusting for statutory reporting items was \$78.6 million higher than planned as:

- Depreciation and amortisation costs were \$29 million higher due to the impact of the 2015 revaluations.
- \$45.8 million of expenses in relation to the Christchurch Art Gallery repairs and waterways utilities repairs that were planned as capital projects but were in fact repairs and therefore expensed.

Financial Position

Our statement of financial position shows a strong position with total assets of \$12.0 billion, total liabilities of \$2.1 billion, including a debt level of \$1.6 billion, and net assets of \$9.9 billion.

At \$12 billion, total assets are \$170.3 million lower than planned. This is primarily the result of:

- a \$1.3 billion lower than planned increase in property, plant and equipment due to delays in the rebuild and revaluation programmes;

offset by:

- higher than planned increase in the value of investments in and loans to subsidiaries of \$855.3 million; and
- higher than planned cash and other financial assets balances of \$298.9 million principally due to the insurance settlement.

Infrastructure work in progress has a balance of \$904 million, \$70.6 million lower than 2015.

Our total liabilities are \$332.3 million higher than planned. This is primarily the result of:

- derivative liabilities are \$183 million higher than planned due to the market movement in interest rates;
- payables are \$75 million higher than planned due to the timing of invoices and payment;
- other liabilities are \$41 million higher than planned principally due to income in advance;
- debt is \$16 million higher than planned due to unplanned borrowing from group entities. External borrowings are lower than planned reflecting an under-delivery in the capital programme offset by additional unplanned borrowing by CCHL and the non-receipt of capital release dividends from CCHL.

Financial highlights

continued

Rates

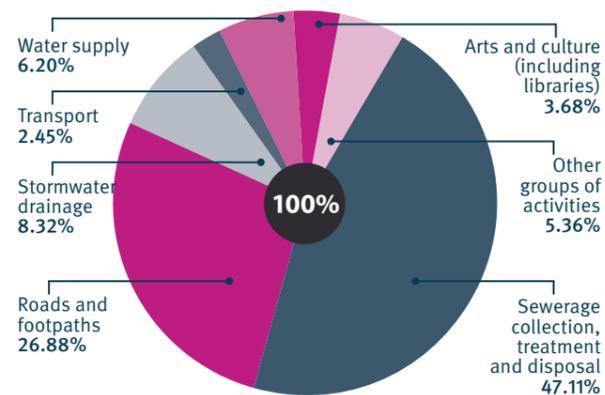
The \$396 million of rates collected (including targeted water supply rates) equates to \$42.11 per week for the average residential ratepayer. In 2016 the cost to ratepayers of Council activities and services is as shown below.

Group of Activity	Cents per dollar of rates	Average Residential Rates/ Week \$
Arts and culture (incl. libraries)	12.9c	\$5.43
Economic development	2.0c	\$0.84
Flood protection	0.3c	\$0.13
Heritage protection	1.1c	\$0.46
Natural environment	0.1c	\$0.04
Parks and open spaces	7.2c	\$3.03
Refuse minimisation and disposal	8.1c	\$3.41
Regulation and enforcement	5.6c	\$2.36
Resilient communities	7.4c	\$3.12
Roads and footpaths	14.2c	\$5.98
Sewerage collection, treatment and disposal	12.9c	\$5.43
Sport and recreation	5.2c	\$2.19
Stormwater drainage	4.4c	\$1.85
Strategic governance	5.8c	\$2.44
Strategic planning	2.2c	\$0.93
Transport	1.7c	\$0.72
Water supply	8.9c	\$3.75
Total	100c	\$42.11

Investing in the assets of the city

The Council has spent \$607.9 million across a wide range of capital projects against a budget of \$958 million. The under-spend is largely due to delays in the infrastructure and facilities rebuild programme. A large portion of this is funded through insurance recoveries and Crown contributions.

Areas of spend are shown below with further details in the *Council activities and services* pages.



Revaluations

This year we continued the post-earthquake asset revaluation process commenced in 2014 by reviewing the 2015 valuation of the sewerage network to reduce uncertainties present in the 2015 valuation. This resulted in an increase in value of \$77.2 million.

We have now revalued post-earthquake all major assets and all infrastructure except the stormwater network. There are still uncertainties as to the impact the condition of the city's roads will have on their remaining useful life, which has resulted in an audit opinion modification.

Also, there is still a level of uncertainty regarding:

- the value of projects that should be considered repairs and therefore expensed within WIP; and
- the appropriate treatment of \$55 million of SCIRT costs which were expensed in 2015 but Council now consider should form part of the value of completed assets.

More detail on the financial impact of the rebuild is outlined in the *Impact of the rebuild* and note 9 of the *Financial Statements* in the Annual Report.

Modified Audit Opinion

The Council remains unable to fully comply with IPSAS accounting standards in respect of its property, plant and equipment (as has been the case since 2011) and has received a modified audit opinion.

The modified 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 due to the impact of the earthquake.

Impact of the rebuild

This summarises the progress made to date on earthquake-related repairs and Anchor Projects, and the effect of the earthquakes and the subsequent rebuild on the financial statements.

Rebuild Progress

Infrastructure rebuild

In 2016, SCIRT entered the final year of its extensive five-year programme of rebuilding Christchurch's horizontal infrastructure. Completed SCIRT projects have already modernised the city's wastewater, fresh water and storm water systems, making them more resilient than they were before the earthquakes.

After construction has been completed, SCIRT's legacy will be a stronger, fully functioning, more resilient infrastructure for Christchurch. Construction will be substantially complete by 31 December 2016.

Underground services

By June 2016, SCIRT had completed 92 per cent of its construction programme. This year the SCIRT programme spent \$403.4 million. The programme to date, including design, construction and administrative costs, totalled \$2.024 billion.

Around 80 per cent of SCIRT's programme has been in repairing and rebuilding the city's underground wastewater, water and storm water networks. More than 700 kilometres of underground pipes had been repaired and rebuilt by June 2016.

One of the biggest projects has been constructing a state-of-the-art vacuum wastewater system in Aranui to service 2,700 households and businesses. By June 2016 the project was well advanced and several hundred households had been connected to the more earthquake-resilient system.

As part of widespread repairs to the wastewater system, SCIRT had repaired and replaced 73 pump stations by the end of June 2016 including two large new pump stations in Aranui, located on the Bexley Reserve. One of the pump stations is part of the vacuum wastewater system and the other services the east side of the city.

Two other large and complex ongoing wastewater projects in the 2015–2016 year were repairs to two trunk mains, the Northern Relief and the Southern Relief.

Above ground

SCIRT completed repairs and rebuilding of several Christchurch bridges during the 2015–2016 year, including the new Dallington Bridge in Gayhurst Road, Dallington, and the new Carlton Mill footbridge in Fendalton. The completion of repairs to one of Christchurch's busiest bridges, the Moorhouse Avenue Overbridge, was celebrated in May.

SCIRT Progress from 1 July 2015 to 30 June 2016

- 98 per cent of design was completed
- 92 per cent construction was completed
- 97 per cent of central city work was completed
- 92 per cent of the whole SCIRT programme was completed

Wastewater:

- 561km of pipe repaired/replaced (86 per cent)
- 73 pump stations repaired/replaced (87 per cent)

Storm water:

- 57km of pipe repaired/replaced (83 per cent)
- 4 pump stations repaired/replaced (74 per cent)

Fresh water:

- 96 km of pipe repaired/replaced (98 per cent)
- 23 pump stations repaired/replaced (75 per cent)

Roading:

- 1,300,000 square metres of road repaired/replaced (90 per cent)
- 142 bridges/culverts repaired/replaced (98 per cent)
- 155 retaining walls repaired/replaced (85 per cent)

The above represents progress against SCIRT's programme of work not all the work the City requires.

Anchor projects

Ōtākaro Limited (Ōtākaro) was established in April 2016 to take over some of the functions of CERA when it came to an end. Ōtākaro is a Crown company its purpose is to add value to anchor projects and Crown land, balancing commercial outcomes with regeneration outcomes, and to support the Crown's exit over time on favourable terms.

Ōtākaro and CERA key projects update

- The Margaret Mahy Family playground opened in December 2015, and three towers and a slide were added in mid-2016. Over the summer months the playground had more than 100,000 visitors, bringing people back into the central city and benefitting local businesses.
- Since its establishment, Ōtākaro has completed work on part of The Terraces in the Ōtākaro/Avon River Precinct. The restoration of Victoria Square will begin in spring 2016.
- Ōtākaro and the Council are nearing the completion of the preliminary design phase for the Metro Sports Facility, with enabling works scheduled to begin before the end of 2016.
- The north bank of the Canterbury Earthquake Memorial site was opened in early 2016. Construction of the Memorial Wall is well underway with piling completed in June 2016. All work will be completed by the February 2017 anniversary of the earthquake.
- Ōtākaro and Fletcher Living are progressing with designs for the East Frame public spaces and residential areas,

respectively, with work to begin on both the public realm and residential space in late 2016.

- Ōtākaro is continuing to refine the design of the Convention Centre, and enabling works have begun. Ōtākaro will work with parties interested in developing accommodation, hospitality and car parking opportunities in the wider Convention Centre Precinct.
- Construction work on the South Frame is underway and the bulk of the public realm works are expected to be completed by the end of 2017.

Council projects update

- The new Central Library site in Cathedral Square has been cleared ready for construction to start later in 2016. The library is scheduled to open by mid-2018.
- The \$127.5 million repair and restoration of the Town Hall continues, with the building due to reopen in mid-2018.
- Restoration of the historic Mona Vale Homestead continues and is expected to be completed later in 2016.
- Repairs to the historic Sign of the Takahe and Sign of the Kiwi buildings continue and will be completed in late 2016.
- The Gaiety Hall — a popular heritage building, function centre and gathering place for the Akaroa community — reopened in April after earthquake repairs and strengthening.
- The initial concept design for the new recreation and sport centre at QEII Park was released in May.
- The earthquake repair of Ferrymead Bridge was completed in November 2015.
- Christchurch Art Gallery reopened to the public in December 2015 after extensive repairs, including levelling and retrofitting base isolation.
- Lyttelton Recreation Centre reopened in February 2016.

Impact of the rebuild

continued

Financial impacts

Insurance recoveries

The Council settled all of its earthquake material damage insurance claims in December 2015 for \$635 million. The Council's financial statements include revenue from insurance recoveries of \$179.3 million (2015: \$43.4 million). There is no material damage earthquake related insurance receivable at year end (2015: \$161.2 million).

Cost Sharing Agreement

The Cost Sharing 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 \$363.8 million (2015: \$400.5 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 2016 the Council has received the following from the Crown:

- \$182.9 million (2015: \$200.0 million) of cost recoveries were received from NZTA and CERA/DPMC for SCIRT infrastructure rebuild projects. At 30 June 2016 the Council had a payable of \$1.5 million (2015: receivable \$21.5 million).
- \$6.4 million (2015: \$15.6 million) for response/recovery costs. A further \$3.4 million (2015: \$7.1 million) has been incurred and will be claimed in the 2016/17 year.

The Council is recognising Crown funding as revenue when the amount can be reliably measured and there is virtual certainty of receiving it.

The Council has included in its financial statements its capital commitment for a number of rebuild projects. These are detailed in note 12 of the Financial Statements. As the final ownership structure and the extent and timing of any Council control of the Multi-Use Arena project is still to be determined this has been included as a contingent liability. Until the Council knows if it will own the completed projects it is unable to recognise the associated Crown funding. As such, future recoveries of Crown funding have been treated as contingent assets. A note to this effect has been included in note 27 Contingent liabilities and contingent assets in the financial statements of the Annual Report.

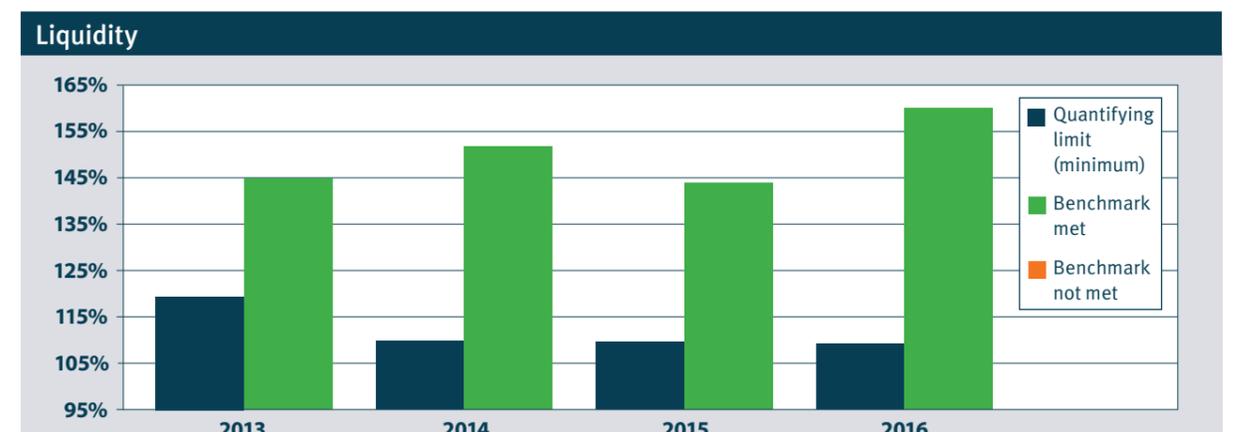
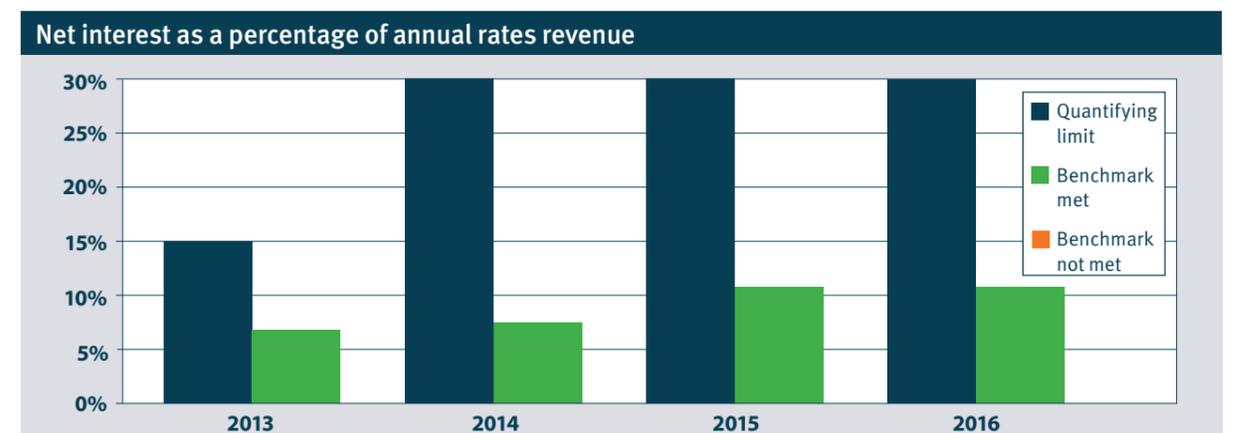
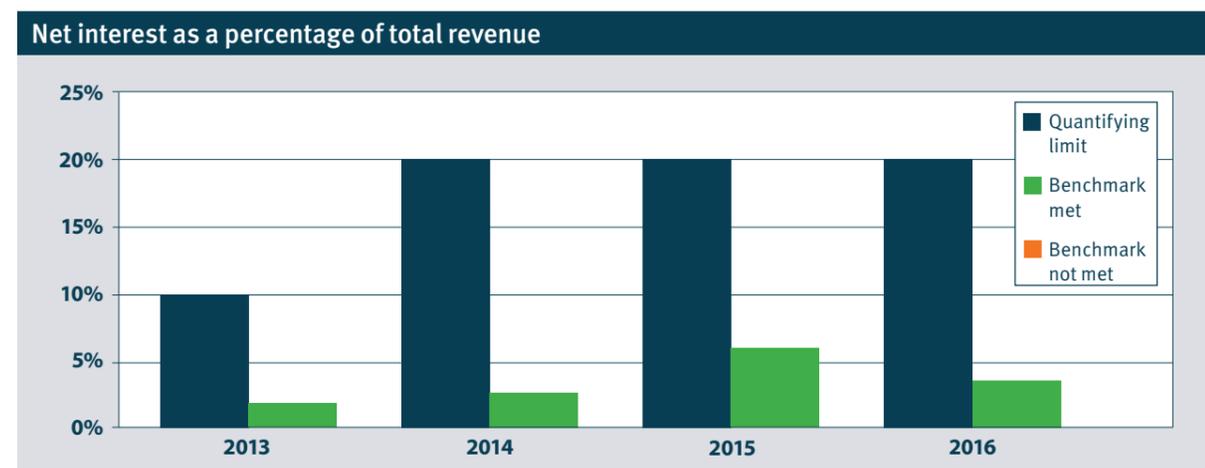


Financial ratios

The Council has five financial ratios in its financial risk management strategy and which also set the limits for Council borrowing from the Local Government Funding Agency.

The Council must keep its balance sheet and borrowing ratios within the limits of these ratios.

The actual ratios for the year are shown in detail below and in all cases fall well within policy limits.



Group results – at a glance

Surplus after tax	\$346 million
Total assets	\$12.9 billion

Group financial result

The 2016 operating surplus before tax of \$334 million has reduced \$68.8 million from 2015. This is due to a number of factors across the group:

- Asset impairment costs are \$180.5 million higher than 2015 when there was a \$73.7 million gain. The 2016 impairment costs relate to Lyttelton Port Company Limited assets (\$99.5 million) and Orion New Zealand Limited's (Orion's) network assets (\$7.3 million).
- The gain in relation to investment properties was \$12.5 million a \$5.5 million decrease from the 2015 gain.
- Subsidy and grant revenue decreased \$59.5 million as a result of lower Crown subsidies received by the Council for the rebuild.
- Net finance costs increased \$8.4 million as a result of a combination of lower deposit rates and a \$309.6 million increase in group borrowings.

Offset by:

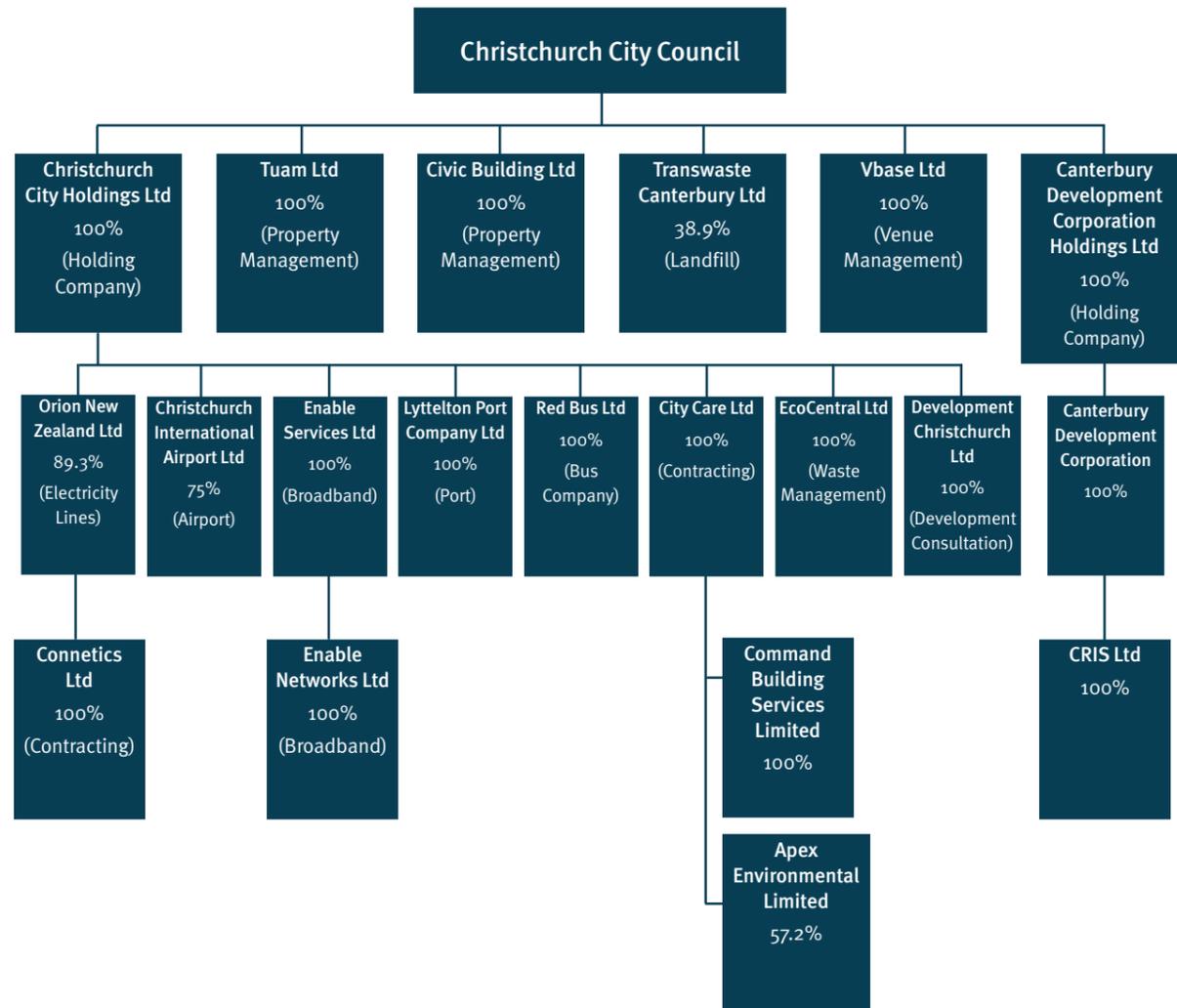
- A \$137 million increase in insurance recoveries from 2015 as a result of the settlement of the material damage insurance claims for the Council, Vbase Limited and Tuam Limited in 2016.
- An \$11.8 million gain arising from the reorganization of Enable Services Limited's (ESL's) investment in Enable Networks Limited (ENL).
- An improvement in Christchurch International Airport Limited's underlying profit.

The increase in total assets in 2016 reflects the increasing value of the assets held by the city as a result of the revaluation of Council infrastructure assets following rebuild activities.

The increase in total liabilities in 2016 is principally the result of the \$309.6 million increase in total borrowings. This additional borrowing reflects the investment projects being undertaken throughout the group including the broadband network construction programme, the purchase of ENL by ESL, the share buyback undertaken by Orion and the rebuild of the Council's assets.



Group structure on 30 June 2016



The following table summarises the financial results of the companies within the group. For more detail refer to individual company reports in the Annual Report.

	Income	Net result (after tax and minority interest)	
	2016 \$000	2016 \$000	2015 \$000
Christchurch City Holdings Ltd (parent)	110,829	82,308	68,815
Orion New Zealand Ltd	307,295	53,446	82,615
Lyttelton Port Company Ltd	113,950	(59,805)	20,574
Christchurch International Airport Ltd	182,657	43,056	39,274
City Care Ltd	306,812	6,833	10,225
Enable Services Ltd	78,019	3,311	(9,995)
EcoCentral Ltd	37,634	1,588	1,969
Red Bus Ltd	19,105	93	18
Development Christchurch Ltd	280	(1,229)	—
Vbase Ltd	27,400	(36,817)	(28,002)
Civic Building Ltd	4,869	(886)	(1,168)
Tuam Ltd	27,315	27,028	(304)
Canterbury Development Corporation Holdings Ltd	7,286	(65)	168
Riccarton Bush Trust	783	92	(31)
The World Buskers' Festival Trust	1,160	(115)	49
Rod Donald Banks Peninsula Trust	175	(106)	(213)
Christchurch Agency for Energy Trust	56	40	429
Transwaste Canterbury Ltd	57,099	16,698	26,100
Gardens Event Trust	—	—	—
Central Plains Water Trust	56	—	—

Independent Auditor's Report

To the readers of Christchurch City Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of Christchurch City Council (the City Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Because of the effects of the earthquakes on the assets owned by the City Council and group, it has been difficult for the City Council to prepare financial statements that comply with generally accepted accounting practice and legislation. These matters, which have limited our audit, are outlined in our opinion below:

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements of the City Council and group reported in the summary annual report on pages 34 and 35 and 54 to 59:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

In our audit report dated 29 September 2016, we expressed a qualified opinion on the City Council and group's full audited statements because our work was limited due to difficulties in determining the full extent of the damage arising from the earthquakes, and due to extensive rebuild activities that are underway to repair the damage. Specifically, we identified the following limitations:

- We were unable to obtain sufficient audit evidence to confirm that the carrying values of the roading network assets of \$2.372 billion, which were determined based on the revaluation of these assets as at 30 June 2015, adjusted for additions, disposals and depreciation for the year ended 30 June 2016, had adequately accounted for the unrepaired earthquake

damage to these assets. In addition, the City Council has been unable to revalue its stormwater system assets with a carrying value of \$392.122 million, because of insufficient information on the condition of these assets to prepare a valuation that complies with generally accepted accounting practice. Consequently, we were also unable to gain sufficient audit evidence over the associated depreciation expense on these assets.

- We were unable to obtain sufficient audit evidence to confirm the capital work in progress balance of \$741 million, relating to work completed by the Stronger Christchurch Infrastructure Rebuild Team (SCIRT). This was because this balance potentially includes operating expenditure that would otherwise be recognised in the statement of comprehensive and expense. In addition, the capital work-in-progress balance includes costs incurred by SCIRT that had been expensed in the statement of comprehensive revenue and expense for the year ended 30 June 2015. These expenses have been reversed as vested assets revenue and capitalised to capital work-in-progress during the year ended 30 June 2016. We consider these costs do not meet the asset capitalisation criteria of PBE IPSAS 17: *Property, Plant and Equipment* and these costs remain an expense for the year ended 30 June 2015. This departure from the standard has the effect of overstating capital work-in-progress assets by \$24.2 million at 30 June 2016 and vested assets revenue by \$55.4 million for the year ended 30 June 2016.
- The matters above also affected the comparative information presented.

Our qualified opinions stated that, except for the possible effects of these limitations, the full financial statements complied with generally accepted accounting practice in New Zealand and presented fairly, in all material respects, the City Council and group's financial position as at 30 June 2016 and the results of their operations, cash flows, levels of service and the other information required by legislation for the year ended on that date.

The limitations above apply to an equivalent extent to the summary financial statements presented on pages 54 to 59.

Impairment of Lyttelton Port Company Limited's assets

Without further modifying our opinion on the full audited statements, we drew attention to disclosures in those financial statements outlining the City Council group's recognition of an impairment expense of \$99.5 million for the year ended 30 June 2016, relating to Lyttelton Port Company Limited (the Port Company). The carrying amount of the Port Company's assets exceeded their recoverable amount at 30 June 2016, on the basis of an assessment of the Port Company's expected future cash flows. The impairment has arisen because the return generated by replacing destroyed assets, and some of the capital expenditure that the Directors of the Port Company consider is necessary for the future of the Port, does not meet the investment return established by the Directors of the Port Company.

Basis of opinion

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

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 29 September 2016 on the full audited statements.

Independent Auditor's Report

continued

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

Responsibilities of the Council and the Auditor

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

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

In addition to reporting on the summary annual report, we have reported on the full annual report, carried out an assurance engagement providing a report to the City Council's bond trustees and carried out a range of other assurance engagements for subsidiary companies in compliance with regulatory requirements. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these 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

17 October 2016



Financial statements

Summary statement of comprehensive revenue and expense for the year ended 30 June 2016

	Parent			Group	
	30 June 2016 Actual \$000	30 June 2016 Plan \$000	30 June 2015 Actual \$000	30 June 2016 Actual \$000	30 June 2015 Actual \$000
Total Revenue	1,230,556	1,268,978	1,007,346	2,014,064	1,905,704
Finance costs	72,396	78,574	63,279	106,723	100,838
Other expenses	732,048	647,280	637,263	1,573,494	1,402,257
Total operating expenses	804,444	725,854	700,542	1,680,217	1,503,095
Surplus before income tax expense	426,112	543,124	306,804	333,847	402,609
Income tax (credit)/expense	5,638	–	(586)	(11,935)	38,483
Surplus for the period	420,474	543,124	307,390	345,782	364,126
Other comprehensive revenue and expense					
Property, plant and equipment valuation movement	77,210	351,536	935,630	103,956	936,139
Investment revaluation gain/(loss)	248,269	–	199,341	1,396	1,152
Cash flow hedges (loss)/gain	(113,656)	–	(86,950)	(142,971)	(102,280)
Income tax relating to components of other comprehensive revenue and expenses	–	–	(586)	3,975	5,375
Transfers and other	–	–	5	–	4,364
Total other comprehensive revenue and expense	211,823	351,536	1,047,440	(33,644)	844,750
Surplus for the period attributable to:					
Parent entity	420,474	543,124	307,390	329,297	345,341
Non controlling interests	–	–	–	16,485	18,785
	420,474	543,124	307,390	345,782	364,126
Total comprehensive revenue and expenses attributable to:					
Equity holders of the parent	632,297	894,660	1,354,830	292,999	1,192,037
Non controlling interests	–	–	–	19,139	16,839
Total comprehensive revenue and expense	632,297	894,660	1,354,830	312,138	1,208,876

The significant variances to budget relate to the Council (parent) and are explained in the financial highlights on pages 36–39 and Note 30 in the Annual Report.

Summary statement of financial position as at 30 June 2016

	Parent			Group	
	30 June 2016 Actual \$000	30 June 2016 Plan \$000	30 June 2015 Actual \$000	30 June 2016 Actual \$000	30 June 2015 Actual \$000
Assets					
Current assets	547,558	147,137	427,827	805,315	900,861
Non-current assets	11,484,371	12,055,098	10,505,547	12,097,538	11,286,963
Total assets	12,031,929	12,202,235	10,933,374	12,902,853	12,187,824
Equity and liabilities					
Current liabilities	480,140	238,616	315,811	567,201	636,060
Non-current liabilities	1,615,630	1,524,898	1,313,701	2,617,056	2,128,316
Parent entity equity	9,936,159	10,438,721	9,303,862	9,453,593	9,154,350
Non controlling interest	–	–	–	265,003	269,098
Total equity and liabilities	12,031,929	12,202,235	10,933,374	12,902,853	12,187,824

The significant variances to budget relate to the Council (parent) and are explained in the financial highlights on pages 36–39 and Note 30 of the Annual Report.

Financial statements

continued

Summary statement of changes in equity for the year ended 30 June 2016

	Parent			Group	
	30 June 2016 Actual \$000	30 June 2016 Plan \$000	30 June 2015 Actual \$000	30 June 2016 Actual \$000	30 June 2015 Actual \$000
Opening equity	9,303,862	9,544,061	7,949,032	9,423,448	8,302,847
Total comprehensive revenue and expenses attributable to:					
Parent entity equity	632,297	894,660	1,354,830	292,999	1,192,037
Non controlling interest	–	–	–	19,139	16,839
Total comprehensive revenue and expenses for the period, net of tax	632,297	894,660	1,354,830	312,138	1,208,876
Dividends	–	–	–	(14,072)	(12,644)
Other items	–	–	–	(2,918)	(75,631)
Closing equity	9,936,159	10,438,721	9,303,862	9,718,596	9,423,448

	Parent			Group			
	Retained Earnings \$000	Other Reserves \$000	Total Equity \$000	Retained Earnings \$000	Other Reserves \$000	Non Controlling Interests \$000	Total Equity \$000
Balance at 30 June 2013	2,502,479	4,635,607	7,138,086	3,250,732	3,616,327	274,591	7,141,650
Balance at 30 June 2014	2,826,707	5,122,325	7,949,032	3,813,555	4,115,624	373,668	8,302,847
Balance at 30 June 2015	3,163,327	6,140,535	9,303,862	4,230,350	4,924,001	269,098	9,423,448
Balance at 30 June 2016	3,586,489	6,349,670	9,936,159	4,568,842	4,884,751	265,003	9,718,596

Summary cash flow statement for the year ended 30 June 2016

	Parent			Group	
	30 June 2016 Actual \$000	30 June 2016 Plan \$000	30 June 2015 Actual \$000	30 June 2016 Actual \$000	30 June 2015 Actual \$000
Net cash provided by/(used in) operating activities	194,787	301,951	125,324	223,929	238,240
Net cash (used in)/provided by investing activities	(525,290)	(507,741)	(477,819)	(569,532)	(711,878)
Net cash provided by/(used in) financing activities	326,945	206,737	333,589	273,729	333,572
Net increase in cash and cash equivalents	(3,558)	947	(18,906)	(71,874)	(140,066)
Cash and cash equivalents at beginning of year	67,589	6,090	86,495	184,676	325,043
Cash introduced due to consolidation of CCOs	–	–	–	–	(301)
Cash and cash equivalents at end of year	64,031	7,037	67,589	112,802	184,676

Financial statements

continued

Notes to the summary financial statements for the year ended 30 June 2016

1. Accounting policies

Reporting entity

The Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity comprises the entities listed in the Group structure section.

The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a Public Benefit Entity (PBE) for the purposes of the New Zealand Accounting Standards Framework. The 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 is noted in each policy.

The Council's full financial statements are for the year ended 30 June 2016. We prepared the summary 2016 financial report to offer an overview of our performance. The Council authorised the Chief Financial Officer to produce and publish the summary report on 29 September 2016. The Chief Financial Officer approved the summary 2016 report for issue on 17 October 2016.

The specific disclosures in the summary 2016 financial report have been extracted from the full audited 2016 financial report also dated 29 September 2016.

New accounting standards and interpretations

There have been no new standards, interpretations and amendments adopted for 2016.

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. They comply with the PBE Accounting Standards, and other applicable financial reporting standards, as appropriate for Tier 1 Public Sector PBEs for periods beginning on or after 1 July 2014 with the following exceptions:

PBE IPSAS 17 – Property, Plant and Equipment

- The Council has been unable to adequately quantify the effect of earthquake damage on the value of its roading network or revalue its stormwater assets.
- The capital work in progress balance relating to the SCIRT rebuild programme could include projects or costs that should be expensed as operating expenditure.

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.

We have prepared the financial statements on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

The 2016 summary financial report complies with PBE FRS 43 – Summary Financial Statements. Please note that the information in the summary financial statements does not provide as complete an understanding as the full financial report of the financial and service performance, financial position and cash flows of the Council.

For more information see our full 2016 Annual Report on the website: ccc.govt.nz/2016annualreport

You can also ask for a printed version by calling us on (03) 941 8999 or 0800 800 169 for Banks Peninsula residents, or by writing to the:

Chief Financial Officer
Christchurch City Council
PO Box 73016
Christchurch

2. Capital commitments

The Group has commitments to the value of \$875 million (2015: \$535 million) on capital works.

3. Contingent liabilities

These liabilities depend on other future events and, for the Group, total \$305 million (2015: \$55 million). In addition, the Group also has contingencies rebuild cost recoveries that cannot be reliably measured.

4. Legislative requirements

Legislative requirements have been met.

5. Subsequent events

On 1 July CDCH received 100 per cent of the shares of Christchurch and Canterbury Marketing Limited.

In October 2015 the Council requested CCHL to put City Care into a sale process to fund a component of the Council's capital release programme. After a rigorous sales process the decision to retain City Care was made by Council in July 2016. At 30 June 2016 it was not considered highly probable that a sale would be completed. As such, City Care was not considered to be held for sale at year end.

Tuam Limited declared and paid a dividend of \$46 million to Council on 29 July 2016.

On 25 August 2016 the Council entered into a lease arrangement with the Ōtautahi Community Housing Trust to lease and operate the Council's operable social housing units. On 8 September 2016 the Council agreed to capitalise the Trust by transferring to it up to \$50 million of property. This transfer is intended to take place over a period of time. Property with a value of \$0.89 million was approved for transfer on 8 September 2016.

