

Christchurch City
Annual Report

2017

Christchurch Ōtautahi

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Published by Christchurch City Council
PO Box 73015, Christchurch, New Zealand.
Tel: +64 3 941 8999
Web: <http://www.ccc.govt.nz>

ISBN: 978-1-877313-76-9

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Introduction

Welcome to the Christchurch City Council's Annual Report 2017.

The introduction to this report describes the city we live in and its vision for the future. It includes a message from Christchurch Mayor Lianne Dalziel and Council Chief Executive Dr Karleen Edwards, reflecting on the Council's achievements over the past year.

Introduction

What is the Annual Report?

Introduction

Each year, local bodies across New Zealand are required to present to their community an annual report that includes a set of audited financial statements.

What you will find in the annual report

The annual report sets out what the Christchurch City Council (the Council) did in the past year, why we did those things, how much they cost, and how they were funded.

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

About the councillor/management statements

The annual report is adopted by Council on the recommendation of Council staff and the Audit and Risk Management Committee. This ensures that both the management and governance functions have responsibility.

About the Council activities and services statements

The Council activities and services section shows the Council's performance in each activity, measured by its achievement against performance indicators. Performance indicators are the levels of service (LOS) and their expected net cost, which were agreed in the 2015-2025 Long Term Plan (LTP) and amendments approved by the Council on 23 June 2016.

About the primary financial statements

The financial statements incorporate four primary statements:

1. The statement of comprehensive revenue and expense

More commonly referred to as the income statement or profit and loss, this summarises the Council's financial performance for the year, listing all income and expenses, and records other comprehensive income such as changes in the fair values of the Council's infrastructure and property, plant and equipment.

2. The statement of financial position

Commonly referred to as the balance sheet, this is a 30 June snapshot of the Council's financial position indicating its assets, liabilities and net wealth.

3. The statement of changes in net assets/equity

Often known as the statement of changes in equity, this details the overall change for the year of the Council's net wealth.

4. The statement of cash flows

This statement indicates where the Council's cash came from and where it was spent.

These four statements also display the budget, adopted by Council at the end of the prior year, to allow comparison between what was projected and what actually occurred.

About the notes to the financial statements

The notes to the financial statements give greater detail and more information on the four primary financial statements.

The content of the four statements and their notes are directed by the requirements of the accounting standards. The financial statements are prepared using Public Benefit Entity (PBE) accounting standards.

About the auditor's report

The Council's external auditor, Audit New Zealand, is required to audit the Annual Report.

Introduction

Message from the Mayor and Chief Executive

As we come to the end of another financial year, there is an increasing sense of rejuvenation spreading throughout the city.

We continue to make comparatively good progress, with our finances much more transparent than they were in 2013. Although our insurance settlement was the largest of its kind in New Zealand, it was a global settlement and did not match the scale of loss we experienced. In addition the completion of the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) programme is highlighting the scale of the impact of the earthquakes on our horizontal infrastructure that was not covered by the Cost Sharing Agreement. The plus is that it has provided us with the basis of an excellent asset management programme going forward.

Our working relationship with central government has improved to the extent that we now have a more collaborative approach to planning and problem-solving. This is exemplified in the regeneration planning processes, which offer innovative ways to re-engage our communities in the whole process.

We have developed strong and effective working relationships with all the strategic partners - Environment Canterbury (ECan), our neighbouring District Councils, Waimakariri and Selwyn, Te Rūnanga O Ngāi Tahu, and the range of government agencies and entities that make our city tick - NZ Transport Agency, Canterbury District Health Board and the Department of the Prime Minister and Cabinet (DPMC).

With Government, we have developed a regeneration eco-system, consisting of Regenerate Christchurch, Development Christchurch Ltd (DCL), and Ōtākaro Ltd. The organisations meet regularly with Council and DPMC to share information, discuss ideas and to ensure we are all working towards what's best for regenerating our city. Through these relationships, we are collaborating on a wide range of development ideas and regeneration plans.

Another key partnership was established with the signing of an historic relationship agreement between the Council and Ngā Papatipu Rūnanga in December 2016. A new standing committee, Te Hononga Council - Papatipu Rūnanga Committee was formed with representatives from Council (Mayor, Deputy Mayor, Chairs of Standing Committees & Chair Multicultural Working Group) and the six Rūnanga within the City and Peninsula boundaries. The committee is already proving to be an invaluable forum for progressing issues of mutual interest and concern.

We have also achieved a number of milestones.

In February of this year, the Government and the Council announced the creation of a \$6 million



Lianne Dalziel
Mayor of Christchurch

Community resilience partnership fund over three years for use in resilience and wellbeing initiatives around the greater Christchurch communities. There is strong evidence that social connection is a major factor in not only promoting wellbeing, but also inoculating against some of the factors that cause anxiety, loneliness and stress, which can lead to more serious mental health issues. The Council is working with communities across the city to identify local projects and initiatives that will improve social connectedness and encourage active participation. This partnership approach is a new way of working and we are confident that it will lead to a new way of co-investing in communities in the future.

Housing has also been an area where we have done extensive work. The independent Ōtautahi Community Housing Trust (OCHT) was established last year to take over the running of the Council-owned social housing units. This was designed to allow the city (in the broadest sense) to access the Income-Related Rental Subsidy, which is not available to councils. The approach we have adopted therefore represents a shift to a more financially sustainable model for social housing. At the same time we are expecting to see increasing tenant satisfaction, improvements to the quantity and quality of social housing units and new developments being completed over time.

The announcement in April this year of another co-funded initiative with Government, the \$6 million Christchurch Housing fund, represents an opportunity towards helping families into their own homes.

Our capital and infrastructure programmes have continued to make further progress around the city. The Council will continue to invest in new active travel infrastructure, which is critical to the vision we have of creating travel networks which meet both the current and projected needs of the city.

In the past year the Council has been called on to respond to a number of natural disasters including earthquakes in Kaikoura and the Port Hills Fires. On each occasion staff have been heavily involved in the response, both in the Emergency Operations Centre and on the ground. We have also been on high alert at times as the result of tsunami warnings and storm events causing flooding in our region. Each event has provided an opportunity to review and, as a result, improve our response for the future. We need to be ready to act quickly and, most importantly, to be a trusted source of up-to-date information for affected residents.

As you can see, much has been achieved but there are many challenges that lie ahead. That being said many milestone projects will come to fruition over the next year and that gives us cause for optimism for our future as a city.



Dr Karleen Edwards
Chief Executive

Financial results at a glance

The Council's total spend for the year was \$1.4 billion (\$872 million operational expenses and \$525 million capital expenditure).

Rates and other revenue of \$1.1 billion resulted in an operating surplus (before tax) of \$187 million. This surplus was mainly 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 \$736 million, due to accounting items such as revaluations of infrastructure, investments in subsidiaries and financial instruments (derivatives).

Vested assets revenue and gains from 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 (before tax) for the year of \$174 million with a total surplus of \$693 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 exception 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 for Council means Public Benefit Entity International Public Sector accounting Standards (PBE IPSAS).

For the reasons set in out the statement of compliance on page 168, it was not possible to comply with PBE IPSAS 17- Property, Plant and Equipment in relation to some prior year comparative information (year ended 30 June 2016) in this report.



Lianne Dalziel – Mayor
10 October 2017



Dr Karleen Edwards – Chief Executive
10 October 2017

Highlights Our Achievements

From new facilities to infrastructure planning and delivery, we have delivered a range of amenities and services to the people of Christchurch.

Economic development

During the year we reviewed the delivery of our tourism, economic development, major events and international education activities and agreed to form a single service delivery organisation. This was implemented on 30 June 2017 with the creation of ChristchurchNZ through the amalgamation of Christchurch and Canterbury Tourism (CCT), Canterbury Development Corporation (CDC) and our major events and city promotions activities.

CDC continued to deliver the Regional Business Partner Programme with NZ Trade and Enterprise and Callaghan Innovation through the joint venture entity Canterbury Regional Business Partners. CDC also worked with 332 businesses and matched 366 businesses with mentors. The use of the GreenHouse innovation hub was extended to start-up businesses.

On the tourism front, two major CCT campaigns have highlighted local attractions. Total guest nights were up 3 per cent for Christchurch and 9 per cent for Canterbury in the year to May 2017, compared with the previous year. Christchurch international holiday arrivals increased 8 per cent for the year ended June 2017.

The Christchurch & Canterbury Convention Bureau prepared bids for 24 Christchurch conferences over the year. The city's share of the national conference market dropped 1 per cent to 8 per cent for the year ended March 2017. Despite the small drop in national market share, delegate days increased to over 144,000 for the year.

In civic and international relations, we coordinated the earthquake anniversary commemoration, including the dedication of Oi Manawa | Canterbury National Earthquake Memorial and supported the RSA with the ANZAC Day and WW100 commemorations. We have hosted 61 international visits, including the King and Queen of the Netherlands and the US Secretary of State.

We signed a polar cooperation relationship with Busan Metropolitan City in South Korea. Our relationships with five partners that use Christchurch as a base for their Antarctic programmes have been developed, including the establishment of an Antarctic Office.

All our seven Sister City relationships remained active through the exchange of people and projects.

13 Citizenship Ceremonies were held for 2,070 new citizens, including a joint ceremony with the Waimakariri District Council on Waitangi Day.

Flood protection and river control

Under the Land Drainage Recovery Programme (LDRP), major works and investigations have been undertaken across much of the city. The Dudley Creek project is near completion, benefiting the Flockton area.

Matuku Stage 1 (Heathcote Valley), Eastman Wetland Stage 1 (Heathcote) and the Edmonds Park Basin have been completed, while the flooding intervention policy within Flockton has been implemented. Bells Creek (Woolston), Tay Street Drain upgrades (Mairehau) and Wigram Basin Extension (Heathcote) projects are under way.

We continue to maintain temporary stopbanks while we await a residential red zone decision.

Heritage protection

We have advised on heritage places for the replacement District Plan, while our Heritage Incentives Grants and the Landmark Grants have helped retain and strengthen several buildings.

We have also supported Heritage Week, which has attracted more than 18,000 people to over 60 events run by 30 community groups.

Housing

We leased 2,446 of our social housing units to Ōtautahi Community Housing Trust (OCHT). OCHT's formation reflects our move to a more financially sustainable model for our social housing, better quality housing stock and new developments.

We have built 16 units and repaired and reopened 34 earthquake-damaged units. Essential repairs have also been completed on 262 units.

We assessed 1,358 units against insulation standards. As a result, 548 units have been insulated with the remaining confirmed as already meeting insulation requirements.

Libraries, arts and culture

Two stunning community centres and libraries signal a new chapter in special spaces for our city in the 2017-2018 period.

Matuku Takotako: Sumner Centre is home to the neighbourhood library, community centre and museum and Ōrauwhata: Bishopdale Library and Community Centre offers spaces to meet, read and collaborate. These facilities officially opened on 19 August 2017 and 22 July 2017 respectively.

Construction of our new central library - Tūranga is under way. Both the New Brighton Library and the Lyttelton Library have been reopened after earthquake repairs.

In the arts, the Christchurch Art Gallery Te Puna o Waiwhetu presented 22 exhibitions and two artist projects. The number of visitors for the 2016-17 year was lower than planned at 298,433.

In all, 22,032 visitors have taken part in 127 public programmes, higher than the 20,000 target. We have also added 79 works to the city's collection.

In Akaroa, our museum has attracted 24,000 visitors.

Natural environment

More than 9,000 children and teachers have benefited from our environmental education programmes. Customer satisfaction across the programmes has reached an impressive 98 per cent.

Parks and open spaces

As the city returns to a post-earthquake normality, the demand for well-maintained parks has increased.

Notwithstanding the concerns raised, we continue to improve our overall services for the upkeep of cemeteries, gardens and heritage parks. Mona Vale and the Botanic Gardens continue to impress and showcase our city. Improvements to gardens in local parks is ongoing.

Our regional parks team delivered an exceptional response to the Port Hills fire civil emergency.

Our investment in community initiatives continued with increased volunteer activity and partnerships, a focus on investment in sports parks and a playground safety work programme.

Work continues on developing more skate parks, playgrounds and associated recreational facilities.

Refuse minimisation and disposal

Council buildings have benefited from gas extracted from the Burwood landfill. The gas heats, cools and lights the Civic Building. It also heats the Christchurch Art Gallery and dries biosolids at the Christchurch Wastewater Treatment Plant (CWTP).

Meanwhile, our kerbside collection system continues to rate highly with residents.

Burwood Resource Recovery Park (BRRP) has sorted 185,930 tonnes of construction and demolition waste, compared with 78,270 tonnes in 2016.

We continue to focus on waste minimisation projects.

Regulation and enforcement

Residential building consent application numbers have fallen in 2017 but remain higher than the historical average. Work levels are forecast to stay strong in the commercial sector. The new projects are tipped to further stimulate commercial development.

Resource consent application numbers have decreased. The workload remains high due to the complexity of applications received, implementation of the new District Plan and a high number of public enquiries.

Regulatory compliance, licencing and registration activities continued across the broad range of areas monitored.

The District Plan was publicly notified during the year with over 99 per cent of the submissions have been heard by the Independent Hearings Panel. A number of the decisions from the Independent Hearings Panel are now in operation.

Resilient communities

We have distributed \$6,673,285 in grants from the Strengthening Communities and Creative Communities funding schemes to 935 applicants.

Our Civil Defence and Emergency Management (CDEM) team played a major role in the Kaikoura earthquake and Port Hills fire response and recovery.

The CDEM team also promoted response plan development within communities and continued to train emergency centre staff and response team and welfare centre volunteers.

We also worked with the NZ Fire Service and supported multiple community events.

We now have 75 community facilities available, an increase on last year as the facilities repair and rebuild programme continues.

We distributed grants to community group and not for-profit organisations. These groups contributed 1.6 million volunteer hours of community work across the city.

In the customer services area, we have completed 459,719 telephone inquiries, 52,691 email inquiries and processed 124,583 financial transactions.

We supported a full calendar of events through the year. We hosted the All Blacks, Black Caps and New Zealand Cup and Show week.

Roads and footpaths

The SCIRT road repair programme has finished. We have completed an \$8 million road resurfacing programme. In all, 57 kilometres have been resealed. In addition, 14 kilometres of roads have been built.

35 kilometres of city footpaths have been renewed, predominantly in earthquake damaged areas of the city and the eastern suburbs. The Riccarton Road/Deans Avenue intersection upgrade has also been completed.

Risk mitigation work to protect the Sumner corridor from rockfall and restore alternative access to Lyttelton continues.

Work is under way on the \$200 million joint project with the New Zealand Transport Agency to construct the Northern Corridor route into the city.

We are also converting lights to LED technology.

Sewage collection, treatment and disposal

SCIRT has completed work on the city's earthquake-damaged wastewater network, with 500 kilometres of wastewater pipe and 78 pump stations repaired or replaced over the past five years.

In addition, we have completed wastewater pipe renewals in Akaroa and Christchurch, plus the renewal of seven pump stations in the city.

Project design work to take raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the Christchurch wastewater treatment plant is under way. Work continues on the South East Halswell wastewater scheme and the Riccarton Road wastewater upgrade.

We are undertaking a city-wide project that identifies the best mix of upgrade solutions to most economically reduce wet weather overflows.

Meanwhile, earthquake repairs to the CWTP continue.

Sport and recreation

We are boosting the capacity of our sports parks while developing a sports field network plan and management plan in consultation with the community.

The QEII Recreation and Sport Centre is under construction and work is under way on the Ngā Puna Wai Sports Hub.

Residents continue to make the most of local facilities, with more than 4 million visits to our recreation and sport centres, stadiums and services.

In collaboration, we have provided 111,348 affordable swimming lessons.

Planning and design work also continues on our Metro Sports Facility, the South West Recreation and Sport Centre and the New Brighton Hot Saltwater Pools.

Storm water drainage

We are updating the Land Drainage Asset Management Plan to provide a strong basis for future investment in network renewals, and the capacity upgrades required to reduce flooding and service growth.

Major investigations of the Avon, Styx and Heathcote rivers and their tributaries are under way.

We are increasing network capacity and reducing regular flooding in Aranui, Bexley, Woolston, Upper Heathcote, Somerfield/Opawa, Heathcote Valley, and Mairehau. We continue to fix the earthquake-damaged drainage network.

We are improving inlet structures across Banks Peninsula and replacing brick barrels and pipes.

Several water quality and quantity enhancement projects are also under way or completed. These include a stormwater filter at Richardson Terrace for Bells Creek and the Clare Park wetland. Enhanced ecological benefits have been achieved through naturalisation projects on Buller and Cashmere Streams and Kruses Drain.

Strategic governance

We organised the last election which brought in boundary changes and more elected members. We have introduced paperless meetings at both Council and Community Board level, already saving the equivalent of 950 reams of paper.

Strategic planning

We established a cross-Council management group to drive revitalisation in the central city. We also supported Regenerate Christchurch's work on Cathedral Square, and the Central City Business Association.

The delivery of our nine suburban master plans continued, supported by public consultation on streetscape projects and work with DCL on tools for catalysing private development. We have also supported Little River and Diamond Harbour in their plan development.

The Transitional City Programme has been relaunched as the Enliven Places Programme. New terms of reference for the contestable fund and greater community involvement in the temporary use of vacant spaces have been included.

Major achievements include "Tiny Huts" in New Brighton; a temporary community library in Woolston; the lighting of the Upham clock tower, direction signs in the Avon red zone, and creative hoardings.

The target sustainability programme was delivered to 40 businesses. In addition six electric vehicle charging sites were opened across the city.

Transport

More communities continue to connect via our major cycle route network. Both the Little River and Papanui Parallel routes of the Major Cycleways programme have been completed, while an end is in sight for the Uni-Cycle route. Work is also gearing up on the Rapanui/Shag Rock (section one) route.

Public engagement and consultation programme has been completed for the Heathcote Expressway and NorWest Arc routes. Further afield, detailed designs have been delivered for the Northern Line and Quarryman's Trail routes.

In the central city, the Lichfield Street Car Park is on track to open in November 2017.

A new bus lane in Main North Road has been introduced, while 20 bus passenger shelters have been installed or upgraded. Our commitment to education programmes for school cycling, road safety and travel demand initiatives continues.

Church Bay jetty has been repaired and work is under way on earthquake-damaged New Brighton Pier.

Water supply

Christchurch's water supply system continues to expand to meet growing demands.

In total, 10.5 kilometres of water supply mains and 15.1 kilometres of water supply sub-mains have been renewed.

SCIRT has also completed a five-year programme of repairs and replacement of 90 kilometres of water pipes and 26 pump stations and reservoirs.

The water supply system and pump station feeding the Prestons subdivision have been finished, while work on the water supply mains for greenfield areas in Halswell is nearing completion.

Our shallow wells replacement programme in the city's north-west continues, with the deeper wells improving water quality. Equipment renewals at 16 pump stations have been completed and new flow meters installed.

Smart cities programme

We have introduced the smart cities programme to explore new technology and approaches that make the city a smarter place for people to live, work and play.

Our Smart Cities programme is working with the local community and the public and private sector to introduce new technology, such as sensors, city apps, predictive analytics, augmented reality capabilities, and more engaging city-focused visualisations of data.

We are supporting numerous trials to gauge public acceptance and the impact on operations and costs before we commit to incorporating these innovations as part of our permanent services. These trials include:

Earthquake Response Visualiser: Smart Cities Christchurch has worked with a local company to develop a heat map using GNS peak ground force acceleration data. As a result, we will be able to see which buildings have experienced forces likely to cause damage and/or liquefaction after a significant earthquake, warranting a priority response from our engineers.

SmartCross: Using the world's first pedestrian crossing arcade game, the Smart Cities team has driven the next innovation, featuring quizzes, event promotions and emergency messages (if required) at street level.

BigBelly: A trial of solar-powered compacting rubbish bins at the New Brighton Whale Pool playground has proved very successful, with the emptying of bins reduced by 93%. Litter and overflowing rubbish complaints have become a thing of the past.

Bike Share - Smart Bikes: We are the first city in the southern hemisphere to trial two "smart bikes" as part of our Christchurch Bike Share fleet. Equipped with GPS technology, users can now swipe their Metro card to rent a smart bike, integrating the fleet into our public transport network.

Resilience

In September 2016 the Resilient Greater Christchurch Plan was released as part of our membership of the 100 resilient cities network pioneered by the Rockefeller Foundation.

The plan identifies four resilience goals for greater Christchurch underneath which are eleven programmes of action. Some actions in the plan are being implemented by Council however a significant number will be implemented by and with others. Building resilience is a collaborative effort across communities as well as local, regional and central government.

Highlights

Annual survey of residents

Christchurch residents are largely happy with their Council and their city services.

Overall satisfaction sits at 72 per cent, a two per cent decrease on last year but still considerably higher than the 64 per cent recorded in 2014.

Our transport education, environmental education, libraries, cemeteries, heritage protection and Botanic Gardens all rate particularly highly.

The 2017 residents' survey shows:

Events and festivals and kerbside waste services have proven popular with residents.

Services scoring over 85 per cent satisfaction include our libraries, events and festivals, kerbside rubbish and recycling collection, Council-run education programmes and the water supply.

More than two-thirds of survey respondents are satisfied with the ease of Council interaction.

Interestingly, a jump of more than 10 per cent on last year has been recorded in the number of people who feel they understand and can influence Council decision-making.

In general, more than half the services rated by residents have exceeded Council-set satisfaction targets. A perceived lower level of service regarding park maintenance has prompted more funding.

However, the state of Christchurch's roads and footpaths remains in the spotlight.

Only 34 per cent of those surveyed are satisfied with the condition of city roads, while 48 per cent are satisfied with the footpaths.

A 10-year road resealing and footpath repair programme is under way.

In our Point of Contact Service Satisfaction Surveys, our cycle safety programme has recorded a 100 per cent satisfaction rating, along with the Civil Defence and emergency management education programmes and just ahead of our environmental education programmes (99 per cent).

User satisfaction with library programmes and events also sits at 99 per cent, while cemetery services are rated 100 per cent.

Heritage protection advice and grant processes also rate highly (94 per cent), while the Botanic Gardens scores an impressive 96 per cent satisfaction rating with visitors.

The General Service Satisfaction Survey was conducted from 18 February to 24 March 2017.

In order to reflect a move away from using landlines, interviews were conducted using a dual method approach, accompanying random sampling telephone interviewing with some face-to-face surveying.

Anyone who had not lived in Christchurch for a 12-month minimum was excluded, as was anyone who elected not to identify their suburb or age.

In all, there were 770 respondents. The resulting data provided a maximum margin of error of ± 3.5 per cent.

Point of Contact Service Satisfaction Surveys are conducted at service sites, or users are contacted by either telephone, email, post or mail drop. Respondent sample sizes range from five to 2,200 per service, depending on user numbers and the scale of site services.

Overall, more than 8,000 surveys were completed in 2016-2017.

The point of contact surveys contribute to the Residents' Survey.

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 triennial election was on 8 October 2016.

Council

The Mayor and 16 Councillors, govern the city and ensure the needs of its residents are met. The Mayor is elected from the whole city and one Councillor is elected from each of the 16 wards that make up the city:

- Banks Peninsula
- Burwood
- Cashmere
- Central
- Coastal
- Fendalton
- Halswell
- Harewood
- Heathcote
- Hornby
- Linwood
- Innes
- Papanui
- Riccarton
- Spreydon
- Waimairi

The Council makes decisions for Christchurch's future, plans the way forward and is 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 LTP 2015-2025 and its amendments, which the Council consulted on then adopted in June 2016.

In the LTP and its amendments, the elected members agree on 'Community Outcomes' which they achieve by setting policy. The outcomes 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, seven Community Boards represent and advocate for the interests of their communities. Community Boards make decisions on some local matters and advise the Council on local needs, community views and how Council proposals will affect their communities.

The Community Boards are made up of 37 Community Board members and the 16 Councillors elected from each ward. The Community Boards are:

- Banks Peninsula
- Coastal-Burwood
- Fendalton-Waimairi-Harewood
- Halswell-Hornby-Riccarton
- Linwood-Central-Heathcote
- Papanui-Innes
- Spreydon-Cashmere

Your Council Community Outcomes

What are Community Outcomes?

Community Outcomes describe what the Council aims to achieve in promoting the social, economic, environmental and cultural interests of the district now and in the future. They focus on what the Council is able and can afford to influence, and describe the city's aspirations. Everything the Council does day-to-day focuses on achieving them.

The Community Outcomes come from and align with our key plans including the Greater Christchurch Urban Development Strategy and the Christchurch Central Recovery Plan. The Public Open Spaces Strategy, Biodiversity Strategy and Social Housing Strategy also contribute to our Outcomes. They have all been developed after consulting the community and they reflect the aspirations and goals of the residents.

The Community Outcomes helped set the direction for the LTP 2015-2025. All Council activities described in the LTP and its amendments contribute towards them.

The Community Outcomes

The Outcomes relate to four strategic directions – liveable city, strong communities, healthy environment and a prosperous economy. A fifth group, good governance, describes outcomes for how the Council works as an organisation doing the best for its community.

Many Outcomes were strongly influenced by the 2010-2011 earthquakes. In some cases we prepared new Outcomes to meet the changed environment. In other cases, the earthquakes hindered Council progress. The earthquakes also changed how we prioritised some activities. We reflected this either by changing capital expenditure or taking up different activities to meet the goal.

The Community Outcomes are as follows:

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.

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 focused 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 are in line with urban development 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.

Strong Communities

Christchurch's culture and heritage are valued

- The city's identity is enhanced in 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

- There is increasing participation in recreation and sporting activities.
- People have equitable access to parks, open spaces, recreation facilities and libraries.
- 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.

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.
- Groundwater 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.

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.

How do we achieve these outcomes?

Everything the Council does focuses on meeting these outcomes. We align our activities with our strategies and plans. All our capital and operating spending is aimed at moving the city towards these outcomes now or in the future.

The activities, levels of service, capital and operating spending and links to the outcomes are all in the LTP and its amendments.

Who do we work with to achieve our outcomes?

We work with a variety of community groups and other agencies to meet our Outcomes. We are more likely to achieve lasting results in the community when we promote partnerships and work with Māori, other local and regional organisations, central government, non-governmental organisations, and the private sector.

Good governance

The Council also has internal outcomes. Amongst other things, they aim to ensure that we meet all statutory obligations, that we lead key issues for the district, that our decisions are transparent and that they take account of community views. We have strategies informed by community views, and many robust policies and processes to guide our decisions.

Liveable City

A good built environment improves residents' lives by ensuring we have the right mix of houses, buildings and urban spaces. We have a unique chance to rebuild our urban areas in a way that enhances our lives. When planning we need to work very closely with neighbouring councils and ECan, as well as with central government agencies such as the Canterbury Earthquake Recovery Authority (CERA), DPMC, the Ministry of Transport, the New Zealand Transport Agency (NZTA) and the Ministry of Business, Innovation and Employment (MBIE).

Professional bodies, such as the New Zealand Planning Institute and the New Zealand Institute of Architects, sector organisations such as the New Zealand Historic Places Trust, and educational and research institutes are important partners for 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 for successful development.

Strong Communities

A strong community includes people having a safe place to live, the chance to take part in a wide range of recreation and feeling connected to the community. We help build strong communities by working with central government agencies such as the:

- Ministry of Social Development
- CERA
- DPMC
- Department of Internal Affairs
- Ministry of Health
- Canterbury District Health Board
- New Zealand Police
- Creative New Zealand
- Sport and Recreation New Zealand.

We also work with many community groups. By working closely with these agencies our programmes are more likely to be complementary and effective.

Healthy Environment

Our district has landscapes and indigenous biodiversity that are unique and important to the area and we work with many 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. A Māori perspective helps us understand and consider cultural matters.

Prosperous Economy

A prosperous economy is integral to us achieving our goals. Much of our economic development is led by CDC and CCT. Through Christchurch City Holdings Limited (CCHL), the Council is a majority shareholder in a number of infrastructure companies including the Lyttelton Port Company Limited (LPC), Christchurch International Airport Limited (CIAL) and Orion New Zealand Limited (Orion).

We work with other organisations such as the Crown Research Institutes, New Zealand Trade and Enterprise, the Foundation for Research, Science and Technology, MBIE and the Ministries of Foreign Affairs and Trade, and Social Development.

We also work with local business groups to give us a strong economic base and make Christchurch a good place to do business.

How do we know if we are achieving our Community Outcomes?

We must be able to measure our Outcomes. We monitor our progress by using a variety of indicators. We publish the monitoring results from time to time on our website. You can view the latest online at: <https://ccc.govt.nz/the-council/how-the-council-works/organisation-structure/vision/community-outcomes/community-outcomes-progress-report/>.

Your Council
The elected Council



Back Row (from left):

Councillor Glenn Livingstone, Councillor Yani Johanson, Councillor Deon Swiggs, Councillor Anne Galloway, Councillor Tim Scandrett, Councillor Jimmy Chen, Councillor Vicki Buck, Councillor Aaron Keown, Councillor Mike Davidson , Councillor Raf Manji.

Front Row (from left):

Councillor Phil Clearwater, Councillor Sara Templeton, Deputy Mayor Andrew Turner, Mayor Lianne Dalziel, Councillor Jamie Gough, Councillor Pauline Cotter, Councillor David East.

Your Council
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, **Carol Bellette** General Manager Finance and Commercial, **Anne Columbus** General Manager Corporate Services, **Leonie Rae** General Manager Consenting and Compliance.

Your Council Community Board Members

Banks Peninsula Community Board

Christine Wilson (Chairperson) – *Lyttelton subdivision*
Pam Richardson (Deputy Chairperson) – *Akaroa subdivision*
Felix Dawson – *Mount Herbert subdivision*
Janis Haley – *Akaroa subdivision*
John McLister – *Mount Herbert subdivision*
Jed O'Donoghue – *Lyttelton subdivision*
Tori Peden – *Wairewa subdivision*

Councillor

Andrew Turner – *Banks Peninsula ward*

Coastal-Burwood Community Board

Kim Money (Chairperson) – *Coastal ward*
Tim Sintes (Deputy Chairperson) – *Coastal ward*
Tim Baker – *Burwood subdivision*
Linda Stewart – *Burwood subdivision*

Councillors

David East – *Coastal ward*
Glenn Livingstone – *Burwood ward*

Fendalton-Waimairi-Harewood Community Board

David Cartwright (Chairperson) – *Fendalton ward*
Aaron Campbell – *Harewood ward*
Linda Chen – *Harewood ward*
Sam MacDonald (Deputy Chairperson) – *Waimairi ward*
Shirish Paranjape – *Waimairi ward*
Bridget Williams – *Fendalton ward*

Councillors

Jamie Gough – *Fendalton ward*
Aaron Keown – *Harewood ward*
Raf Manji – *Waimairi ward*

Halswell-Hornby-Riccarton Community Board

Mike Mora (Chairperson) – *Hornby ward*
Helen Broughton (Deputy Chairperson) – *Riccarton ward*
Natalie Bryden – *Hornby ward*
Catherine Chu – *Riccarton ward*
Ross McFarlane – *Halswell ward*
Debbie Mora – *Halswell ward*

Councillors

Vicki Buck – *Riccarton ward*
Jimmy Chen – *Hornby ward*
Anne Galloway – *Halswell ward*

Linwood-Central-Heathcote Community Board

Sally Buck (Chairperson) – *Central ward*
Jake McLellan (Deputy Chairperson) – *Central ward*
Alexandra Davids – *Linwood ward*
Darrell Latham – *Heathcote ward*
Tim Lindley – *Heathcote ward*
Brenda Lowe-Johnson – *Linwood ward*

Councillors

Yani Johanson – *Linwood ward*
Deon Swiggs – *Central ward*
Sara Templeton – *Heathcote ward*

Papanui-Innes Community Board

Ali Jones (Chairperson) – *Innes ward*
Emma Norrish (Deputy Chairperson) – *Papanui ward*
Jo Byrne – *Innes ward*
John Stringer – *Papanui ward*

Councillors

Pauline Cotter – *Innes ward*
Mike Davidson – *Papanui ward*

Spreydon-Cashmere Community Board

Karolin Potter (Chairperson) – *Spreydon ward*
Melanie Coker (Deputy Chairperson) – *Spreydon ward*
Helene Mautner – *Cashmere ward*
Lee Sampson – *Cashmere ward*

Councillors

Phil Clearwater – *Spreydon ward*
Tim Scandrett – *Cashmere ward*

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.

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.

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:

Training elected representatives

After every election, Council staff and others, such as Local Government New Zealand, assist in training incoming elected members. Training is ongoing and includes 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. It does this by holding formal public consultation on city projects that include public hearings, and receiving petitions and deputations at Council, Committee and Community Board meetings. It also receives public opinion via social media and the internet, through programs such as 'Have Your Say', which actively solicits 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 informs residents of Council decisions and projects through its website, social media, 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 his behalf.

Internal audit

The Council's internal audit monitors its internal controls and reviews function. Deloitte provide resource and expertise to aid delivery of this function.

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. CCHL is a significant wholly-owned subsidiary. It groups trading activities under one umbrella and keeps the Council at arm's length from the activities of Council Controlled Trading Organisations (CCTOs), which operate as profit-making enterprises.

The CCTOs are:

- Orion New Zealand Limited (Orion)
- Christchurch International Airport Limited (CIAL)
- City Care Limited (City Care)
- Lyttelton Port Company Limited (LPC)
- Red Bus Limited (Red Bus)
- Enable Services Limited (ESL)
- EcoCentral Limited (EcoCentral)
- Development Christchurch Limited (DCL)

The Council also has interests in other smaller CCTOs:

- Vbase Limited (Vbase)
- Civic Building Limited (CBL)
- Tuam Limited (Tuam)

Each CCTO is required to produce a Statement of Intent (SOI) 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 bi-annually.

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

Your Council Māori involvement in decision making

Te Hononga – Nga Papatipu Rūnanga and Christchurch City Council Committee signals a new era in Council partnership with manawhenua. Te Hononga is the committee co-governed by the six Committee Chairs of Council and the six Papatipu Rūnanga Chairs who hold manawhenua across Christchurch and the Banks Peninsula.

This year the Committee agreed their terms of reference and clarified the core objectives between Council and Ngā Rūnanga. The Committee traversed a wide range of important issues. Some of these include the Council's proposed plans to manage disposal of waste water and stormwater, resource management overlays that affect Maori reserve land and how both organisations might work together for better long term outcomes for Christchurch.

Some event highlights include the new citizen's ceremony held at Tuahiwi marae on Waitangi day. Both the Council and the Waimakariri District Council joined with manawhenua and 60 new citizens and their families, to commemorate this special day. These new New Zealanders were welcomed onto the marae followed by their first hangi lunch.

The Dutch King and Queen's luncheon at Tuahiwi marae was also a wonderfully unique way to celebrate these guests in our region. The Royal couple were

welcomed with a haka powhiri, before meeting with kaumatua and Ngāi Tahu youth to discuss the iwi's future economic development and plans.

The Mahaanui Limited relationship has continued to flourish. This is the vehicle where the six Rūnanga have input into decision-making on resource management and in forming policy statements and plans. Council and the appointed environmental experts from each Rūnanga meet on a regular basis to discuss the environmental plans and issues of concern.

Ngāi Tūāhuriri narratives, names and design are an added feature of Council projects, within the city. Mataapopore is the Rūnanga led urban design organisation.

The Principal Ngāi Tahu Advisor and Chief Advisor Ngāi Tahu/ Maori Relationships are two roles within Council that continue to provide Maori advice and leadership.

This year was also the first year that the Council participated in the Tuia rangatahi mentoring programme. This is a nationwide programme where Mayors mentor a young Māori as they carry out 100 hours of community service.

Council activities and services
Activities and services summary

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.

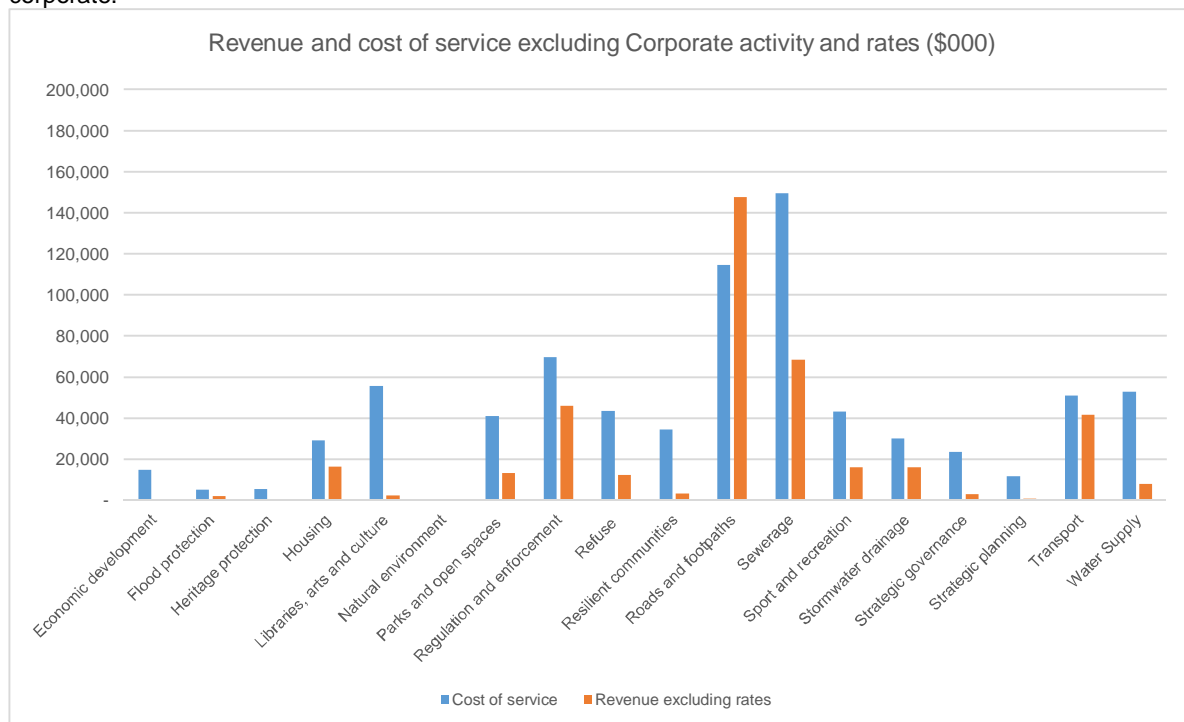
Cost of services for the year to 30 June 2017

	2017			2016*	
	Costs (after internal recoveries) \$000	Income \$000	Net Cost \$000	Plan Net Cost \$000	Net Cost \$000
Economic development	15,042	170	14,872	14,886	9,420
Flood protection and river control	5,402	2,156	3,246	1,071	283
Heritage protection	5,477	109	5,368	4,154	4,664
Housing	29,237	16,664	12,573	11,214	4,883
Libraries, arts and culture	55,745	2,624	53,121	57,270	47,051
Natural environment	423	82	341	439	319
Parks and open spaces	41,153	13,495	27,658	32,886	12,773
Regulation and enforcement	69,972	46,167	23,805	16,982	22,977
Refuse minimisation and disposal	43,607	12,544	31,063	33,354	30,939
Resilient communities (incl. Community Grants)	34,654	3,346	31,308	29,661	11,840
Roads and footpaths	114,626	147,802	(33,176)	5,065	(20,076)
Sewerage collection, treatment and disposal	149,533	68,491	81,042	41,683	(80,865)
Sport and recreation	43,279	16,342	26,937	24,566	17,086
Stormwater drainage	30,187	16,174	14,013	23,781	12,525
Strategic governance	23,703	3,090	20,613	24,033	20,960
Strategic planning	11,862	863	10,999	11,995	9,826
Transport	51,129	41,788	9,341	(4,217)	(45,849)
Water Supply	53,122	8,172	44,950	42,013	25,583
Corporate Activities	150,828	659,001	(508,173)	(548,872)	(501,572)
Total cost of service delivery	928,981	1,059,080	(130,099)	(178,036)	(417,233)

* the 2016 results have been restated for a prior period adjustment refer to note 34 of the financial statements for more detail.

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

The table below shows the revenue received (excluding rates) and costs incurred by each group of activity, excluding corporate.



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.

	Parent 30 Jun 17 Actual \$000	Parent 30 Jun 16 Actual* \$000
Council activities and services revenue excluding Corporate activities	400,079	537,025
Rates revenue	426,496	396,240
Other revenue (primarily interest, dividends, vested assets, insurance and development and financial contributions)	232,508	297,291
Total revenue	1,059,083	1,230,556
Council activities and services expenditure excluding Corporate activities	778,153	650,063
Other expenditure	93,498	213,064
Total expenditure	871,651	863,127

* the 2016 results have been restated for a prior period adjustment refer to note 34 of the financial statements for more detail.

Capital summary for the year to 30 June 2017

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

	2017		2016*
	Net Cost \$000	Plan Net Cost \$000	Net Cost \$000
Economic development	-	-	-
Flood protection and river control	8,878	13,296	9,623
Heritage protection	8,640	7,297	4,976
Housing	5,272	3,782	9,345
Libraries, arts and culture	41,224	33,133	22,338
Natural environment	-	-	-
Parks and open spaces	16,372	12,554	14,565
Regulation and enforcement	1	26	543
Refuse minimisation and disposal	1,164	977	4,006
Resilient communities (incl. Community Grants)	4,988	13,800	10,403
Roads and footpaths	243,315	118,697	163,402
Sewerage collection, treatment and disposal	259,909	113,945	241,467
Sport and recreation	33,791	69,912	13,377
Stormwater drainage	86,105	62,349	36,826
Strategic governance	-	-	(1)
Strategic planning	419	150	338
Transport	66,143	32,115	14,889
Water Supply	37,887	23,675	37,701
Corporate Activities	(289,292)	29,822	(34,580)
	524,816	535,530	549,218

Depreciation and amortisation by group of activity

	Parent	Parent
	30 Jun 17	30 Jun 16
	Actual	Actual*
	\$000	\$000
Economic development	88	69
Housing	7,154	7,027
Libraries, arts and culture	10,433	7,501
Parks and open spaces	8,760	8,800
Refuse minimisation and disposal	2,287	2,341
Regulation and enforcement	360	499
Resilient communities (incl. community grants)	1,586	1,574
Roads and footpaths	62,874	57,570
Sewerage collection, treatment and disposal	52,767	47,137
Sport and recreation	8,396	8,280
Stormwater drainage	5,863	5,496
Strategic governance	1	1
Transport	3,440	4,817
Water supply	25,964	25,688
Corporate activities	15,241	13,791
	<u>205,214</u>	<u>190,591</u>

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 increase the standard of living by improving the city's economic health. The Council leads economic and key sector development, the regional innovation system, and supports potential high growth businesses. We also aim to attract more 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?

For the city to achieve its goals we need a sound economy. Economic development activities aim to help expand the economy so residents have more employment, better opportunities and good quality facilities and services. These in turn benefit our community's social wellbeing. The work contributes to making Christchurch a great place to work, live, visit, invest in and do business.

How does it affect me?

A strong economy benefits everyone because there are more and better jobs and business opportunities. A strong economy and good quality of living also makes it easier to attract high-value migrants, returning residents, investment and innovation.

What activities are involved?

Christchurch economic development coordination and leadership

Christchurch is the main business area for Canterbury and the South Island. Regionally, we work in four broad areas:

- economic development;
- sector and business development;
- supporting the innovation system; and
- promotion of Christchurch and Canterbury to visitors.

City Promotions

We promote information through print, web and digital media 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 and encourage them to take part.

Civic and International Relations

Our civic and international relations work aims to build and maintain relationships, attracting more skilled migrants, students and tourists, and enhancing economic development and 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 22 February and ANZAC Day, and we hold regular citizenship ceremonies and annual civic awards. We hold special events in association with the Antarctic Office reflecting 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.

Venue management

We provide ongoing management services to Vbase Limited which is a Council Controlled Company, 100 per cent owned by the Council. Vbase Limited acquires and delivers sporting, cultural and entertainment events that deliver economic and social benefit for the city.

What did we achieve?

Christchurch economic development coordination and leadership

The Council completed a review of its service delivery approach for its tourism, economic development, major events and international education activities. It was decided these activities should be delivered by a single new service delivery organisation – ChristchurchNZ.

On 30 June 2017, CCT, CDC and the Council's Major Events and City Promotions activities amalgamated to form ChristchurchNZ. A new independent board with appropriate background and skills is in place to provide governance and strategic direction for the organisation.

During the year a transitional board was put in place in preparation for merging CDC with CCT, and Council's major events and city promotions functions to create ChristchurchNZ. Work undertaken to prepare for the new entity, included: development of an integrated strategy and business plan; identification and preparation of new premises; co-locating CCT and Council staff in the CDC office; amalgamation of support systems and alignment of contracts.

Over the past year, CDC worked with stakeholders to revise the Christchurch Economic Development Strategy (CEDS), now awaiting Council endorsement.

A strategic report on how to realise the economic potential of Canterbury's regional innovation system was completed. This is guiding priorities for enhancing the regional innovation system and informing joint initiatives and priorities with partners.

The CDC project management office oversaw 26 projects that deliver on the strategy including the High Growth Launch Programme and development of the Innovation Precinct branding and website.

CDC coordinated the collaborative city narrative group to create a common communications platform for promoting Christchurch. CDC also worked with DCL and partners on an integrated service delivery model for business and investment attraction.

Powerhouse Ventures Limited (PVL), the university-generated intellectual property commercialisation firm established by CDC, listed on the Australian Stock Exchange in October 2016. A 22.5 per cent shareholding in PVL is held by ChristchurchNZ.

CDC continued its partnership with the Canterbury Employers' Chamber of Commerce to deliver the

Regional Business Partner Programme with NZ Trade and Enterprise and Callaghan Innovation through joint venture entity Canterbury Regional Business Partners Limited. As a delivery sub-contractor, CDC achieved a very high net promoter score of +83 (on a scale from -100 to +100). As at 30 June 2017, CDC had worked with 332 businesses issuing 192 vouchers worth nearly \$430,000, exceeding our annual target of 309 business assessments and \$407,500 in voucher funding. CDC matched 366 businesses with mentors, well ahead of the annual target of 319 and facilitated numerous "one to many" shared learning sessions to businesses in the manufacturing, technology and agribusiness sectors.

CDC negotiated with MBIE to extend the lease of the GreenHouse innovation hub for a further three years. In the past 12 months GreenHouse was home to start-up businesses and hosted events and meetings for organisations in the tech and innovation system, bringing in over 1,000 people.

CDC delivered two economic update events, with the audience growing by over 20 per cent on the previous year to over 300 attendees. Two editions of 'The Canterbury Report' were published, supporting the economic updates.

CDC continued to support the development and delivery of major business events including Singularity University, Techweek 17, Canterbury Tech Summit and Go-Global programmes. These events raise the profile of Christchurch and our high value and high tech businesses and sectors.

Economic research undertaken included reassessment of the underlying economy model for the Canterbury Economic Development Strategy background paper and the impact of baby boomers on housing markets. The value of the visitor economy to Christchurch has been a focus, with specific research into: a Chinese visitor prediction model; developing targeted marketing personas for Christchurch and Canterbury using the International Visitor Survey; a review of how other destinations have mitigated seasonality and understanding constraints to visitor growth to inform policy and investment. A public value assessment on a cruise berth in Lyttelton was also completed.

CDC provided support to the business recovery programme in the Kaikoura and Hurunui districts following the Kaikoura earthquake. This utilised knowledge and experience gained through the Recover Canterbury programme including the utilisation of \$70,000 of residual national funding from the original Canterbury support programme, with staff involved receiving recognition from the office of the Minister of Economic Development for their support, expertise and knowledge sharing.

Tourism became New Zealand's biggest export earner in March 2016 with a 15 per cent increase in holiday arrivals. As the city evolves, CCT has the unique opportunity to further develop a strong brand position in both the domestic and international market.

A core focus for CCT over the past year was the domestic market, targeting visitors coming to the region to visit family and friends, access Canterbury and the South Island and attend an event. CCTs strategy for this market was a combination of campaign, media and

digital activity broken down into two differentiated propositions; "Pockets of Awesome" for Christchurch and "Ocean to Alps" for Canterbury.

Total guest nights were up 3 per cent for Christchurch and 9 per cent for Canterbury in the year ended May 2017 compared to the previous year. We would have expected a greater increase. However, this was severely impacted by the Kaikoura earthquake, change in visitor travel patterns, competitive international airline prices and the negative perception of the city.

Christchurch international holiday arrivals increased 8 per cent for the year ended June 2017. Key growth markets for the year were: Canada (18 per cent); Australia (10 per cent); Korea (10 per cent); China (9 per cent); and Germany (7 per cent). International guest nights in Canterbury increased 7 per cent for the year to May 2017. This has driven a 3 per cent increase in international visitor average spend per night across the region.

Recovering a share of the Australian holiday market has been a focus, with growth of 10 per cent in the year ended June 2017 compared to the previous year. This was assisted by the CCT / Tourism NZ joint Canterbury short breaks campaign which encourages Australian visitors to explore the city and region using the key messaging "Christchurch in next to no time". CCT supplemented campaign activity with additional media and trade support aligned with the key messages. CCT and Tourism NZ have two Winter and Ski campaigns in market: "Winter in Canterbury" and "Fly Christchurch, Ski Mt Hutt".

The Christchurch & Canterbury Convention Bureau prepared bids for 24 Christchurch conferences over the year. The city's share of the national conference market dropped 1 per cent to 8 per cent for the year ended March 2017. Despite the small drop in national market share, delegate days increased to over 144,000 for the year.

The Bureau attended 8 conference related tradeshow in Australia and New Zealand and attended IMEX in Frankfurt and Tourism NZ London events on behalf of Ōtākaro to promote the Christchurch Convention Centre. The target of 67 Convention Bureau partners was exceeded with the Bureau having a record 75 partners (one more than pre-earthquakes). This shows the value the sector is seeing in the work being done.

Civic and International Relations

We coordinated the commemoration of the sixth anniversary of the Canterbury earthquake. This included the dedication of Oi Manawa | Canterbury National Earthquake Memorial. The RSA were supported with the delivery of the ANZAC Day Dawn parade, and we conducted the Citizens' Service at the Transitional Cathedral. We also supported the RSA with WW100 commemorations and planning and delivery of Armistice Day commemorations.

61 international visits to Christchurch, were hosted. These included official government visits from the King and Queen of the Netherlands, the Canadian Attorney General and the US Secretary of State. There were 22 visits from China.

Our Strategic City to City programme was strengthened with the signing of a strategic relationship with Busan Metropolitan City in Korea on polar cooperation. All of our seven Sister City relationships remain active through people to people exchanges and projects relating to best practice, business development, tourism, education, culture and sport.

Our relationships with our five active partners who use Christchurch as a base for their Antarctic programmes were maintained and developed through delivering our major annual support activities and through the establishment of an Antarctic Office.

13 Citizenship Ceremonies were held for 2,070 new citizens, including a joint ceremony conducted with the Waimakariri District Council on Waitangi Day.

How did we measure up?

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.	The Council produces and distributes city promotional material, for residents and visitors.	Provide print, web and digital (social media such as Facebook) promotional material across information categories, examples: Christchurch Facts, City and Events Guide, City and regional map, City Walks and Drives, City Parks and Gardens.	Achieved.	Material has been provided throughout the city with 95% of city agencies satisfied with promotional material produced.	2016: Promotional material provided to support events and projects. 2015: 100% satisfaction by city agencies for the city promotional materials produced. 2014: All print, web, digital promotion material produced as required.
	Residents are satisfied with Council provision of information available to them about events, activities and attractions in Christchurch.	85%.	Not achieved.	79% of residents are satisfied with information about events, activities and attractions in Christchurch.	2016: 83% 2015: 83%. 2014: 84%. 2013: 83%.
Management of the Central Business District (CBD) and city programme - Banners, Christmas decorations, City Hosts and Icons for the City.	Manage the annual programme of street banners and seasonal decoration.	Minimum of 52% of available sites will be utilised over 12 months for seasonal decoration, management of event and festival banners on behalf of organisers.	Achieved.	At least 80% of the city banner sites were utilised throughout the past financial year. Banners included: DHL Lions Series, Canterbury Red and Black, Marathon, All Blacks, NZ Cup and Show Week, World Bowls, Christmas, The Pioneer and Le Race.	2016: 50% of banners were installed.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Civic and International Relations					
Maintain and develop strategic city-city programmes.	Facilitate strategic city to city / region relationships where the opportunity exists for high value investment, growth, tourism and cultural links.	Establish a new strategic city to city / region relationship with China.	Achieved.	Relationship with Sichuan has been negotiated.	2016: Relationship with Shenzhen has been established and is under 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 secretariat for the Council of Managers National Antarctic Programmes (COMNAP).	Achieved.	All five partnerships were maintained. An additional two were developed with NASA (2 separate programmes) and China.	2016: Five active partnerships maintained. 2015: Three active partnerships maintained with USA, Antarctica NZ and Italy. 2014: Three active partnerships maintained.
		All major support activities delivered annually - Season Opening function, Antarctic University of Canterbury (UC) scholarship.	Achieved.	All major support activities including the Season Opening function and UC Scholarship, delivered as specified.	2016: Achieved. 2015: Achieved. 2014: Achieved.
Antarctic Office	Christchurch is recognised by Antarctic programmes as an excellent/ globally competitive Antarctic gateway city.	Implement Antarctic Strategy.	Not Achieved.	Action Plans will be developed more fully with stakeholders following Council's endorsement of the Antarctic City Strategy in 2017.	2016: Antarctic strategy developed and implemented.
		Develop and implement a coordinated marketing programme which effectively communicates Christchurch's 'Antarctic product set' on behalf of all key stakeholders.	Achieved.	Achieved.	New measure for 2017.
Delivery of Civic events - Citizenship Ceremonies, Anzac Day, Charter parades	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.	Conducted 13 citizenship ceremonies conferring citizenship on 2,070 people.	2016: 11 citizenship ceremonies held during year conferring citizenship on 1,666 people. 2015: Regular Citizenship ceremonies held within budget. 2014: Regular Citizenship Ceremonies held within budget and backlog of waiting citizens fully cleared.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Support the RNZRSA and community in the delivery of commemorative events.	ANZAC Day commemorations in central Christchurch and WW100 Activities supported with planning and delivery.	Achieved.	Support provided for the planning and delivery of the Christchurch ANZAC Day dawn parade, traffic management for other ANZAC services and the civic service at the cathedral. Armistice Day commemorations and other WW100 activities were delivered.	2016: Support provided for the planning and delivery of the Christchurch City Dawn Parade, Citizens' Memorial Service and the re-opening of the Bridge of remembrance on ANZAC Day. The centenary of the No 1 General Hospital was also celebrated as part of the WW100 commemorations. 2015: Supported, planning and delivery of ANZAC Day. 2014: RSA supported in delivery of ANZAC Day.
	Deliver functions / activities for visiting dignitaries.	Facilitate guests of government, members of the diplomatic and consular corps and other VIP guests in their visits to the Christchurch City Council.	Achieved.	Planned and delivered 61 separate official visits to Christchurch throughout the year.	2016: Facilitated 68 delegations comprising a total of 658 people in visits to the Council during the year.
	Annual programme of other civic events delivered.	Deliver Civic Awards, Apprentices Graduation, Charter Parades, Remembrance Day, February 22 commemorations, peace city commemorations, and other civic events.	Achieved.	An annual programme of other civic events were delivered that included: City 160th anniversary, paralympian homecoming, world bowls championship opening ceremony, apprentices' graduation, Waitangi day, 22 February commemorations, and Aida Wells centenary.	2016: The following civic events for were delivered during the year: Waitangi Day, February 22 memorial services, Armistice Day, Apprentice Graduation, 5th anniversary of 4 September commemoration and civic awards. 2015: All civic events delivered. 2014: All civic events delivered.
Christchurch Economic Development Leadership and Coordination					
Coordination and leadership of economic development programmes economic development leadership, industry development and business acceleration.	CDC provides economic development leadership for Christchurch.	Economic knowledge and insights are regularly delivered to stakeholders via website, publications and update events by minimum quarterly.	Achieved.	<p>Monthly economic report posted to CDC website and distributed to database.</p> <p>Economic Updates delivered and the Canterbury Report published.</p> <p>Press columns delivered on public value of stadiums to cities</p>	2016: Forum and newsletter update provided quarterly. This information is supplemented by media articles on topical matters.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CDC maintains Centres of Expertise in Economic Research, Workforce, and Infrastructure.	Two projects that support the rural economy and its connection to the Christchurch economy are delivered each year.	Achieved.	Two projects completed. An assessment looking at a water quality and value in Christchurch. A sheep milking market feasibility study in partnership with KPMG and AGMART.	2016: Two projects delivered. Diversification into high value add products - worked with cross-industry group to explore the feasibility of developing a larger sheep milk industry in Canterbury. Economic Impact of Environmental Limits - detailed investigation into the impact of water storage and nitrate limits on the Canterbury and Christchurch economies.
		Produce three economic reports using the CDC knowledge base per year.	Achieved.	Three Economic reports produced.	2016: Five economic reports produced.
		Maintain and publish the Canterbury economic infrastructure situation report quarterly.	Achieved.	The Infrastructure Situation report was updated quarterly and published on the website.	2016: The Infrastructure Situation Report was reviewed and updated quarterly. Updated reports were published on the CDC website: 31 July 2015, 21 October 2015, 21 December 2015, 28 April 2016 and 30 June 2016.
	CDC Leads the Canterbury Regional Innovation System (CRIS)	CDC innovation provides access to capital, funding and resources for startup ventures and innovation platforms in the region. At least 6 ventures or initiatives per year are identified and invested in.	Achieved.	6 initiatives supported during the year. Ministry of Awesome's start up activator. Foodsouth's work piloting new food products with new and established companies PowerHouse Ventures. Christchurch Innovation Precinct Entre. Canterbury Angels.	2016: 15 ventures invested in. 2015: 10 companies. 2014: 10 companies.
		In conjunction with the MBIE, CDC Innovation provides an innovation hub for use by early stage business & entrepreneurs in the region.	Achieved.	GreenHouse Innovation Hub will continue to be provided for this purpose for the duration of the year. The current contract runs through until June 2018. We are working with MBIE to secure an extension of this timeframe.	2016: The GreenHouse innovation hub is operational, with 10 start-ups resident and one corporate tenant/sponsor. GreenHouse is partially funded by MBIE.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CDC facilitates the development of selected high growth potential businesses that align with the Government growth agenda and CEDS.	Business mentoring services are provided to 600 businesses per year.	Not achieved.	596 businesses received mentoring services.	2016: 786 businesses received mentoring services. 2015: 10 clients have been case managed for each sector. 2014: 10 clients have been case managed for each priority sector.
		40 clients per annum will be intensively case managed.	Achieved.	41 businesses being intensively managed.	2016: 45 businesses being intensively case managed.
		CDC facilitates international trade (with a special emphasis on China) by hosting incoming delegations and participating in both on-shore and offshore trade related events, a minimum of 6 local businesses per annum are introduced to international trade opportunities.	Achieved.	17 businesses were connected during the year.	2016; 14 businesses were introduced to international trade opportunities or delegations. 2015: measure reflected China connections only.
		CDC supports local companies to supply goods and services as part of the domestic supply chain with a minimum of 10 connections or initiatives per year.	Achieved.	CDC worked with 10 businesses during the year.	2016: CDC worked 12 local companies during the year. 2015: Firms helped: Lincoln hub, Education NZ, University of Canterbury, Arc Active, Ngai Tahu Seafood and Airborne Honey. 2014: Firms helped: Green Dog Insulation, Serra Natural Foods, Linguis International College, Greenfield, The Cot Store, and Sino NZ.
Tourism Development and Marketing.	CCT provides leadership to the tourism sector in Christchurch.	Five year CCT strategic plan updated, to be updated by 30 June 2018.	Not applicable.	The new Christchurch Visitor Strategy superseded the update of the CCT strategic plan.	2016: CCT have contributed to the draft Christchurch Visitor Strategy which was accepted in principle by the Council in May 2016. 2015: Five year strategic plan completed in November 2014. 2014: Strategic Plan 2014 - 19 was completed in October 2013.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	CCCB (operated by CCT) promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions.	Achieve a share of domestic delegate days for Business Events Market in the 7% to 10% range.	Achieved.	8% achieved by year end.	2016: 9% achieved by year end.
	CCT provides support to and works collaboratively with tourism business partners and suppliers.	Hosting at least three Business Partner meetings annually to review progress with visitor sector performance and collaboratively identify new opportunities and initiatives to improve the visitor economy.	Achieved.	8 Business Partner functions held.	2016: 8 Partner meetings held. 2015: 7 business partner meetings and 16 industry communication updates sent. 2014: 8 Business Partner meetings were held.
		Engage with 15 tourism businesses per year on specific tourism projects or issues and provide marketing advice where relevant.	Achieved.	Engaged with 56 businesses on tourism issues and projects.	2016: Engaged with more than 15 business on 12 specific initiatives. 2015: 72 one on one meetings with Convention Bureau partners and 30 meetings with businesses. 2014: 27 businesses received advice.
	CCT facilitate cruise arrival arrangements at Akaroa and work with cruise lines to grow the cruise sector for Christchurch/ Lyttelton and Akaroa.	Provide Wharf side Visitor Information mobile facility to support cruise ships arriving in Akaroa.	Achieved.	Port guides are updated annually via Cruise NZ. CCT paid for a person to meet each cruise ship and provide free information such as official visitor guides and mini maps wharf side.	2016: Services provided to support cruise ship visits included, funding Akaroa District Promotions staff costs (cruise days), I-SITE accreditation assistance for wharf info kiosk, free visitor shuttle on cruise ship days and video ChCh visitor experience for on board port information channel.
		Provide printed collateral for arriving cruise passengers in Akaroa on regional activities & information.	Achieved.	Printed mini maps and visitor guides contain cruise specific information including bus stops.	2016: Mini map produced in partnership with Council that includes cruise bus stops and relevant information. 2015: Information kiosk provided with services including shuttle bus, visitor map, port guides. 2014: A mobile information kiosk is in place. 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.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Visitors utilise the services of the Christchurch Visitor Information Centres.	Christchurch Visitor Centre will be open: Summer (November - April) from 8.30 – 5.00. Winter (May – October) 10.00 – 4.00.	Achieved.	Visitor Centre open: Summer 8.30 – 6.30pm and Winter 8.30 – 5.00pm.	2016: Summer 8.30 – 6.00 and Winter 8.30 – 5.00. 2015: Summer 8.30 – 6.00 and Winter 8.30 – 5.00. 2014: Summer - 28 October – 31 March, Winter – 1 April – 27 October.
		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.	Visitor Centre open: 10am – 4pm Monday – Saturday and 11am – 3pm Sunday.	2016: Open 10.00-4.00 Monday – Saturday and 11.00-3.00 Sunday. 2015: Open 10.00-4.00 Monday – Saturday and 11.00-3.00 Sunday. 2014: Open 10 am to 4 pm Monday - Saturday. 11 am to 3 pm on Sunday.

What assets do we use to deliver these activities?

We do not use major assets for these activities.

Where are we heading?

From 1 July 2017 CDC, CCT, international education and Council's major events and city promotion functions, become a single entity - ChristchurchNZ.

ChristchurchNZ exists to support prosperity, opportunity and a great quality of life in Christchurch and Canterbury by providing leadership and integration with the following priorities:

- Developing a strong positive city profile and promoting the city to residents, national and international audiences
- Attracting visitors, migrants, students, new business and investment through integrated marketing, major events and conferences
- Ensuring the business environment supports successful and sustainable enterprise and encourages creativity and innovation.

ChristchurchNZ will deliver against existing commitments, contracts and Levels of Service and to realise the benefits from amalgamation, will focus on: Identifying ways to maximise the potential from integration and scale through new initiatives and new ways of working together within areas of leadership accountability.

Developing ChristchurchNZ as the city's promotions and development agency leading business and economic development, tourism, conferences, major events and supporting international education. Building one organisation with a common culture that effectively delivers against the organisation's priorities.

The ChristchurchNZ work programme has five leadership accountabilities:

- Develop and monitor the Christchurch Economic Development Strategy
- Implement the Christchurch Visitor Strategy
- Develop and implement the Christchurch Major Events Strategy
- Coordinate and lead development of the City Narrative
- Partner with members of the International Education Accord.

The civic and international relations priorities for the coming year are:

- Development and implementation of a Christchurch and Canterbury Antarctic Strategy
- Investigation and development of a new strategic city to city/region relationship with China.

Service delivery in 2017/18

The Council's economic development activities will continue to play a critical role in promoting the city's longer term economic growth. A key focus will be integrating the economic development, tourism and events functions within the new ChristchurchNZ organisation. Implementing the Christchurch Economic Development Strategy and Christchurch Visitor Strategy action plans will drive the ChristchurchNZ work programme.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Civic and international relations	2,391	2,116	1,260
Christchurch economic development coordination and leadership	12,152	12,438	8,331
City promotions	499	482	380
Venue management (Vbase)	-	-	-
	15,042	15,036	9,971
Operating revenue from services			
Civic and international relations	62	31	38
Christchurch economic development coordination and leadership	-	-	421
City promotions	-	17	-
Venue management (Vbase)	108	102	92
	170	150	551
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	14,872	14,886	9,420

Explanation of significant variances

Civic and international relations

The cost of service was \$0.3 million higher than plan, \$0.2 million was the result of unplanned expenditure for the establishment of the Antarctic Office. In addition, there was a restructure during the financial year to bring the Icefest event into the Antarctic Office which resulted in \$0.1 million unplanned expenditure.

The cost of services was \$1.1 million higher than 2016 following a corporate restructure and increased management charges.

Christchurch economic development coordination and leadership

The cost of services was \$3.8 million higher than 2016, due to a \$4.0 million grant offset by \$0.2 million savings from staff and overhead costs relating to Regenerate Christchurch.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	15,964	15,902	8,792	7,756
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	40	31	31	30
Fees and charges	110	119	120	117
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	21	-	-	-
Total operating funding (A)	16,135	16,052	8,943	7,903
Applications of operating funding				
Payments to staff and suppliers	2,718	2,632	1,864	1,825
Finance costs	-	-	-	-
Internal charges and overheads applied	625	625	425	391
Other operating funding applications	11,649	11,717	7,612	7,642
Total applications of operating funding (B)	14,992	14,974	9,901	9,858
Surplus (deficit) of operating funding (A-B)	1,143	1,078	(958)	(1,955)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(2,101)	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(2,101)	-	-	-
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	-	-	-	-
- to improve the level of service	-	-	-	-
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	(958)	1,078	(958)	(1,955)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	(958)	1,078	(958)	(1,955)
Surplus (deficit) of capital funding (C-D)	(1,143)	(1,078)	958	1,955
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding

Explanation of significant variances

Operating funding

There were no significant variances.

Capital expenditure

There were no significant variances.

Significant capital expenditure

There was no significant capital expenditure.

Council activities and services

Flood protection and river control

What is flood protection and river control, and what does the Council do?

The flood protection and river control, and stormwater drainage activities work together to protect the community from the harmful effects of flooding. This supports the community outcome of Strong Communities (safe and healthy communities).

Flood protection and river control protects the community from the harmful effects of flooding within levels defined in the LTP. This involves the management of waterways and associated structures and systems such as stopbanks, floodgates and pumping stations.

We have focussed on progressing the Land Drainage Recovery Programme (LDRP) investigations, designing future works and progressing projects through to construction. The LDRP is helping us to understand the effects of the earthquakes on land drainage and delivering a significant physical works programme (over \$50 million in works this year). We have progressed high priority projects on a fast track basis with a number of physical works projects now either complete, in construction or well progressed through detailed design. These works, in conjunction with completed SCIRT works, will significantly reduce flood risk.

Why is the Council involved?

Flooding is one of our most common natural hazards. It can have disastrous consequences for residents and communities and significant impacts on the local economies. We are seeking to reduce flooding, particularly in areas adversely affected by the earthquakes through the LDRP. Flood protection systems help to decrease flood risk, safeguard public health, and allow transport and other infrastructure networks to function. They also help to protect water quality and maintain the health of ecosystems.

How does it affect me?

Good quality flood protection and river control infrastructure better protects residents against the likelihood of flood damage to their homes and property in extreme storms. This infrastructure helps build confidence in the city and reduces the health effects associated with flooding.

What activities are involved?

Flood protection and control works

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

What did we achieve?

We have focussed on three key areas: delivery of the LDRP, asset repairs, and the rebuild of damaged assets through SCIRT and our operations team.

Under the LDRP we are delivering a major physical works and investigations programme, which extends across much of the city. The Dudley Creek project, delivered through the LDRP has progressed significantly to the benefit of the Flockton Street area.

Matuku Stage 1 (Heathcote Valley), Eastman Wetland Stage 1 (Heathcote), Edmonds Park Basin are completed and the Flooding Intervention Policy within the Flockton Area is implemented.

Work on the Dudley Creek between the Flockton Street area and the Avon River / Ōtākaro is near completion. This will be a major milestone for the LDRP.

Bells Creek (Woolston), Tay Street Drain upgrades (Mairehau) and Wigram Basin Extension (Heathcote) projects are underway. Matuku Stages 2 & 3, Knights Drain (Aranui), Pump Station 205 (Horseshoe Lake), Estuary Drain (Bromley) and Cranford Basin (Mairehau) have been approved and commence 2017.

We continued to monitor and maintain temporary stop banks and are protecting against tidal events in the short term while we await a decision on the Residential Red Zone. An LDRP project is currently in construction to enhance the durability of the temporary stopbanks.

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.	Maintaining the natural waterways and associated structures and systems.	Stopbank crest surveys are carried out annually.	Achieved.	Major survey was carried out in August 2016 in relation to stopbank strengthening project. The next survey is planned to be done by drone in late 2017.	2016: Stopbank crest survey carried out.
		Cross sectional surveys of selective waterways are carried out 2-5 yearly or as required.	Achieved.	All major waterways have been re-surveyed since the earthquakes and have been/are subject to further partial survey as a consequence of delivering LDRP or other projects.	2016: Surveys undertaken.
	Ensure dwellings are safe from flooding during extreme rain events.	Reported number of dwellings flooded in a 1 in 50 year event is a 30% reduction on 2014 "Above Floor" number of 77.	Achieved.	Work done to date on the Dudley Creek has delivered above floor flood risk reduction for 50 properties.	2016: No reported cases of above floor flooding. 2015: 0% - no notifications received. 2014: 0.20%.
		100% of minimum specified floor levels for new dwelling consent applications meet Building Act and District Plan requirements.	Achieved.	100%. Building Control do not collate these figures but advise that variances are not possible as compliance is mandatory.	2016: 100%. 2015: Minimum floor level checked as part of building consent. 2014: 100%.

What assets do we use to deliver these activities?

The flood protection and river control activity uses a network of natural waterways and associated structures and systems to protect vulnerable areas from the effects of flooding. The total value of these assets is just over \$27 million with 75 per cent being the natural waterways and associated assets, 13 per cent pump stations, 12 per cent detention basins and water level monitoring assets.

Where are we heading?

The 2010/11 earthquake sequence has altered the way in which many parts of the city drain and in many cases has exacerbated flood hazard. The LDRP was formed to address this and a prioritised capital works programme has been developed, including a number of projects that span large areas of the city.

Service delivery in 2017/18

The LDRP will see design work well under way with many projects in construction. We will deliver the levels of service detailed for the 2017/18 year in the LTP and Activity Management Plans. Investigations associated with the LDRP projects will be mostly complete. This information will be used to guide both prioritisation and costing of modifications to the Land Drainage network and flood protection measures to address these issues. Many projects have already been fast-tracked and more will be delivered to maximise their benefit to the community with works commencing in 2017/18. These include capacity improvements that will address flooding in areas such as Aranui, Bexley, Woolston, Somerfield/Opawa, Heathcote Valley, and Mairehau.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Flood protection and river control	5,402	5,157	2,710
	5,402	5,157	2,710
Operating revenue from services			
Flood protection and river control	-	-	-
	-	-	-
Capital revenues	2,156	4,086	2,427
Vested assets	-	-	-
Net cost of services	3,246	1,071	283

Explanation of significant variances

The cost of service for flood protection was \$2.7 million higher than 2016 mainly due to the \$2.4 million spent on the flooding taskforce and LDRP planning.

Capital revenues were \$1.9 million lower than planned as a result of lower development contributions.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	1,684	1,662	1,371	1,327
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	1,684	1,662	1,371	1,327
Applications of operating funding				
Payments to staff and suppliers	5,201	5,110	5,117	8,006
Finance costs	-	-	-	-
Internal charges and overheads applied	36	35	23	21
Other operating funding applications	(1)	-	-	-
Total applications of operating funding (B)	5,236	5,145	5,140	8,027
Surplus (deficit) of operating funding (A-B)	(3,552)	(3,483)	(3,769)	(6,700)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	2,155	4,086	4,086	6,068
Increase (decrease) in debt	10,506	12,943	50,330	46,718
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	12,661	17,029	54,416	52,786
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	1,416	2,808	38,349	32,772
- to improve the level of service	800	628	532	-
- to meet additional demand	6,662	9,860	11,516	13,064
Increase (decrease) in reserves	231	250	250	250
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	9,109	13,546	50,647	46,086
Surplus (deficit) of capital funding (C-D)	3,552	3,483	3,769	6,700
Funding balance ((A-B) + (C-D))	-	-	-	-
Footnotes				
1 Earthquake rebuild application of capital funding	863	1,836	37,932	32,500

Explanation of significant variances

Operating funding

There were no significant operating funding variances.

Capital expenditure

Capital expenditure was \$4.4 million lower than planned. This was due to \$3.4 million of the waterways detention and treatment facility programme works and \$1.0 million of the LDRP being reprogrammed into future years.

Significant capital expenditure

\$1.6 million was spent on the Prestons/Clare Park detention and treatment facilities, \$1.5 million on Regents Park Close infrastructure agreement, \$0.7 million on Highsted infrastructure agreement, \$0.6 million on LDRP 512 No 1 Drain, \$0.5 million on Awatea stormwater spine network, and \$0.5 million on Bullers Stream naturalisation. Other minor work included Quaiffes/Murphys Wetland \$0.4 million, Bells Creek Ferry Road Storm Filter \$0.4 million, Rossendale Infrastructure Provision \$0.3 million, Welsh Basin \$0.3 million, Knights Park Wetland \$0.3 million, Mid Heathcote Bank Stabilisation \$0.3 million, Sparks Road development drainage works \$0.2 million, New Pipe Drains Delivery Package \$0.2 million, Takamatua Dams \$0.2 million.

Council activities and services

Heritage protection

What is heritage protection, and what does the Council do?

Heritage protection includes planning, advocacy, education, ownership and grant funding to facilitate protection of our City's heritage.

Why is the Council involved?

Our aim is to maintain, protect and promote the built, cultural and natural heritage of Christchurch City and Banks Peninsula. These features and places contribute to our sense of place, community and city identity, as well as to the character and economic wellbeing of the city.

How does it affect me?

Understanding, valuing and enjoying our heritage helps us understand our sense of place, identity and belonging to a place, city and country. By raising awareness and helping to protect Christchurch's built, cultural and natural heritage we can build this understanding and facilitate this enjoyment.

What activities are involved?

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 working with developers, consultants, landowners and other stakeholders to conserve heritage buildings, areas and other items and to find adaptive reuses for buildings so they continue to contribute to city vitality.

What did we achieve?

We provided regulatory advice regarding heritage places for the replacement District Plan in line with the guidelines for historic heritage.

The Heritage Incentives Grants and the Landmark Grants have supported the retention and seismic strengthening of a number of heritage buildings.

Heritage Week, with the theme of *Hidden Histories "Our stories unearthed"*, attracted more than 18,000 people to over 60 events run by 30 community groups.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Heritage Protection Heritage Education Advocacy and Advice.	Implement a programme to ensure a consistent and broadened level of historic heritage protection within Banks Peninsula and Christchurch City.	Review 30-40 listed or potential heritage places per year.	Achieved.	Target number of 40 listings achieved as part of District Plan review.	2016: 49 new items and 741 existing listings have been researched and assessed through the District Plan Review process. 46 items were added to the Heritage Schedule through the DPR process. 2015: Statements of significance completed on all notable buildings. 2014: On track to be achieved in 2015.
	Provide advice and advocacy on heritage conservation principles and priorities for the District's historic heritage, both internally and externally.	Provide advice as required in a timely manner – within 10 working days for consents.	Achieved.	Resource consent advice provided within timeframes.	2016: Current systems have not recorded the data to measure performance against this target. 2015: Advice provided within timeframes. 2014: Advice within timeframes.
	Heritage Week is held annually.	Heritage week is held.	Achieved.	Heritage week successfully held in October 2016.	2016: Sponsorship was obtained from Beca for Heritage Week.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Heritage Grants.	All grants meet Heritage Incentives Grants policy and guidelines.	100%.	Achieved.	100%. All grants comply with grants policy and guidelines.	2016: All grants align with policy. 2015: All grants align with policy. 2014: 100% of grants approved by Council.
	Incentive grant recipients satisfied with heritage advice and grant process.	75% of grant recipients satisfied with the heritage advice and grants process.	Achieved.	94% satisfaction.	2016: 93% satisfaction. 2015: 76% satisfaction. 2014: 71% satisfaction.

What assets do we use to deliver these activities?

No major assets are used for this activity.

Where are we heading?

A draft Heritage Strategy will be developed, with community input to the vision and goals for the management and conservation of our tangible and intangible heritage.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Heritage protection	5,477	4,154	4,708
	5,477	4,154	4,708
Operating revenue from services			
Heritage protection	109	-	44
	109	-	44
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	5,368	4,154	4,664

Explanation of significant variances

Heritage protection

The cost of services was \$1.3 million higher than plan due to grants made in 2017 which were funded from unspent 2016 funds carried forward: Heritage Incentive Grant \$0.9 million and Central City Landmark grant \$0.5 million.

The cost of service was \$0.8 million higher than 2016 because more grants were approved and recognised in 2017.

Heritage Week, an annual event to promote and raise awareness of our city's heritage, will take place. Heritage Incentive Grants and Landmark Heritage Grants will be available for heritage building owners.

Service delivery in 2017/18

The heritage protection activity will continue to have a recovery focus and there will be no change to the Council's capacity to deliver this activity.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	2,189	2,181	4,493	4,153
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	9	-	-	-
Fees and charges	100	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
Total operating funding (A)	2,298	2,181	4,493	4,153
Applications of operating funding				
Payments to staff and suppliers	1,091	999	1,320	1,246
Finance costs	-	-	-	-
Internal charges and overheads applied	91	91	108	96
Other operating funding applications	4,301	3,064	3,065	2,811
Total applications of operating funding (B)	5,483	4,154	4,493	4,153
Surplus (deficit) of operating funding (A-B)	(3,185)	(1,973)	-	-
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	11,840	9,270	11,150	10,569
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	11,840	9,270	11,150	10,569
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	8,409	7,297	11,150	10,569
- to improve the level of service	231	-	-	-
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	15	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	8,655	7,297	11,150	10,569
Surplus (deficit) of capital funding (C-D)	3,185	1,973	-	-
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding 8,409 7,297 11,150 10,569

Explanation of significant variances

Operating funding
Variance explained above.

Capital expenditure

The 2017 capital spend was \$1.3 million higher than plan due to more earthquake repairs being undertaken than planned. \$0.9 million spent on the Sign of the Takahe relates to works carried out in 2017 but planned for in a prior year.

Significant capital expenditure

\$1.8 million was spent on Canterbury Provincial Chambers, \$1.4 million on Old Stone House, \$1.4 million on Rose Chapel, \$1.1 million on Sign of the Takahe, \$0.7 million on Mona Vale Gatehouse, \$0.7 million on Old Municipal Chambers and the balance was spent on various Heritage Protection projects.

Council activities and services

Housing

What is housing, and what does the Council do?

Social housing is affordable housing provided by government agencies (including local government) or non-profit organisations. A key function of social housing is to provide affordable accommodation to people on low incomes including the elderly and those with disabilities.

The Council's housing activity provides social housing through ownership of social housing complexes. The assets are owned by Council and are leased to a Community Housing Provider (CHP) and other trusts which then sub-let the units to those in need. The trusts have their own tenant eligibility criteria, however most are based on affordability issues and other housing needs.

The Council's social housing assets mainly comprise studio and one bedroom units with a small percentage of two, three and four bedroom units.

Housing is a key area through which the Council's social and economic well-being objectives are influenced.

Council is committed to the Christchurch Housing Accord which is an agreement between the Council and the Government to work together to address housing supply and affordability issues in Christchurch. The Christchurch Housing Accord aims to support social housing in Christchurch by increasing the quantity of social housing units available and matching the types of housing units to demand.

Why is the Council involved?

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

Housing contributes to achieving a number of the City's Community Outcomes including:

Liveable City

- Christchurch has a sufficient supply of, and access to, a range of housing – By providing social housing, Council contributes to the supply of housing for those in need, that would otherwise find it hard to access warm, dry and secure housing.

Strong Communities

- Strong sense of community – Having access to housing is a major key to a sense of community as it enables people to take part in the community and access services and facilities.
- Active participation in civic life – Not having a home inhibits participation in civic life. A home address makes it easier to take part in or use basic services in the community such as enrolling to vote, getting a bank account or even a library card.
- Safe and Healthy communities - Having a home is the first step to keeping a person safe and healthy.

Providing homes to those in need helps keep both the occupant and the public feeling safe.

Healthy Environment

- Sustainable use of resources - Council's social housing is built, maintained and renewed in a way which promotes sustainability and energy efficiency.

Prosperous Economy

- An inclusive, equitable economy with broad-based prosperity for all - Housing is a key area through which social and economic well-being is influenced. Adequate housing is strongly linked to economic performance.

How does it affect me?

If you or someone you know are elderly, are on a low income or have particular needs you (or they) may be eligible to apply for social housing.

What activities are involved?

Council's housing activity provides asset management; maintenance, replacement; intensification and a partnership programme that supports the provision of affordable accommodation to people on low incomes.

The Council remains committed to ensuring that new housing is built to Lifemark accessibility standards.

The tenancy management function is now managed by the Ōtautahi Community Housing Trust (OCHT). They cover the day to day management of tenancy matters. These include application and allocation services; inspections; risk management, minor maintenance and health and safety; partnerships with welfare and support agencies and a social activity and engagement programme. Council continues to undertake strong consultation and engagement with OCHT tenants involved in its major repair and renewal programme.

What did we achieve?

Social housing

During the 2016/17 year we built 16 new units and repaired and re-opened 34 units that had been closed due to earthquake damage. Essential repairs were completed on 262 units. The demolition programme saw demolition completed on 11 units.

In conjunction with partners such as Community Energy Action (CEA), Council have assessed 1,358 units against insulation standards. Of this number, 548 units have subsequently been insulated, with the remaining number confirmed as already meeting insulation requirements, or confirming that units are unable to be insulated due to the type of construction.

OCHT was incorporated as a Charitable Trust in February 2016 and became operational in June 2016. Its formation reflects the intention of the Council to move to a more financially sustainable model for its social housing portfolio, improve the quality of its housing stock and provide new social housing

developments to meet the pressing need for social housing in Christchurch.

The Council leases 2,446 of its social housing units to OCHT, commencing on 3 October 2016.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Social Housing complexes.	Provide a portfolio of Social Housing rental units that are fit for purpose.	Maintain at least 2,347 units in Council Housing Portfolio and increase to at least 2,363 by year end (subject to contractor availability, Council rebuild priorities and timing of owner occupier unit acquisitions).	Not achieved.	<p>Of the portfolio of 2,478 units; 2,446 are associated with OCHT and 32 are leased to other organisations.</p> <p>Of the units leased to OCHT: 2,222 are open and available for tenancing. 224 Units are currently closed/un-tenantable for the following reasons: earthquake repair, methamphetamine contamination, asbestos, fire damage, major/planned work, pending redevelopment/demolition or used as temporary accommodation.</p>	<p>2016: At least 2,304 units were provided.</p> <p>2015: 2,270 units.</p> <p>2014: 2,233 units.</p>
Social Housing Tenancy Services.	Ensure tenants of Council housing complexes are well housed.	At least 97% average occupancy rate in Council housing (occupancy rate based on units available to be tenanted exclusive of repair and maintenance schedules).	Achieved.	The Trust has achieved the 97% average occupancy rate.	<p>2016: 97.7%.</p> <p>2015: 98%.</p> <p>2014: 97%.</p> <p>2013: 98%.</p>
		At least 300 houses have their energy efficiency improved over the first three years of the LTP.	Achieved.	<p>On behalf of Council, CEA have been responsible for providing insulation inspections and installation throughout the portfolio. 1,750 properties have been inspected on the programme to-date, with 949 properties having installations.</p> <p>In addition to the provision of standard insulation materials in the roof space and underfloor, CEA are also providing other interventions such as thermally backed curtains, and draught strips to prevent heat-loss. The provision and installation of efficient sources of heat such as low-wattage wall-panel heaters are also part of ensuring tenants are well housed.</p>	2016: A total of 482 houses have been made energy efficient.
	Tenants of Council housing are satisfied with quality of tenancy service provided.	At least 80% of tenants are satisfied with the quality of the tenancy service provided.	Not measured.	This LOS is no longer valid as the tenancy service component is delivered by OCHT.	<p>2016: 69%.</p> <p>2015: 76%.</p> <p>2014: 76%.</p>
		At least 80% of Council housing tenants are satisfied with overall condition of their unit.	Not achieved.	64% per the resident's survey.	<p>2016: 51%.</p> <p>2015: 68%.</p> <p>2014: 69%.</p>

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Maintain Council housing rentals at an affordable level and continue to be rates neutral.	Council housing rents are set annually using a cost of consumption model, or if the portfolio is leased to a Community Housing Provider the rents will be set in line with the Ministry of Social Development Income Related Rent Subsidy policy.	Not measured.	Since October 2016 responsibility for rent-setting has resided with OCHT as the landlord of Council-owned leased property.	2016: 50% of market rents. 2015: 47% of market rents. 2014: Approximately 55% across the portfolio.
Affordable Housing Services.	Support the development of affordable housing.	Deliver Council's Housing Accord responsibilities that will achieve a 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household income on housing by the conclusion of the accord.	Not Achieved.	<p>The data is inconclusive as to whether there has been progress against the target.</p> <p>This target was removed from the refreshed Housing Accord given the improvement in affordability under other measures (eg Massey Affordability Index) and the data limitations under the current survey method of assessing affordability. However, affordability will still continue to be monitored as part of the Housing Accord reporting.</p> <p>Council together with the Government are working on a shared equity scheme to further assist household's access to affordable homes. This initiative is not yet operational but is in an advanced planning stage.</p>	2016: Activities have been delivered under the Accord. Whether the 10% reduction has been achieved will not be known until November 2016 after the results of the Household Economic Survey, undertaken in June 2016, is published.
Emergency/Transitional Housing Services.	Identify options for Council to support the development of more emergency housing.	Facilitate at least 60 additional home spaces to be provided in Christchurch over the first three years of the LTP 2015-25.	On track to be achieved.	A number of initiatives have been undertaken during the year to facilitate the provision of additional emergency and social housing. At least nine additional emergency homes were provided.	2016: In the first year of the LTP 2015-2025, 37 additional home spaces have been provided.

What assets do we use to deliver these activities?

Social housing stock consists of a range of sizes with one bedroom units being the predominant type. Other stock includes bedsits, studios, and a number of two, three and four bedroom units.

The Council's current housing portfolio consists of 2,478 social housing units. Over the next two-years it is expected that the culmination of earthquake damage, operational requirements and Council's Housing Accord commitments, will see the portfolio reduced to 2,052 units. This will be as a result of demolition (81 units), capitalisation of OCHT (\$50 million of assets), and five new units being built.

The portfolio size of 2,052 is expected to be utilised at a rate of 96 per cent to allow for the replacement and renewals programme to continue. This will involve 25 units being used as temporary accommodation to

support the 25 units involved in the programme at any given time. In addition to these 50 units, there will be an expectation that some additional units will be unavailable due to longer-term issues such as severe fire damage, methamphetamine contamination and asbestos related issues.

Where are we heading?

In conjunction with our delivery partners, we will continue delivering major repairs under the repair and renewal programme.

OCHT will continue managing all tenancy related affairs including minor maintenance of the social housing stock it leases from Council.

Ownership and strategic management of the majority of the housing assets will be retained by Council.

As part of its commitment to the Housing Accord, Council will continue to explore redevelopment opportunities on a small amount of housing sites.

Service delivery in 2017/18

The Housing team anticipates service delivery in 2017/18 will meet the levels of service indicated in the revised LTP, including the changing arrangements to minor maintenance delivery and tenancy management undertaken by OCHT.

The unit remains focussed on the continuation of the repair and renewal programme, and the exploration of exemplar and partnership projects.

As part of continuing Council's drive to achieve safe, warm and dry social housing units, insulation assessments will continue until all Council owned social housing units are assessed and insulated where possible.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Housing	29,237	23,746	28,116
	29,237	23,746	28,116
Operating revenue from services			
Housing	15,648	12,532	15,726
	15,648	12,532	15,726
Capital revenues	1,016	-	7,507
Vested assets	-	-	-
Net cost of services	12,573	11,214	4,883

Explanation of significant variances

Housing

The cost of services were \$5.5 million higher than plan as a result of acceleration of the repair programme, more minor maintenance work than was originally planned, gifting land to OCHT, some one-off establishment costs, and recognising a management fee to OCHT

The cost of service was \$1.1 million more than 2016 as a result of differences in the repair programme profiles and gifting land to OCHT.

Housing revenues represent rental income from tenants. Operating revenue was \$3.1 million higher than plan as a result of recognising the rent paid by tenants on properties managed by OCHT and the recovery of the cost of minor maintenance work from OCHT, for part of the year. The plan assumed that Council would receive rent from OCHT net of the management fee however, accounting treatment requires this to be grossed up. The plan also assumed OCHT would undertake maintenance work for the full year.

Capital revenues

Capital revenues were \$1.0 million higher than planned due to a grant from MBIE to acquire the temporary accommodation units at Linwood Park.

Capital revenues were \$6.5 million lower than 2016 due to the receipt of \$7.5 million of insurance recoveries in 2016.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	15,614	12,494	15,476	14,834
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	34	38	39	37
Total operating funding (A)	15,648	12,532	15,515	14,871
Applications of operating funding				
Payments to staff and suppliers	20,489	15,531	19,223	29,870
Finance costs	-	-	-	-
Internal charges and overheads applied	708	708	877	780
Other operating funding applications	382	-	-	-
Total applications of operating funding (B)	21,579	16,239	20,100	30,650
Surplus (deficit) of operating funding (A-B)	(5,931)	(3,707)	(4,585)	(15,779)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	1,016	-	-	-
Increase (decrease) in debt	701	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	2,148	13,231
Total sources of capital funding (C)	1,717	-	2,148	13,231
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	5,272	3,782	15,696	23,423
- to improve the level of service	-	-	-	-
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	(9,486)	(7,489)	(18,133)	(25,971)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	(4,214)	(3,707)	(2,437)	(2,548)
Surplus (deficit) of capital funding (C-D)	5,931	3,707	4,585	15,779
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	2,493	491	13,357	20,970
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Explanation of significant variances

Operating funding

Operating variances are as explained above.

Capital expenditure

Capital expenditure was \$1.5 million higher than planned because of increased expenditure on earthquake rebuild projects, which were carried forward from prior years.

Significant capital expenditure

\$1.8 million was spent on housing improvements and remodelling, \$1.3 million on Tommy Taylor Courts, \$1.0 million on social housing government partnerships, \$0.5 million on the Osborne Street social housing infill development, and \$0.5 million on the Innes Courts social housing infill development.

Council activities and services

Libraries, arts and culture

What is Libraries, arts and culture, and what does the Council do?

The City's galleries, museums and libraries provide residents and visitors with access to art, historical and other educational material. Their collections will continue to be enjoyed by future generations.

Why is the Council involved?

Local Government is responsible for promoting the cultural and social well-being of communities for the present and future. We contribute to this by running art galleries, libraries and museums and by offering various services to those using them.

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. These activities contribute to cultural identity and social cohesion, and enrich the lives of present and future citizens.

We enhance the experience of visitors to the wider city, assisting their understanding of the influences that have shaped communities. Galleries, museums and libraries have an important place in the region's tourism infrastructure, contributing to economic wellbeing.

How does it affect me?

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 activities are involved?

Christchurch Art Gallery

The Art Gallery collects, preserves and presents our region's artistic heritage to residents and visitors. Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience.

Museums

We run and support museums so that our region's heritage is collected, preserved and made accessible to residents and visitors. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. We also contribute funds to the Canterbury Museum.

Libraries

City libraries provide recreational and learning resources, public programmes to support literacy and learning and community spaces for citizens. Our libraries are very well patronised and rated highly by customers.

What did we achieve?

Christchurch Art Gallery Te Puna o Waiwhetu

Christchurch Art Gallery reopened on 19 December 2015. While not meeting the target of 380,000 – 420,000 visitors, 298,433 people visited the gallery.

The gallery has produced a total of 22 exhibitions and 2 artist projects over the period.

22,032 visitors took part in 127 public programme events during the twelve months of the 16/17 financial year. This result is well above the target of 20,000 per annum. More than 12,299 children took part in 278 gallery-led lessons in the gallery's education centre.

79 works were added to the city's collection during the year; 26 were purchased, 53 gifted.

The gallery published and distributed four editions of its quarterly magazine *Bulletin*, as well as 5 exhibition related publications and the *Little Book of Art* series of 4 collection related publications. The gallery received 6 awards in 2016/17.

We supported public art in line with Public Art Advisory Group recommendations.

Museums

Akaroa Museum

Akaroa Museum maintained its strong visitor numbers with around 24,000 visitors in 2016/17, comparable to the previous year. Upgrades to building systems during earthquake repair works, including the installation of a climate control system, and the refit of long term exhibition galleries, have resulted in improved standards of collections care and a better visitor experience. Repairs to the historic Langlois-Eteveneaux cottage, the Customs House and the Court house are almost complete.

Libraries

Libraries met the agreed Levels of Service for the 2016/17 year for library services, spaces and resources.

A major focus was the planning for new and replacement libraries.

The new Central Library construction is underway. A major transition project has begun to ensure service readiness and to plan the logistics of the move from the two temporary facilities Central Peterborough and Central Manchester Libraries to the new Central Library.

The earthquake repair building programme has continued this year with New Brighton Library and Lyttelton Library closed for repairs. Temporary services were available for both communities and well patronised. New Brighton Library was re-opened on 13 February 2017 and the Lyttelton Library and Customer Services was re-opened on 13 March 2017. Repairs are planned for Parklands Library in 2018/19 and South Library in 2020.

Libraries collections offer freedom of choice in format for customers. Digital collections continue to grow and there is a corresponding increase in usage. The take-up of eBooks, eMagazines and eAudio content is currently tracking at a 24 per cent increase on last year.

Book Groups. A new and highly successful collaboration is the music trail throughout libraries with the Christchurch Symphony Orchestra. As at the end of June 1406 customers had participated with a record high of 416 attendees at Te Hāpua: Halswell Centre.

Programmes and events offered through Libraries continue to delight our customers, with increasing access and usage of 3D printing sessions and our 25

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Christchurch Art Gallery Develop, maintain and provide access to a collection of nationally-significant art.	Hours of opening.	Hours of opening: No fewer than 2,749 hours per annum.	Achieved.	The Art Gallery has been open for 2,757 hours for the year.	2016: The Art Gallery was open for 1,477 hours open since reopening on 19 December 2015. The pro-rated target (195 days) was 1,472.
	Visitors per annum.	Visitors per annum within a range of 380,000 - 420,000.	Not achieved.	298,433 visitors in 2016/17. Although school and public programme attendees are at predicted levels, visitor numbers are not as high as they were pre-earthquake.	2016: 200,313 visitors over 195 days which is within the pro-rated target range of 197,671-219,041.
	Visitor satisfaction with their Gallery experience.	At least 90% of visitors satisfied with the Gallery experience.	Achieved.	94% overall visitor satisfaction in 2016/17.	2016: 98% of visitors were satisfied with their experience.
	Develop and host art exhibitions and present a range of public programmes.	Exhibitions and publications presented.	No fewer than 12 exhibitions presented per annum.	Achieved.	22 exhibitions and 2 artist projects were presented the period.
		4-6 publications per annum, with at least 1 significant book or exhibition-related publication every 2 years.	Achieved.	The gallery published and distributed four editions of its quarterly magazine Bulletin, as well as five exhibition related publications and the Little Book of Art series of four collection related publications.	2016: 4 editions of Bulletin. 1 significant publication. 1 exhibition catalogue. 2015: 4 editions of Bulletin. 1 exhibition catalogue. 1 school resource. 2014: 4 editions of Bulletin. 2 education resources. 1 significant publication.
Public programmes and school-specific programmes delivered.		Average of at least 10,000 attend school specific programmes per annum.	Achieved.	12,299 took part in school specific programmes.	2016: 12,132 participants. 2015: 348 lessons given to 9,005 teachers and learners. 2014: 8,461 participants.
	Average of at least 22,000 people attend advertised public programmes per annum (pro-rated from reopening).	Achieved.	22,035 visitors took part in programmes.	2016: 16,763 participants. 2015: 3,615 participants in 105 programmes presented to the public. 2014: 4,035 participants.	

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Museums					
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 operating levy was paid on time.	2016: Canterbury Museum operating levy paid on time and the Canterbury Museum has provided actuals against annual plan targets to Council. 2015 and 2014: Canterbury Museum levies agree with the Annual Plan targets and paid on time as required.
Operate the Akaroa Museum.	Visitors per annum to Akaroa Museum.	Visitors per annum of at least 20,000.	Achieved.	Total visitors of 23,962 for the year.	2016: 24,398 visitors 2015: 25,243 visitors. 2014: 11,309 visitors.
	Hours of opening at Akaroa Museum.	Minimum of 2,093 opening hours per annum.	Achieved.	2110 hours open,	2016: 2,295 hours open. 2015: 2,110 hours open. 2014: 2,211 hours open.
	Exhibitions presented.	No fewer than 2 exhibitions presented per annum.	Achieved.	Two exhibitions developed and presented - Painted and Carved, and New Collections.	2016: Two exhibitions presented. No exhibitions from July - November 2015 due to earthquake repairs being carried out in main Museum exhibition galleries. 2015: Three exhibitions presented. 2014: Three exhibitions presented.
Libraries					
Print and digital collections and content readily available for loan, for use in libraries and via the Library's website.	Collections in a variety of formats are available to and meet the needs of the community.	Maintain collections at 3 - 3.5 items per capita.	Achieved.	Collections maintained at 3.2 items per capita.	2016: 3.2 items per capita. 2015: 3.2 items per capita. 2014: 3.2 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 issues per capita achieved compared to national average of 8.7.	2016: 12.1 against the national average of 10.4. 2015: 11.6 against the national average of 10.0. 2014: 12.1 against the national average of 10.6.
		Increase current size of purchased downloadable e format collection by at least 30% per year.	Not achieved.	28% increase in collection side. A 30% increase is not sustainable as the market matures. The actual increase continues to be high, delivering the expected results for customers.	2016: 21.2% increase in the size of the downloadable e-format collection was achieved for the year. 2015: 100% increase in purchased e-book and downloadable audio book collection. 2014: 180% increase in purchased e-book and downloadable audio book collection.

Council activities and services – Libraries, arts and culture

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Library user satisfaction with library service at Metro, Suburban and Neighbourhood libraries.	At least 90% of library users satisfied with the library service.	Achieved.	95% satisfaction.	2016: 93% satisfaction. 2015: 97% satisfaction. 2014: 96% library user satisfaction.
Community spaces through a comprehensive network of libraries, the mobile service and digitally.	Residents have access to a physical and digital library relevant to local community need or profile – provide weekly opening hours (excluding periods of closure).	Provide weekly opening hours for existing libraries: Metropolitan and Suburban 72 to 52 hours.	Achieved.	Metropolitan and Suburban were open 72 to 52 hours.	2016: Temporary metropolitan and large suburban libraries open 52 to 59 hours per week. 2015: 57 to 67 hours of opening provided weekly. 2014: 57 to 67 hours weekly opening hours have been provided.
		Suburban medium 48 to 57 hours.	Achieved.	Suburban medium 48 to 57 hours.	2016: Achieved. 2015: Achieved. 2014: Achieved.
		Neighbourhood 36 to 57 hours.	Achieved.	Neighbourhood 36 to 57 hours.	2016: Achieved. 2015: Achieved. 2014: Achieved.
		Maintain a mobile library service of a minimum of 40 hours per week.	Achieved.	45 hours per week. The mobile service was maintained delivering a timetabled service and also an outreach service to and for the community.	2016: 40 hours per week. 2015: 40 hours per week. 2014: Minimum of 40 hours per week.
		Maintain visits per capita of national average or better, per annum, for level one NZ public libraries.	Achieved.	9.4 visits per capita recorded against national average of 9.1.	2016: 9.7 visits per capita recorded against national average of 8.4. 2015: 10.1 visits per capita against national average of 7.6. 2014: 10.4 visits per capita against national average of 8.8.
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.	Maintain ratio of public internet computers to at least 4 per 5,000 of population.	Achieved.	4.5 per 5,000 of population. Ratio is currently 4.5 across the libraries network.	2016: 4 public internet computers per 5,000 of population. 2015: 3 public internet computers per 5,000 of population. 2014: 5.4 public internet computers per 5,000 population.
		Free Wifi access is available at Metropolitan, Suburban, and Neighbourhood libraries 24/7.	Achieved.	Free Wifi available at all libraries 24/7.	2016: Free Wifi available at all libraries. 2015: Free Wifi available at all libraries. 2014: Free Wifi access provided.
Programmes and events designed to meet customers' diverse lifelong learning needs.	Provide programmes and events to meet customers' diverse lifelong learning needs.	Maintain participation of 200- 230 per 1,000 of population (excluding periods of closure).	Achieved.	303 per 1,000 population. An additional 18,817 participants attended activities facilitated by community or other organisations where the library spaces and resources were used.	2016: 292 participations per 1,000 of population. 2015: 290.4 participations per 1,000 of population. 2014: 281 per 1,000 of population.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Customer satisfaction with library programmes and events provided.	90% of customers satisfied with library programmes and events provided.	Achieved.	99% satisfaction with programmes and events. 98% satisfaction with ease of customer access.	2016: 98% satisfaction. 2015: 97%. Satisfaction with course content 96.8% and presenter 97.6%. 2014: 98% satisfaction with library programmes and events provided.

What assets do we use to deliver these activities?

Our main assets are the libraries, the Christchurch Art Gallery and Akaroa Museum, and their collections.

All Council libraries were open except Sumner and the Central Library. The libraries also operate a mobile service to extend the library reach and to increase participation and reduce isolation. During closures for repair and refurbishment of Lyttelton and New Brighton libraries, we provided temporary libraries in response to customer demand.

Where are we heading?

Christchurch Art Gallery

We hope to improve visitor numbers by continuing to build a nationally significant collection with identified major purchases, including gifts. We will continue to provide excellent collection-based exhibitions, publications and public programmes with broad appeal, as well continuing to programme late-night themed events that help attract new and repeat audiences.

Museums

It is expected that we will complete all components of the long-term display at Akaroa museum this coming financial year. All three heritage buildings will be strengthened, repaired, reinterpreted and reopened to visitors by year end.

Libraries

Libraries will continue to have a strong focus on building repairs and replacement libraries over the next year.

Planning and design of the new replacement libraries for Sumner and Bishopdale communities are progressing well. Ō Whatarau: Bishopdale Library and Community Centre will open late July 2017 and Matuku Takotako: Sumner Centre in mid-late August 2017.

Construction of the New Central Library is underway. Extensive planning for services and staffing for Central Library continue to be a key focus for library staff.

Service delivery in 2017/18

Christchurch Art Gallery

The Gallery is planning to present 15 new exhibitions and 1 artist project during 2017/18. Our new restaurant tenancy will open to the public in September 2017. We anticipate that the new exhibitions and reopened restaurant will assist us in meeting the levels of service agreed in the LTP, although increasing visitor numbers will remain a challenge in the near future due to the overall reduction in visitors to the inner city.

Museums

New long-term displays are being installed at the Akaroa Museum and will be opening gradually over the next twelve months.

Libraries

The scale of work required to deliver the new central library and other library repairs and potential closures in 2017/2018, will be challenging and require libraries to be agile and ensure regular monitoring of progress.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Christchurch Art Gallery	11,241	8,966	42,648
Museums	8,256	14,675	7,877
Libraries	36,248	36,785	35,595
	55,745	60,426	86,120
Operating revenue from services			
Christchurch Art Gallery	490	1,372	235
Museums	32	28	34
Libraries	1,595	1,756	3,111
	2,117	3,156	3,380
Capital revenues	130	-	35,632
Vested assets	377	-	57
Net cost of services	53,121	57,270	47,051

Explanation of significant variances

Christchurch Art Gallery

The cost of service was \$2.3 million higher than plan due to rebuild related depreciation costs on the building (\$2.5 million), additional security costs of \$0.2 million as a result of the Health & Safety Act requirement to have 24 hour monitoring of the Art Gallery steam boiler and fluctuations. These were offset by a \$0.5 million reduction in the annual insurance premium.

The cost of service was \$31.4 million lower than 2016. In 2016 \$34.6 million costs of building repairs were expensed. Offsetting this is \$2.7 million increase in building related depreciation costs in 2017 resulting from the rebuild, and, a \$0.5 million increase in the general operations costs due to Gallery now being fully open to public for the full year.

Operating revenue was \$0.9 million lower than plan due to not having a tenant for the restaurant, the shop not being operational for the full year, and, lower than anticipated visitor numbers.

Museums

The cost of service was \$6.4 million lower than plan. Delays in Canterbury Museum building works resulted in the planned Building and Development grant, being delayed.

Libraries

The cost of service was \$0.5 million lower than plan due to less earthquake repair work being undertaken (\$0.2 million), and, annual insurance premiums being lower than plan (\$0.3 million).

The cost of service was \$0.6 million higher than 2016 due to savings in 2016 as a result of delays in opening new facilities.

Operating revenue was \$1.5 million lower than 2016 due to insurance receipts in 2016 (\$1.3 million), and,

continued decline in fees revenue collected across overdue, holds and audio visual loans (\$0.2 million).

Capital revenues

Capital revenue is \$35.5 million lower than 2016. This is the result of the settlement of material damage insurance claims for the old Central Library and the Christchurch Art Gallery in 2016.

Vested Assets

The majority of the vested assets represents art works which were gifted to Council during the year.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	50,294	50,100	54,287	49,345
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	200	299	300	293
Fees and charges	1,749	2,715	3,202	2,807
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	168	142	444	729
Total operating funding (A)	52,411	53,256	58,233	53,174
Applications of operating funding				
Payments to staff and suppliers	35,348	36,276	39,952	36,106
Finance costs	642	642	1,159	991
Internal charges and overheads applied	2,412	2,412	2,664	2,009
Other operating funding applications	7,256	13,646	13,656	7,187
Total applications of operating funding (B)	45,658	52,976	57,431	46,293
Surplus (deficit) of operating funding (A-B)	6,753	280	802	6,881
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	130	-	-	-
Increase (decrease) in debt	33,973	32,853	64,025	55,799
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	778	959
Total sources of capital funding (C)	34,103	32,853	64,803	56,758
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	40,656	32,531	65,022	52,990
- to improve the level of service	242	284	264	1,298
- to meet additional demand	326	318	319	9,351
Increase (decrease) in reserves	(368)	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	40,856	33,133	65,605	63,639
Surplus (deficit) of capital funding (C-D)	(6,753)	(280)	(802)	(6,881)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding

34,528 26,803 58,144 44,917

Explanation of significant variances

Operating funding

Fees and charges were \$1.0 million lower than planned because of the continued decline in fees revenue collected across overdue, holds and audio visual loans with in Library services (\$0.2 million) and the \$0.8 million reduction in Art Gallery revenue.

Payment to staff and suppliers was \$0.9 million lower than planned due to annual insurance premiums being lower than plan (\$0.7 million), and savings in electricity costs due to contract re-negotiations (\$0.2 million).

Other operating funding applications was \$6.4 million lower than planned because delays in Canterbury Museum building works resulted in the planned Building and Development grant, being delayed.

Capital expenditure

Capital expenditure was \$8.1 million higher than plan this is mainly due to the Bishopdale Community Centre & Library rebuild (\$3.7 million) and the Sumner Community Centre & Library rebuild (\$7.2 million), these projects were planned under Resilient Communities activity. In addition \$2.2 million was not spent on Library and Service Centre repairs/renewals these have been reprogrammed for future years.

Significant capital expenditure

\$20.7 million was spent on the New Central Library rebuild, \$7.2 million on the Sumner Community Centre & Library rebuild, \$4.7 million on library books and content purchases, \$3.7 million on the Bishopdale Community Centre & Library rebuild, \$1.7 million on the Lyttelton Library repairs, \$0.8 million on New Brighton Library repairs, and \$0.8 million on Art Gallery renewals.

Council activities and services
Natural environment

What are natural environment services, and what does the Council do?

The Learning through Action Education Team deliver programmes to schools across Christchurch. These consist of programmes focussed on sustainability and positive citizenship.

Why is the Council involved?

Local Government is responsible for promoting the cultural and social well-being of communities for the present and future. We contribute to this by promoting engagement with and understanding of the City's natural, civic and infrastructure environments, and our impact on these.

We contribute to the Community Outcomes by promoting a Healthy Environment. With a sustainability focus, the programmes encourage positive behaviour change through consideration of the different ecological, cultural, social and economic needs of the citizens of Christchurch.

Council has a statutory requirement to educate the public in regard to civil defence. Our Education team deliver civil defence programmes into schools within Christchurch.

How does it affect me?

The programmes are free and available to all school aged children in Christchurch. They offer a real opportunity to become immersed in the civic, ecological and infrastructure environments of Christchurch, and support students and adults to take a proactive role in ensuring a sustainable future for our City.

What activities are involved?

The Learning through Action programmes (biodiversity, civics, water and waste) are based at sites around Christchurch. The school groups travel to the site and are guided through a two hour programme that consists of a series of interactive, hands-on activities. Activities are deliberately sequenced to focus on sustainability. The programmes encourage people to use parks and reserves, waterways, facilities, roads and spaces respectfully and safely, and work through some of the challenges we face as a community to create a sustainable open space environment.

The Civil Defence and Emergency Management programmes guide students through a series of activities to encourage awareness of, and preparedness for, the civil defence emergencies most likely to affect citizens of Christchurch.

What did we achieve?

Environmental Education programmes at various Council sites such as parks, water and waste facilities were delivered to over 9,000 children, teachers and accompanying parents. Customer satisfaction across the suite of programmes was 98 per cent.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Environmental Education Environmental Education programmes.	Environmental education programmes are delivered to provide students with an understanding of their role in the environment.	At least 7,000 students participate in the education programmes each year.	Achieved.	9,864 students participated.	2016: 9,189 students participated. 2015: 5,480 students participated. 2014: 6,821 students participated.
		At least 2,400 students participate in the water and waste education programmes each year.	Achieved.	2,493 students participated.	2016: 3,233 students participated. 2015: 2,690 students participated. 2014: 4,181 students participated.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Education programmes are delivered in schools - Stan's Got a Plan - about emergency preparedness, to encourage people and households to be better prepared for disasters and emergencies and to avoid risk from natural hazards.	At least six Christchurch primary schools participate in the Civil Defence and Emergency Management programme each year.	Achieved.	Seven schools participated.	2016: Seven schools participated. 2015: 13 schools participated. 2014: Seven schools participated.

What assets do we use to deliver these activities?

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

Where are we heading?

The Environmental Education team will continue to develop and deliver high quality programmes to schools around greater Christchurch. We are looking at completely redeveloping the Our City programme to

better address the post-quake environment, and are working with schools to provide programmes across Banks Peninsula. We continue to focus on promoting active citizenship by promoting the positive outcomes of environmentally aware people.

Service delivery in 2017/18

The environmental education team will continue to deliver its programmes to the people of Christchurch in line with the levels of service agreed in the amended LTP 2015-25.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Environmental education	423	525	401
	423	525	401
Operating revenue from services			
Environmental education	82	86	82
	82	86	82
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	341	439	319

Explanation of significant variances

There are no significant variances.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	441	439	316	302
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	78	86	87	85
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	4	-	-	-
Total operating funding (A)	523	525	403	387
Applications of operating funding				
Payments to staff and suppliers	403	503	386	372
Finance costs	-	-	-	-
Internal charges and overheads applied	22	22	17	15
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	425	525	403	387
Surplus (deficit) of operating funding (A-B)	98	-	-	-
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(98)	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(98)	-	-	-
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	-	-	-	-
- to improve the level of service	-	-	-	-
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	-	-	-	-
Surplus (deficit) of capital funding (C-D)	(98)	-	-	-
Funding balance ((A-B) + (C-D))	-	-	-	-
Footnotes				
1 Earthquake rebuild application of capital funding	-	-	-	-

Explanation of significant variances

There were no significant operating or capital variances.

Significant capital expenditure

There was no capital expenditure for the year.

Council activities and services Parks and open spaces

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

The Council maintains and manages 1,116 parks and reserves covering nearly 9,000 hectares in Christchurch City and Banks Peninsula. They include the Botanic Gardens, Hagley Park, other significant heritage gardens, sports, neighbourhood, and regional parks as well as open and closed cemeteries.

Why is the Council involved?

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

Christchurch residents have a strong affinity with their parks reserves and open spaces. The notion that Christchurch is New Zealand's "Garden City" resonates with its citizens. Peoples' relationships with their parks and open spaces is a key component in building resilient and sustainable communities. They provide environmental, cultural and economic benefits to the city and local communities.

Parks and open spaces contribute to the environmental and social well-being of the community by providing a network of parks and gardens throughout the city that offer active and passive recreational opportunities. Cemeteries offer places for burial, remembrance, and reflection. Christchurch is acknowledged as a garden city, and the appearance of its public spaces is a high priority for citizens.

Parks and gardens also help achieve our Community Outcomes by supporting Christchurch people as those who value and protect the natural environment, a healthy city, a city for recreation, fun and creativity, and an attractive and well-designed place – four of the nine goals in our Community Outcomes. We do this by providing areas for people to engage in a range of healthy activities, enabling them to contribute to environmental projects and providing a well-cared-for environment.

Significant parks such as the Botanic Gardens, Mona Vale and the regional parks also contribute to the economic wellbeing of the city due to the high number of tourists visiting these sites. Trip advisor rates the Christchurch Botanic Gardens, Hagley Park and the Banks Peninsula as the top three tourist attractions in Christchurch.

How does it affect 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. The tourism associated with Council's significant parks helps Christchurch businesses to thrive.

What activities are involved?

Neighbourhood parks

We maintain neighbourhood parks in the local community for individuals or groups to relax and enjoy informal and spontaneous outdoor recreation and leisure. Neighbourhood parks also provide for the incorporation of amenity gardens and trees and playgrounds.

Garden and heritage parks

We provide and maintain specialist and heritage gardens for the community and visitors to enjoy and study botanical diversity. These gardens contribute to plant conservation and research, and enhance our ongoing Garden City image. The parks also hold garden craft areas that display ornamental plants.

Regional parks

We provide extensive naturalised parks and reserves on the coast, hills and plains for all to enjoy. They protect the region's natural landscape and biodiversity values while accommodating extensive outdoor recreation. Halswell Quarry regional park houses many sister city gardens and displays.

Cemeteries

We provide and maintain cemeteries and administer burials and plot purchases. In addition we manage and maintain closed cemeteries and the heritage associated with them.

What did we achieve?

We continued to provide a wide range of benefits through our open space network.

As the city returns to a post-earthquake normality, the level of resident interest in the quality of the maintenance of their open spaces is becoming more apparent. In particular concerns were raised in respect to local parks. Notwithstanding this we continue to improve overall with particular successes in the provision of Cemeteries and the services associated to these, and our garden and heritage parks, in particular Mona Vale and the Christchurch Botanic Gardens.

Our Regional Parks team provided an exceptional response to the Port Hills fire civil emergency, working tirelessly in fighting the fires and providing logistical support.

We will maintain our investment in local community initiatives with increased volunteer activity and partnerships, capital investment in community Sports parks as well as completion of a playground safety programme of works to keep the network of playgrounds functional.

Our planning team continues to develop plans for facilities such as skate facilities, playgrounds and associated recreational facilities to strengthen people's local environments.

A significant programme to improve the gardens within local parks has commenced and is anticipated to conclude in 2018.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Regional Parks Provide and manage a network of parks of regional significance.	Provide, develop and maintain facilities to the satisfaction of park users.	80% satisfaction.	Not achieved.	69 %. The most common positive attributes recorded from the residents survey included Access and Location, atmosphere scenery and the tracks and walkways. Negative feedback primarily related to facilities and amenities and maintenance standards.	2016: 70%. 2015: 83%. 2014: 83%.
	Provide a 24 hour, 7 day a week Park Ranger service.	24 hour, 7 day a week Park Ranger Service provided.	Achieved.	Ranger service provided 24 hours, seven days per week.	2016: Achieved. 2015: Achieved. 2014: Achieved.
	Implement an annually updated Operational Pest Management Programme for Regional Parks.	Nil notices of direction served following inspection of ECA listed pests.	Achieved.	No notices of direction received.	2016: Achieved. 2015: Achieved. 2014: Achieved.
Garden and Heritage Parks Provide and manage The Botanic Gardens.	Provision of a Botanic Garden that is open to the public.	At least 1,100,000 visits per annum.	Achieved.	1.3 million visitors.	2016: 1.4 million. 2015: 1.1 million. 2014: 1.3 million.
	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.	Achieved.	95%.	2016: 95.9%. 2015: 93%. 2014: Not measured.
	Proportion of visitors satisfied with the appearance of the Botanic Gardens.	At least 95%.	Achieved.	96% per the point of contact survey.	2016: 98% 2015: 99%. 2014: 98%.
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.	Achieved.	100% of contract technical specifications met on maintenance contract.	2016: 95%. 2015: 95%. 2014: Not measured.
	Proportion of visitors satisfied with the appearance of garden and heritage parks.	At least 80%.	Not achieved.	78% per point of contact survey.	2016: 84%. 2015: 71%. 2014: 76%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Cemeteries Provide and manage cemetery grounds.	Cemetery grounds are secured and maintained to specifications so they are clean, tidy, safe and functional and can be appropriately enjoyed by the community.	At least 95% of parks and tree maintenance contract technical specifications pertaining to cemetery grounds facilities and trees maintenance are met.	Achieved.	100% of contract technical specifications met on parks and tree maintenance contract for cemeteries.	2016: 95%. 2015: 85%. 2014: 97%.
	Customer satisfaction with maintenance and appearance of Council cemeteries.	At least 75% satisfaction with cemetery appearance.	Achieved.	88% per point of contact survey.	2016: 73%. 2015: 61%. 2014: 67%.
	Interment capacity to meet the city's needs.	Minimum 4 year capacity.	Achieved.	Existing and future capacity within the Council's Cemeteries is estimated at 10.5 years.	2016: Conservatively 16 years supply of land is available. Not all beams are in place but this does not preclude burials as individual headstones may be installed. 2015: Two year capacity maintained. 2014: 5,065 plots are available.
	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.	2016: Achieved. 2015: Not achieved brief period when targets not met. 2014: Achieved.
Neighbourhood Parks 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.	Not Achieved.	83.3% of contract specifications relating to neighbourhood parks have been met. Failures were a result of contractors not meeting quantity targets for Spring.	2016: 95%. 2015: 85%. 2014: 97%.
	Customer satisfaction with the range of recreation facilities.	At least 90% satisfaction with the mix of recreation activities.	Not achieved.	63%. Lack of quality playground equipment is the primary feedback from the resident's survey.	2016: 69%. 2015: 59%. 2014: 67%.
	Overall customer satisfaction with neighbourhood parks.	At least 80% satisfaction.	Not achieved.	62%. Positive feedback from the resident's survey included family friendly and accessibility. Negative feedback predominantly related to maintenance standards and lack of recreation facilities.	2016: 60%. 2015: 56%. 2014: 68%.

What assets do we use to deliver these activities?

The Council has 1,116 parks and reserves covering an approximate area of 8,989 hectares. This has increased slightly due to the handover of new parks from developers.

These assets are valued at approximately \$1 billion including land and improvements that support the community's use and enjoyment. Improvements are typically buildings, structures such as bridges, boardwalks, fences and retaining walls, plantings, play facilities, park furniture, hard surfaces and tracks and paths.

Where are we heading?

Following the Port Hills fire civil emergency we will be increasing our effort and resources into the recovery process. This includes the increased utilisation of community partnerships and volunteer input.

We will be focusing on improving performance in respect to the levels of service associated to local parks. To this end we have increased our commitment to community parks by the investment in more urban local park rangers to improve proactive maintenance and strengthen relationships with customers.

Our goal is to generate a higher level of performance in prevention of avoidable customer service requests, as

well as improved clearance of the service requests received.

We will continue to focus on reinstating standards associated with the Botanic Gardens and Hagley Park to ensure that they meet expectations. A full operations review has been completed with the recommendations being incorporated into the next Long Term Plan.

We will continue to protect and enhance the natural and landscape values on council land with a focus on improvement to water quality. In addition we will be commencing a programme of work to understand the condition of the inner city trees, many of which are starting to age.

We will be focused on delivery of several parks asset network plans including the urban forest plan, playground plan and sports field provision plan. This is to recognise the changes within the city post-earthquake and to inform future investment in parks related infrastructure line with the changes.

Service delivery in 2017/18

In general, services in 2017/18 will be consistent with previous years. We continue to monitor the implications of moving to organic weed control products replacing glyphosate. We are focused on maintaining services and improving resident satisfaction as well as mobilising even higher input from community based volunteers.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Neighbourhood parks	16,278	13,624	16,305
Garden and heritage parks	13,018	12,484	11,757
Regional parks	9,941	9,473	9,097
Cemetaries	1,916	2,170	2,287
	41,153	37,751	39,446
Operating revenue from services			
Neighbourhood parks	259	261	797
Garden and heritage parks	1,351	647	4,327
Regional parks	624	493	581
Cemetaries	1,121	929	1,067
	3,355	2,330	6,772
Capital revenues	3,085	602	17,084
Vested assets	7,055	1,933	2,817
Net cost of services	27,658	32,886	12,773

Explanation of significant variances

Neighbourhood parks

The cost of service was \$2.7 million higher than planned due to the additional cost for the non-glyphosate maintenance programme \$1.1 million, \$0.5 million for maintenance work undertaken on playground safety surfaces to comply with safety standards, \$0.7 million additional depreciation and \$0.6 million additional overhead costs. These costs were partially offset by nurseries receiving more income than planned (\$0.2 million) from the sale of plants to other units within Council.

Operating revenue was \$0.5 million lower than in 2016 as the prior year results include insurance recoveries.

Garden and heritage parks

The cost of services was \$0.5 million higher than planned due to the repair of earthquake damaged facilities including \$0.3 million for the Mona Vale Homestead.

The cost of service was \$1.3 million higher than 2016. This was the result of an additional \$0.9 million for earthquake repairs to facilities, including \$0.3 million for Mona Vale, and \$0.4 million of additional overheads.

Operating revenue was \$0.7 million higher than planned. This was the result of the Botanic Gardens Visitor Centre café rental, shop income and event donations being \$0.5 million higher than planned and the receipt of \$0.2 million of insurance recoveries.

Operating revenue was \$3.0 million lower than 2016 due to insurance recoveries in the prior year.

Regional parks

The cost of service was \$0.5 million higher than planned due to the Port Hills fire damage repair cost of \$0.2 million, and \$0.3 million of Regional Parks maintenance work as a result of improved asset data management.

The cost of service was \$0.8 million higher than in 2016. The increase is principally due to \$0.4 million re-allocation of overhead cost across Parks activities, \$0.2 million Port Hills fire damage repair cost, and \$0.2 million on maintenance work.

Capital revenues

Capital revenues are \$2.5 million higher than plan due to the receipt of \$4.6 million higher development contributions offset by \$2.1 million re-allocation of Crown funding to other Council activities based on the actual capital expenditure incurred during the SCIRT programme.

Capital revenues were \$14.0 million lower than 2016 principally due to the \$12 million insurance recoveries received in 2016 and a \$1.6 million compensation grant from NZTA for land taken in the Groynes as part of the construction of the Western Belfast Bypass.

Vested assets were \$5.1 million higher than plan and \$4.2 million higher than 2016 as a result of higher subdivision volume.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	29,326	29,213	28,543	27,484
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	2	10	10	9
Fees and charges	3,130	2,320	2,276	2,225
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	223	-	1,279	2,500
Total operating funding (A)	32,681	31,543	32,108	32,218
Applications of operating funding				
Payments to staff and suppliers	29,067	26,320	24,494	25,403
Finance costs	750	750	985	897
Internal charges and overheads applied	1,382	1,382	1,304	1,178
Other operating funding applications	480	512	514	537
Total applications of operating funding (B)	31,679	28,964	27,297	28,015
Surplus (deficit) of operating funding (A-B)	1,002	2,579	4,811	4,203
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	5,162	602	602	879
Increase (decrease) in debt	23,476	9,323	10,039	29,156
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	(2,073)	-	-	-
Total sources of capital funding (C)	26,565	9,925	10,641	30,035
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	14,403	9,931	12,754	25,066
- to improve the level of service	249	309	909	6,775
- to meet additional demand	1,720	2,314	2,115	2,724
Increase (decrease) in reserves	11,195	(50)	(326)	(327)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	27,567	12,504	15,452	34,238
Surplus (deficit) of capital funding (C-D)	(1,002)	(2,579)	(4,811)	(4,203)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	9,225	6,229	7,424	20,240
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Explanation of significant variances

Operating funding

See above for explanation.

Capital

Capital expenditure was \$3.8 million higher than planned. \$2.8 million was mainly due to works carried forward from prior year for the parks and open spaces earthquake repair programme and \$1.7 million for New Brighton Pier repairs which were planned for future years. These were offset by \$0.7 million for the Groynes

development which has been reprogrammed for delivery in future years.

Significant capital expenditure

\$10.3 million expenditure was spent on the Council's Earthquake Parks Facility Rebuild programme, including \$2.7 million on repairs to earthquake damaged New Brighton Pier, and \$6 million on the Council's normal renewals and replacements programme. There were no significant one-off projects.

Council activities and services

Regulation and Enforcement

What is regulation and enforcement, and what does the Council do?

The Council prepares plans, policies and regulations in accordance with its 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.

Why is the Council involved?

Local government is responsible for, among other things, promoting sustainable management of the natural and physical resources under the Resource Management Act 1991 (RMA). Under the Act, councils are required to prepare a District Plan which contains objectives, policies and rules to manage the effects of land use on the environment. The RMA sets out the matters to which the Council must have regard to in preparing its District Plan, and the processes it must follow.

Regulation and enforcement 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.

Regulation and enforcement 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, 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 and nuisances are minimised while the consenting process minimises adverse effects and ensures a safe and attractive built environment.

What activities are involved?

Regulatory compliance, licensing and registration

Our regulatory compliance 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 consumed, and carrying out health inspections at food outlets. The team ensures that residents and businesses comply with rules for building, and with the District Plan and bylaws. It also responds to complaints about noise. Educating the public about the rules is a key part of the regulatory compliance team's work.

Building consenting, inspections and monitoring

The processing and issuing of building consents, subsequent inspections and the issuing of code compliance certificates and compliance schedules are fundamental to ensuring Christchurch city has a safe and healthy environment. Collectively these functions are designed to ensure that new and existing buildings fully meet the requirements of the Building Act 2004, Building Regulations, Building Code and various Building Standards as required.

The environment in post-earthquake Christchurch is made more complex by the many hazards that must be taken account of, i.e. flooding, rock fall and other land instabilities. In addition, land damage means that the related building work requires specific engineering design.

Provision of public advice is undertaken through web pages, duty phones and pre-application meetings which assist property owners, builders and developers. A new service was implemented in mid-2015 called Partnership Approvals, a *case managed approach*. The Partnership Approval Service has gone from strength to strength to the extent that it was the recipient of the 2017 Transforming Service Delivery Award from the Society of Local Government Managers.

Regular engineering forums are presented by the engineering services team. The subject matters discussed are for engineering professionals. The forums are well attended which has ensured a heightened level of engagement leading to increased quality and consistency of applications. In addition, regular stakeholder engagement is undertaken by identifying key stakeholders, including Institute of Professional Engineers, Master Builders, and Architectural Designers NZ, to facilitate a responsive platform to ensure quality engagement.

Resource consenting

Resource consents are required when a development or building does not meet the requirements set out in the District Plan. The Plan has been developed in consultation with the community and sets a benchmark for environmental and amenity outcomes. Resource consents are processed to ensure outcomes are maintained and are 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 support the Council's continued registration as a Building Control Authority (BCA) and responding to Building Act-related claims. This latter service includes Weathertight Homes Resolution Services (WHRS) claims, incorporating the Government's Financial Assistance Package (FAP) Scheme, where the Council along with the Crown, contribute towards remediation.

The FAP scheme has now reached a point whereby the Council, in partnership with the Crown, are managing the remediation of properties left within the FAP program. This is supported by the Council maintaining a commercial and pragmatic business relationship with its insurers. We maintain a responsible and commercial focus on all litigation while continuing to meet all our service delivery requirements. The sharing of information collected about buildings with the Crown, 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 Council's customers with property specific information to ensure building or property development decisions are based on good information. This assists customers in making informed decisions on regulatory related projects. We provide this through general public advice services, project specific advice via pre-application meetings, and Land Information Memorandum (LIMs) and property file information upon request.

District planning

The District Plan needs to be referred to and complied with when undertaking building, subdivision, earthworks and other activities that affect the use of land. Resource consent will be required if a development or activity breaches a rule in the District Plan. The District Plan has recently been reviewed and is expected to become fully operative later in 2017. The activities linked to the District Plan are preparing Council initiated plan changes, processing privately requested plan changes, and monitoring and reporting on the effectiveness and efficiency of the Plan.

How does it affect me?

You use the Council's regulation and compliance 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 stock, and where you can buy and consume alcohol. They also ensure that the places you go to eat and drink are healthy and safe.

What did we achieve?

Building Consenting, Inspections and Monitoring

The table below outlines our achievements in this area.

	2017	2016	Percentage increase / decrease
Building consenting, inspections and monitoring			
Preapplication meetings	737	669	10%
Commercial projects (%)	50	43	17%
Residential projects (%)	50	48	3%
Customer satisfaction with building consenting service (%)	76.7	77.6	-1%
Building consents granted	6,686	8,305	-19%
Total value of consents granted (\$ million)	2,327.4	3,011.3	-23%
Residential consents			
Granted	5,472	7,086	-23%
Value (\$ million)	1,030.6	1,434.4	-28%
Commercial consents			
Granted	1,214	1,221	-1%
Value (\$ million)	1,296.9	1,577.0	-18%
Inspections completed			
Residential	47,177	52,308	-10%
Commercial	7,631	7,522	1%
Inspections delivered within three working days (%)			
	99.0	99.0	0%
Code of compliance certificates issued			
	6,572	7,789	-16%
LIMs processed			
Processed within 10 days (%)	100.0	99.0	1%

Residential building consent application numbers decreased in 2017 and are expected to continue to do so over the next 12 months. They are still higher than their historic average.

As in 2016, commercial rebuild and repair continues to be busy and is expected to remain at this level for the next few years with a number of Crown projects still to be started. Once the Crown projects are underway it is expected this will stimulate further commercial development.

Resource Consents

The table below outlines our achievements in this area.

	2017	2016	Percentage increase / decrease
Resource consents			
Land use consents processed	2,011	2,344	-14%
Subdivision consents processed	576	510	13%
Compliance against statutory processing timeframes (%)	97	99	-2%
Straightforward applications processed within 10 working days (%)	92	96	-4%
Pre-application meetings	523	472	11%
Customer satisfaction with resource consenting process (%)	64	74	-14%

While numbers of consents processed and application numbers decreased, the unit is still experiencing high workloads as a result of processing more complex applications, implementation of the new District Plan, and a sustained higher number of public enquiries. This has resulted in a decrease in meeting some targets but this is anticipated to improve next year as

the rebuild continues to soften in the planning area and the new District Plan becomes more familiar to users.

Regulatory Compliance, Licensing and Registration
The table below outlines some of our achievements in this area.

	2017	2016	Percentage increase / (decrease)
Regulatory compliance, licensing and registration			
<u>Animal management (1)</u>			
Inspections			
Dangerous dogs reinspections	68	58	17%
High risk or menacing dog reinspections	459	241	90%
Priority one complaints involving aggressive behaviour by dogs or wandering stock			
Number received	165	142	16%
Dealt with within 10 minutes (%)	99.3	97.8	2%
"Dogsmart" dog bite prevention programme for schools			
Schools programme provided to	56	56	0%
Dogs micro-chipped for free	1,267	1,396	-9%
<u>Noise and health risks (2)</u>			
Noise complaints received	10,874	12,345	-12%
Responded to within one hour (%)	95.3	91	5%
Noise visits conducted where noise was found to be excessive			
excessive noise direction issued (%)	1,904	2,148	-11%
	97.4	97	0%
Matters reported that pose a serious risk to public health			
Investigations started within 24 hours (%)	9	11	-18%
	100	100	0%
<u>Alcohol licensing (3)</u>			
Monitoring visits to high risk premises	41	36	14%
High risk premises visited at least twice within 12 months (%)	100	100	0%
Alcohol licence applications received			
Lodgement meetings for new on/off club licences	181	174	4%
	181	172	5%
<u>Food safety and health licensing (4)</u>			
Non compliant food premises reinspected twice within six months			
	9	29	-69%
Registered food premises			
Premises inspected by an Environment Health Officer during year (%)	1,610	2,095	-23%
	76	80	-5%
<u>Compliance Services (5)</u>			
Investigations into reports of matters that pose a serious risk to public safety are commenced within 24 hours.			
	65 (100%)	not measured	
Swimming pools and spa pools inspected annually (33%)			
	3,649	(82%) not measured	
Monitor all high risk Resource Management Act consents/permits at least once every six months			
	82 high risk sites = 193 visits	not measured	

1. Animal management

The increase in menacing dog re-inspections is attributed to a compliance monitoring programme that was undertaken this year. A trend was observed indicating that owners of dogs classified as "menacing" were becoming non-compliant with the requirements of the classification. This programme was implemented

as a result of that trend, not in response to an increase in the numbers of dogs classified as menacing.

The Animal Shelter is open weekdays 1.00pm to 5.30pm and on Saturdays 11.00am to 1.00pm, with Animal Control open 8.00am to 5.00pm weekdays. In addition to providing shelter facilities 1,267 dogs were micro-chipped without charge to the owner.

2. Noise and health risks

The matters reported that pose a serious risk to public health include complaints regarding asbestos, P- Labs, contaminated land and Hazardous Substances and New Organisms - HSNO. The legislative requirements in relation to Noise Control are defined in the Resource Management Act. Council responds to customer complaints and ascertains whether a noise nuisance exists, if the noise is determined as excessive a formal written notice will be served, often resulting in the seizure of noise equipment. Activity across all these areas have decreased this year.

3. Alcohol Licensing

Alcohol licence numbers have continued to increase, with a total of 929 current premises licences held in Christchurch as of 30 June 2017. However, these numbers are still well below pre-earthquake numbers of around 1,112 total licences. Precinct area Alcohol Accords are being developed with licensees as the CBD precinct entertainment areas develop in conjunction with the rebuilding and development of the central city. Christchurch continues to have large number (1,046) of special licences issued each year for events, with a total of 70 large, 258 medium, and 718 small events licenced in the last year. This is reflective of the loss of licenced function venues in Christchurch and also an increase in large festivals and community events.

This year Alcohol Licensing has continued a focus on education of applicants in relation to the alcohol licensing legislation requirements. Lodgement pre-application meetings are held for all new premises licence applications to improve the applicant's understanding of compliance requirements. Under this approach we have continued to see improvements in the quality of applications being received for assessment. This year we have also focused on opportunities for improving the education of candidates for Managers Certificates during the application process. These approaches have resulted in an improved understanding for new licensees and managers about compliance expectations once licences and certificates are issued.

4. Food safety and health licensing

The implementation of the Food Act 2014 has resulted in a different way of working for operators and Councils. Compliance is now checked against the operator's Food Safety Plan as opposed to the Food Hygiene Regulations. If issues are found an agreed timeframe to rectify the issue is reached based on the extent of the issue. Failure to meet food safety requirements results in operations being checked more often and at the operator's cost. They may also be subject to other actions as defined by the Act. We inspected 5 per cent fewer premises than last year but with our increased education and support of operators had a 69 per cent reduction in the number of non-compliant premises that needed to be re-inspected twice within 6 months.

5. Licencing and compliance

The Compliance and Investigations Teams have completed monthly inspections of clean-fill over 21 sites and 143 inspections of all known earthquake waste demolition sites. These inspections were supported by the shared services Waste and Environmental Management team. The monitoring regime in place for quarries was reviewed and compliance assessment activities have increased. There are 481 active temporary accommodation permits, the expiry of these permits has now been extended out to 2021. There were 65 investigations into reports of matters that pose a risk to public safety commenced within 24 hours of the Compliance & Investigations Teams being notified. 5774 complaints received and a total of 816 corrective actions were taken, where staff have identified non-compliance with the District Plan, Resource Management Act, Building Act and Bylaws.

82 per cent of swimming pools on the Council's register have been inspected, comprising 3,649 total site inspections. The increase on 2016 reflects a change in legislation.

6. District Planning

The District Planning team, in partnership with many other teams from across the Council, has completed all 18 chapters in the new District Plan and publicly notified them for submissions in accordance with the Order in Council (OIC) timeframes. Over 99 per cent of the submissions on Plan have been heard by the Independent Hearings Panel and a significant number of decisions have been released and made operative. There are still a small number of matters to be considered by the Panel, and decisions on all of the proposals are expected to be made operative before the end of the calendar year.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Regulatory Compliance, Licencing and Registration					
Animal Management.	Percent of priority one complaints (aggressive behaviour by dogs and wandering stock) responded to within 10 minutes.	95%.	Achieved.	99.3%.	2016: 97.8%. 2015: 100%. 2014: 96%.
	Re-inspect properties of dogs classified as dangerous and high risk or menacing to check for compliance.	98% per annum.	Achieved.	100% of properties inspected.	2016: 100%. 2015: 100%. 2014: 100%.
Compliance of legislative breaches including Building Act, Resource Management Act / City Plan, freedom camping, Local Government Act and bylaws.	Investigations into reports of matters that pose a serious risk to public safety are started within 24 hours (for Building Act and Resource Management Act matters).	100%.	Achieved.	100% of investigations commenced within 24 hours.	2016: 100%. 2015: 100%. 2014: 100%.
	Minimum percentage of swimming pools and spa pools inspected annually.	33%.	Achieved.	82% of swimming and spa pools inspected. This was a total of 3,649 inspections.	2016: 28.8% of swimming and spa pools inspected. This was a total of 3,078 inspections.
	Monitor all high risk Resource Management Act consents / permits at least once every six months.	95%.	Achieved.	100%. All high risk RMA consents / permits monitored at least once every six months. Currently 82 consents and permits covered by this.	2016: 100%.
Alcohol licencing.	Inspect all high risk alcohol licensed premises at least twice per year (assessed using risk assessment methodology).	100%.	Achieved.	100% of high risk premises visits completed at least twice.	2016: 100%. 2015: 100%. 2014: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Food Safety and Health Licencing.	Inspect registered food premises once per year.	Inspect at least 75% of all registered food premises once per year.	Achieved.	76% inspected. 1,610 out of 2,117 premises inspected.	2016: 80% of premises inspected. 2015: 87% 1,984 registered premises, 1,725 were visited. 2014: 98%. 1,775 premises were visited of a total 1,805 registered.
	All other Health Licences e.g. Hairdressers, Funeral Directors and Camping Grounds, are inspected bi-annually.	Inspect 100% of these registered premises at least once every 24 months.	Achieved.	100% of premises inspected. There are currently 314 licences in this category requiring inspection.	2016: 100% of premises inspected. There are currently 300 registered and trading businesses in this category.
Environmental Health, including noise and environmental nuisance.	Complaints in relation to excessive noise are responded to within one hour.	90%.	Achieved.	95.3%.	2016: 91%. 2015: 90%. 2014: 90%.
Land and Property Information Services					
Land Information Memoranda (LIMs).	Process Land Information Memorandum applications within statutory timeframes.	Process 100% of Land Information Memorandum applications within 10 working days (excl Christmas period of closure).	Achieved.	100% of LIMs processed within 10 working days.	2016: 99% for year. Five applications did not meet the timeframe. 2015: 100%. 2014: 99.9%.
Project Information Memoranda (PIMs).	Process Project Information Memoranda within statutory timeframes.	Process 100% of Project Information Memorandum applications within 20 working days (excl Christmas period of closure).	Achieved.	100% of PIMs processed within 20 working days.	2016: 100% 2015: 99% 2014: 87%. 83% BC/PIM/ Development report combined applications were processed within 20 days.
Issuing property files.	Provide residential property files to customers in electronic format.	Provide 98% of customers with access to digitised residential property files via online portal within 48 hours of request.	Achieved.	98%.	2016: 100%. 2015: 91% 2014: 99%.
	Retrieve and provide commercial property files in hard copy for customers.	Retrieve and provide 95% of optional requests for scanning of records within three working days (charges apply).	Not measured.	Level of service is not in line with contractor service requirement.	2016: 99%. 2015: 100% 2014: 98%.
	Provide viewing services to customers requesting to view commercial property files.	Access to documents available between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved.	100%.	2016: 100% 2015: 100% 2014: 100%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Building Consenting, Inspections and Monitoring					
Building consents.	Grant building consents within 20 working days.	The minimum is to issue 90% of building consents within 19 working days from the date of lodgement.	Achieved.	92.5% of commercial consents granted within 19 days and 96.7% within 20 working days. 1123 out of 1213 commercial consents granted within 19 days and 1174 out of 1213 commercial consents granted within 20 working days. 97.1% of residential consents granted within 19 days and 99.4% within 20 working days. 5323 out of 5473 consents of residential consents granted within 19 days & 5371 out of 5473 consents granted within 20 working days.	2016: 93.9% issued in 19 working days and 95.3% issued in 20 working days. 2015: 89% of consents were issued within 20 working days. 2014: 57% were completed within 20 working days.
	Ensure satisfaction with building consents process.	80%.	Not achieved.	63.9% (survey for November to April).	2016: 59.6% per survey.
Building inspections and Code Compliance Certificates.	Carry out building inspections in a timely manner.	Carry out 85% of inspections within three working days.	Achieved.	99.3%.	2016: 99% 2015: Full year result not available – part year results residential 6 days, commercial 4 days. 2014: Formal monitoring of turnaround time for inspections only began in March 2014, consequently a full year result is not available. Current performance averages a 7.5 working day turnaround.
	Grant Code Compliance Certificates with 20 working days.	The minimum is to issue 90% of Code Compliance Certificates within 19 working days from the date of lodgement.	Achieved.	99.1% issued in 19 working days.	2016: 93.9% issued in 19 working days and 95.3% issued in 20 working days. 2015: 77% within 20 days. 2014: 71% of total CCC decisions were completed within 20 working days.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Building consenting public advice.	Provide public advice service to support building consenting customers (First 30 minutes of pre-application meetings is free public advice).	Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	Achieved.	Counter service at Civic Offices have been staffed between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).	2016: Four staff allocated with at least two present at all times. 2015: Public advice counter was staffed between 8.00am – 5.00pm. 2014: Counter hours provided 8.30am – 5.00pm throughout the majority of the year. These changed to 8.00am – 5.00pm when Council opening hours changed.
Annual building Warrants of Fitness.	Ensure that building Warrants of Fitness are accurate through the use of desktop and physical audits.	360 commercial audits per annum.	Achieved.	445 audits completed.	2016: 240 commercial audits were completed. 2015: 204 audits were completed. 2014: Not measured.
Building Policy Building accreditation review.	Achieve Building Consent Authority status.	'Building Consent Authority' status is maintained.	Achieved.	Reaccreditation is due August 2017.	2016: BCA Accreditation maintained. 2015: BCA Accreditation regained 17 December 2014. 2014: Accreditation was revoked on 1 July 2013 and a Crown Manager appointed.
Building policy development.	CCC building policy meets Building Act requirements.	CCC building policy meets Building Act requirements at all times.	Achieved.	CCC building policy has met Building Act requirements at all times.	2016: Policies are compliant. 2015: Achieved. 2014: Building Act requirements were met at all times by Council's building policy.
Claim management - building related.	Notify relevant building related claims to insurer.	Notify building related claims to insurer within relevant financial year.	Achieved.	All known matters are notified with the Financial Year, meeting with Broker and Insurance company to ensure accuracy.	2016: All notifications are being notified in conjunction with the Council's insurance policy conditions. However, not all notifications were made within 10 working days. 2015: 43% of building claims were notified within 10 working days. 2014: 27% of building related claims were notified within 10 working days.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Manage the processing of general negligence (building-related) claims under the appropriate forum.	Processing the general negligence (building-related) claims to agreed timeframes to settle or remove Council as a party.	Achieved.	All matters that are before a formal process have legal counsel assigned to represent Council and process claims to agreed timeframes.	2016: All matters that are before a court have legal counsel assigned to represent Council. 2015 All claims are being managed with Council's legal partners. 2014: All claims are being managed with Council's legal partners.
	Manage the resolution of Weathertight Homes Resolution Services (WHRS) Financial Assistance Package (FAP) Scheme claims.	Assess and process 95% of Weathertight Homes Resolution Service (WHRS) Financial Assistance Package (FAP) claims within timeframes stipulated in the Ministry of Business, Innovation and Employment (MBIE) FAP contracts.	Achieved.	100%. With the program now drawing to a close the majority of matters are entering a constructing phase.	2016: Target met for year. 2015: All weathertight related claims were processed to settle or remove Council as a party to agreed timeframes. 2014: All weathertight related claims were processed to settle or remove Council as a party to agreed timeframes.
Resource Consenting					
Resource Management Applications (notified, non-notified and appeals and temporary accommodation).	% of simple land use resource management applications processed within timeframes.	99% within 10 working days.	Not achieved.	92% 90 of 98 were processed within timeframe.	2016: 96% processed within the timeframe. 2015: 87% 106 of 122 consents processed within time frames. 2014: 86%. 122 of 142 consents processed within the time frames.
	% of complex non-notified resource management applications processed within statutory timeframes (including Central City Consents).	99% within the statutory timeframes.	Not achieved.	98%, 2,390/2,447 applications processed within statutory timeframes.	2016: 99%. 2015: 99%. 2014: 99%.
	% of notified resource consents processed within statutory timeframes.	99% within the statutory timeframes.	Not achieved.	95%, 40 out of 42 consents processed within statutory timeframes.	2016: 92%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	% of simple subdivision consents processed within statutory time frames.	99% within statutory timeframes.	No longer measured.	100%: no simple subdivision consents received. With new District plan there are no longer simple subdivision applications.	2016: 99% of consents processed within statutory timeframes. 2015: 89% 8 of 9 consents processed within the time frames. 2014: 95%. 18 of 19 consents processed within the time frames.
	% satisfaction with resource consenting process.	76% satisfaction achieved.	Not achieved.	64%.	2016: 74%. 2015: 81%. 2014: 75%.
District Planning					
Maintain the operative Christchurch City Plan and Banks Peninsula District Plan - including processing of Council plan changes.	Prepare the Replacement District Plan in two stages.	Participate in any subsequent High Court proceedings e.g. Judicial reviews	Achieved.	All High Court appeals and Court of Appeal leave applications have been resolved, with the exception of one Court of Appeal leave application, which is yet to be heard.	NA.
	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.	No public plan changes have been notified because of the Order in Council.	2016: The Order in Council prohibits Council led plan changes. The Council are currently working with DPMC on amendments to the Order in Council. 2015: 100% of council-led plan changes comply with statutory process and timeframes. 2014: 100%.
	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.	No private plan change applications have been received by council.	2016: 100%. 2015: Only private plan change received was for the Memorial Avenue Investments Limited site. This plan change has met all Order in Council steps and timeframes. 2014: 100%

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, particularly in relation to commercial construction 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 are promoting our award winning Partnership Approvals service, and continue to promote our pre-application meetings, electronic processing, streamlined building consent processes and manage our compliance activities in a sensitive and focussed manner.

While there are unlikely to be many private Plan Changes requested under the RMA, we can expect changes to be made to the District Plan under the Greater Christchurch Recovery Act, and Council Plan changes under the RMA to clarify interpretation once the Plan is in use, once the OIC is revoked.

Service delivery in 2017/18

Of these activities, a strong demand for commercial construction is expected to continue with elements of earthquake recovery, particularly for consenting, inspections and code compliance certificate services.

The focus on residential consents will continue to diminish, although the demand on our code compliance certificate service is expected to remain high as certification of dwellings is completed.

The hearings on the District Plan will be completed and attention will focus on assisting the Council and community with its implementation. A monitoring system will also be set up to ensure the Council complies with its monitoring and reporting obligations under the RMA. Projects associated with the Greater Christchurch Regeneration Act, and preparing changes to the Plan (arising from decisions of the Independent Hearings Panel) are also likely to be required.

The Food Act 2014 governs the food safety responsibilities of Councils. The implementation of this new Food Act has seen the legislation move from an inspectorate regime into a more risk based approach to assessing food safety in our communities. As at 30 June, 833 premises are operating Food Control Plans. A continued focus remains on transitioning businesses to the new requirements of the Act.

This year has seen an increase in demand for investigations and assessments of activities, specifically in the areas of quarries, clean-fill sites, illegal building related activities and enforcement of the amended Freedom Camping Bylaw which came into effect on 5 December 2016. It is anticipated that this need will continue into next year. We also continue with a strong focus on cost recovery from consent holders.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Licensing and enforcement	9,768	9,681	8,881
Building consenting and inspections	31,673	31,721	32,353
Resource consenting	9,489	8,551	9,372
Building policy	8,103	5,300	1,774
Land and property information services	3,157	3,712	3,292
District planning	7,782	7,566	18,371
	69,972	66,531	74,043
Operating revenue from services			
Licensing and enforcement	5,423	5,578	4,911
Building consenting and inspections	27,259	30,193	30,770
Resource consenting	7,309	7,086	7,530
Building policy	624	510	790
Land and property information services	4,614	4,862	5,077
District planning	938	1,320	1,988
	46,167	49,549	51,066
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	23,805	16,982	22,977

Explanation of significant variances

Licensing and enforcement

The cost of services increased by \$0.9 million over that for 2016. \$0.2 million relates to a Waste Management Environment Canterbury shared project. \$0.7 million was due to increased staff and overhead costs for service delivery.

Operating revenue increased by \$0.5 million compared with 2016 due to higher levels of revenue in Food Premises and Alcohol as a result of the new legislation, and an increase in the number of infringements issued in the Dog Management activity.

Building consenting and inspections

Building consenting, inspections and monitoring activity revenue fell short of plan by \$2.9 million and was also \$3.5 million less than 2016. Most of the shortfall occurred in building consents due mainly to the 23 per cent reduction in residential building consents over the previous year.

Resource consenting

The cost of service was \$0.9 million higher than planned. This was primarily due to a greater outlay on external support from consultants. This was required to help process consent volumes that were greater than anticipated in the plan.

The additional outlay was partially recovered from applicants with revenue \$0.2 million higher than planned.

Building policy

The cost of service was \$2.8 million higher than plan. The 2017 actuarial assessment of the total provision for weathertight homes, Building Act and general negligence claims resulted in a \$5.4 million increase in the provision which was \$3.1 million higher than plan. The cost of services compared with 2016 increased by \$6.3 million following the actuarial assessment of Council's liability. This was offset by savings in the rest of the activity.

Land and property information services

Cost of services is \$0.5 million lower than plan due to savings on scanning residential and commercial property files.

District planning

The cost of the District Plan was \$0.2 million higher than planned, because the District Plan Review which was planned to finish in December 2016, extended into 2017 due to additional appeals. The revenue of the District Plan was \$0.4 million lower than planned, because no private plan change applications were received by the Council.

The \$10.6 million decrease in expenditure over the prior year reflected the significant reduction in workload of District Plan Review project. The \$1.1 million decrease in recoveries was for the same reason.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	16,850	16,785	13,087	21,356
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	1	-	-	-
Fees and charges	44,877	48,032	42,821	45,875
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,289	1,517	6,220	5,613
Total operating funding (A)	63,017	66,334	62,128	72,844
Applications of operating funding				
Payments to staff and suppliers	67,825	63,573	58,647	69,109
Finance costs	-	-	-	-
Internal charges and overheads applied	2,699	2,699	2,558	2,839
Other operating funding applications	(104)	20	839	820
Total applications of operating funding (B)	70,420	66,292	62,044	72,768
Surplus (deficit) of operating funding (A-B)	(7,403)	42	84	76
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	7,263	6	7	(13)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	7,263	6	7	(13)
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	2	26	27	6
- to improve the level of service	(1)	-	-	415
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	(141)	22	64	(358)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	(140)	48	91	63
Surplus (deficit) of capital funding (C-D)	7,403	(42)	(84)	(76)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding

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Explanation of significant variances

Operating funding

Revenue was \$3.3 million less than plan due to a significant reduction in residential building consent applications

Payments to staff and suppliers were \$4.3 million more than plan due principally to increased volumes and complexity of Resource Consent applications requiring additional external support and the increase in the provision for Weathertight Homes and Building Negligence claims

Capital expenditure

There were no significant variances.

Significant capital expenditure

There was no significant capital expenditure

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 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 the City and are responsible for the capping and aftercare of the old Burwood landfill.

As a shareholder in BRRP we facilitate the sorting, reuse and safe disposal of Canterbury Earthquake construction and demolition waste.

Why is the Council involved?

We provide solid waste collection, processing and disposal to protect the health of the community. Our involvement in waste reduction, reuse and recycling reflects the importance we place on using resources sustainably.

Waste minimisation and disposal contribute to the environmental and economic well-being of the community. They ensure the reliable removal of rubbish, the recycling of any resources in that rubbish, and the disposal of any residue in a cost-effective and environmentally acceptable way.

They also contribute towards achieving two of the five goals in our Community Outcomes - by helping to make a healthy city environment and a modern and robust infrastructure and facilities network. We do this by enabling and encouraging waste separation and reusing, and by safely collecting and disposing of waste.

How does it affect me?

When we dispose of waste properly and reduce the amount we send to landfill we help create a healthy, safe environment for all to live in. This also creates business opportunities and employment in our communities.

What activities are involved?

Recyclable materials collection and processing
We aim to reduce the amount of waste we send to landfill by collecting recyclable material from households and public places, advising the public of recycling options (for example EcoDrops & register of recyclers), and by sorting and processing recyclable materials.

Organic material collection and composting
We collect kitchen and garden waste from households and turn it into compost for resale. We also encourage home composting and worm farms.

Residual waste collection and disposal

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

Education

Education is an important aspect enabling residents to make informed decisions on the best waste practices focusing on the best environmental and social outcomes.

We are working with other councils across the country on the national 'Love food, Hate waste' campaign with regular workshops informing communities how to minimise the food waste generated by households.

What did we achieve?

Gas extracted from the Burwood Landfill is used at the Civic Building for heating, cooling and lighting, the Christchurch Art Gallery for heating and the CWTP for drying biosolids.

The kerbside collection system continues to perform well and in line with expectations and rates highly in our annual residents survey.

BRRP has continued to take construction and demolition waste. In 2017 the plant sorted 185,930 tonnes (2016: 78,270 tonnes). Since it opened, the site has received about 700,000 tonnes.

We continue to work as part of the Canterbury Waste Joint Committee towards regional waste minimisation projects and identifying opportunities to further improve on reducing waste.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Residual Waste Collection and Disposal					
Domestic kerbside collection services or community collection points for residual waste (refuse) for households and businesses (domestic quantities only).	Tonnage of residual waste collected by Council services.	No more than 120 kg / person / year from collection services disposed to Kate Valley.	Achieved.	117.21 kg per person disposed at Kate Valley.	2016: 117.7 kg per person. 2015: 116.2 kg per person. 2014: 109 kg per person.
	Kerbside residual waste collection - emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	Achieved.	99.8%.	2016: 99.7%. 2015: 99.8%. 2014: 99.9%.
	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.	92% per general satisfaction survey.	2016: 92%. 2015: 92%. 2014: 90%.
Recyclable Materials Collection and Processing					
Domestic kerbside collection service for recyclable materials.	Recyclable materials collected by Council services and received for processing at the Materials Recovery Facility (MRF).	108 kg +40%/-10% recyclable materials / person / year collected and received by Council services.	Achieved.	108.41 kg per person of recyclable materials collected and received.	2016: 106 kg per person. 2015: 110 kg per person. 2014: 109 kg per person.
	Kerbside wheelie bins for recyclables emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	Achieved.	99.7%.	2016: 99.6%. 2015: 99.8%. 2014: 99.8%.
	Customer satisfaction with the Council's kerbside collection service for recyclable materials.	At least 90% customers satisfied with Council's kerbside collection service for recyclable materials each year.	Achieved.	95% per general satisfaction survey.	2016: 95%. 2015: 95%. 2014: 93%.
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 185 kg +30%/- 10% organic material collected at Council facilities and diverted for composting facility / person / year.	Achieved.	197.73 kg of material was collected at Council facilities and diverted for compost per facility / person / year.	2016: 192.14kg per facility/ person/year. 2015: 187.1 kg per facility/ person/year. 2014: 194 kg per person.
	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%.	2016: 99.8%. 2015: 99.8%. 2014: 99.8%.
	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.	85%.	2016: 82%. 2015: 85%. 2014: 82%.

What assets do we use to deliver these activities?

The assets we use for refuse minimisation and disposal are the compost plant, BRRP, five transfer stations and 15 Banks Peninsula community collection points. We also rely on vehicles operated by the kerbside collection contractors and the materials recovery facility (recycling centre) owned and operated by the CCO company EcoCentral. Our residual waste is disposed of at the Kate Valley facility owned and operated by Transwaste (39 per cent owned by the Council).

Where are we heading?

We will continue working with residents to maximise the level of recycling which is diverted from landfills, through the kerbside system. Education programmes aim to maximise the separation of organic and recyclable waste and ensure we minimise contamination of the organic and recyclable streams.

We will continue to take an active part in the Canterbury Waste Joint Committee, with programmes for waste

reduction, and monitoring the reduction of waste to landfill from across Canterbury.

The BRRP will continue to sort waste in 2017/18. We expected less construction and demolition waste this year, which did not happen. We now expect it will start to drop off in late 2018.

Landfill gas from the old Burwood landfill will continue to provide energy to the CWTP, Council's Civic Offices and the Christchurch Art Gallery.

Landfill gas is also collected from Kate Valley landfill and converted into electricity. Next year will see the first Electric kerbside collection truck that forms a part of a

'circular economy' – the collection truck is powered by the refuse that it is collecting.

We continue to work with businesses to reduce the waste sent to landfill and to be more energy and water efficient.

Service delivery in 2017/18

We will deliver the levels of service detailed in the LTP and Activity Management Plans in the 2017/18 year.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Recyclable materials collection and disposal	6,901	7,576	7,354
Residual waste collection and disposal	18,116	19,636	19,347
Organic material collection and composting	18,590	18,336	17,770
	43,607	45,548	44,471
Operating revenue from services			
Recyclable materials collection and disposal	1,335	1,332	1,448
Residual waste collection and disposal	6,713	6,267	6,942
Organic material collection and composting	4,496	4,477	4,624
	12,544	12,076	13,014
Capital revenues	-	118	518
Vested assets	-	-	-
Net cost of services	31,063	33,354	30,939

Explanation of significant variances

Recyclable materials collection and disposal

The cost of service was \$0.7 million lower than plan due to \$0.3 million lower collection costs, \$0.3 million lower promotion costs, and \$0.1 million lower operating costs.

The cost of services was \$0.5 million lower than 2016 due to \$0.3 million lower collection costs and \$0.2 million lower operating costs.

Residual Waste Collection and Disposal

The cost of service is \$1.5 million lower than plan due to \$0.8 million lower collection costs, \$0.5 million less landfill aftercare provision costs (see note 25 of the financial statements for more detail) and \$0.3 million lower maintenance costs. Other costs were \$0.1 million higher than plan.

The cost of service is \$1.2 million lower than 2016 primarily due to the decreased maintenance costs of \$0.5 million and lower internal costs of \$0.4 million.

Operating revenue is \$0.4 million higher than plan due to \$0.2 million revenue from unplanned liquid waste receipts and \$0.3 million higher receipts at the BRRP. This is offset by \$0.1 million lower receipts from property rentals to external parties.

Organic material collection and composting

The cost of service is \$0.3 million higher than plan due to a one-off asphalt repair at Metro place of \$0.5 million, offset by service contract savings of \$0.2 million.

The cost of service is \$0.8 million higher than 2016 due to the one-off repair of \$0.5 million and the collection of higher volumes (2017: 197.73kg; 2016:192.14kg) of \$0.3 million.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	12,864	12,814	12,402	11,615
Targeted rates	19,888	19,724	19,996	19,178
Subsidies and grants for operating purposes	-	1,051	1,054	1,030
Fees and charges	6,468	6,310	6,328	6,163
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5,341	3,978	3,990	4,100
Total operating funding (A)	44,561	43,877	43,770	42,086
Applications of operating funding				
Payments to staff and suppliers	39,441	41,126	41,065	39,627
Finance costs	204	204	303	270
Internal charges and overheads applied	1,887	1,887	1,910	1,706
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	41,532	43,217	43,278	41,603
Surplus (deficit) of operating funding (A-B)	3,029	660	492	483
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,865)	199	370	2,597
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	118	118	229
Total sources of capital funding (C)	(1,865)	317	488	2,826
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	1,136	949	952	3,282
- to improve the level of service	28	28	28	27
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,164	977	980	3,309
Surplus (deficit) of capital funding (C-D)	(3,029)	(660)	(492)	(483)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding - - - 2,468

Explanation of significant variances

Operating funding

The operating surplus is \$2.4 million higher than planned. Payments to suppliers were \$1.7 million lower due to lower operating and maintenance costs incurred during the year. Operational funding was \$0.7 million higher than planned due to higher receipts.

Capital expenditure

There were no significant variances.

Significant capital expenditure

There was no significant capital expenditure.

Council activities and services Resilient communities (incl. community grants)

What is resilient communities (incl. community grants), and what does the Council do?

Resilient communities provides:

- project funding;
- community facilities;
- events and festivals;
- sector co-ordination; and
- support and advice.

CDEM work with communities to build resilience to disasters, promote understanding of hazards and risks, and develop emergency preparedness. Along with other organisations and the community, the team responds to emergencies.

Our community facilities, community development and funding activities support and encourage residents to volunteer, participate in community projects and build social connectedness.

Why is the Council involved?

Local government's purpose includes meeting the current and future needs of communities by developing cost effective local infrastructure and public services.

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.

Resilient communities contributes 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 helps build community and individual resilience by involving and encouraging local input into council decision-making.

How does it affect me?

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 for socialising and recreation.

We stage community 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, and All Blacks Test matches) and the Christchurch Arts Festival.

What activities are involved?

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.

Civil Defence and Emergency Management

We co-ordinate local CDEM, train EOC staff and community volunteers and respond to civil defence emergencies in a collaborative manner with partner agencies. We promote community awareness of the likely impact of a disaster and encourage individuals, community groups, other organisations and businesses to be prepared.

Rural fire management

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

Events and festivals

Events strengthen community pride, promote the understanding of different cultures and a healthy lifestyle, and showcase the good 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 city's lifestyle qualities, and our major events attract visitors and support key industries in Christchurch and Canterbury.

Customer Services

Customer Services delivers multi-channel first point of contact services to the Council's customers. A 24/7 contact centre is maintained which includes phone, email and social media interaction and face to face services at suburban service desks. Customer Services provide information, take payments, bookings, registrations and create and manage requests for service for a wide range of Council services. There are walk-in customer service points at 12 sites in greater Christchurch, from Papanui in the north to Akaroa in the south.

Community facilities

We own many community centres, halls and cottages that can be used for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops. While Council manages a number of these community facilities, we also empower and support community organisations to manage facilities for the benefit of the whole community.

What did we achieve?

Community grants

We distributed grants to community groups and not-for-profit organisations for projects and initiatives that benefitted the city, local communities and communities of interest. The organisations that received this funding contributed more than one million volunteer hours of community work across the city.

We have distributed \$6,673,285 in grants from the Strengthening Communities and Creative Communities funding schemes to 935 applicants.

Civil Defence and Emergency Management

The CDEM team continued to promote the need for individual communities to develop their own response plans.

We continued training emergency operations centre staff, response team volunteers, and welfare centre volunteers throughout the year. Internal staff changes have resulted in fewer trained and experienced EOC management positions, and we have developed a plan to address this.

We maintained and resourced facilities for primary and alternate CDEM EOC and welfare centres. We did not follow the procedure for testing CDEM radios which resulted in the target not being met for this level of service. We have reviewed this procedure and have trained staff in its use to ensure this target is met in future.

The CDEM EOC and a Welfare Centre (Horncastle Arena) were activated in support of Kaikoura District Council following the 14 November 2016 Kaikoura earthquake and receiving of evacuees from Kaikoura. Council EOC staff were deployed to both the Kaikoura and Hurunui Districts' EOCs.

The CDEM EOC was also activated following a state of emergency being declared on 15 February 2017 as a result of the Port Hills fires that started on 13 February 2017.

We reviewed CDEM plans and procedures with work underway to redevelop our Tsunami Plan, and our Recovery Plan. We have also implemented a new CDEM duty officer procedure to improve emergency response capability.

Rural fire management

We responded within 30 minutes to all requests from NZ Fire Service for firefighting resources.

We followed procedures to ensure a reduction in the incidence and consequence of damage from fires. We updated the Rural Fire Plan in accordance with legislative requirements.

We did not achieve a target of 45 per cent of voluntary Rural Fire Force members obtaining basic fire fighter training due to the extended fire season which delayed training delivery. Additional training is scheduled for July.

Council's statutory responsibility to be a Rural Fire Authority ceased on 30 June 2017 with the NZ Fire Service and Rural Fire Authorities merging as from 1 July 2017 into Fire & Emergency New Zealand (FENZ).

Events and festivals

We supported a full calendar of events through the year either with finances or in kind. We hosted the All Blacks, Black Caps and New Zealand Cup and Show week which allowed us to promote the Christchurch story and attract visitors to the city. We delivered leverage and legacy programmes at these events in communities and schools.

Customer Services

We completed 459,719 telephone enquiries, 52,691 email enquiries and processed 124,583 financial transactions. The success of our team is measured by our citizens and customers. This was clearly evident by the achievement of top performing service status with 90 per cent of customers satisfied or very satisfied with the first point of contact Council customer service, confirming a very high level of satisfaction across all of our service points. All other levels of services at the first point of contact were achieved this year, ensuring our citizens and customers received a timely and responsive service.

In addition the provision of contact centre services for the OCHT began in September 2016, with Council providing 24/7 first point of contact phone and email services. Since 1 April 2017 this has been reduced to after-hours services for urgent enquiries i.e. from 5pm to 8.30am Monday to Friday and 24 hours on Saturday and Sunday.

Community facilities

There are 74 community facilities (buildings) available for community use; an increase on last year due to facilities being repaired and rebuilt after the 2010/2011 earthquakes. In the past year, new community facilities have opened in Governors Bay, Opawa/St Martins, Heathcote, Lyttelton and Redcliffs.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Community grants					
Delivery of the Council's Community Grants Schemes and the community loans scheme.	Effectively administer the grants schemes.	100% compliance with agreed management and administration procedures for grants schemes.	Achieved.	100%.	2016: Initial Strengthening Communities Fund (SCF) audit not complete however, preliminary feedback indicates 100% adherence to management and administrative procedures.
		The distribution of community grant funding enables at least 550,000 volunteer hours to be contributed each year.	Achieved.	1,662,233 Volunteer Hours.	2015/2016 1,250,000 Volunteer hours.
		Each \$1 of grant given leverages more than \$2.00 worth of services.	Achieved.	Each \$1 of Council funding leverages \$8.26 of services.	2016: Each \$1 of grant funding leverages \$6.89 of services.
Civil Defence Emergency Management					
Co-ordinate civil defence readiness, response and recovery.	Council is prepared for and maintains an effective response capacity to manage civil defence emergencies.	CDEM Plans and procedures are reviewed annually.	Achieved.	All CDEM plans and procedures have been reviewed.	2016: All plans have been reviewed with a set of actions listed for each plan. 2015: Plans reviewed, however Recovery Plan and Local CDEM Arrangement require further work. 2014: Plans were reviewed by 1 October.
		One primary and an alternate facility available to be activated within 60 minutes.	Achieved.	Two facilities identified: Function room, Civic Offices (primary) and Fendalton Service Centre (alternative) and can be activated within 60 minutes.	2016: Two facilities identified: Function room, Civic Offices (primary), and Fendalton Service centre (alternative). 2015: Primary EOC - 53 Hereford Street Alternative - Fendalton Service Centre can be activated within 60 minutes. 2014: Both primary and alternate EOC facilities are available and can be activated within 60 minutes.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		At least two Emergency Operations Centre (EOC) activations undertaken taken per annum (event or exercise).	Achieved.	Three activations were undertaken during the year. Exercise Tangaroa was conducted in August 2016 and the EOC was activated in November 2016 in response to the Kaikoura earthquake and in February 2017 in response to the Port Hills fire.	2016: EOC activated for Exercise Pandora 30 July, and New Zealand ShakeOut on 15 October 2015. 2015: 1 Actual Activation of the EOC for Hei Hei Fire - February 2015. Due to Exercise Pandora being postponed we were not able to have an exercise to use as the second test of the EOC readiness. 2014: Four activations of the EOC occurred during the year.
Public education to increase community awareness and preparedness.	Improve the level of community and business awareness and preparedness of risks from hazards and their consequences.	At least 50 CDEM public education activities occur annually.	Not achieved.	This was not measured due to Kaikoura earthquake response and Port Hills fires EOC activation.	2016: 86 CDEM public education activities occurred. 2015: 140 CDEM activities occurred. 2014: 81 CDEM public education activities occurred.
		At least 17% of Christchurch residents participate in CDEM meetings to enable their local community to cope better.	Not achieved.	12%. Staff were involved with Emergency Operations Centre response for both the Kaikoura earthquake and the Port Hills fires which resulted in less public education engagements.	2016: 14% per survey. 2015: 15% of residents attended meetings that enables their community to cope better. 2014: 23% of residents have participated in meetings.
Rural Fire Management					
Rural Fire reduction, readiness, response and recovery.	Reduce the incidence and consequence of damage causing fires through implementation of the policies and procedures contained within a statutory Fire Plan.	Response turnout initiated within 30 minutes from NZ Fire Service call for assistance.	Achieved.	NZ Fire Service (NZFS) feedback confirmed no issues with Council Rural Fire response and turn-out.	2016: Achieved. 2015: Achieved. 2014: Achieved.
		At least 90% of fire permits issued within 3 working days.	Achieved.	100% issued within 3 working days.	2016: 100%. 2015: 100%. 2014: 96.7%.
Events and Festivals					
Manage delivery of CCC Events and Festivals, provided by CCC.	Attract, manage and sponsor the delivery of major events.	Attract a range of regional, national and international events.	Achieved.	Range of attracted events include Lions Rugby and World Bowls (international), Lantern Festival and FESTA (national) Electric Avenue and the Christchurch wine and food festival (regional).	2016: The city has successfully secured national, and international events over the next two years. 2015: Achieved – ICC Cricket World Cup and FIFA U20 Football World Cup. 2014: 12 National events and 14 international events.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Two events in place at Major Event level.	Achieved.	Eight events in total including Lions rugby tour, All Blacks and South Africa test match, 12 days (five events) of international cricket and the World Bowls championships.	2016: International cricket, rugby, rugby league events have been secured for the next two years. 2015: Achieved – Three events in place. 2014: Achieved.
	Deliver, partner and produce events, programmes and festivals for the city.	At least 90% attendee satisfaction with the content and delivery across three Council-funded events.	Achieved.	92% from point of contact survey.	2016: 92% from point of contact survey. 2015: Achieved 90%. 2014: Survey result cannot be provided.
Event promotion and marketing.	Lead the promotion and marketing of Christchurch events and the city as an events destination.	At least 90% residents' satisfaction with range of events and festivals delivered.	Not achieved.	80% per residents' survey.	2016: 84%. 2015: 86%. 2014: 86%.
Manage the central city event spaces.	Manage and develop central city events spaces and advise on future venues and facilities for events.	Average of 2 event days per week in central city events spaces.	Achieved.	121 events over 52 weeks at an average of 2.32 events per week.	2016: The City has averaged 2.5 events days within the central city (within the four avenues). 2015: 15 events successfully delivered in the central city.
Customer Services and Online Channels					
Provide a "first point of contact" Council customer service.	Provide a walk-in customer service desk that meets future customer demand.	Subject to review: 7-13 walk in customer service desks. Number of desks and location to be determined by the Service Desk Strategic Plan.	Achieved.	12 walk in customer service desks provided.	2016: Achieved. 2015: Achieved. 2014: Achieved.
	Ensure Council call centre is available to answer calls.	Council call centre services are maintained 24 hours per day, 7 days per week.	Achieved.	Council call centre services maintained 24 hours per day, 7 days per week.	2016: Achieved. 2015: Achieved. 2014: Call centre services provided in-house 24/7, from March 2014.
	Answer call centre telephone enquiries within 25 seconds.	Answer at least 75% of call centre telephone enquiries within 25 seconds.	Achieved.	75% of calls for the year were answered within 25 seconds.	2016: 60% of calls answered within 25 seconds. Training and induction of required FTE in Contact Centre to meet resource requirements now complete. This will allow adequate coverage to achieve Service Level 75/25 for the 16/17 year.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Customers are satisfied or very satisfied with the 'first point of contact' council customer service.	87% of customers who interact with Customer Services are satisfied or very satisfied with the service at first point of contact.	Achieved.	90% customer satisfaction achieved - one of the top performing services in 2016/17.	2016: 90% per the residents' survey. 2015: 78% in Annual Residents Survey via email and 91% via phone. 2014: Resident survey result 81%.
Community Facilities					
Community facilities provision and operation.	Provide community facilities.	Provide a range of 54 - 66 community facilities (subject to maintenance and facility rebuild priorities).	Achieved.	Achieved throughout the year; currently 74 facilities open.	2016: Range achieved throughout the year - currently 59 facilities open. 2015: 88 community facilities were open and available to the community. 2014: Total of 54 Halls, 10 are still closed. 44 are open.
	Deliver a high level of customer satisfaction with the range and quality of Council operated community facilities.	At least 80% of customers are satisfied with the range and quality of facilities.	Achieved.	81% per point of contact survey.	2016: 80% per point of contact survey. 2015: 96%. 2014: 95%.
Provision of leased facilities for operating early learning centres.	Provide and lease Early Learning Centre facilities at market rate.	10 Facilities leased exclusively to Early Learning Centres at market rate (subject to maintenance and facility rebuild priorities).	Achieved.	10 facilities leased to Early Learning Centres.	2016: 10 facilities leased to Early Learning Centres. 2015: 10 facilities leased to Early Learning Centres.
Support volunteer libraries.	Support volunteer libraries.	9 voluntary library services supported (subject to maintenance and facility rebuild priorities).	Achieved.	Six open (1 co-located). Plans are underway to replace Woolston Library which has been demolished and Opawa library that is closed for repairs. This has been achieved because although only 6 are open, the remaining 3 as outlined are "subject to maintenance and facility rebuild priorities'.	2016: Nine voluntary library services supported. 2015: Nine voluntary library services supported.

What assets do we use to deliver these activities?

The major assets we use are community facilities, recreation and sporting facilities, event venues owned by Council and others, parks, customer service centres, civil defence asset infrastructure, the foreshore and city spaces.

Where are we heading?

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 Unit 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 to increase awareness of hazards and their consequences.
- working with Canterbury CDEM Group Emergency Management Office and partner agencies on joint planning, training and community resilience projects.
- providing feedback on a review of CDEM initiated by the Minister of CDEM.
- implementing recommendations identified in the Council 2017 tsunami review – including the development of community resilience plans.

A joint multi-agency EOC will operate from within the Christchurch Justice & Emergency Service Precinct as from September 2017. This EOC will be utilised by Police, Fire & Emergency NZ, St John, Canterbury CDEM Group and Council CDEM personnel.

Events and festivals

Events and festivals activity in 2017/18 will ensure that support continues for economic impact events such as New Zealand Cup and Show Week, Rugby League World Cup, Black Caps International Cricket and the World Buskers Festival.

Council will review its Events Strategy and support ChristchurchNZ in attracting and delivering an engaging programme of major events to Christchurch into the future. Community events will continue to be supported

within Council. We have a focus on returning event activity into central city spaces and delivering a quality annual programme of free and accessible events whilst focusing on environmental sustainability.

Customer Services

Our service principle is to have the flexibility to respond to changing customer demand for hours, locations and channels. More and more we see customers interacting with us outside of traditional working hours and expecting to complete enquiries, applications and transactions in ways that fit around their busy lives. Our 24/7 Customer Contact Centre service helps facilitate this expectation. There are further opportunities to increase accessibility to information and service online through an improved website, social media initiatives and the provision of an online chat.

Our walk-in services will be focused on the requirements of their local communities through hours and locations. For example, we increased the days and hours of operation at Hornby Service Desk to meet the needs of our customers. We also look to further provide the model of a “one customer desk” in integrated community hubs, as demonstrated at the new Lyttelton Library and Service Centre.

Community facilities

Community facilities are working towards:

- Completing the rebuild programme.
- Improving asset management and budget to a sustainable level.
- Ensuring facilities are fit for purpose.
- Empowering community groups to operate facilities.

Service delivery in 2017/18

In general, services in 2017/18 will not vary significantly from the LTP. We are focused on repairing any remaining damage to community facilities and working in partnership with communities to meet their needs.

Customer services focus for 2017/18 will include the implementation of the Citizen Hub Strategy. We are proposing a shift to integrated service delivery arrangements whereby Council physical services are grouped together in convenient locations for citizens to access – a single point of contact. This will be supplemented with an assisted-digital strategy whereby most simple Council service transactions can be automated, or completed online.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Community grants	10,818	10,068	10,115
Civil Defence and Emergency Management	1,660	1,373	1,162
Rural fire management	1,946	957	934
Events and festivals	6,684	6,091	5,635
Customer service and on-line channels	7,734	7,886	7,365
Community facilities	5,812	4,580	4,668
	34,654	30,955	29,879
Operating revenue from services			
Community grants	258	218	262
Civil Defence and Emergency Management	266	-	27
Rural fire management	1,055	166	336
Events and festivals	609	145	568
Customer service and on-line channels	154	32	42
Community facilities	843	733	2,533
	3,185	1,294	3,768
Capital revenues	161	-	14,271
Vested assets	-	-	-
Net cost of services	31,308	29,661	11,840

Explanation of significant variances

Community grants

The cost of service for the year was higher than plan by \$0.8 million mainly due a 2016 grant application which did not meet the funding conditions until the 2017 financial year (\$1.0 million).

The cost in 2017 was \$0.7 million higher than 2016 largely for the above reason.

Civil Defence and Emergency Management

The cost of service was \$0.3 million higher than plan due to costs associated with the November 2016 Kaikoura earthquake response. Revenue was \$0.3 million higher than planned as a result of cost recoveries from ECAN and the Ministry of Civil Defence.

The variance in both costs and operating revenues between 2017 and 2016 are the result of additional Emergency Operation Centre activation events.

Rural fire management

The cost of service was \$1.0 million more than plan and 2016 results, due to costs associated with the February 2017 Port Hills fire. Revenue was \$0.9 million more than plan and \$0.7 million more than 2016 due to the recoveries in relation to the Port Hills fire expenditure.

Events and festivals

The cost of service for 2017 was \$0.6 million higher than plan. The World Busker's Festival received an additional grant of \$0.1 million and \$0.5 million relates to expenditure on New Zealand Cricket fixtures for the 2016/17 season. Revenue is \$0.5 million higher as these costs were recovered from the New Zealand Cricket Association.

The cost of service was \$1.0 million higher than in 2016 principally due to the unplanned expenditure, (above), along with a contribution to the Rugby League World Cup.

Community facilities

The cost of services in 2017 was \$1.2 million higher than plan due to a Performing Arts Precinct cost allocation. The cost of the Performing Arts Precinct was planned to be capital in nature, but were later assessed as operational.

Operating revenue in 2017 was \$1.7 million lower than 2016 due to an earthquake insurance settlement in the prior year.

Capital revenues

Capital revenues in 2017 were \$0.2 million higher than plan due to development contribution funds received.

The \$14.1 million of capital revenues in 2016 related to insurance recoveries.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	23,619	23,528	28,450	28,152
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	486	304	304	297
Fees and charges	1,693	825	760	730
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,006	166	711	1,227
Total operating funding (A)	26,804	24,823	30,225	30,406
Applications of operating funding				
Payments to staff and suppliers	19,643	16,273	16,090	16,618
Finance costs	132	132	196	136
Internal charges and overheads applied	1,228	1,228	1,275	1,151
Other operating funding applications	12,608	11,278	11,625	11,600
Total applications of operating funding (B)	33,611	28,911	29,186	29,505
Surplus (deficit) of operating funding (A-B)	(6,807)	(4,088)	1,039	901
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	161	-	-	-
Increase (decrease) in debt	10,203	13,802	12,406	16,043
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	186
Total sources of capital funding (C)	10,364	13,802	12,406	16,229
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	4,928	13,596	13,019	16,870
- to improve the level of service	60	204	426	260
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	(1,431)	(4,086)	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	3,557	9,714	13,445	17,130
Surplus (deficit) of capital funding (C-D)	6,807	4,088	(1,039)	(901)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	3,871	13,066	12,270	14,888
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Explanation of significant variances

Operating funding

In addition to the explanations above, the \$3.4 million increase in payments to staff and suppliers is the result of:

- \$1.2 million of Performing Arts Precinct costs planned as capital but were later assessed as operational.
- \$0.8 million overspend in Community Facilities due to delays in the earthquake remediation and repair programme mainly for the Riccarton Community Centre rebuild.

- \$0.3 million in Events and Festivals due to the overspend on New Zealand Cricket fixtures.
- \$0.4 million overspend in CDEM for costs associated with the November 2016 Kaikoura earthquake.
- \$0.7 overspend in Rural fire management for costs associated with the February 2017 Port Hills fire.

Other operating funding applications is \$1.3 million over plan due to spend of funds carried forward from the 2016 financial year in Community Grants and Community Facilities and Arts and Events.

Capital expenditure

Capital expenditure was \$8.8 million lower than plan because the Bishopdale Community Centre and Library (\$4.2 million) and the Sumner Community Centre & Library rebuilds (\$5.7 million) were delivered under the Libraries, Arts and Culture group of activity. Redcliffs Public Voluntary Library was \$1.1 million over plan due to works carried forward from 2016.

Significant capital expenditure

The key projects were: \$1.1 million on Redcliffs Voluntary Public Library, \$0.8 million on Governors Bay Community Centre, \$0.8 million on St Martins Community facility, \$0.7 million on Heathcote Combined Community facility, and \$0.6 million on community facilities renewals.

Council activities and services

Roads and footpaths

What is roads and footpaths, and what does the Council do?

We maintain the assets that provide Christchurch's local roading network comprising the carriageways, footpaths, bridges, retaining walls, rail crossings and associated drainage.

We also maintain the landscaping, street lighting, street furniture, signage, road markings, traffic signals and traffic information systems that support this network.

In addition, we maintain the on-street infrastructure that supports the central city tram operation.

We plan for and deliver the renewal and replacement of roading assets when age and use has deteriorated their condition below our minimum standard.

We plan and deliver improvements to mitigate safety hazards, reduce crashes on our network and provide increased safety for all users of the road corridor.

We plan and deliver new roads, road improvements and associated infrastructure to provide for growth, address congestion and facilitate a modal shift to passenger transport and active travel.

We plan and deliver education and communication programmes to enhance road user safety and network efficiency.

Why is the Council involved?

We provide streets, roads and paths so that people have safe, easy and reliable 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 future.

Roading activities contribute to the social, environmental and economic well-being by planning, providing and maintaining safe road networks and pedestrian linkages within attractive, functional streetscapes.

These activities also help achieve our Community Outcomes by:

- providing for travel options that meet community needs
- providing people with access to economic, social and cultural activities
- providing streetscapes that enhance the look and function of the city
- improving traffic safety
- using energy more efficiently
- providing efficient use of public assets
- supporting sustainable economic growth
- supporting a vibrant and prosperous business centre.

How does it affect me?

A well maintained and managed roading network makes it easier and safer to get around the city.

A well planned and maintained roading network promotes growth and economic sustainability.

Replacing, upgrading and maintaining footpaths will encourage residents to adopt walking as a healthy, pleasant and easy sustainable travel option.

What activities are involved?

The key activities within the roads and footpaths activity include:

Road maintenance

We are responsible for maintaining the assets that fall within the road corridor that provide for our roading network including road pavements, footpaths, bridges, rail crossings, retaining walls and drainage.

We are responsible for the operation and maintenance of street lighting and road marking together with traffic lights, signage and information systems.

We are responsible for street cleaning, litter collection, graffiti removal and dumped rubbish removal from within the road corridor.

Landscapes

We are responsible for maintaining the berms, verges and planting within the road corridor including street trees.

Asset Renewal

We are responsible for renewing roading assets to ensure that the assets can continue to provide the desired level of service economically.

Network improvements

We are responsible for planning and providing new roading infrastructure and upgrading existing infrastructure to improve network performance, address safety issues, encourage increased use of passenger transport and active travel options and support economic growth.

What did we achieve?

The six year SCIRT programme to repair the most seriously damaged roads from the 2010/11 earthquakes was completed in June 2017.

We completed an \$8 million programme of asphaltic concrete resurfacing of roads significantly damaged by the earthquakes to restore ride quality.

57.2 kilometres of roads were resealed through our road maintenance contracts. In addition, 14 kilometres of new roads were added to the network through subdivision development.

We completed the renewal of 35 kilometres of footpaths throughout the city, predominately in the earthquake damaged areas of the city and eastern suburbs.

Five bridges were renewed in the rural areas under an ongoing programme of this type of work.

The upgrade of the Riccarton Road/Deans Avenue intersection was completed as part of the ongoing work to upgrade Riccarton Road to improve prioritisation for buses.

In the central city the Accessible City programme we completed St Asaph Street and Tuam Street improvements and progressed with further sections of Lichfield Street and Colombo Street.

A significant programme of risk mitigation works to protect the Sumner corridor from rockfall hazard and restore alternative access to Lyttelton continued. The works at Deans Head, Wakefield Ave, Clifton Hill and Moa Bone Cave have been substantially completed. The Sumner Road Zone 3B roading project of this programme was commenced during the year.

Work commenced on the \$200 million joint project with NZTA to construct the new Christchurch Northern Corridor route into the city.

An ongoing programme of works to repair earthquake damaged street lights and convert existing lights to LED technology continued through the year with \$0.9 million spent on this activity and 1,068 street lights upgraded to LED technology.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Roads and footpaths Maintain Road Infrastructure - carriageway, kerb and channels, structures (bridges, retaining walls and culverts), street lighting, signs, road marking, on street cycle lanes and tram infrastructure.	Maintain resident satisfaction with roadway condition.	>= 26%.	Achieved.	34%. based upon the 2017 residents' survey.	2016: 37%. 2015: 30%. 2014: 27%.
	Maintain roadway condition.	The average quality of the sealed local road network, measured by smooth travel exposure (STE): >= 71%.	Not achieved.	67% based on roughness measures carried out in November 2016.	2016: 68.6%. It is expected that given our current and future work programme improvements in the STE score will occur from hereon in.
	Deliver an appropriate level of sealed local road network renewals.	The percentage of the sealed local road network that is resurfaced per year: >= 2%.	Achieved.	2.4%.	2016: 2.6% sealed network of local roads resurfaced.
Maintain walking network - footpaths (walking network).	Average roughness of the sealed local road network (NAASRA roughness counts).	<=126.	Achieved.	125.6.	(new target for 2017).
	Maintain resident satisfaction with footpath condition.	Satisfaction >= 46%.	Achieved.	48% based upon the 2017 residents' survey.	2016: 51%. 2015: 51%. 2014: 43%.
	Maintain the condition of footpaths.	>= 58% of footpaths rated as 'good or better'.	Achieved.	68% rated good or better in March 2017 assessment.	2016: This measure has not been able to be measured during the year.
Maintenance response.	Maintain the perception that Christchurch is a walking-friendly city.	At least 79% agree or strongly agree.	Achieved.	81%. based upon the 2017 residents' survey.	2016: 84%. 2015: 82%. 2014: 77%.
	Respond within appropriate timeframes.	The percentage of customer service requests relating to roads and footpaths that are responded to within contractually agreed timeframes: >= 96%.	Achieved.	97.5% contract KPI score achieved.	2016: 95% Contract KPI score achieved target was >= 95%.

What assets do we use to deliver these activities?

The Council has \$2.5 billion of street assets, 42 per cent being the value of road formation and its surfacing. Other major parts of the network are the kerb and channel at 17 per cent, and footpaths at 12 per cent. The other essential assets are traffic signs and ITS systems, road markings, bridges, retaining walls, street lights, traffic signals, street furniture and plantings.

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.

Restoration of damaged assets, particularly road surfacing and footpaths, will continue to be a priority for the roading programme.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Roads and footpaths	114,626	106,745	105,790
	114,626	106,745	105,790
Operating revenue from services			
Roads and footpaths	15,633	13,581	13,022
	15,633	13,581	13,022
Capital revenues	119,946	86,339	86,750
Vested assets	12,223	1,760	26,094
Net cost of services	(33,176)	5,065	(20,076)

Explanation of significant variances

The roads and footpaths cost of service was \$7.9 million higher than plan due to expensing SCIRT projects of \$2.4 million which were considered repairs rather than replacements and \$8.3 million of additional depreciation compared to plan from capitalised SCIRT assets. This was partly offset by \$1.3 million of additional NZTA administration fee subsidies due to a change in NZTA's policy and higher than planned electricity costs from street lighting.

The cost of service was \$8.8 million higher than 2016 because of the \$2.4 million of SCIRT costs, as above, and \$4.5 million of additional depreciation compared to last year from capitalised SCIRT assets. 2016 also included a \$1.6 million net reversal of previously expensed SCIRT asset assessment costs.

Operating revenue was \$2.1 million higher than plan and \$2.6 million higher than 2016 because of \$2.2 million of additional insurance proceeds relating to Ferrymead Bridge.

Service delivery in 2017/18

Next year, work will be continuing on addressing northern access congestion through the Christchurch Northern Corridor project and other upgrade projects on these routes. Work will continue on the core project to re-open the Sumner Road access to Lyttelton to provide for the freight needs of the port.

New road maintenance contracts for the city will commence from 1 October 2017. These contracts require a higher level of planning, programming and reporting that will give an enhanced level of service in the delivery of road maintenance and a greater customer focus.

Whilst virtually all roads are now open, repairs, extensive capital programmes and private development will continue to cause inconvenience and congestion on some parts of the network, particularly in the central city.

Capital revenues and vested assets

Capital revenues were \$33.6 million higher than plan and \$33.2 million higher than 2016 due to additional recoveries from NZTA relating to capital projects.

The Council received \$12.2 million of additional roads and footpaths vested assets from developers of new subdivisions this year, \$10.5 million more than planned.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	55,723	55,508	57,469	54,100
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	11,310	11,828	11,984	11,262
Fees and charges	1,630	1,010	706	690
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2,740	743	741	722
Total operating funding (A)	71,403	69,089	70,900	66,774
Applications of operating funding				
Payments to staff and suppliers	42,664	43,245	44,007	42,289
Finance costs	4,727	4,727	5,819	5,022
Internal charges and overheads applied	4,194	4,194	3,720	3,286
Other operating funding applications	26	15	15	15
Total applications of operating funding (B)	51,611	52,181	53,561	50,612
Surplus (deficit) of operating funding (A-B)	19,792	16,908	17,339	16,162
Sources of capital funding				
Subsidies and grants for capital expenditure	14,532	8,486	-	-
Development and financial contributions	1,329	2,185	1,901	2,233
Increase (decrease) in debt	103,625	15,450	110,496	128,289
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	104,037	75,668	36,377	130,239
Total sources of capital funding (C)	223,523	101,789	148,774	260,761
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	223,188	100,891	134,061	235,681
- to improve the level of service	9,263	6,757	20,028	15,001
- to meet additional demand	10,864	11,049	12,024	26,241
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	243,315	118,697	166,113	276,923
Surplus (deficit) of capital funding (C-D)	(19,792)	(16,908)	(17,339)	(16,162)
Funding balance ((A-B) + (C-D))	-	-	-	-
Footnotes				
1 Earthquake rebuild application of capital funding	204,685	79,583	110,172	219,364

Explanation of significant variances

Operating funding

Roads and footpaths net surplus of operating funding was \$2.9 million higher than plan. This was due to \$2.2 million of additional insurance proceeds relating to Ferrymead Bridge. Applications of operating funding were \$0.6 million lower than plan due to delays to the pre-sale programme and delays in An Accessible City projects being handed over to Council.

Capital expenditure

Capital expenditure was \$124.7 million higher than planned, \$136.3 million of which relates to increased handover of SCIRT projects, partially offset by the deferral of \$11.6 million of capital projects, including the road extension, intersection safety/ street asset renewal programmes, and the Sumner Road and Peacocks Gallop projects. These works have been reprogrammed to future years.

Significant capital expenditure

\$170.9 million was spent on SCIRT delivered roading projects, road and footpath surfacing \$19.7 million, street asset renewals/improvement \$15.5 million geotechnical and roading infrastructure \$14.9 million, Northern Arterial extension \$5.6 million, An Accessable City – St Asaph Street and Victoria Street \$5 million, major cycleway routes \$4.5 million, Wigram Magdala grade separation \$3 million and road safety projects \$2.3 million and retaining walls \$2 million.

Council activities and services

Sewerage collection, treatment and disposal

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

Sewerage is grey water and sewerage collected from household drains, and from commercial and industrial premises. It is generally referred to as wastewater. It is collected through an underground network of pipes and pumped to treatment plants, where contaminants are removed before it is discharged safely back into the natural environment.

Why is the Council involved?

Sewerage collection, treatment and disposal contributes to the environmental, economic and cultural well-being of the community. We collect wastewater in a reliable and safe way that protects public health, and treat and dispose of it efficiently and acceptably for the environment.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities. Council is required under the Local Government Act "to meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses".

Wastewater services contribute to this purpose statement and to the environmental and economic well-being of the community by giving the community and industry a reliable and safe wastewater system.

The service also contributes 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 five 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 involved?

Wastewater collection

The Council provides for the continuous collection and transportation of the City's wastewater from properties, via an underground wastewater network, to treatment plants. The main Christchurch plant is at Bromley and there are seven smaller plants on 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 to land at Wainui and Tikao Bay. An accredited laboratory monitors results from the treatment plants to ensure that discharged treated effluent meets the required quality standards.

What did we achieve?

SCIRT has completed its scheduled work on the City's damaged wastewater network with 500 kilometres of wastewater pipe and 78 pump stations repaired or replaced over the past five years. More resilient design developed by SCIRT is now standard practice for the Council.

In addition to the SCIRT renewals within the City, the Council has completed 0.5 kilometres of wastewater pipe renewals in Akaroa and 0.9 kilometres in Christchurch, plus the renewal of seven pump stations in the city.

Detailed design of the project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the Christchurch wastewater treatment plant is underway and resource consents have been granted. This project will remove discharges of treated wastewater into Lyttelton Harbour by 2022, as required by the current resource consents for discharges to the harbour.

Consideration of alternatives to the harbour outfall for Akaroa's treated wastewater, including irrigation to land is continuing.

Construction the South East Halswell wastewater scheme is underway and is due for completion in early 2018; this will provide a wastewater service to greenfield areas in the Halswell area. This project also includes the diversion of the Westmorland area (Pump Station 68) away from the Pump Station 20 catchment to reduce wet weather overflows to the Heathcote River.

Construction of the Riccarton Road wastewater pipe upgrade, in conjunction with water and stormwater pipe renewals, pavement reconstruction and the bus priority project, between Deans Avenue and Harakeke Street is underway and due for completion by the end of 2017.

Detailed design of the upgrades to the wastewater main on Colombo Street (between Dyers Pass Road and Fisher Avenue) and Beckenham Street are complete. These upgrades are to reduce overflows to the Heathcote River.

To support the consent application for the wastewater network operation Council is undertaking a city-wide optimisation project that identifies the best mix of upgrade solutions to reduce wet weather overflows most economically.

Earthquake repairs to the CWTP have continued. The dewatering building and gallery repairs are largely complete. The design of the operations and management building is complete and construction has commenced. The detailed design of the laboratory is underway. One of the biosolids belt presses has been refurbished. The media in one of the biofilters has been replaced. The trade waste reception facility has been commissioned and is now receiving all of the tankered waste. Work on the grit trap upgrade is continuing in conjunction with earthquake repairs to the

channels. Machine guarding upgrades to better comply with the NZ guarding standards have been completed. Finishing and landscaping upgrades have been designed and are being tendered.

Projects to move the Council's wastewater network SCADA and Banks Peninsula SCADA into a secure environment has been complete and design is underway to move the Christchurch wastewater treatment plant system into this new environment.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Wastewater collection Collecting wastewater from properties within the reticulated area.	Provide wastewater collection in a safe, convenient and efficient manner (customer satisfaction).	Proportion of customers satisfied with the wastewater services: >= 75%.	Achieved.	79%.	2016: 80%. 2015: 78%. 2014: 74%.
	Provide wastewater collection in a safe, convenient and efficient manner (attendance and resolution).	Attendance time: Median response time from the time that the territorial authority receives notification to the time that service personnel reach the site: < 1 hour.	Achieved.	Median response 0.53 of an hour.	2016: Median response time of 29 minutes.
		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.	Achieved.	Median response of 1.85 hours.	2016: Median response time 1 hour 50 minutes.
	Provide wastewater collection in a safe, convenient and efficient manner (blockage complaints; odour complaints; sewerage system faults; complaints remediation).	Number of blockage complaints received per 1,000 connected properties per year: <= 10.	Achieved.	5.17 blockage complaints per 1,000 connected properties.	2016: 6.19 blockage complaints per 1,000 connected properties.
		Number of odour complaints received per 1,000 connected properties per year: <= 0.3.	Not achieved.	0.39 odour complaints per 1,000 connected properties served. This equates to 64 odour complaints.	2016: 0.52 odour complaints per 1,000 connected properties served. 2015: 4 odour complaints per 10,000 properties served. 2014: 1.8 odour complaints per 10,000 properties served.
		Number of sewerage system faults complaints received per 1,000 connected properties per year (excludes blockages and odours): <=0.3.	Not achieved.	0.69 sewerage system faults received per 1,000 connected properties. These are responses to low pressure tank alarms.	2016: 0.53 sewerage system faults received per 1,000 connected properties.
		Proportion of complaints remediated to the customer's satisfaction: >= 95%.	Achieved.	100%.	2016: 99%. 12 complaints remediated from 1,142 jobs.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
	Minimise number of dry weather sewerage overflows.	Minimise number of dry weather sewerage overflows: Number of dry weather sewerage overflows from the Council sewer system per 1000 connected properties per year: 0.7.	Achieved.	0.63 dry weather overflows per 1,000 connected properties. This equates to 103 overflows.	2016: 0.54 dry weather overflows per 1,000 connected properties.
Wastewater treatment and disposal					
Operate and maintain treatment plants, discharge structures/outfalls and biosolids reuse/disposal.	Maintain consent compliance for wastewater treatment plants.	Number of major and/or persistent breaches of resource consent for Wastewater Treatment Plants or associated discharges: 0.	Achieved.	ECan has not issued us notification of significant and/or repeated breaches.	2016: Zero. 2015: No major/persistent breaches reported by ECan. 2014: No Major/persistent breaches reported by ECan.
		Number of abatement notices: 0.	Achieved.	No abatement notices received.	2016: 0 abatement notices.
		Number of infringement notices: 0.	Achieved.	No infringement orders received.	2016: 0 infringement notices.
		Number of enforcement orders: 0.	Achieved.	No enforcement orders received.	2016: 0 enforcement orders.
	Minimise odour complaints from wastewater treatment plants.	Number of convictions: 0.	Achieved.	No convictions.	2016: 0 convictions.
		Number of odour events per 10,000 properties served: <= 0.1.	Achieved.	No substantiated complaints received.	2016: 0 odour events per 10,000 properties served. 2015: 0.06. 2014: Nil.
		Compliance with ECan resource consents for discharges to air: 100%.	Achieved.	100%, no substantiated complaints received.	2016: 100% compliance with ECan resource consents. 2015: ECan air discharge consents were met. 2014: ECan air discharge consents were met.

What assets do we use to deliver these activities?

The Council's wastewater collection activity uses the network of wastewater pipes 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 wastewater treatment plant at Bromley, along with smaller treatment plants on the Banks Peninsula, and the outfalls and land disposal areas are used for disposal.

Where are we heading?

Construction of the South East Halswell wastewater scheme is underway and is due to be complete in early 2018.

Construction of the upgrade of the Riccarton Road wastewater pipe, in conjunction with water and stormwater pipe renewals, pavement reconstruction and the bus priority project, between Deans Avenue and Harakeke Street is underway will be complete by the end of 2017. Design is underway for upgrading the next section of Riccarton Road between Harakeke and Matipo Streets.

Construction of the upgrade to the wastewater main on Colombo Street, between Dyers Pass Road and Fisher Avenue will commence and will be completed by mid-2018.

Construction of the Lyttelton Harbour wastewater project will commence, starting with the submarine pipelines from Governors Bay and Diamond Harbour to Lyttelton. The pipelines will come ashore at Godley Quay and to a new pump station on Simeon Quay. Four other pump stations will also be built, plus the pipeline through the road tunnel and alongside Tunnel Road to Pump Station 15 in Alport Place, Woolston. Discharge to the harbour from the Governors Bay wastewater treatment plant is due to cease by December 2018 and from Diamond Harbour in 2021.

Renewal of 3.7 kilometres of wastewater mains and ten pump stations will be undertaken in the next year.

At the Christchurch wastewater treatment plant we plan to complete grit tanks and channels repairs, complete the construction of the new operations and management building, start the construction of the new laboratory, implement upgrades to the digesters, refurbish the second belt press and install a new biosolids polymer dosing facility.

The second stage of the Wainui Wastewater Scheme has been deferred until 2023 - 2025. This stage will see 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.

Work to further improve the SCADA control system will focus on the upgrade of the communications infrastructure to cope with the expansion of the system and the increased data requirements imposed by legislative changes. This involves replacing the aging infrastructure in the City's pump-stations and will improve the digitisation of the system to facilitate improved analysis and visibility of the network. The Christchurch wastewater treatment plant will be moved onto the new secure SCADA system.

Service delivery in 2017/18

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. Levels of service detailed in the LTP and Activity Management Plans will be delivered in 2017/18 year.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual* \$000
Cost of services			
Wastewater collection	121,765	55,972	76,615
Wastewater treatment and disposal	27,768	24,969	25,870
	149,533	80,941	102,485
Operating revenue from services			
Wastewater collection	1,383	201	3,627
Wastewater treatment and disposal	5,734	4,635	7,088
	7,117	4,836	10,715
Capital revenues	55,645	34,208	132,454
Vested assets	5,729	214	40,181
Net cost of services	81,042	41,683	(80,865)

Explanation of significant variances

Wastewater collection

The cost of service was \$65.8 million higher than plan. This was due to expensing SCIRT projects of \$16.9 million which were considered repairs rather than replacements and a loss on asset disposal of \$32.6 million as damaged assets been replaced. The following costs were also higher than planned; depreciation expense of \$7.4 million, network maintenance of \$5.1 million, planning expenses of \$1.2 million, insurance charges of \$1.0 million, electricity costs of \$0.9 million and staff costs of \$0.8 million. The increase in depreciation was due to higher than planned capital expenditure in 2016 and 2017 while the increase in electricity was due to the new pump stations which came on line.

The cost of services was \$45.2 million higher than 2016. This was the result of higher asset disposal costs (\$32.6 million). An asset impairment reduction of \$34.6 million was also recognised in 2016. In addition to the above the following were also higher than 2016; \$5.0 million depreciation expense, \$1.8 million maintenance expenses, \$1.1 million insurance expenses, \$0.8 million staff costs and \$0.5 million internal and other charges. These expenses were offset by \$30 million lower capital write offs and \$0.9 million lower debt servicing costs.

Operating revenues were \$1.2 million higher than plan due to \$1.4 million unplanned Crown funding of repairs, offset by \$0.2 million lower cost recoveries and general revenue.

Operating revenues for 2017 were \$2.2 million lower than 2016 due to lower recoveries from the Crown.

Wastewater treatment and disposal

The cost of service was \$2.8 million higher than plan due to additional professional services fees of \$0.6 million and additional costs of; insect treatment \$0.6 million, refuse disposal fees \$0.5 million, maintenance costs \$0.5 million, electricity \$0.3 million, depreciation \$0.2 million and other expenses \$0.1 million.

The cost of service was \$1.9 million higher than 2016 due to additional disposal fees \$0.8 million, additional insect treatment \$0.5 million and additional depreciation \$0.6 million.

Capital revenues and vested assets

Capital revenues were \$21.4 million higher than plan due to higher development contributions of \$8.4 million and higher crown earthquake funding revenue.

Crown earthquake funding revenue was \$76.8 million lower than in 2016 as SCIRT rebuild activity finished during 2017. Revenue from insurance was \$10.0 million lower in 2017, offset by increased revenue from development contributions being \$0.6 million higher.

The Council also received \$5.7 million of additional sewerage network vested assets from developers' new subdivisions this year, \$5.5 million higher than plan.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	53,778	53,173	52,133	49,085
Subsidies and grants for operating purposes	1,293	-	-	-
Fees and charges	5,640	4,448	4,416	4,316
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	183	388	1,167	4,836
Total operating funding (A)	60,894	58,009	57,716	58,237
Applications of operating funding				
Payments to staff and suppliers	56,340	28,788	27,711	32,051
Finance costs	3,956	3,956	6,202	5,288
Internal charges and overheads applied	3,051	3,051	2,998	2,644
Other operating funding applications	16	-	-	-
Total applications of operating funding (B)	63,363	35,795	36,911	39,983
Surplus (deficit) of operating funding (A-B)	(2,469)	22,214	20,805	18,254
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	12,225	4,208	4,208	5,347
Increase (decrease) in debt	206,717	57,523	79,000	125,192
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	43,436	30,000	51,150	36,617
Total sources of capital funding (C)	262,378	91,731	134,358	167,156
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	246,637	94,012	132,252	165,154
- to improve the level of service	990	1,110	2,027	1,992
- to meet additional demand	12,282	18,823	20,884	18,264
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	259,909	113,945	155,163	185,410
Surplus (deficit) of capital funding (C-D)	2,469	(22,214)	(20,805)	(18,254)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	230,085	79,588	107,492	146,549
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Explanation of significant variances

Operating funding

Surplus operating funding is \$24.7 million less than plan due to \$16.9 million of SCIRT projects were considered repairs rather than replacements, an increases in payments to suppliers for network maintenance \$5.3 million, insurance \$1.0 million, electricity \$0.9 million, professional and legal fees \$0.8 million, staff and overhead expenses \$0.9 million, biosolid disposal \$0.5 million, pest control \$0.6 million. These are offset by unplanned Crown funding revenue of \$1.3 million and additional volumetric charges \$1.2 million.

Capital expenditure

Capital expenditure was \$146.0 million higher than plan largely as a result of \$153.2 million additional SCIRT work delivered in wastewater reticulation, partly off-set by the deferral of \$7.2 million of waste water renewal improvement projects. These deferred projects have been reprogrammed for delivery in future years.

Significant capital expenditure

The projects constructed during 2017 included: SCIRT delivered wastewater reticulation projects \$223.2 million, sewerage collection and treatment renewal improvement programme \$15.5 million, earthquake repairs at the wastewater treatment plant \$5.9 million, Riccarton Trunk Main Project \$5.6 million, Halswell Sewer \$4.8 million and lateral renewals \$4.8 million.

Council activities and services Sport and Recreation

What is sport and recreation, and what does the Council do?

These services provide city recreation and sports facilities, and sports parks, and deliver facility and community-based programmes.

Why is the Council involved?

The ability to participate in sport and recreation is seen as a fundamental component of community life in Christchurch.

The Council aims for a number of outcomes. For sport and recreation these include that:

- people have equitable access to parks, open spaces, recreation facilities and libraries
- more and more people take part in recreation and sport
- Christchurch is recognised as a great place to work, live, invest and do business
- services are available locally in urban areas
- People are actively involved in their communities, local issues and decision-making.

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

Sport and recreation services also contribute to achieving four of the City's Community Outcomes:

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

We do this by giving everyone the opportunity and encouragement to take part in leisure, sport and physical activities. We also benefit the city economy through the industry associated with providing residents opportunity to live a healthy and active lifestyle.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Recreation and Sports Services Provide sporting facilities.	Provide residents access to fit-for-purpose recreation and sporting facilities.	Graham Condon, Jellie Park and Pioneer: Open 364 days per year 99-106 hours/week. Mon-Fri: 5.30am-9.30pm. Sat/Sun: 7.00am-8.00pm (opening hrs subject to maintenance, public holiday schedules.	Achieved.	Three centres open 364 days per year for 102 hours per week, open longer for special bookings."	2016: Achieved. 2015: Achieved. 2014: Achieved.

How does it affect me?

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.

What activities are involved?

Recreation and sports facilities

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 running recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

Sports parks

We provide and maintain approximately 112 sports parks covering 1,230 hectares of land. We provide a variety of community based and specialised sports grounds to cater for organised sports and other associated recreational activities. These parks typically have supporting infrastructure such as car parks, public conveniences and in some cases floodlighting.

What did we achieve?

We have commenced a programme to build the capacity of our sports parks with a focus on fewer assets requiring maintenance by improving the playing capacity of our key sports parks. We are in the process of developing a sports field network plan and management plan in consultation with the community.

The QEII Recreation and Sport Centre is under construction as is the ground work for the sports hub at Ngā Puna Wai. Resident's passion for physical activity continues with over four million visits to recreation and sport centres, stadia and services over the past year.

We collaborated with Water Safety New Zealand to provide 111,348 affordable swim lessons to communities that needed them the most.

Planning and design work has continued on three major recreation and sport facilities including: Metro Sports Facility, Ngā Puna Wai and the South West Recreation and Sport Centre. Design work is underway on the New Brighton Hot Salt Water Pools.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Five public outdoor pools open seasonally: Jellie Park, Lyttelton, Halswell, Templeton and Waltham; open Nov to Mar (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved.	5 outdoor pools open seasonally, extended season for Lyttelton Pool.	2016: Achieved. 2015: Achieved. 2014: Three open.
		Two community outdoor pools open seasonally: Governors Bay, Port Levy (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved.	Governors Bay and Port Levy community pools open seasonally 2016/2017.	2016: Achieved. 2015: Achieved. 2014: Achieved.
		Eight paddling pools open seasonally: open Nov to Mar. New Brighton, Scarborough, Spenser, Abberley, Avebury, Botanic Gardens, Edgar MacIntosh, Woodham (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved.	8 paddling pools open November to March 2017.	2016: Achieved. 2015: Achieved. 2014: Six open.
		Five stadia: Cowles, Lyttelton, Pioneer, Graham Condon and Hagley, available for hire 364 days per year (subject to maintenance, public holiday schedules and rebuild priorities).	Achieved.	Five stadia available for hire 364 days per annum.	2016: Achieved. 2015: Four open. 2014: Four open.
		QEII Fitness @ Parklands: Open 364 days/year 70-84 hours/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.	Open 364 days per annum.	2016: 364 open days achieved. Centre open 364 days and 84 hours a week 2015: Achieved. 2014: Achieved.
		Sixteen sporting and recreation facilities maintained and available for lease (opening hours subject to maintenance, public holiday schedules and rebuild priorities).	Achieved.	16 sports facilities available for lease.	2016: 16 achieved. 2015: 17 achieved. 2014: 17 achieved.
		The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 3.4 million.	Achieved.	4.06 million.	2016: 3.62 million. 2015: 3.77 million. 2014: 3.65 million.
		At least 4.82 visits to aquatic facilities/head of population.	Achieved.	5.27 visits to aquatic facilities per head of population.	2016: 5.59 visits. 2015: 6.08 visits 2014: 5.21 visits.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		At least 100,000 participations in Swimsafe lessons.	Achieved.	111,348 Swimsafe participations.	2016: 100,580. 2015: 108,099. 2014: 107,829 participations in Swimsafe lessons.
Provide sporting programmes.	Support community based organisations and networks to develop, promote and deliver recreation and sport in Christchurch.	4,000 staff hours of support provided to at least 100 organisations.	Achieved.	5,194 hours provided to 109 organisations.	2016: 4,692 staff hours provided to support 102 organisations.
	Deliver a high level of customer satisfaction with the range and quality of programmes.	At least 80% of customers are satisfied with the range and quality of facilities (5.6 on a 7 point scale using CERM international benchmark).	Achieved.	5.9 CERM rating or 84% satisfaction.	2016: 5.9 CERM rating achieved. 2015: 84%.
Sports Parks Provide and manage sports parks, including the facilities on them.	Provide access to fit-for-purpose sports parks.	112 Sports Parks with an area of 1,230 hectares (subject to grounds allocation, closure, maintenance and rebuild priorities).	Achieved.	112 sports parks with an area of 1,230 hectares provided.	2016: Achieved.
		More than 95% of Urban Parks contract technical specifications pertaining to sports park facilities are met.	Not achieved.	92% of contract technical specifications met.	2016: 95% of contract technical specifications met. 2015: 85% across all activities. 2014: 97%.
	Provide well utilised sports parks.	Sports parks are allocated to sporting codes seasonally, summer and winter (subject to closure, maintenance and rebuild priorities).	Achieved.	All allocation needs met throughout the year.	2016: Sporting parks allocated.
	Deliver a high level of customer satisfaction with the range and quality of sports parks.	90% customer satisfaction with the range and quality of sports parks.	Not achieved.	64%. Strong satisfaction with condition of that part which was delivered, biggest dissatisfaction was in range of facilities provided.	2016: 63%. 2015: 85%. 2014: 88%.

What assets do we use to deliver these activities?

The main assets used for recreation and sports are the Pioneer, Jellie Park and Graham Condon Recreation and Sports Centres. In addition council has 112 sports parks, the most notable being Hagley Park. A comprehensive suite of sports parks are extensively used.

Where are we heading?

The Council has committed to build the Metro Sports Facility, Recreation and Sport Centres in the East, North East and West, and a sporting Hub at Ngā Puna Wai. A facilities rebuild process will guide the Council and the community through the repair or replacement of

other damaged facilities. We will focus on assisting community organisations to plan ahead and succeed in the changed environment.

We will also continue working with our communities to ensure everyone can take part at whatever level they choose.

As with all of our community parks we are working to increase the concept of community led management by encouraging and providing opportunities for volunteer input into parks maintenance. In the future we will count and report on the hours of volunteer input. Equity remains a focus with a programme of work aimed at ensuring that all sporting codes have access to appropriate facilities. We aim to work closely with the

sporting community to ensure that the community's needs are aligned to the service provision required.

Service delivery in 2017/18

The new QEII recreation and sports centre will open in June 2018. A new playground and paddling pool will open on the New Brighton foreshore from November 2017 onward.

Recreation and sports services will continue through 2017/18. Planned repairs of Pioneer and Jellie Park Recreation and Sport Centres will ensure minimal disruption to the visitors.

Achieving levels of service in 2017/18 will be challenging due to an extensive programme of facility repairs at Pioneer and Jellie Park. In the short term there is an increasing number of breakdowns as a

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Recreation and sport facilities	31,932	29,313	28,500
Sports parks	11,347	9,029	10,707
	43,279	38,342	39,207
Operating revenue from services			
Recreation and sport facilities	12,263	13,022	13,249
Sports parks	179	229	186
	12,442	13,251	13,435
Capital revenues	3,900	525	8,686
Vested assets	-	-	-
Net cost of services	26,937	24,566	17,086

Explanation of significant variances

Recreation and sports facilities

The cost of service was \$2.6 million higher than plan mainly as a result of expensing \$2.4 million of costs for Ngā Puna Wai and Metro Sports projects along with the QE II asbestos removal. All of these costs were planned as capital projects.

The cost of service was \$3.4 million higher than 2016 due to expensing \$1.5 million of costs planned as capital and a \$1.1 million increase in costs to operate the facilities. \$0.8 million of professional fees for the development of the Aquatic Strategy and initial design costs for future pool were also expensed as they do not form part of capital cost.

Operating revenue was \$0.8 million lower than plan due to revenue targets for fitness centres and programmes being set too high with unrealistic growth expectations.

Operating revenue was \$1.0 million lower than 2016 as the prior year's result included insurances recoveries.

result of electing not to close these facilities for repair before the other facilities in the portfolio are repaired. Both will have a negative impact on the ability to meet levels of service.

We continue to invest in repair and renovation programmes of sports parks post the earthquakes. Upgrade works to Wainoni and Leslie Parks will be completed to support the 2107 Rugby League World Cup.

Other upgrade projects will be completed for Sydenham Tulett parks and Papanui Domain, whilst the ongoing programme of work to repair Hagley Park sports fields post-earthquakes continues.

Projects to be commissioned in 2017/18 include St Albans Park, Westminster Park and Linwood Park.

Sports parks

The cost of services was \$2.3 million higher than plan. Asset management and overheads were \$1.8 million up as a result of greater than planned tree pruning and vandalism repairs to facilities at several sports parks. The implementation of the non-glyphosate maintenance programme approved by Council after 1 July increased costs by \$0.2 million. The write-off of four earthquake damaged buildings which were demolished increased costs by \$0.4 million.

The cost of service was \$0.6 million higher than 2016. This was due to \$0.4 million higher asset management and overheads, the implementation of the non-glyphosate programme and a \$0.2 million increase in depreciation and asset write offs.

Capital revenues

Capital revenues are \$3.4 million higher than plan. This was due to \$1.8 million of unplanned grants received for Denton Oval and Ngā Puna Wai developments and \$1.5 million development contributions.

Capital revenues were \$4.8 million lower than 2016 due to \$6.1 million of insurance recoveries in 2016, offset by \$0.9 million higher capital grants and \$0.4 million higher development contributions received in 2017.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	23,636	23,545	21,426	19,953
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	25	41	41	40
Fees and charges	12,123	13,081	13,377	12,853
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	296	130	468	774
Total operating funding (A)	36,080	36,797	35,312	33,620
Applications of operating funding				
Payments to staff and suppliers	32,847	27,114	27,060	26,425
Finance costs	754	754	794	643
Internal charges and overheads applied	1,516	1,516	1,419	1,247
Other operating funding applications	316	217	217	217
Total applications of operating funding (B)	35,433	29,601	29,490	28,532
Surplus (deficit) of operating funding (A-B)	647	7,196	5,822	5,088
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	3,900	525	525	670
Increase (decrease) in debt	29,366	62,871	82,846	47
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	2	-	-	11,100
Total sources of capital funding (C)	33,268	63,396	83,371	11,817
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	28,901	59,071	59,915	12,302
- to improve the level of service	427	2,707	6,714	215
- to meet additional demand	4,463	8,134	23,894	5,728
Increase (decrease) in reserves	124	680	(1,330)	(1,340)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	33,915	70,592	89,193	16,905
Surplus (deficit) of capital funding (C-D)	(647)	(7,196)	(5,822)	(5,088)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding 23,742 54,263 53,881 5,390

Explanation of significant variances

Operating funding

Fees and charges are \$1.0 million lower than plan for the reasons explained above.

Payments to staff and supplies are \$5.7 million higher than plan for the reasons explained above in the cost of services variance explanations. Staff costs form part of the cost of each activity.

Capital expenditure

Capital expenditure is \$36.1 million lower than planned due to delays in the following projects which are now planned for delivery in future years; Metro Sports facility

(\$27.2 million), Jellie Park Recreation and Sport Centre (\$3 million), District Sports Park purchases (\$2.4 million), new South West Leisure Centre (\$2 million), St Albans Permanent Community Centre (\$1.5 million).

Significant capital expenditure

Major expenditure included: Metro Sports facility \$9.4 million, Eastern Pool \$9 million, park renewals and improvement projects totalling \$6.1 million (described in more detail below), QEII site remediation project \$2.6 million, South/West Hub infrastructure \$2 million, earthquake repairs were carried out on Wharenui Recreation Centre \$1.1 million and Jellie Park

Recreation and Sports Centre \$1 million, Recreation and Sport unit 2017 programme \$1 million, and district sports park purchases \$0.8 million.

The park renewals and improvement projects included; paddling pools \$0.7 million, Wainoni Park \$0.7 million, facility management projects \$0.7 million, Hagley Oval sightcreens and other improvements \$0.9 million, Leslie Park \$0.4 million, Halswell Domain car park \$0.4 million, Hospital Corner sports field development \$0.3 million, Carlton Corner sports field development \$0.3 million, renewal of fitness equipment \$0.3 million, Wigram gym roof and toilet renewal \$0.2 million and Spencer Beach Holiday Park improvements \$0.2 million.

Council activities and services

Stormwater drainage

What is stormwater drainage, and what does the Council do?

The stormwater drainage, and flood protection and river control activities work together to protect the community from the harmful effects of flooding.

Stormwater drainage protects the community from surface flooding by controlling river levels and managing stormwater flows within levels defined in the LTP. The levels are also set to minimise the adverse effects of stormwater on the environment.

We have focussed on rebuilding the network through the SCIRT delivery programme, (now complete), and have undertaken an extensive condition assessment programme within LDRP. These programmes have helped us to understand the effects of the earthquakes on land drainage. These works are tied with our asset renewals programme which will help deliver the infrastructure needed to adapt to the new post-earthquake environment.

Why is the Council involved?

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. They also help to protect water quality and maintain the health of ecosystems.

How does it affect me?

Good quality stormwater infrastructure provides the basis for a functioning city through dry streets, homes, businesses and properties. Such infrastructure also protects public health by reducing the potential for pollution to get into natural waters. The improvements made to the network will also increase ecological, landscape, recreational and cultural values.

What activities are involved?

Council runs and maintains the stormwater drainage system to agreed levels for surface water management systems, such as streams, rivers, utility waterways, basins, pumps, structures, pipes and screens.

What did we achieve?

We kept our main focus on asset repairs, and planning for the rebuild of damaged assets both through SCIRT, and our operations team. Updating of the Land Drainage Asset Management Plan has provided a strong basis for planning future investment in network renewals, and the capacity upgrades required to reduce flooding and service future growth.

Under the LDRP we are doing major investigations of the Avon, Styx and Heathcote Rivers and their tributaries. This work includes the Dudley Creek catchment which is a priority. The LDRP is increasing capacity in the network and reducing regular flooding in

areas such as Aranui, Bexley, Woolston, Upper Heathcote, Somerfield/Opawa, Heathcote Valley, and Mairehau. We continued to monitor and maintain temporary stop banks, with a significant LDRP strengthening project now underway. The stopbanks protect us against tidal events in the short term while we await a decision on the Residential Red Zone.

We have continued to fix earthquake damage to the drainage network, for example, removing accumulated silt from parts of the network and replacing the Avoca Valley tide gates.

Work has begun on enhancements to the network in many areas, including improvements to inlet structures across Banks Peninsula, replacement of failed brick barrels and pipes, and the Corsair Bay drop structure renewal.

The stormwater maintenance contract has been reviewed to help ensure the network is maintained more efficiently. In addition operational improvements have been made to bank lining replacements and refurbishment and sediment removal, and design is underway to install litter booms on the Avon and Heathcote Rivers. The weed harvesting programme has been optimised to manage water levels.

A number of water quality and quantity enhancement projects are in construction or design is underway. Construction has begun on a stormwater filter at Richardson Terrace for Bells Creek and the Clare Park wetland has been completed. Design was undertaken in preparation for construction at Sutherlands Road basin and wetland, Eastman wetlands, Sparks Road wetland, Bullers Drain facility, No. 1 Drain treatment pond and Owaka-Wilmers.

Enhanced ecological benefits were achieved through naturalisation projects on Bullers Stream, Cashmere Stream and Kruses Stream, as well as sediment removal on Wairarapa Stream.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Stormwater drainage Stormwater system is adequate to deal with flood events up to a 1 in 5 year event.	Total number of flooding events per annum, measured as a 10 year rolling average.	< 2.	Achieved.	No flood events in 2016/17. The 10 year rolling average is less than one event.	2016: One flood event in 2015/16. The 10 year rolling average less than 2 events.
	For each flooding event, the number of habitable floors affected, expressed as an average per 100,000 properties connected to the territorial authority's stormwater system.	< 0.5.	Achieved.	Two significant rain events occurred in 2016/17, but no flooding event, and no habitable floors affected.	2016: Average of 0.66 habitable floors affected per 100,000 properties connected to the stormwater system. One flood event affecting habitable floors in 2015/16 with one property being affected.
Water quality is maintained and/or improved.	Resource consent compliance for consents held by Land Drainage Operations for discharge from stormwater system.	100%.	Achieved.	100%.	2016: 100%. 2015: 100%. 2014: 100%.
		Number of abatement notices: 0.	Achieved.	No abatement notices received.	2016: 0 abatement notices.
		Number of infringement notices: 0.	Achieved.	No infringement notices received.	2016: 0 infringement notices.
		Number of enforcement orders: 0.	Achieved.	No enforcement orders received.	2016: 0 enforcement orders.
		Number of convictions: 0.	Achieved.	No convictions.	2016: 0 convictions.
Response times to attend a flooding event.	Median response time to attend a flooding events, from time of notification received.	30 minutes.	Achieved.	No flooding events in 16/17 to measure against.	2016: 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.
A well maintained stormwater drainage system is provided.	Number of complaints received by CCC about the performance of the stormwater system, per 1000 connected properties.	8.5.	Achieved.	8.2 per 1,000 connected properties.	2016: 8.4 complaints per 1,000 connected properties.
	Customer satisfaction with Stormwater Drainage Management.	>= 70% customers satisfied.	Not achieved.	52% customer satisfaction.	2016: 50%. 2015: 45%. 2014: 51%.

What assets do we use to deliver these activities?

The stormwater drainage activity manages and maintains a network of underground stormwater pipes and lined and unlined surface drains to improve water quality in rivers and minimise the risk of flooding. These assets are valued at \$755 million with 93 per cent being the underground network and the remaining 7 per cent being the lined and unlined surface drains.

Where are we heading?

Maintaining the stormwater network is a key focus for Council. Modern technologies are being applied through the updated maintenance contracts to better record, track and implement maintenance activities. Condition and damage assessment projects delivered through the LDRP have identified immediate repairs, which are being repaired promptly. Lower priority repairs have been planned for delivery in the coming years.

We will roll out "root cause" analysis and creative problem solving techniques at a number of historical flooding sites. These techniques were developed last year and have been successfully applied in areas with repeat flooding incidents, such as, Templeton soak pits, Cygnet Street beach outfall, the Heathcote Valley outlet, Brenchley Avenue, Bradshaw Terrace, Glasnevin Drive and Runnymede Drive.

It is also planned to further enhance our aquatic pest management of the Styx, Avon and Heathcote rivers.

Service delivery in 2017/18

SCIRT work is now complete. The SCIRT works, in conjunction with the ongoing LDRP programme have and will continue to see major changes to the stormwater network in parts of the city. We will deliver the levels of service detailed for the 2017/18 year in the LTP and Activity Management Plans. The LDRP investigations will be substantially complete and will provide a strong basis for planning future years work activities. This information will be used to guide both prioritisation and costing of modifications to the Land Drainage network and flood protection measures to address network issues, some of which have already been fast-tracked to maximise their benefit to the community with works completed and commencing in 2017/18.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual* \$000
Cost of services			
Stormwater drainage	30,187	24,229	43,250
	30,187	24,229	43,250
Operating revenue from services			
Stormwater drainage	725	20	1,388
	725	20	1,388
Capital revenues	9,126	-	13,255
Vested assets	6,323	428	16,082
Net cost of services	14,013	23,781	12,525

Explanation of significant variances

Stormwater drainage

The cost of service was \$6.0 million more than planned. This was largely driven by \$1.2 million of repair work originally considered to be capital in nature, offset by lower maintenance costs, \$2.9 million of additional depreciation, \$2.2 million of additional professional services, operating expenses and planning and overhead costs.

The cost of service was \$13.1 million lower than 2016. This is principally the result of \$16.7 million lower asset impairments write offs and repair work originally considered to be capital in nature and \$2.4 million of asset disposals. Maintenance expenses are \$0.7 million higher and operating expenses are \$0.5 million higher than 2016.

Operating revenue is \$0.7 million higher than plan due to \$0.7 million of unplanned Crown funding of earthquake repairs to the stormwater network.

Capital revenues and vested assets

Unplanned capital revenues were \$9.1 million resulting from Crown funded earthquake subsidies.

Capital revenues were \$4.1 million lower than 2016 due to lower claimed Crown contributions.

The Council received \$6.3 million of stormwater network vested assets from developers' new subdivisions this year. This was \$5.9 million higher than planned and \$9.8 million lower than 2016.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	17,329	17,099	18,516	16,654
Subsidies and grants for operating purposes	706	-	-	-
Fees and charges	20	20	20	20
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	793	1,550
Total operating funding (A)	18,055	17,119	19,329	18,224
Applications of operating funding				
Payments to staff and suppliers	19,993	17,727	18,015	17,477
Finance costs	467	467	1,509	621
Internal charges and overheads applied	718	718	964	640
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	21,178	18,912	20,488	18,738
Surplus (deficit) of operating funding (A-B)	(3,123)	(1,793)	(1,159)	(514)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	80,544	64,142	47,971	72,888
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	9,126	-	123	93
Total sources of capital funding (C)	89,670	64,142	48,094	72,981
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	86,012	62,260	46,044	71,270
- to improve the level of service	66	61	-	-
- to meet additional demand	27	28	891	1,197
Increase (decrease) in reserves	442	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	86,547	62,349	46,935	72,467
Surplus (deficit) of capital funding (C-D)	3,123	1,793	1,159	514
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	83,216	59,346	43,428	68,393
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Explanation of significant variances

Operating funding

The operating funding variances are as explained above.

Capital expenditure

Capital expenditure was \$23.8 million higher than planned. \$12.8 million was due to additional SCIRT work delivered and \$11.0 million was due to LDRP project planned for future year but undertaken in 2017.

Significant capital expenditure

\$38.4 million was spent on SCIRT delivered stormwater projects and \$44.8 million on the LDRP and \$2.9 million on stormwater renewals and improvements projects.

Council activities and services

Strategic governance

What is strategic governance, and what does the Council do?

Through its strategic governance activities, the Council enables local decision-making and action by, and on behalf of, communities to promote the well-being of the district now and for the future.

The Council was governed by two complementary decision-making parts:

- The Council, which comprised the Mayor and sixteen councillors and focuses on city issues that affect the whole district.
- Seven community boards each of which had between six and nine members and made decisions on local community issues, activities and facilities, and helped build strong communities.

Strategic governance activities ensure that Council and Community Board decision-making processes are effective, open and transparent and democratically accountable.

This involves ensuring that the community has opportunities to be involved in decision-making.

Why is the Council involved?

The people of Christchurch elect a mayor, city councillors and community board members at elections every three years. The Council 'governs' by making strategies, policies and decisions that direct the city's future. The Council regularly seeks community input on many issues, such as draft policies, local capital works projects, and the Annual and Long Term Plans.

Local government is responsible for meeting the residents' current and future needs for good quality local infrastructure, public services and regulatory functions, in a cost-effective way for households and businesses.

Strategic governance activities and services contribute to active democracy by ensuring that individuals and groups have many opportunities to be involved in local government decision-making.

They also contribute towards achieving the Community Outcomes and help make Christchurch a well-governed city and one of inclusive, connected communities. This is done by empowering community groups and organisations to develop and manage initiatives that encourage active participation and create a sense of belonging in their own local communities.

How does it affect me?

The activities of the Council have a direct effect on everyone in Christchurch – whether it be by collecting kerbside rubbish, supplying safe drinking water, maintaining parks or 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.

What activities are involved?

The public participation in the democratic processes, city governance and decision-making activity within strategic governance includes the following services:

Public participation in democratic processes

Residents are encouraged to take part in the democratic processes of Council by having their say during consultations and decision-making. It is important that elected members take the views of the community into account, in particular from those directly affected.

Managing decision-making processes

This ensures that the Council's formal meetings and hearings can take place and community boards can meet. The processes include ensuring that meetings comply with all the legal requirements and decision-makers receive the appropriate advice to enable informed decision-making.

Local Government Elections

This includes organising elections and by-elections. Local government elections are held every three years.

What did we achieve?

We organised an election in October 2016 that brought in changes to ward boundaries, and an increase in the number of elected members involved in decision-making. These changes were the result of a representation review that takes place at least once every six years to ensure that residents are appropriately represented at Council and Community Board level.

We completed the implementation of paperless meetings at both Council and Community Board level, and will continue to support Elected Members to use the new technology to govern effectively. The long term financial and environmental impact of this change is significant, having already saved the cost of printing, binding and distributing 225,000 double sided pages – the equivalent of approximately 27 trees.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Public participation in democratic processes, City Governance and Decision-making Providing advice, leadership and support for engagement and consultation planning and processes.	Percentage of residents that feel they can participate in and contribute to Council decision making.	At least 50%.	Not achieved.	41% of residents feel they can participate in and contribute to Council decision making.	2016: 38%. 2015: 45%. 2014: 34%.
	Percentage of residents that understand how Council makes decisions.	At least 37% based on nationwide survey.	Achieved.	41%. General Service Satisfaction Survey.	2016: 37%. 2015: 44%. 2014: 36%.
	Percentage of residents who understand how Council makes decisions – targeted survey.	67%.	Achieved.	72% per the governance survey in October 2016.	2016: 57%.
	Percentage of residents who feel the public has some or a large influence on the decisions the Council makes.	At least 55%.	Not achieved.	45%, General Service Satisfaction Survey.	2016: 42%. 2015: 44%. 2014: 39%.
	Percentage of residents who feel the public has some or a large influence on the decisions the Council makes – targeted survey.	67%.	Not achieved.	33%. Public participation in Community and City Governance and Decision Making: Understanding of and Influence on Council Decision making.	2016: 43%. 2015: 44%. 2014: 39%.
Co-ordinate, plan and manage communication to/from the media.	Provide media with information about the Council.	Issue media releases, prepare perspective articles, hold media briefings within the timelines specified in Communications plans and/or within 3 hours of public decisions.	Achieved.	The media team have issued media releases, prepared perspective articles, held media briefings and responded to media calls within the timelines specified in communications plans and/or within 3 hours of public decisions.	2016: Achieved.
		Respond to 90% of media calls within 24 hours, seven days a week.	Achieved.	100% of media calls were acknowledged within 24 hours.	2016: Target achieved.
Provide external communications to inform the Christchurch community about Council, services, decisions and opportunities to participate.	Provide external communications and marketing that are timely, relevant, accurate and cost effective.	At least 67% of residents are satisfied that Council communications are timely, relevant and accurate.	Not achieved.	54% satisfied in the Residents Survey. However, 28% were neither satisfied nor dissatisfied. The survey was being taken after the Port Hills fires.	2016: 56% of residents satisfied or very satisfied.

What assets do we use to deliver these activities?

No major assets were used in delivering this activity.

Where are we heading?

The Council remains committed to developing a community governance model which proposes increased responsibility for community boards. The model is based on the subsidiarity principle, namely that those most affected by decisions should be making them.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Public participation in democratic processes, city governance and decision-making	23,703	24,944	21,574
	23,703	24,944	21,574
Operating revenue from services			
Public participation in democratic processes, city governance and decision-making	3,090	911	614
	3,090	911	614
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	20,613	24,033	20,960

Explanation of significant variances

Public participation in democratic processes, city governance and decision-making

The cost of service was \$1.2 million lower than plan. This is the result of lower staff costs due to vacancies (\$0.5 million) and staff working on capital projects (\$0.3 million), lower than planned election costs (\$0.3 million) and lower treaty relations costs (\$0.1 million).

The cost of service was \$2.1 million higher than 2016 due to the Representation Review (\$0.9 million) which

Service delivery in 2017/18

There will be no change to service levels for 2017/18 from that outlined in the amended LTP.

resulted in an increase in elected members, the 2017 local government elections (\$0.8 million), increased treaty relations service costs (\$0.2 million), and increased engagement costs (\$0.2 million), due to more staff working on engagement activities this year.

Operating revenue is \$2.2 million higher than plan and \$2.5 million higher than 2016 mainly as a result of receiving a \$2.0 million grant from the Ministry of Health for a mental health programme. This programme will be delivered from 2017/18 onwards.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	24,125	24,032	23,934	22,303
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	19	156	157	153
Fees and charges	2,828	755	757	12
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	244	-	-	-
Total operating funding (A)	27,216	24,943	24,848	22,468
Applications of operating funding				
Payments to staff and suppliers	22,590	23,905	23,795	21,585
Finance costs	-	-	-	-
Internal charges and overheads applied	1,038	1,038	1,053	883
Other operating funding applications	124	-	-	-
Total applications of operating funding (B)	23,752	24,943	24,848	22,468
Surplus (deficit) of operating funding (A-B)	3,464	-	-	-
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(4,346)	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(4,346)	-	-	-
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	-	-	-	-
- to improve the level of service	-	-	-	-
- to meet additional demand	-	-	-	-
Increase (decrease) in reserves	(882)	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	(882)	-	-	-
Surplus (deficit) of capital funding (C-D)	(3,464)	-	-	-
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding

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Explanation of significant variances

Operating funding

The variance in operating funding is explained above.

Capital

There are no significant capital variances.

Significant capital expenditure

There was no capital expenditure.

Council activities and services

Strategic planning

What is strategic planning, and what does the Council do?

Strategic planning prepares the strategies, plans and policies that guide the future development of Christchurch. It includes citywide planning and co-ordination of work on post-earthquake recovery and regeneration.

Why is the Council involved?

Our aim is to promote the well-being of our community in social, cultural, economic and environmental terms and to ensure that the city's strategic planning and policies not only meet the needs of current residents, but the needs of future generations. The purpose of local government is to play a broad role in meeting community needs for good quality local infrastructure, local public services, and performance of regulatory functions.

The Council's performance affects the economic and social well-being of the community by ensuring that there are plans to shape the form and function of the city in years to come, and to protect the city's key environmental resources and assets including natural and cultural heritage sites.

The strategic planning work contributes to several community outcomes relating to good governance, a liveable city, strong communities, a healthy environment and a prosperous economy.

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, managing growth and guiding the use and development of our resources and infrastructure, we help make Christchurch a great place to live and do business. Further, by actively creating temporary streetscapes, activating vacant spaces and supporting the creative sector, the Council is supporting the ongoing regeneration of the city.

What activities are involved?

Strategic Policy and Planning

The Council develops strategies, policies and plans that set out how we intend to work in the future, and guide development across Christchurch City and Banks Peninsula. We monitor their effectiveness as well as the city's progress towards achieving our community outcomes.

What did we achieve?

Urban Design and Urban Regeneration

Through research we have identified those areas of the city which are to be prioritised for regeneration. A webkit to encourage community-led placemaking has been developed this year. Research has commenced to update the commercial centre factsheets, last updated in 2010. Collectively, these will guide and facilitate further cross-Council and community action.

Delivery of the nine suburban masterplans has continued, with public consultation on several streetscape projects and joint work with DCL towards tools for catalysing private development. We have also supported communities in Little River (Little River, Big Ideas) and Diamond Harbour (Diamond Harbour Village Development Plan) to develop plans for their villages.

The Transitional City Programme has been evaluated and re-launched as the Enliven Places Programme. There are new terms of reference for the contestable fund and greater community involvement in temporary activation of vacant spaces. Key achievements across the Enliven Places and Urban Renewal capital delivery programmes include Tiny Huts in New Brighton, a temporary community library in Woolston, lighting of the Upham clocktower, supporting wayfinding signs through the Avon Residential Red Zone, and new creative hoardings in Cathedral Square. Contestable funds have continued to support Community-led creative projects. We also continued our support of the Life in Vacant Spaces Trust, Gap Filler and Greening the Rubble through grant funding each organisation.

Our work in the central city has included evaluation of the public and private realm and establishment of a cross-Council management group to drive revitalisation efforts. Council has played a strong supporting role to the work Regenerate Christchurch is leading for the Cathedral Square and Surrounds Strategy. We have continued to support the Central City Business Association, via grant funding, in their efforts to facilitate businesses to return to the CBD.

The Urban Design Panel Terms of Reference and membership has been refreshed and continues to provide design advice into the pre-application and resource consent process.

Our work on warmer, drier, sustainable homes and a sustainable city has continued through Build Back Smarter homes assessments and the appointment of an Eco Design Advisor. We have advocated for food resilience and supported the Canterbury Sustainable Homes Working Party.

Strategic Policy

We reviewed the following bylaws:

- Dog Control Policy and Bylaw 2008
- Marine and River Facilities 2008
- Freedom Camping Bylaw 2015.

The following bylaw reviews are underway:

- General Bylaw 2008
- Public Places Bylaw 2008
- Stock Control 2008
- Traffic and Parking 2008.

The Council notified the provisional Local Alcohol Policy and provided advice to an elected member working party with regard to appeals on the provisional policy. The hearing of appeals will take place in August - October 2017.

A Housing Policy has been adopted by Council having been developed with input from housing providers.

Policy advice has been provided towards the adoption of an amended Christchurch Housing Accord, including securing funding for a shared equity home ownership scheme.

The development contribution policy was amended to reflect the changes made to the Council's capital expenditure programme. Further work is being undertaken to introduce catchment based assessments for water, wastewater, active travel and public transport contributions. These will be considered for adoption in the 2017/18 year.

Since June 2016, the Council has made 8 submissions on priority issues, for example, the draft National Policy Statement on Urban Development and the Clean Water proposal. Staff have also made 17 staff submissions on matters of a technical or operational nature, such as the draft Disability Strategy and proposed direction statement for biosecurity.

Staff worked with elected members to review the Council's community outcomes and establish the Council's strategic priorities for this triennium.

Stormwater Management

We contributed to the development of the Heathcote River stormwater management plan. We also contributed to on-going discussions with Nga Rūnanga regarding the global stormwater discharge consent conditions.

We continued to provide technical support for the stormwater management implementation plan. This plan will detail and prioritise the future capital work programme.

We produced the vision and values documents for the Styx, Halswell and Heathcote Rivers.

Technical support continued to be provided for the Christchurch-West Melton and Banks Peninsula Zone Committees.

Natural Environment

Ecological and landscape expertise was provided for the replacement Christchurch District Plan to identify sites of ecological significance and outstanding natural landscapes.

We contributed to the Regional Approach to Managing Natural Hazards led by Environment Canterbury. Completed a situational analysis for natural hazards within Christchurch.

We conducted an independent peer review of the 2015 Coastal Hazards Assessment Report and revision of the report, due to be released July 2017.

We combined the three existing water strategies to develop the draft Integrated Water Strategy.

We contributed to and became a member of the Partnership Steering Group for the Whakaraupo Catchment Management Plan.

We became a contributing partner to the Natural Environment Group reporting to the Greater Christchurch Partnership.

We contributed technical support to Regenerate Christchurch recovery plans for New Brighton, South Shore and Avon River Corridor areas.

We undertook a situational analysis for biodiversity, public open space and landscape matters to inform the development of a Natural Heritage Strategy.

Resource Efficiency

A target sustainability programme was delivered to 40 businesses.

Electric vehicle infrastructure was rolled out to six sites across the city and Banks Peninsula.

Emissions Management and Reduction schemes were certified and the Energy-Mark Gold certification was received for Council's energy management system.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Strategic Planning and Policy 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.	Not achieved.	This measure has been superseded by the work with Council on their priority directions and updated Community Outcomes. The work programme is an operational document that gives effect to the Council priorities and Community Outcomes. The work programme has been submitted to the Executive Leadership Team.	2016: Draft work programme has been submitted to General Manager and is on Executive Leadership Team agenda for July 2016 (has subsequently been approved). 2015: The 2015-16 work programme was drafted but submission delayed in order to ensure alignment with two reviews underway. 2014: Achieved.
Regulations and Bylaws Policy and Planning.	Bylaws and regulatory policies are reviewed to meet statutory timeframes and changing needs.	Review the 10 year bylaw review schedule with the Council.	Achieved.	Council has been provided with a timeline for the 10 year review programme via memo.	New target for 2017.
		Carry out bylaw reviews in accordance with ten-year bylaw review schedule and statutory requirements.	Achieved.	The ten-year bylaw review programme is on track - no bylaws have missed legislative review timelines.	2016: Bylaw reviews carried out in accordance with ten-year bylaw review schedule and statutory requirements. 2015: 4 bylaws reviews adopted by Council, 4 out for consultation and another 4 reviews started – on track with bylaw review schedule. 2014: Achieved.
Natural Hazards Policy and Planning.	Development of new policies, strategies and plans.	Engagement with communities to produce Coastal Scenarios to 2065 and 2115.	Not achieved.	Peer review of the Coastal Hazards Assessment report completed and a revised report is expected to be released in September 2017.	2016: Situational analysis for natural hazards strategy has been completed. However the Strategy has been deferred by Council direction to join a regional natural hazards work programme. 2015: Advice provided on regional and national policies and plans. 2014: Achieved - Advice on Freshwater National Policy Statement and regional plan changes delivered on time.
Urban Regeneration Policy and Planning.	Place based policy and planning advice is provided to decision makers to support integrated urban planning.	Present an update on suburban Master plan priority actions on a six-monthly basis.	Achieved.	Six monthly reporting has been provided to the Innovation and Sustainable Development Committee.	2016: Update reports provided to Strategy and Finance Committee on 22 October 2015 and 19 May 2016.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Central City Policy and Planning.	Provide advice on central city recovery to facilitate an integrated CCC view that aligns with strategic outcomes.	Deliver initial response to request for policy, planning or design advice on central city, anchor projects, community facilities, or major facilities within 5 working days.	Achieved.	Advice provided within five working days.	2016: Resource consent advice recorded. 2015: 85% of transitional City Programme delivered. 2014: 100% of milestones delivered.
Urban Design Policy and Planning.	Provide design review advice for developments across the City.	Coordinate and support a panel of suitably qualified professionals to provide timely advice on the urban design aspects of resource consent applications.	Achieved.	Urban Design Panel review recommendations implemented, including membership refresh completed in January 2017. Panel continuing to operate and review proposals as they arise.	2016: Urban Design Panel has operated throughout the year to review developments, mainly at the pre-application stage, with recommendations provided. 2015: Review started in June 2015. Ongoing reviews of panel process and training have occurred during 2014/2015. 2014: Achieved - review of panel undertaken in June 2013.

What assets do we use to deliver these activities?

No major assets are used for these activities.

Where are we heading?

We will work with the relevant Community Boards to recalibrate masterplans. We will work with Regenerate Christchurch and Development Christchurch Limited to develop agreed strategic views on regeneration priorities across the city and the best means to deliver on those priorities. We will also focus on housing provision across the city and support the implementation of the replacement Christchurch District Plan.

We will continue to support temporary vacant space and transitional projects across the city, and also consider how this work is reshaped to best support ongoing regeneration.

We will work with Ōtākaro Limited to provide advice on Crown-led anchor projects. In addition we will provide advice, including via the urban design panel, into the development and consenting process.

Our work on sustainability will continue to focus on healthy and energy efficient homes through the Build Back Smarter and Eco-Design Advisor services, and on active travel to reduce the use of private motor vehicles. Electrification of the vehicle fleet will be encouraged through the roll out of charging infrastructure and the shared electric vehicle fleet. Target Sustainability will continue to support the resource efficiency of businesses and the smart design of new commercial buildings. The planting of edible plants will be encouraged as our Food Resilience Policy is implemented.

The updated Urban Development Strategy and Resilient Greater Christchurch Plan will establish new partnerships and projects to tackle urban issues and manage the growth of the City and surrounding towns to enhance the resilience of our city. The Greater Christchurch Partnership will continue to provide collaborative leadership through the next phase of recovery, regeneration and planning for the long term well-being of the community.

We will continue to provide strategic natural resource advice to other areas of Council, particularly the Three Waters and Waste Unit for floodplain management and improved water quality. Advice and support will continue with our partnerships with Environment Canterbury on the CWMS Zone Committees, Whakaraupo Catchment Management Plan, and regional management of natural hazards. Updated technical information on coastal hazards will support community engagement on adaptation to climate change for our coastal settlements.

We will continue to provide technical advice and submissions on national and regional policy initiatives of importance to the Council.

The review programme of the city's bylaws, as required by statute, will continue with the bylaws scheduled for review and community consultation in 2017/18. The Alcohol Regulatory and Licensing Authority is expected to schedule a hearing on the appeals to the provisional Local Alcohol Policy later in 2017.

Social and economic policy advice will be provided with a focus on enabling social enterprise, implementation of Business Improvement Districts and a rolling review of the Development Contributions Policy.

The Wellbeing programme will focus on the implementation of the housing policy and the healthy foods action plan.

The ongoing Managing for Outcomes programme will continue to enhance the strategic linkages between programme delivery, Council strategies and community outcomes.

Service delivery in 2017/18

Strategic planning activities will continue to have a recovery and regeneration focus and there will be no change to the Council's capacity to deliver this activity. The focus on the District Plan will continue and be complemented by policy and planning initiatives using the Greater Christchurch Regeneration Act. Regeneration priorities include supporting Central City recovery, future use of the residential red zone and residential development capacity. Adaptation to the issues and opportunities generated by climate change will form an important component of these plans.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Strategic policy and planning	11,862	12,576	10,399
	11,862	12,576	10,399
Operating revenue from services			
Strategic policy and planning	863	581	573
	863	581	573
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	10,999	11,995	9,826

Explanation of significant cost of service variances

Strategic policy and planning

The cost of services was \$0.7 million lower than planned primarily as a result of resources being redirected into supporting the District Plan Review, which sits within the Regulation and Enforcement group of activities.

Cost of services were \$1.5 million higher than in 2016 because more resources were used in the natural hazards and urban design policy areas.

Operating Revenue is \$0.3 million higher than plan because of revenue received from the Build Back Smarter programme and the Christchurch Transport Strategic Plan network business case project, partly offset by lower Urban Development Strategy receipts. Revenue is \$0.3 million higher than 2016 due to planned additional revenue from the Urban Design Strategy partnership and the above Transport project.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	11,254	11,211	9,465	8,352
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	185	-	-	-
Fees and charges	206	-	102	100
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	473	581	345	419
Total operating funding (A)	12,118	11,792	9,912	8,871
Applications of operating funding				
Payments to staff and suppliers	10,496	11,076	11,249	10,036
Finance costs	-	-	-	-
Internal charges and overheads applied	562	562	586	442
Other operating funding applications	838	904	863	863
Total applications of operating funding (B)	11,896	12,542	12,698	11,341
Surplus (deficit) of operating funding (A-B)	222	(750)	(2,786)	(2,470)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	230	900	3,091	3,047
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	230	900	3,091	3,047
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	-	-	-	-
- to improve the level of service	65	-	-	-
- to meet additional demand	354	150	305	577
Increase (decrease) in reserves	33	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	452	150	305	577
Surplus (deficit) of capital funding (C-D)	(222)	750	2,786	2,470
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding

Explanation of significant cost of service variances

Operating funding

Operating revenue variances are explained above.

Applications of funding were \$0.6 million lower than plan due to resources being redirected to supporting the District Plan Review, which sits within the Regulation and Enforcement group of activities.

Capital funding

No significant capital funding variances.

Significant capital expenditure

\$0.4 million was spent on the Urban Renewal programme.

Council activities and services

Transport

What is transport, and what does the Council do?

We protect and control use of the road corridor by other parties such as service authorities and developers.

We operate and maintain the traffic lights, traffic cameras and traveller information portals.

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.

We operate and maintain Christchurch's public parking facilities.

We plan and provide transport education initiatives.

We plan, build and maintain harbour and marine structures.

Why is the Council involved?

We manage the road network and the facilities associated with transport services provided so that people have safe, easy and reliable access to homes, shops, businesses and leisure activities from a variety of mode choices.

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

Transport activities contribute to the social, environmental and economic well-being by providing transport infrastructure, providing for passenger transport and active travel options, operating the road network efficiently and providing transport education.

These activities also help achieve our Community Outcomes by:

- providing for travel options that meet community need
- providing people with access to economic, social and cultural activities
- increasing the proportion of active travel journeys
- improving traffic safety
- keeping people safe from crime
- using energy more efficiently
- supporting sustainable economic growth
- supporting a vibrant and prosperous business centre.

How does it affect me?

A well-managed transport network makes it easier and safer to get around the city and promotes growth and economic sustainability.

Providing good, safe cycling facilities will encourage the "interested but concerned" group of residents rediscover that cycling is a healthy, pleasant and safe travel option that will support a modal shift to active travel.

Providing education programmes will assist people in using transport networks safely and promote a shift to other modes of transport.

What activities are involved?

Road network operations

We are responsible for planning for, and implementing efficient use of the road networks by all modes. This is achieved through operation of traffic control systems, traveller information and education initiatives.

We control the use of the road corridor by third parties through corridor use procedures and temporary traffic management approvals.

We protect the roads and footpaths by coordinating when and where contractors can dig them up to install and repair utilities like ultrafast broadband, water supply, wastewater pipes and electricity.

Major cycleways

We are planning and constructing a network of 13 dedicated new cycle routes totalling 90 kilometres that will provide high quality safe facilities to encourage a high level of modal shift to cycling.

Parking

We provide on 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 bus companies that operate public passenger transport. This includes bus stops, suburban hubs, super stops, seats, shelters, bus priority lanes and passenger real-time information systems.

Transport education

Our transport education team runs programmes and initiatives that encourage people to use roads safely and sustainably.

Harbours and marine structures

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

What did we achieve?

We completed construction of the Little River and Papanui Parallel cycle routes of the Major Cycleways programme.

We commenced construction of the Uni-cycle and Rapanui/Shag Rock (Section 1) routes of the Major Cycleways programme.

We completed public engagement and consultation on the Heathcote Expressway and Nor'West Arc of the Major Cycleways programme.

We completed detailed design for the Northern Line and Quarrymans Trail routes of the Major Cycleways programme.

We commenced construction of the Lichfield Street Car Park to enable opening of the new facility in November 2017.

We initiated a 30kph central city speed zone to promote a safer environment for central city users and improve network efficiency.

We completed the installation of a new bus lane on Main North Road at the Empire Road off-ramp intersection.

We completed the installation and/or upgrade of 20 bus passenger shelters.

We continued to provide education programmes for school cycling, road safety and travel demand initiatives.

We completed four further school speed zones under the road safety at schools programme.

Three significant post-earthquake repair projects commenced, all of which involved community partnerships and leadership. The Church Bay jetty was successfully repaired with a significant input from local community members.

Council entered into an agreement with the Governors Bay community, whereby the jetty was sold to a community trust for \$1.00. The trust will fundraise and manage the repair and then hand the asset back to council to manage on behalf of future generations.

We commenced earthquake repairs to the New Brighton Pier.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Road Operations Safety Improvements.	Reduce the number of reported crashes on the network.	Report the change in number of fatalities and serious injury crashes on the local road network (from the previous financial year, expressed as a number).	Achieved.	A reduction of 14 crashes resulting in fatality or serious injury. The result is based upon CAS data 1 April – 31 March: 2015/16 - 138 2016/17 - 124.	2016: The number of fatalities and serious injury crashes on the local road network reduced by five.
	Percentage reduction of fatal and serious injury crashes per annum.	>= 5% reduction from previous year.	Achieved.	10.1% reduction in fatal and serious injury crashes. The result is based upon CAS data 1 April – 31 March: 2015/16 - 138 2016/17 - 124.	2016: 13.9% reduction in fatal and serious injury crashes per annum.
Monitoring, managing, optimising, informing customers and future planning.	Provide journey reliability on specific strategic routes: Airport to City; Barrington St to Innes Rd; Hornby to City; Belfast to City.	TBA once baseline established.	Achieved.	AMP = AM Peak IP = Inter Peak PMP = PM Peak OP = Off Peak Belfast to City: AMP 16min IP 12min PMP 12min OP 11min Airport to CBD: AMP 16min IP 14min PMP 17min OP 12min Hornby to CBD: AMP 16min IP 16min PMP 18min OP 11min Barrington to Innes: AMP 14min IP 14min PMP 19min OP 10min	2016: Baseline established. AMP 25min IP 15min PMP 25min OP 10min
	Promote modal shift – decrease the percentage share of car trips.	<=76%.	Not measured.	The MoT survey has not been undertaken since 2013/14. The 13/14 result was 76.3%.	(new target for 2017)

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Christchurch Transport Operations Centre (CTOC).	Traveller information is sufficient and delivered in a timely fashion to allow travellers to make travel choices – unplanned events.	Information is delivered in <= 5 minutes > 95% of the time.	Achieved.	96% of unplanned events are updated in less than 5 minutes.	2016: 97% of unplanned events updated <=5 minutes. 2015: <=3 minutes, between the hours of 0600 – 1800.
	Traveller information is sufficient and delivered in a timely fashion to allow travellers to make travel choices – planned events.	Information is delivered >= 1 week ahead of the event > 95% of the time.	Achieved.	100% of planned events updated more than one week in advance.	2016: 100% of planned events updated more than one week in advance. 2015: 100% for all major public events and 99.9% for all planned worksites information is available at least 3 days before.
Major Cycleways Major and local cycleways..	Reduce the number of fatal and serious crashes involving cyclists on the network.	>= 5% reduction per annum.	Achieved.	8.7% decrease. The result is based upon CAS data 1 April – 31 March: 2015/16 - 23 2016/17 - 21.	2016: 37% reduction overall. 2014: 45 serious and 2 fatal crashes.
	Improve perception that Christchurch is a cycle friendly city.	>= 28% agree or strongly agree.	Achieved.	56% agree or strongly agree in the 2017 General Satisfaction Survey.	2016: 52% agree or strongly agree that Christchurch is a cycle friendly city. 2015: 37% based on satisfaction survey. 2014: 26% based on general service satisfaction survey.
Parking Council owned On-Street and Off-Street parking.	Provide appropriate number of metered parking spaces within the four Avenues (central city).	>= 2,500.	Not achieved.	2,273 metered/paid spaces within the Four Avenues.	2016: 2,549 metered spaces provided within the four avenues. 2015: 1,867 spaces. 2014: 1,485 spaces.
	Improve customer perception of the ease of use of Council parking facilities.	>= 58%.	Not achieved.	48% based upon the 2017 residents' survey.	2016: 51% per the residents' survey. 2015: 54% customer. 2014: 50%.
	Improve customer perception of motor vehicle and personal security at parking facilities.	>= 61%.	Not achieved.	51% based upon the 2017 residents' survey.	2016: 47% per the residents' survey. The survey did show that 24% of respondents did not feel safe while using Council off street car parks after dark and this would have affected the overall result.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Parking compliance and administration.	Parking officers respond to high priority requests for service.	City: Respond to requests for service within an average of 15 minutes.	Achieved.	Average response was 11.5 minutes to 614 high priority complaints.	2016: Average response time to high priority complaints in the city for the year was 9.56 minutes. 2015: 69.5% (212/305). 2014: High priority complaint response times were responded to, on average, in 14 minutes.
		Suburbs: Respond to requests for service within an average of 20 minutes.	Achieved.	Average response time was 14.5 minutes for 2,067 high priority complaints.	2016: Average response time to high priority complaints in the suburbs for the year was 13.15 minutes. 2015: 75.4% (1,345/1,783). 2014: High priority complaints in the suburbs were responded to, on average, in 16 minutes.
Public transport infrastructure					
Provide journey reliability on high frequency core services – average % variation from the scheduled time to complete the route for specific routes Blue, Orbiter, 3, 5, and 7.	Ensure user satisfaction with the number and quality of bus shelters.	Route Blue Line: <= 3.0%.	Not achieved.	Travel time is on average 5.6% slower than scheduled.	2016: Travel time 6.4% slower than scheduled travel time and outside of target.
		Route Orbiter: <= -6.0%.	Achieved.	Travel time is on average 3.4% faster than scheduled.	2016: 3.2% faster than scheduled travel time.
		Route 3 Purple Line: <= 14.4%.	Achieved.	Travel time is on average 3% faster than scheduled.	2016: 5.1% faster than scheduled travel time.
		Route 5 Yellow Line: <= 6.3%.	Achieved.	Travel time is on average 2.6% faster than scheduled.	2016: 2.3% faster than scheduled travel time.
		Route 7: Orange Line <= 6.8%.	Achieved.	Travel time is on average 2% faster than scheduled.	2016: 0.2% slower than scheduled travel time.
		>= 67%.	Achieved.	72%.	2016: 2015/16 survey showed 60% of users were satisfied and 17% were neither satisfied nor dissatisfied with the number and quality of bus shelters. 2015: 60% satisfaction with number of bus stops, 75% satisfaction with personal safety at bus stops and 66% satisfaction with quality of bus stops. 2014: Baseline 54%.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
	Ensure user satisfaction with appearance, safety and ease of use of transport interchange(s) and suburban hubs.	>= 87%.	Achieved.	90%.	2016: 83% user satisfaction. In 2015/16 this was measured based only on the Bus Interchange. The Riccarton lounge opened in December 2015. 2015: 84% for appearance, 79% for safety and 86% for ease of use for Bus Interchange only. 2014: Baseline 83% for appearance, 72% for safety and 91% for ease of use for Bus Interchange only.
Transport Education					
Travel Choice - Travel Planning and Advisory services.	Mode Shift: Contribute to overall increase in percentage of trips made by alternative transport modes – walking.	>= 17.1% walking.	Not measured.	The MoT survey has not been undertaken since 2013/14. The 13/14 result was 16.3%.	2016: Not measured. 16.3% of trips made by walking. This is based on 2013/14 Ministry of Transport data, more recent data is not available. 2015: Target was to increase baseline from 2013/14 by 0.5% - not achieved – increase from 3.2% to 3.6%.
	Mode Shift: Contribute to overall increase in percentage of trips made by alternative transport modes – cycling.	>= 3.4% cycling.	Not measured.	The MoT survey has not been undertaken since 2013/14. The 13/14 result was 2.8%.	2016: Not measured. 2.8% of trips made by cycle. This is based on 2013/14 Ministry of Transport data, more recent data is not available. 2015: Target was to increase baseline from 2013/14 by 0.5% - not achieved – decrease from 3.1% to 2.8%.
	Mode Shift: Contribute to overall increase in percentage of trips made by alternative transport modes – public transport.	>= 3.5% public transport.	Not measured.	The MoT survey has not been undertaken since 2013/14. The 13/14 result was 3.6%.	2016: 3.6% of trips made by public transport.
Road User Safety programmes.	Provide road user safety education programmes.	>= 5 campaigns per year.	Achieved.	5 campaigns completed. Several minor road safety events/programmes were completed in addition.	2016: 6 campaigns completed. 2015: More than 6 delivered. 2014: 6 delivered.
	Provide school 'Cycle Safe' education programme.	>= 3,000 students per year (25%).	Achieved.	3,304 students taken through the programme. Additional skills training was provided at community events during the year.	2016: 3,153 students participated. 2015: 3,550 students participated. 2014: 3,202 students participated.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Year
Harbours and Marine Structures Provide, manage and maintain marine structures and facilities.	Provide a sustainable planned network of marine structures.	Existing harbour and marine structures remain open for commercial and recreational use (unless assessment deems the structure unsafe).	Achieved.	All facilities available for use were maintained with an open status over the past 12 months.	2016: Existing structures remained open. 2015: All safe harbour and marine structures remained open for commercial and recreational use. 2014: All safe harbour and marine structures remained open.
	Proportion of customers satisfied with the state of marine structures provided by Council.	55%.	Achieved.	61%.	2016: 49%. Satisfaction survey noted comments on maintenance and access. 2015: 63%. 2014: 58%.
	Plan for partnering with the community for marine structures.	Completed by 30 June 2018.	On Track.	On track.	2016: On track to meet timeframe.

What assets do we use to deliver these activities?

The Council has a significant investment in on and off-street parking. Within the four avenues we have 1,832 on-street car parks and 460 off-street metered parks.

We have 29 public wharves and boat ramps. There are also a number of sea walls that protect public property.

We have around 1,780 bus stops and 888 bus passenger shelters together with bus interchanges at the Central City, Riccarton and Northlands Mall.

Where are we heading?

Building of the major cycleway network programme is well underway with the first sections open and the entire network programmed for completion by 2021.

We will continue to operate and optimise the public road network to provide an efficient, safe and sustainable network for all users to all parts of the city.

We will continue to encourage people out of private passenger cars into public and active travel.

More bus priority measures are programmed for key transport routes, including Riccarton Road which has commenced construction.

In the coming year we will monitor and review central city and suburban car parking as the redevelopment of the City occurs. We are looking to introduce technology that makes access to and payment for parking services easier for users.

Service delivery in 2017/18

Whilst virtually all roads are now open, repairs, extensive capital programmes and private development will continue to cause inconvenience and congestion on some parts of the network, particularly in the central city. We will co-ordinate Traffic Management Plans and signal operations to reduce the actual and potential effects on traffic flow.

Five more major cycleway routes are planned to open during the year, creating the core network that will link to central city cycle routes.

A programme of capital works planned for 2017/18 will result in a continued improvement to network congestion and traffic safety.

A number of education initiatives and school campaigns are planned for the year that will target current issues particularly intersection safety and safe cycling.

The Lichfield Street Car Park will open in November 2017 which will significantly improve central city parking availability.

We have achieved significant success in the repair of local recreational marine structures with the help of the local communities. We will continue to focus on citizen engagement to drive and lead the marine structure rebuild programme.

We anticipate an acceleration in the development of the Lyttelton Marina master plan over the next 12 months.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Road operations	9,858	8,588	9,688
Major cycleways	568	897	652
Parking	36,425	7,249	8,395
Public transport infrastructure	1,616	1,612	968
Transport education	1,521	1,550	1,339
Harbours and marine structures	1,141	1,207	766
	51,129	21,103	21,808
Operating revenue from services			
Road operations	4,199	3,067	3,788
Major cycleways	104	189	88
Parking	8,496	7,807	8,942
Public transport infrastructure	598	493	402
Transport education	601	604	562
Harbours and marine structures	790	694	726
	14,788	12,854	14,508
Capital revenues	27,000	12,466	53,149
Vested assets	-	-	-
Net cost of services	9,341	(4,217)	(45,849)

Explanation of significant variances

Road operations

Road operations cost of service is \$1.3 million higher than plan because of \$1.1 million additional Christchurch Transport Operations Centre costs which were unplanned because they are recovered from NZTA.

Increased revenue of \$1.1 million compared to plan and \$0.4 million compared to 2016 is from a number of minor sources including recoveries of maintenance costs and increased bus shelter advertising revenues.

Major cycleways

There are no significant variances.

Parking

The cost of service is \$29.2 million higher than planned and \$28.0 million higher than 2016 principally due to expensing the Council's \$28 million contribution for the Crossing Car Park as the encumbrance received does not meet the definition of an asset for accounting purposes.

Parking revenues are \$0.7 million higher than plan with fewer parking spaces being lost through Accessible City projects than was anticipated (\$1.6 million), partly offset by reduced court fees and fines (\$1.0 million).

Public transport infrastructure

The cost of service is \$0.6 million higher than last year because of maintenance relating to the new Riccarton Bus Exchange.

Transport education

There are no significant variances.

Harbours and marine structures

There are no significant variances.

Capital revenues

Capital revenues are \$14.5 million higher than plan because of additional New Zealand Transport Authority subsidies, mainly from increased spend on the Major Cycleways.

Capital revenues are \$26.1 million lower than last year which included \$29 million of insurance recoveries.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	2,416	2,407	3,492	3,485
Targeted rates	3,023	3,029	3,025	2,957
Subsidies and grants for operating purposes	3,621	3,548	3,289	3,134
Fees and charges	6,782	4,065	4,384	4,095
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	4,643	5,241	-	-
Total operating funding (A)	20,485	18,290	14,190	13,671
Applications of operating funding				
Payments to staff and suppliers	45,602	15,008	11,464	11,307
Finance costs	355	355	743	534
Internal charges and overheads applied	863	863	735	630
Other operating funding applications	688	816	-	-
Total applications of operating funding (B)	47,508	17,042	12,942	12,471
Surplus (deficit) of operating funding (A-B)	(27,023)	1,248	1,248	1,200
Sources of capital funding				
Subsidies and grants for capital expenditure	22,919	12,034	28,542	21,847
Development and financial contributions	3,828	432	432	765
Increase (decrease) in debt	68,250	18,401	14,093	38,058
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	19,177
Total sources of capital funding (C)	94,997	30,867	43,067	79,847
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	36,558	12,352	11,248	65,510
- to improve the level of service	29,572	19,763	33,067	15,017
- to meet additional demand	13	-	-	520
Increase (decrease) in reserves	1,831	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	67,974	32,115	44,315	81,047
Surplus (deficit) of capital funding (C-D)	27,023	(1,248)	(1,248)	(1,200)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	8,647	10,985	10,041	64,472
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Explanation of significant variances

Operating funding

Transport net deficit of operating funding was \$28.3 million lower than planned for the reasons discussed above.

Capital expenditure

Capital expenditure was \$34.0 million higher than planned due to \$25.1 million of spending budgeted in different years (\$8 million carried forward from prior year for Lichfield Street Car Park rebuild, Riccarton Bus

Interchange and major cycleways, \$17.1 million brought back from future years for major cycleways and Lichfield Street Carpark rebuild) and \$11.0m over plan for the Coastal Pathway. This was offset by \$2 million writedown of parking equipment.

Significant capital expenditure

Key projects were: major cycleway routes programme \$28.6 million, Lichfield Street Car Park rebuild \$22.3 million, Coastal Pathway \$11.8 million, and Riccarton Bus Interchange \$3.1 million.

Council activities and services

Water supply

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

The water supply is the network of wells, pump stations, treatment facilities, reservoirs and underground reticulation pipes that distribute clean drinking water in the city.

Why is the Council involved?

The Council has obligations under the Health Act 1956, Health (Drinking Water) Amendment Act 2007 and the Local Government Act 2002 to provide a drinking water supply for Christchurch, to maintain its capacity, to protect it from contamination, and to ensure that it complies with the Drinking Water Standards for New Zealand 2005 (revised 2008).

We supply clean drinking water to protect the health of the community, for commercial users, 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 future. Council is required under the Local Government Act “to meet the current and future needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses”.

Water supply contributes to this purpose statement and to the environmental and economic well-being of the community by giving the community and industry a reliable potable water supply.

It also supports our Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a prosperous, healthy, attractive and well-designed city – five of the nine goals in our Community Outcomes. We do this by reliably supplying enough 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 supply is reliable and safe, the quality maintained, and that any interruption to the service is as short as possible.

What activities are involved?

Water supply (including water conservation)
We aim to provide a clean and reliable water supply. We monitor and control water quality and maintain the network of supply assets.

What did we achieve?

We renewed 10.5 kilometres of water supply mains and 15.1 kilometres of water supply submains for the year. SCIRT completed its five year programme of repairs and replacement of 90 kilometres of water supply pipes and 26 pump stations and reservoirs.

Construction of the new water supply system and pump station to feed the Prestons subdivision was completed.

Construction of the new water supply mains to service greenfield areas in Halswell is underway, in conjunction with the wastewater project. Construction is expected to be complete by August 2017.

The Council has continued its programme of replacing shallow wells in the North West of the city with deeper wells, to improve the water quality in that area. The use of all shallow wells has ceased.

New wells have been drilled and construction of the new Gardiners water supply pump station has started. This project is to meet growth demands in the North West of the city and to replace the Harewood pump station which has shallow wells.

Equipment renewals at 16 pump stations were completed and new flow meters were installed to comply with resource consents. 10 reservoir roofs were relined and 22 reservoir ladder safety lines were installed.

The Council continues to test the drinking water in accordance with the requirements of the Drinking Water Standards for New Zealand.

How did we measure up?

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
Water supply (including water conservation) Supplying potable water to properties.	Supply continuous potable water to all customers.	Median response time for attendance for urgent call-outs following notification: <=1 hour.	Achieved.	Median response time 0.55 hours.	2016: 33 minutes.
		Median time to resolve urgent call-outs following notification: <=5 hours.	Achieved.	Median resolution time 1.71 hours.	2016: 1 hour 43 minutes.
		Median response time for attendance for non-urgent call-outs following notification: <=3 days.	Achieved.	Median response time 1.4 days.	2016: 4 hours 38 minutes.
		Median time to resolve non-urgent call-outs following notification: <=4 days.	Achieved.	Median resolution time 1.63 days.	2016: 11 hours 38 minutes.
		Number of continuity of supply complaints per 1,000 customers per year: <= 2.5.	Achieved.	1.3 complaints per 1,000 customers.	2016: 1.24 complaints per 1,000 customers.
		Number of pressure or flow complaints per 1,000 connections per year: <= 2.	Achieved.	1.45 complaints per 1,000 connections.	2016: 1.77 complaints per 1,000 connections.
	Ensure potable water is supplied in accordance with the Drinking Water Standards for New Zealand.	Ministry of Health (MoH) risk grading of the urban water supplies (excluding NW zone): Ba.	Achieved.	Ba.	2016: Ba. 2015: Ba. 2014: Ba.
		MoH risk grading of the NW water supply zone: Da.	Achieved.	Da.	2016: Da. 2015: Work not completed, area remains with Da grading Programme of work still continuing. 2014: Progress on track, well drilling programme for 2013/14 completed.
		MoH risk grading of rural water supplies: Uu.	Achieved.	Uu.	2016: Uu. 2015: Little River and Akaroa upgrades not completed by December 2014. Currently these are being ungraded. The upgrades to these treatment plants will be completed in 2015 and once upgraded 12 months of testing is required before a water grading is received. 2014: Improvements are underway or planned to ensure that all Banks Peninsula plants meet the Cc grade or better.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Number of water clarity complaints per 1,000 connections per year: <= 1.5.	Achieved.	0.82 per 1,000 connections.	2016: 0.74 complaints per 1,000 connections.
		Number of water taste complaints per 1,000 connections per year: <= 1.	Achieved.	0.53 per 1,000 connections.	2016; 0.39 complaints per 1,000 connections.
		Number of water odour complaints per 1,000 connections per year: <= 0.5.	Achieved.	0.15 per 1,000 connections.	2016: 0.17 complaints per 1,000 connections.
		Number of drinking water pressure or flow complaints per 1,000 connections per year: <= 2.	Achieved.	1.45 complaints per 1,000 connections.	2016: 1.77 complaints per 1,000 connections.
		Number of continuity of supply complaints per 1,000 connections per year: <= 2.5.	Achieved.	1.3 complaints per 1,000 customers.	2016: 1.24 complaints per 1,000 customers.
		Proportion of complaints remediated to the customers' satisfaction: >= 95%.	Not achieved.	90% customer satisfaction.	2016: 99.6% customer satisfaction. 45 complaints were remediated out of 11,061 jobs.
		Proportion of urban residents supplied water compliant with the DWSNZ bacterial compliance criteria: >= 99.8%.	Achieved.	100%.	2016: Achieved. 2015: Achieved. 2014: Results were not available.
		Proportion of rural residents supplied water compliant with the DWSNZ bacterial compliance criteria: >= 99.8%.	Achieved.	100% of rural residents supplied with DWSNZ bacterial compliant water.	2016: Achieved. 2015: All supplies except Pigeon Bay and Little River complied with the DWSNZ E. coli requirements. Pigeon Bay: 0 transgressions allowed, 1 transgression at water treatment plant and 1 transgression in the distribution system Little River: 0 transgressions allowed, 1 transgression at water treatment plant. 2014: Results were not available.

Activity and Service	Level of Service	Target	Achieved	Result	Prior Years
		Proportion of urban residents supplied water compliant with the DWSNZ protozoan compliance criteria: >= 79%.	Not achieved.	76.6% of urban residents supplied with DWSNZ protozoal compliant water. This is due to the fact that populations changed after the performance target percentages were set and the population in the north west zone increased more than in other urban zones. The north west zone is yet to have an official 'secure groundwater assessment' as per DWSNZ.	2016: 76.6% of urban residents supplied with DWSNZ protozoal compliant water. This is due to the fact that populations changed after the performance target percentages were set and the population in the north west zone increased more than in other urban zones.
		Proportion of rural residents supplied water compliant with the DWSNZ protozoan compliance criteria: >= 99.8%.	Achieved.	100%.	2016: 8.5% of rural residents supplied with DWSNZ protozoal compliant water. Whilst all water treatment plants are upgraded we are unable to provide evidence of compliance because there are still issues to be resolved around the continuous monitoring of treatment parameters and the development of SCADA and Water Outlook reports.
	Ensure consent compliance.	Number of infringement notices for major or persistent breaches of resource consents regarding water supply network operation as reported by Ecan or CCC: Zero.	Achieved.	Zero.	2016: Zero. With ECan's approval one breach of resource consent for (LWTP) occurred during October to enable major earthquake repairs. No abatement notices; infringement notices; enforcement orders; convictions were received.
	Maintenance of the reticulation network - Reduce the percentage of real water loss from the local authority's networked reticulation system.	<=15.2% water loss.	Achieved.	14.90% water loss.	2016: 11.7% water loss. This is calculated based on the unaccounted for water volume for the year divided by the total amount extracted from our wells and surface water sources.
	Demand Management - Manage the average consumption of drinking water per day, per resident.	Average 298 litre per day, per resident.	Achieved.	230 litres per resident per day average use.	2016: 272 litres per resident per day average use.

What assets do we use to deliver these activities?

The Council's water supply network is made up of wells, pump stations, treatment facilities, reservoirs and underground reticulation pipes. The total value of the network is \$1.45 billion, with 91 per cent being the underground reticulation network, 6 per cent wells, treatment facilities and pump stations, and 3 per cent reservoirs and tanks.

Where are we heading?

8.7 kilometres of water supply mains and 12.7 kilometres of water supply submains will be renewed in the next year.

Equipment renewals at nine water supply pump stations are included in the next year, along with relining of nine reservoir roofs.

Construction of the Gardiners Water Supply Pump Station has commenced and is expected to be complete by April 2018. New pipelines along Gardiners Road and Wilkinsons Road will strengthen the network in the area.

What did it cost?

Statement of cost of services for the year ending 30 June

	2017 Actual \$000	2017 Plan \$000	2016 Actual \$000
Cost of services			
Water supply	53,122	45,258	44,572
	53,122	45,258	44,572
Operating revenue from services			
Water supply	1,943	601	1,915
	1,943	601	1,915
Capital revenues	3,558	2,430	12,006
Vested assets	2,671	214	5,068
Net cost of services	44,950	42,013	25,583

Explanation of significant cost of service variances

Water supply

The cost of service was \$7.9 million higher than planned principally due to an additional \$5.5 million of depreciation and \$2.1 million of maintenance costs.

The cost of service was \$8.6 million higher than 2016. This is due to depreciation charges of \$5.7 million and \$3.0 million of asset impairment charges, \$0.5 million higher insurance costs and \$0.5 million maintenance costs. These are partly offset by debt servicing costs which are \$1.1 million lower than 2016.

Operating revenues are \$1.3 million higher than plan due to \$1.1 million of Crown funding and cost recoveries of \$0.2 million.

The construction of new water supply mains to service the Halswell greenfield areas is expected to be complete in August 2017.

The Council is measuring the costs and benefits of a water pressure management project in the Rawhiti Water Zone, as part of a 12 month trial. Depending on the outcome, the Council will decide whether to carry out the project across the city, to reduce pipe failures and pumping costs.

Upgrade works at the Duvauchelle Water Treatment Plant will be designed and built to improve plant operation when the raw water stream supplies are turbid. The upgrade will mean that the treatment plant consistently meets the Drinking Water Standards for New Zealand.

Service delivery in 2017/18

The Council anticipates providing continuous potable water to all customers in 2017/18. Levels of service in the LTP 2015/25 and Activity Management Plans will be met in 2017/18 year.

Capital revenues

Capital revenues are \$1.1 million higher than plan as a result of \$2.1 million development contributions received and \$0.8 million of new connection fees, partly offset by \$1.7 million lower earthquake rebuild Crown contributions.

Capital revenues are \$8.4 million lower than 2016 as a result of \$8.0 million lower Crown rebuild contributions, \$0.2 million less development contribution collected and \$0.2 million less other capital revenues.

Vested assets

The Council also received \$2.7 million of additional water supply network vested assets from developers' new subdivisions this year; \$2.5 million higher than plan.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	-	-	-	-
Targeted rates	34,685	34,245	35,237	33,775
Subsidies and grants for operating purposes	1,096	-	-	-
Fees and charges	847	601	603	589
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	8	-	281	990
Total operating funding (A)	36,636	34,846	36,121	35,354
Applications of operating funding				
Payments to staff and suppliers	18,037	15,554	16,040	16,366
Finance costs	2,255	2,255	3,795	3,328
Internal charges and overheads applied	1,745	1,745	1,825	1,635
Other operating funding applications	10	4	4	4
Total applications of operating funding (B)	22,047	19,558	21,664	21,333
Surplus (deficit) of operating funding (A-B)	14,589	15,288	14,457	14,021
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	3,722	1,076	1,076	1,270
Increase (decrease) in debt	22,226	5,957	20,732	12,961
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	(154)	1,354	1,358	11,970
Total sources of capital funding (C)	25,794	8,387	23,166	26,201
Applications of capital funding				
Capital expenditure				
- to replace existing assets (1)	29,514	15,532	25,582	21,966
- to improve the level of service	1,739	2,670	2,751	5,997
- to meet additional demand	6,634	5,473	9,290	12,259
Increase (decrease) in reserves	2,496	-	-	-
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	40,383	23,675	37,623	40,222
Surplus (deficit) of capital funding (C-D)	(14,589)	(15,288)	(14,457)	(14,021)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Earthquake rebuild application of capital funding	11,099	2,079	12,284	8,733
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Explanation of significant cost of service variances

Operating funding

The operating surplus is \$0.7 million lower than plan due to increased maintenance costs of \$2.5 million partly offset by \$1.1 million of Crown funding and additional fees and charges \$0.3 million.

Capital expenditure

Capital expenditure was \$14.2 million higher than plan. \$10 million was due to an increase in earthquake repairs delivered by SCIRT. In addition \$4.2 million was due to works carried forward from the prior year for the water supply renewals optimisation programme.

Significant capital expenditure

Major expenditure included: SCIRT water supply programme \$10.9 million, water mains and submains renewals, new water supply connections and headworks renewals of \$22.2 million, and the water well replacement programme \$4.7 million.

Council activities and services

Corporate

What are Council's corporate activities?

As with other organisations we have back office services such as human resources, legal, 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.

In addition, there are also some Council wide costs and income which cannot meaningfully be classified into a standalone activity. These items are included within this Corporate activities section.

What revenue and costs are included?

- 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.
- rates income
- 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
- non-operational property costs and
- other income, such as revenue from regional fuel tax.

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

What capital expenditure is included?

Corporate capital expenditure includes 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?

Statement of cost of services for the year ending 30 June

	2017 Actual	2017 Plan	2016 Actual
	\$000	\$000	\$000
Cost of services			
Interest - onlending, equity investments and rebuild	67,830	63,808	54,659
Internal service providers (unallocated costs)	17,161	5,732	19,126
Property costs and other expenses	7,154	1,137	31,284
	92,145	70,677	105,069
Operating revenue from services			
Rates	426,496	423,900	396,240
Dividends	172,265	155,972	137,868
Interest from onlending	22,611	19,532	18,574
General and special fund interest	10,386	10,156	9,294
Internal service providers	17,161	5,732	19,125
Earthquake cost recoveries	2,885	-	7,443
Other revenue	3,257	2,757	4,096
Subvention receipts (income tax)	3,940	1,500	14,001
	659,001	619,549	606,641
Capital revenues	-	-	-
Vested assets	-	-	-
Net cost of services	(566,856)	(548,872)	(501,572)

Explanation of significant variances

Interest costs were \$4.0 million higher than plan due to higher than planned borrowing for on-lending to CCHL (\$2.8 million), higher than planned delivery in the capital programme, and some prefunding of debt renewals. The \$13.2 million increase in interest from 2016 reflects the year on year increase in borrowing for on-lending to CCHL and the rebuild.

The net cost of the internal service providers is allocated to external activities. Internal service provider revenue was \$11.4 million higher than planned largely due to the unbudgeted revenue from management services provided to Vbase, (\$7.7 million) and additional NZTA administration subsidy received relating to the rebuild (\$2.4 million). The \$2.0 million decrease in revenue from internal service providers compared with 2016 relates to a reduction in earthquake recoveries.

Property and other costs were \$6.0 million higher than plan. Savings incorporated into the 2016/17 Annual Plan were not able to be achieved with an \$8.9 million shortfall. This was partly offset by Port Hills land earthquake related costs being \$3.7 million under budget.

Property and other costs were \$24.1 million lower than 2016 due to lower Port Hills land costs incurred and lower income tax expense.

Rates income was \$2.6 million higher than plan due to higher than expected rating growth during the year from subdivision development and rebuild work. The \$30.3 million increase from 2016 is the combined result of the year on year rates increase and the higher than expected rating growth during 2017.

Dividend revenue is \$16.3 million higher than plan due to unplanned dividends from Tuam Limited (\$46.8 million) and Transwaste Limited (\$3.7 million) offset by a lower dividend from CCHL (\$34.2 million) reflecting a changed capital release strategy. Dividend income was \$34.4 million higher than 2016 due to dividends from Tuam less a lower dividend from CCHL.

Interest revenue from on-lending was \$3.1 million higher than plan and \$4.0 million higher than 2016. This was principally due to the increased on-lending to CCHL.

General interest was \$0.2 million higher than plan and \$1.1 million higher than last year due to having more funds on deposit after the insurance settlement and from prefunding debt renewals.

Unplanned earthquake cost recoveries relate to Port Hills mass movement. In 2016 they related to insurance proceeds.

Other revenue was \$0.5 million higher than plan and \$0.8 million lower than 2016 as a result of a combination of small and one off items.

Subvention income is \$2.4 million higher than plan due to higher available tax losses to transfer within the Group. It is \$10.1 million lower than 2016 due to greater tax losses being able to be sold in 2016.

Funding impact statement for year ended 30 June

	2017 Actual \$000	2017 Annual Plan \$000	2017 Long Term Plan \$000	2016 Long Term Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties Targeted rates	27,409	27,303	27,910	11,429
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	3,432	3,535	3,671	3,561
Internal charges and overheads recovered	11,589	2,824	2,882	2,860
Local authorities fuel tax, fines, infringement fees, and other receipts (1)	24,776	24,776	24,461	21,594
	214,778	188,561	267,905	290,840
Total operating funding (A)	281,984	246,999	326,829	330,284
Applications of operating funding				
Payments to staff and suppliers	25,640	11,241	4,410	16,114
Finance costs	67,830	63,809	69,474	60,844
Internal charges and overheads applied	-	-	-	1
Other operating funding applications	4,509	2,907	1,976	32,587
Total applications of operating funding (B)	97,979	77,957	75,860	109,546
Surplus (deficit) of operating funding (A-B)	184,005	169,042	250,969	220,738
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(382,118)	(319,466)	(206,600)	(334,614)
Gross proceeds from sale of assets	6,786	8,003	8,026	54,671
Lump sum contributions	-	-	-	-
Other dedicated capital funding	2,885	-	37,875	(103,878)
Total sources of capital funding (C)	(372,447)	(311,463)	(160,699)	(383,821)
Applications of capital funding				
Capital expenditure				
- to replace existing assets (2)	(304,745)	13,852	68,663	63,902
- to improve the level of service	10,341	11,372	13,605	13,849
- to meet additional demand	5,112	4,598	1,959	6,674
Increase (decrease) in reserves	3,696	(157,758)	6,443	(247,108)
Increase (decrease) of investments	97,154	(14,485)	(400)	(400)
Total applications of capital funding (D)	(188,442)	(142,421)	90,270	(163,083)
Surplus (deficit) of capital funding (C-D)	(184,005)	(169,042)	(250,969)	(220,738)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

1 Interest and Dividends from investments	205,276	185,138	264,194	277,957
2 Earthquake rebuild application of capital funding	(311,149)	13,930	56,738	51,610

Explanation of significant variances

Operating funding

Fees and charges are \$8.8 million higher than plan principally due to the recovery of Vbase management services costs.

Other funding income is \$26.2 million higher than plan, \$24.6 million relates to higher interest, dividends, subvention receipts, rates and earthquake recoveries as explained above.

Payments to staff and suppliers was \$14.0 million higher than plan. \$7.7 million relates to Vbase management

services which were recovered. Planned cost savings of \$8.9 million were not achieved. Partly offsetting this, Port Hill mass movement was underspent.

Finance costs were \$4.0 million higher than plan as explained above.

Other funding applications were \$1.6 million higher than plan.

Capital funding

The other dedicated capital funding variance relates to recoveries for Port Hills mass movement.

Capital expenditure

The corporate renewals programme is \$1.6 million lower than plan largely due to Information Technology (IT) projects which are not yet finished and will continue into 2017.

Performing Arts Precinct expenditure was \$3.1 million lower than plan and budget has been carried forward.

The infrastructure rebuild variance is \$365.3 million which reflects the transfer of prior year SCIRT costs to the appropriate Group of Activities now that construction is complete and the assets appropriately capitalised. The SCIRT budget is held within the Corporate activity because it is only when the work is completed and assets handed over that the detail of the project is provided and it becomes clear which asset class and group of activity they belong in.

Significant capital expenditure

Expenditure included \$16.4 million IT related spend, \$4.3 million of strategic land purchases, and \$0.7 million of corporate property renewals.

\$784.4 million was spent on SCIRT rebuild projects. As projects are completed and handed over to Council the amounts are transferred from the Corporate activity as described above. The net impact for 2017 was a \$362.5 million credit.

Financial statements

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

Financial statements

Financial highlights

Financial result - Parent

	2017 \$000	Statutory reporting items \$000	Adjusted 2017 result \$000	2017 Plan \$000	2016 \$000	Adjusted 2016 result \$000
Total revenue	1,059,083	-	1,059,083	892,685	1,230,556	1,230,556
Operating surplus for the period, before income tax expense	187,432	(189)	187,621	178,053	367,429	366,849
Operating surplus for the period, after income tax expense	188,787	(189)	188,976	178,053	361,791	361,211
Total comprehensive revenue and expense	736,329	547,353	188,976	581,137	573,614	361,211

The Council had an operating surplus of \$187 million for the year to 30 June 2017 compared to a planned surplus of \$178 million and prior year surplus of \$367 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 \$188 million for 2017, a decrease of \$179 million on 2016 (\$367 million) and, an increase of \$10 million on plan (\$178 million).

The 2016 surplus included \$348 million of crown contributions and the material damage insurance assessment. With the settlement of the material damage insurance claims in 2016 and the wind down of SCIRT, crown contributions and insurance receipts have reduced to \$161 million in 2017.

The main reasons for the operating revenue and expense variances are explained further under the operating revenue and operating expenditure headings below.

The Council plans for and generates an accounting surplus as a result of recognising as revenue the value of assets received by the Council for no consideration, the Crown funding of the infrastructure network rebuild and other capital revenues such as development contributions.

The Council's total comprehensive revenue and expense was \$736 million (2016: \$574 million). 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 and cannot be used to meet the Council's costs.

The total comprehensive revenue and expense was \$155 million higher than the planned \$581 million.

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 2017 these statutory reporting items include, an increase from the revaluation of property, plant and equipment (\$459 million), an increase in the value of subsidiaries (\$22 million), derivative hedges (\$67 million) and a net decrease in the fair value of loans provided (\$0.2 million).

Operating revenue

Revenue was received from the following sources:

Sources of operating revenue	Actual \$million	Plan \$million
Rates revenue	426.5	423.9
Fees and charges	70.6	71.4
Rental revenue	38.3	25.9
Interest revenue	33.0	29.7
Dividends	172.3	156.0
Development contributions	33.6	13.1
NZ Transport Agency subsidies (excl earthquake)	45.9	36.7
Earthquake subsidies & revenue	160.7	45.7
Insurance receipts	0.2	-
Other revenue	43.6	85.8
Vested assets	34.4	4.5
Total	1,059.1	892.7

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

Crown contributions (earthquake subsidies & revenue) and insurance proceeds of \$161 million (2016: \$348 million) were received in 2017. These relate to continuing payments from Crown agencies (CERA/DPMC and NZTA) in relation to earthquake recovery projects.

Operating revenue was \$166 million higher than planned as:

- earthquake and NZTA subsidies were \$124 million higher due to more SCIRT and other rebuild projects being completed during the year;

- vested assets were \$30 million higher and development and financial contributions \$21 million higher due to more assets being received from developers and a higher than expected subdivision completion volume; and
- dividend income was \$16 million higher due to unplanned dividends from Tuam and Transwaste offset by a lower dividends from CCHL.

Operating expenditure

Total operating expenditure for the year was \$872 million (2016: \$863 million). Key components include:

Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation and amortisation	205.2	189.5
Finance costs	82.1	78.1
Personnel costs	187.0	177.6
Grants / donations	70.8	45.1
Provision of services and maintenance of assets	157.7	163.8
Consultants and legal fees	43.2	36.2
Other	125.7	24.3
Total	871.7	714.6

Operating expenditure after adjusting for statutory reporting items was \$157 million higher than planned as:

- Depreciation and amortisation costs were \$16 million higher due to the impact of the 2016 revaluations.
- \$21 million of expenses in relation to SCIRT projects which were planned as capital projects but were later determined to be repairs and needed to be expensed. This was included within other operating expenditure.
- The \$28 million contribution to the Crossing car park was planned as a capital project but for accounting purposes was expensed as a grant. This was included within other operating expenditure.

Operating revenue and expense variances are discussed in more detail in note 29 of the *Financial Statements*,

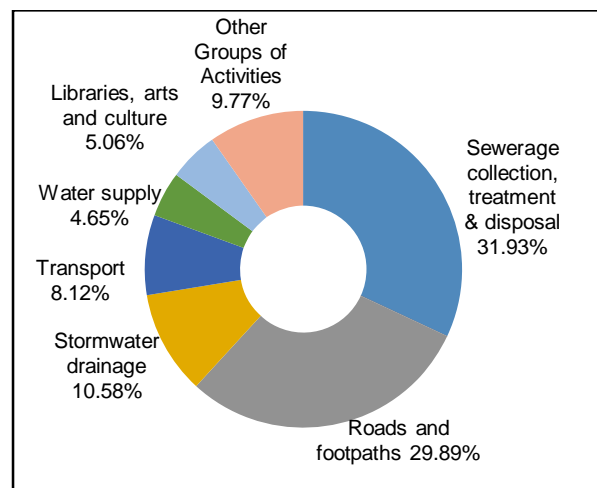
Non-financial achievements

Details of Council's non-financial achievements for the year are included in the *Our Achievements* section of the Annual Report.

Investing in the assets of the city

The Council has spent \$581 million across a wide range of capital projects against a budget of \$536 million. \$56 million of the spend relates to projects which were planned as capital but were expensed for accounting purposes. This together with a higher than planned delivery in parts of the capital programme resulted in the small under-spend.

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



Capital projects

Of the \$581 million spend, \$310 million (2016: \$465 million) was on infrastructure rebuild projects; the majority in relation to sewerage collection and road networks. In addition, \$56 million of the spend related to projects which were subsequently not considered capital for accounting purposes, such as repairs.

Outside of SCIRT projects

Within the sewerage network, \$16 million was spent on the renewals programme, \$6 million on earthquake repairs to the wastewater treatment plant and \$6 million on the Riccarton trunk sewer main and \$5 million on the Halswell sewer.

Work continued on road and footpath surfacing \$20 million, Northern Arterial extension \$6 million, major cycleway routes \$5 million, and road safety projects \$2 million.

Water supply capital projects during the year included \$22 million for the renewal of water mains and submains, new water supply connections and headworks renewals and \$5 million for the water well replacement programme.

Flood protection and river control projects included \$4 million on subdivision infrastructure projects including Prestons/Clare Park, Regents Park and Highsted. In addition, Stormwater drainage projects included \$45 million of land drainage recovery projects.

Significant capital projects within the community facilities and libraries, arts and culture areas were; New Central Library \$21 million, Sumner Community Centre and Library rebuild \$7 million, and Bishopdale Community Centre and Library \$4 million.

Sport and recreation projects included the Metro Sports facility \$9 million, Eastern Pool Recreation facility at QEII \$9 million, sport park renewal and improvement projects, \$6 million, the Wharenui Recreation Centre, \$1 million, and Jellie Park Recreation and Sports Centre repairs \$1 million.

Housing projects included housing improvements and new units, \$5 million.

Council's information technology unit renewals, replacements and developments totalled \$16 million. Strategic land purchases of \$4 million were undertaken.

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

Financial Position

Our statement of financial position shows a strong position with total assets of \$12.8 billion, total liabilities of \$2.2 billion, including a debt level of \$1.7 billion, and net assets of \$10.6 billion.

At \$12.8 billion, total assets are \$882 million higher than planned. This is primarily the result of higher than planned:

- increase in the value of investments in subsidiaries of \$488 million due to retaining 100 per cent ownership of CityCare and fair value movements;
- loans to subsidiaries of \$226 million;
- cash and other financial assets balances of \$200 million principally due to cash balances remaining from the settlement of our material damage claim in 2016 and the prefunding of 2017 debt repayments;

offset by

- a \$89 million lower than planned increase in property, plant and equipment as a result of the significant capital write offs during the year.

Infrastructure work in progress (WIP) has a balance of \$197 million, \$648 million lower than 2016 this was due to the completion and handover of all SCIRT projects during the year.

Our total liabilities are \$529 million higher than planned. This is primarily the result of:

- debt being \$450 million higher than planned due to a combination of unplanned borrowing for on-lending to CCHL (\$197 million), additional borrowing required for prefunding debt renewals later in 2017 (\$143 million), borrowings from group entities (\$33 million) and additional external borrowing (\$79 million).
- derivative liabilities are \$44 million higher than planned due to the market movement in interest rates;
- provisions are \$14 million higher than planned due to the increases in the building related claims provisions and prior year landfill aftercare provision; and
- other liabilities are \$15 million higher than planned principally due to income in advance.

Revaluations

This year we continued the post-earthquake asset revaluation process commenced in 2014. We also undertook the first post-earthquake revaluations for the remaining two significant asset classes.

The following revaluations were undertaken:

- stormwater assets – first post-earthquake
- public art – first post-earthquake
- roading assets – continuation of the 2015 revaluation
- sewerage network assets – continuation of 2015 and 2016 revaluations
- water supply assets – regular review
- marine structures – regular review

Further reviews have been undertaken of the roading and sewerage networks to reduce uncertainties present in the earlier valuations and to include the handover of the SCIRT assets.

We have now revalued post-earthquake all major asset and infrastructure classes.

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

Insurance of Council Assets

	2017 \$000	2016 \$000
Insurance		
Insured value of assets covered by insurance	2,594,993	1,770,529
Book value of assets covered by insurance(1)	1,653,402	2,353,931
Financial risk sharing arrangements		
Insured value of assets covered by financial risk sharing arrangements	100,000	100,000
Book value of assets covered by financial risk sharing arrangements	3,751,935	1,788,186
Overcall cover (2)		
The maximum amount to which assets are insured under Council insurance policies	2,594,993	1,870,529
Total book value of Property, plant and equipment	9,403,536	8,645,949

The table above represents the insurance position at 30 June 2017.

Notes:

1. Excludes land and land under roads of \$1.6 billion (2016: \$1.6 billion) and work in progress of \$197 million (2016: \$904 million) for which cover is not available.
2. In addition Council can access Crown and NZTA funding for infrastructure asset reinstatement following a significant event.

Insurance cover

At 30 June 2017 Council had full replacement cover for a number of significant buildings, and fire only cover for major buildings which are still unrepaired. The total value of this cover is \$1.8 billion. The Council self-insures any buildings with a value below \$250,000.

Insurance cover renewal after 30 June 2017

Subsequent to balance date the Council has renewed its buildings cover. The renewal of the policy was based on insurance valuations at 30 June 2017. All other terms and conditions remain unchanged.

Since 30 June 2017, we have obtained additional cover on our underground infrastructure assets, and now have \$500 million of insurance cover available for them. This cover allows us to access Crown funding of up to 60 per cent of the cost of reinstating the assets giving us total cover of approximately \$4.3 billion on assets with a replacement value of \$6.3 billion.

Financial risk sharing arrangements

At 30 June 2017 the Council withdrew from the Local Authority Protection Programme (LAPP) which is a Financial Risk Sharing arrangement.

Modified Audit Opinion

Audit New Zealand has issued a clean audit opinion in relation to the 2017 financial statements. However, as the 2016 Annual Report received a modified audit opinion the modifications are still relevant to the 2016 comparative numbers only.

Looking forward

The major focus of the Council in 2018 will be the delivery of the Council's capital programme, delivering the levels of service to the community that were outlined in the Amended LTP, together with the continuing rebuild of the city. The Council will continue its infrastructure programme and maintain existing assets to meet the immediate needs of the community.

In addition the Council will be developing the 2018-28 Long Term Plan and engaging with the City on what should be in that plan.

Major capital works planned for the year to June 2018 include the following:

- Ongoing facility rebuilds including:
 - Christchurch Town Hall;
 - Tūranga - new central library;
 - Lichfield Street car park (due to be completed in November 2017);
- The cycleway network throughout the City.
- Delivery of the social housing repair and replacement programme.
- Wastewater treatment plants for Lyttelton Harbour and Akaroa and the completion of repairs at the Christchurch Wastewater Treatment Plant.
- Continuing work to enable Sumner Road (Evans Pass) to be reopened.
- Continued work on the Northern Arterial extension including the Cranford Street upgrade.
- Repairs to the New Brighton Pier.
- Commitments towards the construction of 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.

The Matuku Takotako: Sumner Centre (Sumner community centre, library and museum) opened on 19 August 2017.

Christchurch will host a range of local, national and international sporting events including hosting games in the Rugby League World Cup, along with Le Race and the Christchurch Marathon.

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

Financial statements

Financial ratios and prudence benchmarks

The Council has five financial ratios which form a key part of its financial risk management strategy and are 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. For 2017 Council has continued to operate within these limits.

In addition, the Council is required under the Local Government (Financial Reporting and Prudence) Regulations 2014 to report on the following affordability and benchmark ratios:

- Rates (revenue) affordability,
- Rates (increases) affordability,
- Debt affordability,
- Balanced budget benchmark,
- Essential services benchmark,
- Debt servicing benchmark,
- Debt control benchmark, and
- Operations control benchmark.

These ratios and benchmarks enable the reader to determine that the Council is prudently managing its revenues, expense, assets, liabilities and general financial dealings.

Council as meet all but one of these benchmarks in 2017.

Financial statements
Financial prudence benchmarks

[Disclosure statement - Parent Annual report disclosure statement for the year ending 30 June 2017](#)

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to required benchmarks in order to assess 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). Should you require more information, including definitions of some of the terms used in this statement, please refer to the regulations.

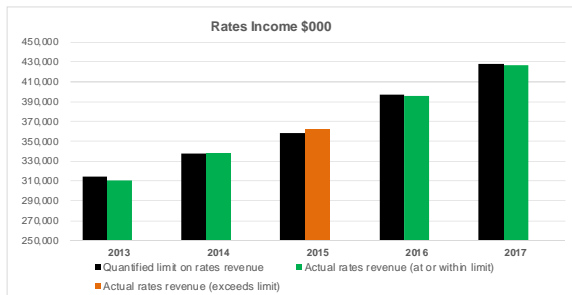
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- its actual rates revenue 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 (revenue) affordability

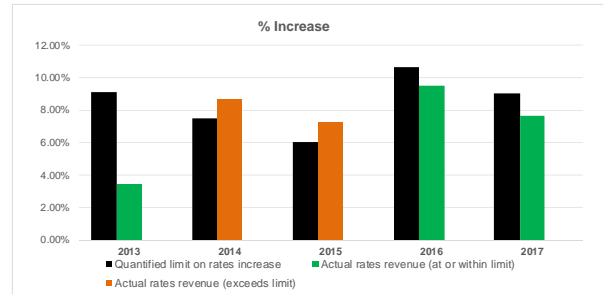
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's LTP and its amendment (2016 and 2017), 2015 Annual Plan and Three Year Plan (2013 and 2014). The quantified limits were: 2017: 428 million, 2016: \$397 million, 2015: \$358 million, 2014: \$338 million, and 2013: 314 million.



Actual rates revenue exceeded the quantified limit in 2015. This was a result of higher than expected rating growth during the year as ratepayers completed their rebuild work.

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 as included in the Council's LTP and its amendment (2016 and 2017), 2015 Annual Plan and Three Year Plan (2013 and 2014).. The quantified limits were: 2017: 9.0 per cent, 2016: 10.67 per cent, 2015: 6.1 per cent, 2014: 7.5 per cent, and 2013: 9.7 per cent.



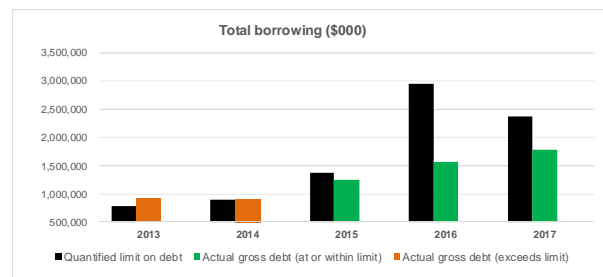
This benchmark looks at the year on year percentage increase in rates revenue. This measure was exceeded in 2014 and 2015 for the following reasons. In 2014 actual rates revenue was in line with the planned revenue but the actual percentage increase in rates revenue exceeded the set limit because it was measured against the 2013 actual result. In 2015 a higher than expected in-year growth in rates revenue resulted in the actual percentage increase exceeding 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

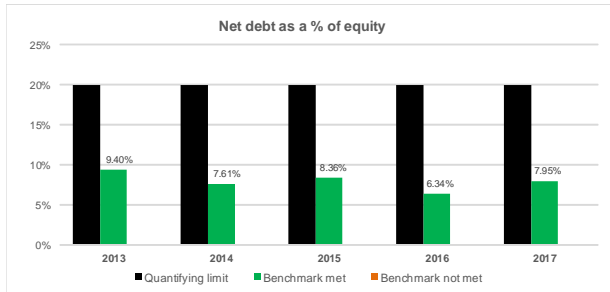
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy as included in the Council's LTP and its amendment (2016 and 2017), 2015 Annual Plan and Three Year Plan (2013 and 2014). The quantified limits were: 2017: 2.4 billion, 2016: \$3.0 billion, 2015: \$1.4 billion, 2014: \$898 million, and 2013: \$785 million.



This target was exceeded in 2013 and 2014. Subsequently the quantified limit has been increased to take into account the funding requirements of the rebuild. Delays in the rebuild have meant that Council has not needed to borrow as expected.

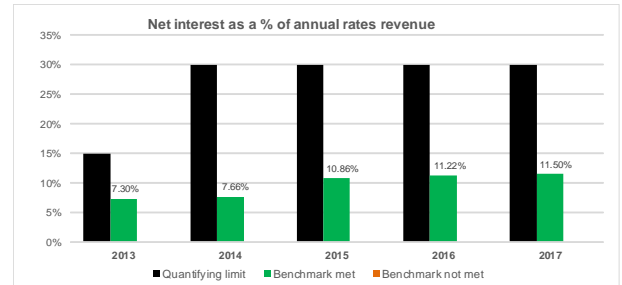
Net debt as a percentage of equity

The following graph compares the Council's actual ratio of net borrowing as a percentage of equity with a quantified limit stated in the financial strategy as included each year in the Council's 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 per cent.



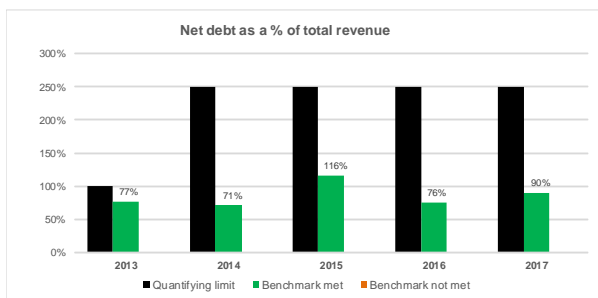
Net interest as a percentage of annual rates revenue

The following graph compares the Council's actual ratio of net interest as a percentage of annual rates revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is net interest as a percentage of annual rates revenue being less than or equal to 30 per cent for 2017 – 2014 and 15 per cent for 2013.



Net debt¹ as a percentage of total revenue²

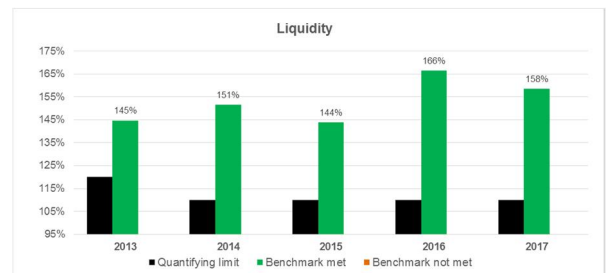
The following graph compares the Council's actual ratio of net borrowing as a percentage of total revenue with a quantified limit on borrowing stated each year in the financial strategy of the Council's Plan. The quantified limit is net debt as a percentage of total revenue being less than or equal to 250 per cent for 2017 – 2014 and 100 per cent for 2013.



Liquidity

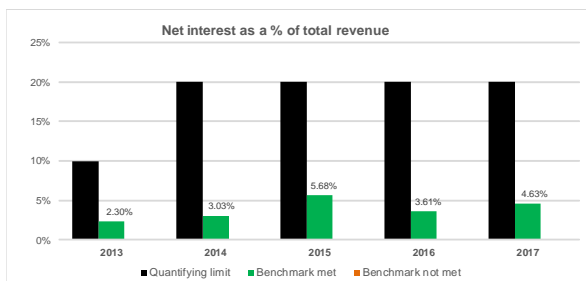
The following graph compares the Council's actual liquidity with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is liquidity being greater than 110 per cent for 2017 – 2014 and 120 per cent for 2013.

For debt affordability liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings.



Net interest as a percentage of total revenue

The following graph compares the Council's actual ratio of net interest as a percentage of total revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is net interest as a percentage of total operating revenue being less than or equal to 20 per cent for 2017 – 2014 and 10 per cent for 2013.



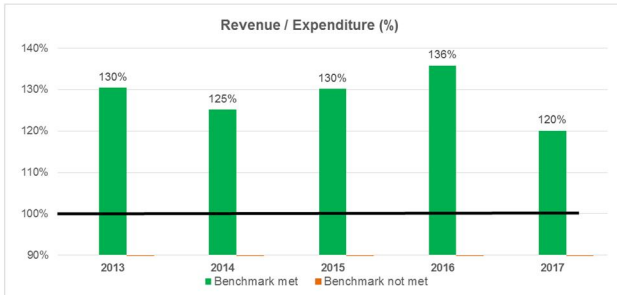
¹ Net debt is defined as total financial liabilities less financial assets (excluding trade and other receivables).

² Total revenue is total cash operating revenue excluding development contributions and non government capital contributions.

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).

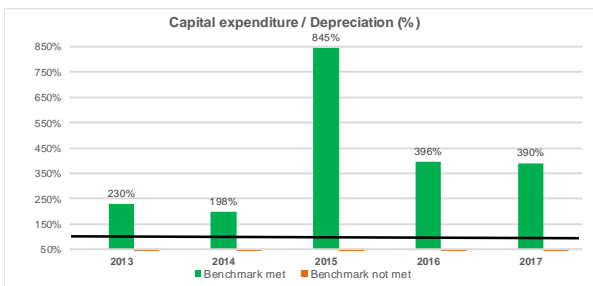
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Note: the 2016 result has been amended for the prior period adjustment (refer to note 34 of the financial statements).

Essential services benchmark

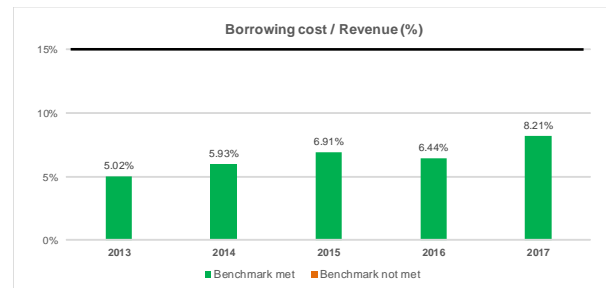
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

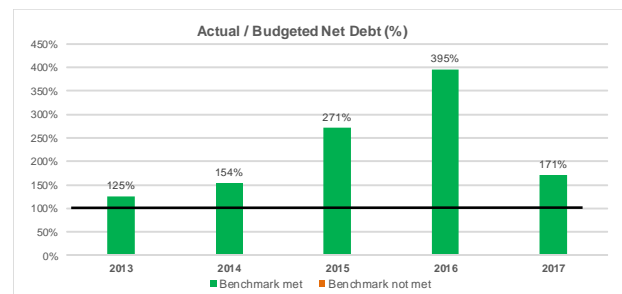
Statistics New Zealand projects the Council's population will grow as fast as, or faster than the national population growth rate and therefore, the debt servicing benchmark is met if its borrowing costs are equal to or are less than 15 per cent of its revenue.



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).

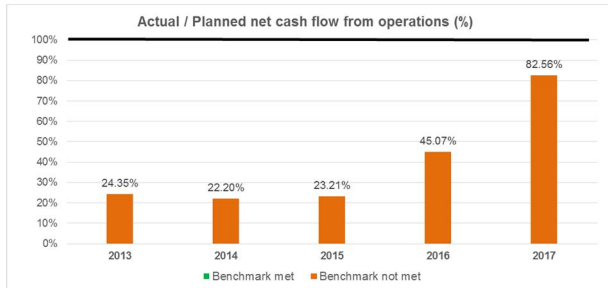
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt as set out each year in the Council's Plan. However where the Council has net assets (its financial assets (excluding trade and other receivables) exceeds financial liabilities) it meets the 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.



Note: the 2016 result has been amended for the prior period adjustment (refer to note 34 of the financial statements).

This graph needs to be read in conjunction with the Cash flow statement in the "Financial Statements" section.

In 2017 the benchmark was not met, principally due to \$56 million of payments which were planned as capital projects (investing activities) but were repairs and needed to be expensed (operating activities).

In 2016 the benchmark was not met principally due to cash dividend income being \$117.4 million lower than planned and \$93 million of payments which were planned as capital projects (investing activities) but were repairs and needed to be expensed. In 2014 and 2015 the planned operating cash flow included cash inflows from insurance and Crown earthquake contributions which were recognised as investing cash flows in the financial statements.

Financial statements Group results

The Group includes the Council and its subsidiaries and associates. 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	2017 \$000	2016 \$000
Revenue from operations	1,702,639	1,985,932
Operating surplus (before tax)	174,319	275,164
Total assets	13,813,049	12,844,170
Total liabilities	3,468,882	3,184,257
Total equity	10,344,167	9,659,913

* Revenue from operations exclude finance revenue and share of associate and FV's surplus/(deficit).

The 2017 operating surplus (before tax) has reduced by \$101 million from 2016. This is due to a number of factors across the group including:

- Insurance recoveries were \$208 million lower as a result of Council's material damage insurance settlement in 2016.
- Assets vested to the group were \$57 million lower.
- The loss on disposal of property plant and equipment, investments, investment property and assets held for sale was \$35 million higher than the 2016 result.
- Net finance costs increased \$15 million as a result of a combination of lower deposit rates and a \$407 million increase in group borrowings.

Offset by:

- The gain in relation to investment properties was \$36 million higher than the 2016 gain.
- A reduction in the asset impairment costs compared to 2016 which included a \$100 million impairment of LPC's assets.
- An improvement in CIAL's underlying profit.

The increase in total assets in 2017 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 2017 is principally the result of the \$407 million increase in total borrowings. This additional borrowing reflects the investment projects being undertaken throughout the group including the broadband network construction programme, and the rebuild of the Council's assets.

Independent Auditor's Report

**To the readers of
Christchurch City Council and group's
annual report
for the year ended 30 June 2017**

The Auditor General is the auditor of Christchurch City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council and Group has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council and Group's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 10 October 2017. This is the date on which we give our report.

Qualified opinion on the audited information – Our work was limited with respect to the comparative information

In our opinion, except for the possible effects of the matters described in the *Basis for our qualified opinion* section of our report in respect of the comparative information:

- the financial statements on pages 163 to 223:
 - present fairly, in all material respects:
 - § the City Council and Group's financial position as at 30 June 2017;
 - § the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Accounting Standards;
- the funding impact statement on page 167, presents fairly, in all material respects, 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 long term plan;

- the statement of service provision on pages 26 to 145:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
 - § the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - § the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 27 to 145, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's long term plan; and
- the funding impact statement for each group of activities on pages 39 to 144, presents fairly, in all material respects, 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 Long term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014) on pages 28 to 180, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long term plan and annual plans.

Basis for our qualified opinion on the audited information

Because of the effects of the earthquakes on the assets owned by the City Council and group, it has been difficult in previous years for the City Council to prepare audited information that complies with generally accepted accounting practice and legislation. These difficulties have now been resolved for the 30 June 2017 audited information, but still affect the 30 June 2016 comparative information presented in this annual report. The matters that have limited our audit with respect to the 30 June 2016 comparative information, are outlined in more detail below.

Comparative information regarding the valuation of the roading network and stormwater system.

Up to 30 June 2016, the City Council was unable to quantify the financial impact of unrepaired earthquake damage to its roading network and stormwater system.

The City Council recorded its roading network assets at \$2.372 billion at 30 June 2016. This carrying value was based on the revaluation of these assets as at 30 June 2015, adjusted for additions, disposals, and depreciation for the year ended June 2016. We were not able to gain sufficient appropriate audit evidence to confirm that the 30 June 2015 valuation had adequately accounted for the unrepaired earthquake damage to these assets. Consequently, we are unable to gain sufficient appropriate audit evidence over the carrying value of roading assets as at 30 June 2016.

In addition, the City Council was unable to revalue its stormwater assets as at 30 June 2016, 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 unable to gain sufficient appropriate audit evidence over the carrying value of stormwater system assets as at 30 June 2016.

Because we were unable to carry out practicable audit procedures in the prior year to confirm that the City Council had appropriately accounted for the financial impact of the unrepaired earthquake damage to its roading network and storm water system asset classes, the scope of our audit is limited in respect of the 30 June 2016 comparative information.

Comparative information in respect of the capital work-in-progress balance

Included within the City Council's infrastructural assets capital work-in-progress balance as at 30 June 2016 is \$55.4 million of costs incurred by SCIRT that the City Council had expensed in the statement of comprehensive revenue and expense for the year ended 30 June 2015. These expenses were reversed as vested assets revenue and capitalised to capital work-in-progress during the year ended 30 June 2016 as the City Council considered the costs capital in nature. We consider these costs do not meet the asset capitalisation criteria of PBE IPSAS 17 Property, Plant and Equipment. This departure from PBE IPSAS 17 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.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's long term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the City Council.
- We determine the appropriateness of the reported intended levels of service in the Council activities and services, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 6 to 254, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is

materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for our qualified opinion* section above in respect of the comparative information:

- We were unable to obtain sufficient appropriate evidence about the carrying value of the Council's roading network and stormwater system as at 30 June 2016. Accordingly, we are unable to conclude whether or not the other information that includes the comparative year roading and stormwater asset carrying values is materially misstated for the same reason.
- The Council has departed from PBE IPSAS 17 and capital work-in-progress assets is overstated by \$24.2 million at 30 June 2016 and vested assets revenue overstated by \$55.4 million for the year ended 30 June 2016. We have concluded that the other information that includes comparative year vested asset revenue is materially misstated for the same reason.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit we have carried out other audit and assurance engagements for the City Council and subsidiary companies. These audit and assurance engagements, as described in note 4 on page 171, are compatible with those independence requirements. We have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Andy Burns
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand

Financial statements Impact of the rebuild

PARENT

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

Rebuild Progress

Infrastructure rebuild

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) completed its five-year programme to repair and rebuild Christchurch's earthquake damaged horizontal infrastructure in the earthquakes. The SCIRT projects have improved the resilience of the city's wastewater, fresh water and storm water systems.

Anchor projects

Ōtākaro key projects update

- Ōtākaro and the Council have completed the design phase for the Metro Sports Facility. Enabling and ground remediation works have begun. It is expected to be completed in early 2020.
- The Canterbury Earthquake Memorial was completed for the February 2017 anniversary of the earthquake.
- Ōtākaro and Fletcher Living are progressing the East Frame.
- Ōtākaro completed the design work for the Convention Centre during the year and awarded the construction contract in August.
- The Te Papa Ōtākaro/Avon River Precinct encompasses the projects along the central city area of Avon River are progressing.
- Construction work on the South Frame Greenway and lanes is underway with a number of public realm works complete.

Council projects update

- Construction has begun on the New Central Library site in Cathedral Square. The library is scheduled to open in mid-2018.
- The \$133 million repair and restoration of the Town Hall continues, with the building due to reopen in 2019.
- Restoration of the historic Mona Vale Homestead was completed in 2017.
- Repairs to the historic Sign of the Takahe and Sign of the Kiwi buildings were completed.
- Construction began on the new QEII Recreation and Sport centre in January 2017. The facility is expected to open by May 2018.

- Construction began on stage one of the Ngā Puna Wai Sports Hub. It is expected that the athletics track will open in March 2018 and the hockey turf in May 2018.

Financial impacts

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 carried out, and claims for response and recovery costs incurred in maintaining the damaged infrastructure network.

During the year the Council incurred \$203.9 million (2016: \$363.8 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 2017 the Council has received the following from the Crown:

- \$111.4 million (2016: \$182.9 million) of cost recoveries were received from NZTA and DPMC for SCIRT infrastructure rebuild projects. At 30 June 2017 the Council had a receivable of \$1.7 million (2016: receivable \$1.5 million).
- \$3.2 million (2016: \$6.4 million) of response / recovery costs have been recognised. At 30 June the Council had a receivable of \$6.6 million (2016: receivable of \$3.4 million).

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 and the future recoveries of Crown funding have been treated as contingent assets. A note to this effect has been included in note 26 Contingent liabilities and contingent assets in the financial statements.

Impact on property plant and equipment

Work in progress

The SCIRT construction programme was completed by 30 June 2017.

At 30 June 2017 the value of WIP was \$197.3 million (2016: \$904 million). With the SCIRT programme completing by 30 June, none of the current balance relates to SCIRT projects (2016: \$741 million).

Council has continued with its own programme of infrastructure rebuild together with its facilities rebuild programme which is reflected in the large work in progress balance at 30 June.

Impairment

A number of Council's assets suffered damage or could have suffered damage (in the case of the underground networks) from the earthquakes.

The asset revaluations undertaken in 2017 for water and stormwater network assets have taken into account the current condition of these assets. As a result, the remaining impairment provisions previously taken have been reversed (\$9.2 million for water and \$51.9 million for storm water).

As at 30 June 2017 the impairment of infrastructure assets totalled \$18.6 million (2016: \$97.3 million). There remains an impairment for the earthquake repairs yet to be completed at the CWTP.

Buildings and facilities were valued in 2015 as if repaired with provision being made for those which are damaged. The impairment is based on knowledge obtained as part of the material damage insurance claims programme. At 30 June 2017 the impairment of buildings and facilities was \$86.6 million (2016: \$87.7 million) a decrease of \$1.1 million from 2016. The decrease in the impairment provision is the result of buildings being demolished or sold. The remaining buildings and facilities impairment will be reversed when they are next revalued or if, when the repair work is undertaken it is treated as an expense.

Financial statements
Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

	Note	30 Jun 17 Actual \$000	30 Jun 17 Plan \$000	Parent 30 Jun 16 Actual* \$000	30 Jun 17 Actual \$000	Group 30 Jun 16 Actual* \$000
Rates revenue	1.1	426,496	423,900	396,240	416,846	387,137
Subsidies and grants	1.2	212,518	147,146	210,341	214,601	210,300
Development and financial contributions		33,628	13,115	31,233	33,628	31,233
Other revenue	1.3	353,430	278,836	564,806	1,037,564	1,357,262
Finance revenue		33,011	29,688	27,936	18,396	23,729
Share of associate and JV's surplus/(deficit)	17	-	-	-	11,595	4,403
Total revenue	1.4	1,059,083	892,685	1,230,556	1,732,630	2,014,064
Depreciation and amortisation		205,214	189,484	190,591	330,867	302,023
Finance costs	2	82,072	78,051	72,396	116,244	106,723
Personnel costs	23.1	187,035	177,597	179,074	471,366	446,617
Other expenses	3	351,048	269,500	420,588	621,939	806,642
Net (gains) / losses	5	46,282	-	478	17,895	76,895
Total operating expenses		871,651	714,632	863,127	1,558,311	1,738,900
Surplus before income tax expense		187,432	178,053	367,429	174,319	275,164
Income tax expense/(credit)	8.1	(1,355)	-	5,638	34,177	(11,935)
Surplus for the period		188,787	178,053	361,791	140,142	287,099
Other comprehensive revenue and expense						
Property, plant and equipment valuation movement	9	458,682	403,084	77,210	473,403	103,956
Gains/(losses) from:					-	
Investment revaluation gain/(loss)		21,675	-	248,269	(2,172)	1,396
Cash flow hedges gain/(loss)		67,185	-	(113,656)	90,192	(142,971)
Income tax relating to components of other comprehensive revenue and expense	8.1	-	-	-	(9,690)	3,975
Property, plant and equipment impairment loss		-	-	-	(233)	-
Transfers and other		-	-	-	1,574	-
Total other comprehensive revenue and expense		547,542	403,084	211,823	553,074	(33,644)
Total comprehensive revenue and expense		736,329	581,137	573,614	693,216	253,455
Surplus for the period attributable to:						
Parent entity		188,787	178,053	361,791	118,359	270,614
Non controlling interests		-	-	-	21,783	16,485
		188,787	178,053	361,791	140,142	287,099
Total comprehensive revenue and expense attributable to:						
Equity holders of the parent		736,329	581,137	573,614	668,712	234,316
Non controlling interests		-	-	-	24,504	19,139
		736,329	581,137	573,614	693,216	253,455

* The 2016 result has been restated for a prior period adjustment detailed in note 34.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of changes in net assets/equity

For the year ended 30 June 2017

	Asset revaluation reserve \$000	Available for sale reserve \$000	Hedging reserve \$000	Reserve Fund \$000	Capital reserve \$000	Accumulated comprehensive revenue and expense \$000	Attributable to equity holders of parent \$000	Non Controlling interests \$000	Total \$000
Parent									
Balance as at 1 July 2015	2,640,166	1,682,711	(90,989)	174,794	1,733,853	3,163,327	9,303,862	-	9,303,862
Surplus for the period*	-	-	-	-	-	361,791	361,791	-	361,791
Other comprehensive revenue and expense for year	77,210	248,269	(113,656)	-	-	-	211,823	-	211,823
Transfer to/from acc. compr. revenue and expense	-	-	-	174,794	-	2,688	177,482	-	177,482
Transfer to/from reserves	(3,254)	-	-	(174,228)	-	-	(177,482)	-	(177,482)
Balance as at 30 June 2016*	2,714,122	1,930,980	(204,645)	175,360	1,733,853	3,527,806	9,877,476	-	9,877,476
Surplus for the period	-	-	-	-	-	188,787	188,787	-	188,787
Other comprehensive revenue and expense for year	458,682	21,675	67,185	-	-	-	547,542	-	547,542
Transfer to/from acc. compr. revenue and expense	-	-	-	93,750	-	21,350	115,100	-	115,100
Transfer to/from reserves	(28,148)	-	-	(86,952)	-	-	(115,100)	-	(115,100)
Balance as at 30 June 2017	3,144,656	1,952,655	(137,460)	182,158	1,733,853	3,737,943	10,613,805	-	10,613,805
Group									
Balance as at 1 July 2015	3,117,564	432	(103,397)	175,619	1,733,783	4,230,350	9,154,351	269,097	9,423,448
Surplus for the period*	-	-	-	-	-	270,614	270,614	16,485	287,099
Other comprehensive revenue and expense for year	94,629	1,396	(132,331)	-	-	8	(36,298)	2,654	(33,644)
Transfer to/from acc. compr. revenue and expense	(256)	-	-	174,794	-	2,944	177,482	-	177,482
Transfer to/from reserves	(3,254)	-	-	(174,228)	-	-	(177,482)	-	(177,482)
Other items	-	-	-	-	-	6,243	6,243	492	6,735
Adjustment for share buy-back	-	-	-	-	-	-	-	(8,044)	(8,044)
Dividends paid or provided for	-	-	-	-	-	-	-	(14,072)	(14,072)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	-	-	(1,609)	(1,609)
Balance as at 30 June 2016*	3,208,683	1,828	(235,728)	176,185	1,733,783	4,510,159	9,394,910	265,003	9,659,913
Surplus for the period	-	-	-	-	-	118,359	118,359	21,783	140,142
Other comprehensive revenue and expense for year	470,117	715	81,065	-	-	(1,545)	550,352	2,722	553,074
Transfer to/from acc. compr. revenue and expense	(415)	-	-	93,242	-	21,765	114,592	-	114,592
Transfer to/from reserves	(28,306)	-	-	(86,952)	-	666	(114,592)	-	(114,592)
Other items	44	-	-	-	-	5,166	5,210	-	5,210
Issue of shares	-	-	-	-	-	(34)	(34)	-	(34)
Dividends paid or provided for	-	-	-	-	-	-	-	(14,138)	(14,138)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2017	3,650,123	2,543	(154,663)	182,475	1,733,783	4,654,536	10,068,797	275,370	10,344,167

* The 2016 result has been restated for a prior period adjustment detailed in note 34.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of financial position

As at 30 June 2017

	Note	30 Jun 17 Actual \$000	30 Jun 17 Plan \$000	Parent 30 Jun 16 Actual* \$000	30 Jun 17 Actual \$000	Group 30 Jun 16 Actual* \$000
Current assets						
Cash and cash equivalents	15	52,543	43,854	64,031	88,290	112,802
Recoverables from non-exchange transactions	6	69,951	65,515	75,352	67,227	73,724
Receivables from exchange transactions	6	43,311	25,993	16,850	126,065	101,206
Investment in CCOs and other similar entities	16	118,715	-	65,000	2,288	-
Other financial assets	19.1	305,206	24,095	323,094	451,636	483,758
Inventories	18	3,293	3,666	3,231	44,236	33,551
Current tax assets	8	-	-	-	58	-
Assets classified as held for sale	13	21,470	-	-	23,353	180
Other assets		-	-	-	342	94
Total current assets		614,489	163,123	547,558	803,495	805,315
Non-current assets						
Receivables from exchange transactions	6	-	-	-	6,608	7,619
Investments in associates and joint arrangements	17	6,196	-	6,196	22,456	27,221
Investment in CCOs and other similar entities	16	2,697,298	2,073,148	2,633,126	26,993	23,356
Other financial assets	19.1	14,833	105,120	77,963	48,182	109,203
Property, plant and equipment	9	9,403,536	9,492,410	8,645,949	12,394,972	11,427,028
Investment property	14	-	-	-	370,523	303,692
Intangible assets	10	67,158	89,507	62,402	106,053	98,233
Deferred tax assets	8.3	1,310	-	52	33,767	42,503
Total non-current assets		12,190,331	11,760,185	11,425,688	13,009,554	12,038,855
Total assets		12,804,820	11,923,308	11,973,246	13,813,049	12,844,170
Current liabilities						
Taxes and transfers payable	7	53,099	-	68,618	52,772	68,618
Payables under exchange transactions	7	114,354	167,216	132,253	209,643	204,198
Borrowings and other financial liabilities	19.2	318,841	135,374	215,118	333,699	192,598
Employee entitlements	23.2	20,622	16,667	18,566	57,546	52,321
Current tax liabilities	8.2	-	-	-	451	1,433
Provisions	24	4,361	5,337	3,921	4,958	3,952
Other liabilities	25	14,620	-	41,664	18,897	44,081
Total current liabilities		525,897	324,594	480,140	677,966	567,201
Non-current liabilities						
Borrowings and other financial liabilities	19.2	1,613,631	1,301,770	1,566,854	2,373,849	2,201,429
Employee entitlements	23.2	4,950	5,637	5,183	7,574	7,352
Deferred tax liabilities	8.3	5,593	4,623	5,690	372,865	375,713
Provisions	24	34,916	19,757	30,929	34,916	30,929
Other liabilities	25	6,028	6,028	6,974	1,712	1,633
Total non-current liabilities		1,665,118	1,337,815	1,615,630	2,790,916	2,617,056
Total liabilities		2,191,015	1,662,409	2,095,770	3,468,882	3,184,257
Net assets		10,613,805	10,260,899	9,877,476	10,344,167	9,659,913
Equity						
Parent entity interest		10,613,805	10,260,899	9,877,476	10,068,797	9,394,910
Non controlling interest		-	-	-	275,370	265,003
Total equity		10,613,805	10,260,899	9,877,476	10,344,167	9,659,913

* The 2016 position has been restated for a prior period adjustment detailed in note 34.

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 2017

	Note	30 Jun 17 Actual \$000	30 Jun 17 Plan \$000	Parent 30 Jun 16 Actual* \$000	30 Jun 17 Actual \$000	Group 30 Jun 16 Actual* \$000
Cash flows from operating activities						
Receipts from rates revenue		425,872	423,900	395,303	416,222	386,200
Receipts from other revenue		230,558	171,017	197,469	944,644	971,418
Interest received		32,761	29,688	24,244	14,496	10,423
Dividends received		172,265	155,972	137,868	172,265	137,868
Subvention receipts		2,600	1,500	14,001	-	-
Earthquake recoveries		4,955	270	59	4,955	59
Payments to suppliers and employees		(570,580)	(447,449)	(579,494)	(1,113,729)	(1,269,532)
Interest and other finance costs paid		(80,681)	(78,051)	(71,406)	(110,769)	(98,369)
Income tax paid		1	-	-	(36,586)	(38,308)
Net GST movement		(5,688)	-	18,060	(5,528)	17,926
Insurance		-	-	-	-	43,940
Other		-	-	-	(4,294)	3,621
Net cash provided by/(used in) operating activities	27	212,063	256,847	136,104	281,676	165,246
Cash flows from investing activities						
Proceeds from sale of investment		396,519	201,839	139,270	442,177	227,031
Proceeds from repayment loans and advances		-	-	-	450	-
Proceeds from sale of fixed assets		6,787	8,003	15,369	8,668	20,463
Cash acquired in business combinations		-	-	-	1,985	1,550
Proceeds from sale of investment properties		-	-	-	2,500	3,308
Insurance recoveries		60,846	105,786	401,001	61,471	509,319
Payment for investment		(251,407)	-	(498,806)	(245,789)	(583,653)
Loans made to external parties		-	-	-	(589)	(801)
Payment for purchase of fixed assets		(493,486)	(535,180)	(434,535)	(830,004)	(667,659)
Amounts advanced to related parties		(161,203)	-	(88,906)	(5,203)	-
Payment for investment properties		-	-	-	(30,905)	(39,420)
Proceeds from sale of businesses		-	-	-	-	15,429
Insurance claim cost		-	-	-	-	(1,666)
Other		-	-	-	-	5,250
Net cash (used in)/provided by investing activities		(441,944)	(219,552)	(466,607)	(595,239)	(510,849)
Cash flows from financing activities						
Proceeds from borrowing		454,539	30,927	441,316	685,238	545,475
Repayment of borrowings		(234,725)	(46,754)	(113,409)	(379,441)	(230,812)
Repayment of finance leases		(1,421)	-	(962)	(2,608)	(3,300)
Dividends paid - non controlling interests		-	-	-	(14,138)	(14,072)
Payment for share buy back		-	-	-	-	(24,054)
Other		-	-	-	-	492
Net cash provided by/(used in) financing activities		218,393	(15,827)	326,945	289,051	273,729
Net increase in cash and cash equivalents		(11,488)	21,468	(3,558)	(24,512)	(71,874)
Cash and cash equivalents at beginning of year		64,031	22,386	67,589	112,802	184,676
Cash and cash equivalents at end of year		52,543	43,854	64,031	88,290	112,802

* The 2016 position has been restated for a prior period adjustment detailed in note 34.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Funding impact statement (whole of Council)

For year ended 30 June 2017

	30 Jun 17 Actual \$000	30 Jun 17 Annual Plan \$000	30 Jun 16 Annual Report* \$000	30 Jun 16 Annual Plan \$000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	296,109	294,968	270,614	269,786
Targeted rates	130,387	128,932	125,626	122,976
Subsidies and grants for operating purposes	22,423	20,802	18,438	19,809
Fees and charges	115,485	99,704	118,079	98,371
Interest and dividends from investments	205,276	185,138	165,804	277,957
Local authorities fuel tax, fines, infringement fees, and other receipts	26,175	16,345	50,311	36,379
Total operating funding (A)	795,855	745,889	748,872	825,278
Applications of operating funding				
Payments to staff and suppliers	495,433	401,996	483,332	421,831
Finance costs	82,072	78,051	72,396	78,574
Other operating funding applications	43,098	45,101	54,438	64,283
Total applications of operating funding (B)	620,603	525,148	610,166	564,688
Surplus (deficit) of operating funding (A-B)	175,252	220,741	138,706	260,590
Sources of capital funding				
Subsidies and grants for capital expenditure	37,451	20,520	22,883	21,848
Development and financial contributions	33,628	13,115	31,233	17,231
Increase (decrease) in debt	218,393	(15,827)	326,946	206,737
Gross proceeds from sale of assets	6,786	8,003	15,369	54,671
Lump sum contributions	-	-	-	-
Other dedicated capital funding	157,258	107,140	336,783	119,923
Total sources of capital funding (C)	453,516	132,951	733,214	420,410
Application of capital funding				
Capital expenditure				
- to replace existing assets (1)	422,288	428,890	451,753	800,763
- to improve the level of service	54,072	45,893	35,373	60,846
- to meet additional demand	48,457	60,747	62,092	96,599
Increase (decrease) in reserves	6,797	(167,353)	566	(276,808)
Increase (decrease) of investments	97,154	(14,485)	322,136	(400)
Total applications of capital funding (D)	628,768	353,692	871,920	681,000
Surplus (deficit) of capital funding (C-D)	(175,252)	(220,741)	(138,706)	(260,590)
Funding balance ((A-B) + (C-D))	-	-	-	-

Footnotes

- 1 Earthquake rebuild application of capital funding 309,714 355,496 436,676 804,030
- * The 2016 position has been restated for a prior period adjustment detailed in note 34.

Notes to the financial statements

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 public benefit entity (PBE) for financial reporting purposes. 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 2017. The financial statements were approved by the Council on 10 October 2017.

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 Public Benefit Entity Accounting Standards (PBE 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 in relation to the 2016 comparative figures:

Due to remaining uncertainties regarding the valuation of the roading and stormwater networks after the 2010 and 2011 Canterbury Earthquakes the 2016 values of these networks did not meet the requirements of the PBE Standards.

In 2016 the Council reviewed its treatment of SCIRT indirect costs which were expensed in 2015. It considered that as SCIRT allocated these costs to each project on handover to Council that they should be capitalised. The reversal of the 2015 expense was recognised as vested asset revenue in 2016. This treatment was not considered by the Auditor General to meet the requirements of the PBE Standards.

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1. Revenue

1.1 Rates revenue

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
General rates	292,120	269,097	285,509	262,915
Targeted rates attributable to activities:				
- water	34,580	34,158	33,798	33,373
- land drainage	19,013	18,337	18,583	17,916
- sewerage	53,778	50,574	52,561	49,412
- active travel	3,023	2,998	2,955	2,929
- waste minimisation	19,888	19,416	19,438	18,970
- fire service	104	102	102	100
- targeted loan servicing	-	40	-	39
Rates penalties	3,990	1,518	3,900	1,483
Total rates revenue	426,496	396,240	416,846	387,137
Less remissions	(4,177)	(4,677)	(4,177)	(4,677)
Rates revenue net of remissions	422,319	391,563	412,669	382,460

The annual rates revenue of the Council for the year ended 30 June 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the "Rates revenue net of remissions" shown above.

Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year.

	30 Jun 16	30 Jun 15
	Actual	Actual
Number of rating units	168,553	166,693
Total land value of rating units	41,217,684,388	40,982,410,771
Total capital value of rating units	92,471,504,260	90,680,392,210

1.2 Subsidies and grants

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
NZ Transport Agency (excl. earthquake)	45,908	39,829	45,908	39,829
Earthquake subsidies	160,720	168,927	160,720	168,927
Other grants and subsidies	5,890	1,585	7,973	1,544
Total subsidies and grants	212,518	210,341	214,601	210,300

1.3 Other revenue

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Fees and charges	70,607	77,639	69,784	76,892
Vested assets	34,377	90,299	34,386	90,339
Sale of goods and services	-	-	611,541	602,307
Construction contract revenue	-	-	162,166	212,118
Rental revenue on investment property	-	-	21,240	18,785
Rental revenue	38,295	36,359	76,356	83,546
Dividends	172,265	137,868	2,824	121
Subvention receipts	3,940	14,001	-	-
Petroleum tax	3,716	3,905	3,716	3,905
Insurance receipts	213	179,348	735	209,101
Sundry revenue	30,017	25,387	54,816	60,148
Total operating and other revenue	353,430	564,806	1,037,564	1,357,262

Insurance receipts

2016 insurance receipts included receipts from earthquake related material damage and business interruption claims.

Vested assets

2016 vested assets revenue included \$55.4 million reversal of infrastructure rebuild programme indirect costs which were expensed in 2015.

Subvention receipts

The Council has accrued \$2.0 million of subvention receipt revenue for 2017. A further \$1.9 million was recognised relating to 2016 tax losses which were not accrued at 30 June 2016.

2. Finance costs

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest expense				
Interest on bank borrowings	74,898	65,134	95,663	81,294
Interest on debt instruments	-	-	15,402	20,249
Interest on finance leases	7,174	7,256	5,004	5,105
Other interest expense	-	6	175	75
Total finance costs	82,072	72,396	116,244	106,723

3. Other expenses

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual*	Actual	Actual*
	\$000	\$000	\$000	\$000
Audit fees	4 390	611	1,489	1,711
Directors' fees	-	-	2,627	2,235
Donations and grants	70,840	37,411	62,585	32,615
Net foreign exchange (gains) / losses	-	-	498	10
Minimum lease payments under operating leases	4,135	4,385	14,257	14,104
Raw materials and consumables used	-	-	46,609	57,193
Provision of services and maintenance of assets	157,708	160,210	118,484	185,867
Consultants and legal fees	43,165	42,116	54,388	54,746
Other operating expenses	74,810	175,855	321,002	458,161
Total other expenses	351,048	420,588	621,939	806,642

Other operating expenses include \$79.9 million of SCIRT projects that are determined to be operating in nature and \$28 million of Council's contribution for the Crossing Car Park.

The 2016 result has been restated for the prior period adjustment detailed in note 34.

4. Remuneration of auditors

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Fees to Audit New Zealand				
- For audit of financial statements	352	357	1,185	1,221
- For other assurance services	38	254	129	358
Fees to KPMG for audit of financial statements	-	-	104	88
Fees to Grant Thornton for audit of financial statements	-	-	57	44
Total	390	611	1,489	1,711

The auditor of the Council and the rest of the Group, excluding LPC and ChristchurchNZ Holdings Limited (CNZH, formerly Transition Holdings Limited) is Audit New Zealand. LPC is audited by KPMG and CNZH is audited by Grant Thornton. All are appointed by the Auditor-General.

Other assurance services principally comprised of:

Audit New Zealand

Parent:

- audit of the Debenture Trust Deed,
- audit of the Mayor's Welfare Fund, and
- audit of the LTP amendment in 2016.

Group:

Orion New Zealand Limited:

- review of annual customised price-quality path compliance statement,
- regulatory information disclosures, and
- fraud risk review.

Christchurch International Airport Limited:

- audit of the Specified Airport Services Information Disclosure, and
- audit of the company's compliance with bond conditions.

5. Other gains and losses

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Non-financial instruments				
Gains/(losses) on disposal of property, plant and equipment	(43,028)	(1,838)	(43,538)	(2,391)
Gains/(losses) on disposal of investment	-	-	494	11,838
Gains/(losses) on disposal of investment property or held for sale assets	(3,065)	780	(3,065)	780
Gains/(losses) on revaluation of other assets	-	-	35,926	12,489
(Impairment)/reversal of impairment on other assets	-	-	(1,034)	(5,978)
(Impairment)/reversal of impairment on property, plant and equipment	-	-	(9,035)	(101,035)
	<u>(46,093)</u>	<u>(1,058)</u>	<u>(20,252)</u>	<u>(84,297)</u>
Financial instruments				
Gains/(losses) through ineffectiveness of cash flow hedges	708	1,013	246	898
Gains / (Losses) through ineffectiveness of fair value hedges	-	-	(69)	114
Gains/(losses) on investments held at fair value through surplus and deficit	-	-	1,650	-
Fair value through income statement financial assets fair value change	(897)	(433)	530	6,390
	<u>(189)</u>	<u>580</u>	<u>2,357</u>	<u>7,402</u>
Net other gains/(losses)	<u>(46,282)</u>	<u>(478)</u>	<u>(17,895)</u>	<u>(76,895)</u>

6. Receivables and prepayments

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Recoverables from non-exchange transactions				
- Current	69,951	75,352	67,227	73,724
Receivables from exchange transactions				
- Current	43,311	16,850	126,065	101,206
- Non-current	-	-	6,608	7,619
Total debtors and other receivables	<u>113,262</u>	<u>92,202</u>	<u>199,900</u>	<u>182,549</u>
<i>This comprises of:</i>				
Rates receivables	13,858	17,440	13,858	17,440
Non-exchange receivables from user charges	2,399	1,997	2,399	22,130
Other trade receivables	68,923	34,693	126,663	82,505
Insurance receivables	-	3,581	-	3,581
Related party receivables	9,918	16,872	-	-
Prepayments	3,696	2,888	18,504	18,609
Chargeable work in progress	-	-	18,004	15,034
Contract retentions	-	-	4,784	4,559
GST receivables	7,539	7,812	4,729	6,588
Other	8,047	7,840	12,642	13,299
Finance lease receivable	-	-	144	155
	<u>114,380</u>	<u>93,123</u>	<u>201,727</u>	<u>183,900</u>
Provision for impairment				
Individual impairment	(676)	(297)	(1,361)	(722)
Collective impairment	(442)	(624)	(466)	(629)
	<u>(1,118)</u>	<u>(921)</u>	<u>(1,827)</u>	<u>(1,351)</u>
Total receivables and prepayments	<u>113,262</u>	<u>92,202</u>	<u>199,900</u>	<u>182,549</u>

Movement in provision for impairment of receivables

At 1 July	(921)	(1,870)	(1,351)	(2,238)
Provisions made during year	(284)	(334)	(770)	(408)
Provisions reversed during year	84	1,151	255	1,159
Receivables written off during year	3	132	39	136
At 30 June	(1,118)	(921)	(1,827)	(1,351)

Credit risks aging of trade receivables

	2017			2016		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	75,910	-	75,910	51,096	-	51,096
Past due 1-60 days	7,160	-	7,160	9,422	-	9,422
Past due 61-120 days	4,759	(347)	4,412	4,192	(331)	3,861
Past due over 120 days	7,269	(771)	6,498	6,292	(590)	5,702
Total	95,098	(1,118)	93,980	71,002	(921)	70,081
Group						
Not past due	111,773	(2)	111,771	88,404	-	88,404
Past due 1-60 days	16,136	-	16,136	21,412	-	21,412
Past due 61-120 days	5,818	(347)	5,471	4,204	(332)	3,872
Past due over 120 days	9,193	(1,478)	7,715	8,055	(1,019)	7,036
Total	142,920	(1,827)	141,093	122,075	(1,351)	120,724

For the purpose of aging analysis, trade receivables above includes rates receivables, non-exchange receivables from user charges, other trade receivables and related party receivables.

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of the movement was recognised in net surplus and deficit for the current financial year.

7. Payables

	Parent		Group	
	30 Jun 17 Actual \$000	30 Jun 16 Actual \$000	30 Jun 17 Actual \$000	30 Jun 16 Actual \$000
Taxes and transfers payable	53,099	68,618	52,772	68,618
Payables under exchange transactions	114,354	132,253	209,643	204,198
Total creditors & other payables	167,453	200,871	262,415	272,816
<i>This comprises of:</i>				
Trade payables and accrued expenses	129,257	162,444	224,085	237,966
Amounts due to related parties	11,762	12,984	-	-
Interest payable	10,509	9,118	17,630	15,154
Deposits held	-	-	361	181
Amounts due to customers under construction contracts	-	-	362	90
Other	-	-	1,140	-
Retentions	15,925	16,325	18,837	19,425
Total creditors and other payables	167,453	200,871	262,415	272,816

8. Income taxes

8.1 Components of tax expense

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual	Actual*	Actual	Actual*
	\$000	\$000	\$000	\$000
Current tax expense/(income)	-	-	36,136	30,773
Adjustments to current tax of prior years	-	-	1,843	(4,224)
Deferred tax expense/(income)	(1,355)	5,638	(3,802)	(38,484)
Total tax expense/(income)	(1,355)	5,638	34,177	(11,935)
Reconciliation of prima facie income tax:				
Surplus/(deficit) before tax	187,432	367,429	174,319	275,164
Income tax expense at 28% (2016: 28%)	52,481	102,880	48,810	93,477
Non-deductible expenses	-	-	12,224	9,161
Non-assessable income and non-deductible items	(50,357)	(111,535)	(26,491)	(109,552)
Deferred tax assets on previously unrecognised and unused tax losses	-	-	1,434	2,161
(Over)/under provision of income tax in previous year	-	-	193	(810)
Imputation adjustment	(3,479)	(18,569)	-	-
Other	-	-	(1,993)	(6,372)
Total tax expense/(income)	(1,355)	(27,224)	34,177	(11,935)
Income tax recognised in other comprehensive income				
<i>Deferred tax</i>				
Asset revaluations	-	-	(2,486)	(4,269)
Revaluations of financial instruments treated as cash flow hedges	-	-	(7,204)	8,244
	-	-	(9,690)	3,975

The tax rate in the above reconciliation is the corporate tax rate of 28 per cent (2016: 28 per cent) payable by New Zealand companies on taxable profits under New Zealand tax law.

Council has tax losses for the current financial year of \$11.8 million (2016: \$9.5 million). It is expected that \$7.1 million of the 2017 losses will be transferred to other entities in the Group by way of loss offset and subvention payment. A subvention receipt of \$2.0 million (2016: \$2.6 million) has been accrued.

8.2 Current tax assets and liabilities

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current tax assets				
Tax refund receivable	-	-	58	-
Total current tax assets	<u>-</u>	<u>-</u>	<u>58</u>	<u>-</u>
Current tax payables				
Income tax payable	-	-	451	1,433
Total current tax liabilities	<u>-</u>	<u>-</u>	<u>451</u>	<u>1,433</u>

8.3 Deferred tax balance

	Parent				Group				
	Charged to:			Closing balance	Charged to:			Acquired through business comb.	Closing balance
	Opening balance	Net surplus and deficit	Other compr. revenue and expense		Opening balance	Net surplus and deficit	Other compr. revenue and expense		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2017									
Deferred tax liabilities:									
Cashflow/Fair value hedges	-	-	-	-	4,604	17	-	-	4,621
Property, plant and equipment	5,690	(97)	-	5,593	312,696	(9,794)	2,486	-	305,388
Intangible assets	-	-	-	-	481	5	-	-	486
Other	-	-	-	-	57,932	4,438	-	-	62,370
	<u>5,690</u>	<u>(97)</u>	<u>-</u>	<u>5,593</u>	<u>375,713</u>	<u>(5,334)</u>	<u>2,486</u>	<u>-</u>	<u>372,865</u>
Deferred tax assets:									
Cashflow/Fair value hedges	-	-	-	-	17,003	(586)	(7,204)	-	9,213
Provisions and employee entitlements	-	-	-	-	7,403	1,030	-	-	8,433
Doubtful debts and impairment losses	-	-	-	-	125	11	-	-	136
Tax losses	52	1,258	-	1,310	212	(212)	-	-	-
Other	-	-	-	-	17,760	(1,775)	-	-	15,985
	<u>52</u>	<u>1,258</u>	<u>-</u>	<u>1,310</u>	<u>42,503</u>	<u>(1,532)</u>	<u>(7,204)</u>	<u>-</u>	<u>33,767</u>
Net deferred tax liability/(asset)	<u>5,638</u>	<u>(1,355)</u>	<u>-</u>	<u>4,283</u>	<u>333,210</u>	<u>(3,802)</u>	<u>9,690</u>	<u>-</u>	<u>339,098</u>

	Parent				Group				
	Opening balance	Charged to:		Closing balance	Opening balance	Charged to:		Acquired through business comb.	Closing balance
		Net surplus and deficit	Other compr. revenue and expense			Net surplus and deficit	Other compr. revenue and expense		
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
30 June 2016									
Deferred tax liabilities:									
Cashflow/Fair value hedges	-	-	-	-	964	-	-	3,640	4,604
Property, plant and equipment	4,624	1,066	-	5,690	343,973	(41,702)	4,269	6,156	312,696
Intangible assets	-	-	-	-	487	(6)	-	-	481
Other	-	-	-	-	46,033	11,899	-	-	57,932
	<u>4,624</u>	<u>1,066</u>	<u>-</u>	<u>5,690</u>	<u>391,457</u>	<u>(29,809)</u>	<u>4,269</u>	<u>9,796</u>	<u>375,713</u>
Deferred tax assets:									
Cashflow/Fair value hedges	-	-	-	-	7,925	834	8,244	-	17,003
Provisions and employee entitlements	-	-	-	-	7,198	205	-	-	7,403
Doubtful debts and impairment losses	-	-	-	-	95	30	-	-	125
Tax losses	4,624	(4,572)	-	52	8,994	(8,782)	-	-	212
Other	-	-	-	-	1,322	16,388	-	50	17,760
	<u>4,624</u>	<u>(4,572)</u>	<u>-</u>	<u>52</u>	<u>25,534</u>	<u>8,675</u>	<u>8,244</u>	<u>50</u>	<u>42,503</u>
Net deferred tax liability/(asset)	<u>-</u>	<u>5,638</u>	<u>-</u>	<u>5,638</u>	<u>365,923</u>	<u>(38,484)</u>	<u>(3,975)</u>	<u>9,746</u>	<u>333,210</u>

8.4 Unrecognised tax losses

There are no unrecognised tax losses in both parent and group.

8.5 Imputation credit balances

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Imputation credits available for use in subsequent reporting periods	-	-	101,612	34,154

9. Property, plant & equipment

	Opening balances			Current year movements						Closing balances		
	Cost/ valuation \$000	Accumulated depreciation \$000	Carrying amount \$000	Additions \$000	Net disposals/ Transfers* \$000	Impairment charged to surplus \$000	Net movement in WIP \$000	Depreciation \$000	Revaluation movement \$000	Cost/ valuation \$000	Accumulated depreciation \$000	Carrying amount \$000
Council 2017												
Operational assets												
Freehold land	442,825	(10,380)	432,445	14,029	(22,548)	-	-	(1,576)	-	434,304	(11,954)	422,350
Buildings	678,265	(23,419)	654,846	28,880	(6,148)	-	-	(24,631)	1,176	701,766	(47,643)	654,123
Plant & equipment	166,701	(128,008)	38,693	7,631	(2,246)	-	-	(9,402)	-	159,803	(125,127)	34,676
Work in progress	34,220	-	34,220	-	-	-	60,969	-	-	95,189	-	95,189
Landfill at cost	8,217	(8,217)	-	-	-	-	-	-	-	8,217	(8,217)	-
Library books at cost	116,841	(102,115)	14,726	4,301	-	-	-	(4,500)	-	121,142	(106,615)	14,527
	1,447,069	(272,139)	1,174,930	54,841	(30,942)	-	60,969	(40,109)	1,176	1,520,421	(299,556)	1,220,865
Infrastructure assets												
Roading network	2,430,909	(59,193)	2,371,716	319,895	(2,539)	-	-	(64,825)	(147,484)	2,476,787	(24)	2,476,763
Sewerage	1,858,297	(1,951)	1,856,346	612,393	(33,536)	-	-	(52,820)	(197,151)	2,187,396	(2,164)	2,185,232
Water	1,134,956	(51,081)	1,083,875	54,809	(4,992)	-	-	(26,038)	382,308	1,491,032	(1,070)	1,489,962
Stormwater	429,598	(37,476)	392,122	73,155	(3,421)	-	-	(5,753)	417,225	873,530	(202)	873,328
Work in progress	845,687	-	845,687	-	-	-	(648,404)	-	-	197,283	-	197,283
	6,699,447	(149,701)	6,549,746	1,060,252	(44,488)	-	(648,404)	(149,436)	454,898	7,226,028	(3,460)	7,222,568
Restricted assets												
Land and buildings	804,395	(33,625)	770,770	29,855	1,082	-	-	(5,570)	-	835,399	(39,262)	796,137
Marine structure	17,488	(2,310)	15,178	710	-	-	-	(736)	2,277	17,436	(7)	17,429
Artworks	69,456	(69)	69,387	599	-	-	-	(70)	-	70,056	(140)	69,916
Heritage assets	23,947	(212)	23,735	740	-	-	-	(42)	-	24,686	(253)	24,433
Public art	13,442	(85)	13,357	105	-	-	-	(14)	331	13,779	-	13,779
Library books	7,288	-	7,288	200	-	-	-	-	-	7,488	-	7,488
Work in progress	21,558	-	21,558	-	-	-	9,363	-	-	30,921	-	30,921
	957,574	(36,301)	921,273	32,209	1,082	-	9,363	(6,432)	2,608	999,765	(39,662)	960,103
Total Parent PPE	9,104,090	(458,141)	8,645,949	1,147,302	(74,348)	-	(578,072)	(195,977)	458,682	9,746,214	(342,678)	9,403,536

* Disposals in this reconciliation are reported net of accumulated depreciation and include PPE classified as held for sale during the year.

** Building revaluation movement relates to reversal of impairment through revaluation reserve.

Buildings valued at \$110,915,600 (2016: \$112,162,800) have been acquired under finance lease.

	Opening balances			Current year movements						Closing balances		
	Cost/ valuation	Accumulated depreciation	Carrying amount	Additions	Net disposals/ Transfers**	Impairment charged to surplus	Net movement in WIP	Depreciation	Revaluation movement	Cost/ valuation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council 2016*												
Operational assets												
Freehold land	411,141	(8,844)	402,297	35,807	(4,123)	-	-	(1,536)	-	442,825	(10,380)	432,445
Buildings	592,021	(1,659)	590,362	77,408	(1,010)	-	-	(21,760)	9,846	678,265	(23,419)	654,846
Plant & equipment	160,088	(118,792)	41,296	6,649	(36)	-	-	(9,216)	-	166,701	(128,008)	38,693
Work in progress	61,277	-	61,277	-	-	-	(27,057)	-	-	34,220	-	34,220
Landfill at cost	8,217	(8,217)	-	-	-	-	-	-	-	8,217	(8,217)	-
Library books at cost	113,077	(97,445)	15,632	3,764	-	-	-	(4,670)	-	116,841	(102,115)	14,726
	1,345,821	(234,957)	1,110,864	123,628	(5,169)	-	(27,057)	(37,182)	9,846	1,447,069	(272,139)	1,174,930
Infrastructure assets												
Roading network	2,203,773	-	2,203,773	232,123	(4,987)	-	-	(59,193)	-	2,430,909	(59,193)	2,371,716
Sewerage	1,533,368	-	1,533,368	302,900	-	-	-	(47,190)	67,268	1,858,297	(1,951)	1,856,346
Water	1,092,409	(25,367)	1,067,042	42,547	-	-	-	(25,714)	-	1,134,956	(51,081)	1,083,875
Stormwater	389,720	(32,057)	357,663	39,878	-	-	-	(5,419)	-	429,598	(37,476)	392,122
Work in progress	974,934	-	974,934	-	-	-	(129,247)	-	-	845,687	-	845,687
	6,194,204	(57,424)	6,136,780	617,448	(4,987)	-	(129,247)	(137,516)	67,268	6,699,447	(149,701)	6,549,746
Restricted assets												
Land and buildings	798,282	(29,572)	768,710	21,956	1,549	-	-	(6,363)	96	821,883	(35,935)	785,948
Artworks	69,103	-	69,103	353	-	-	-	(69)	-	69,456	(69)	69,387
Heritage assets	26,617	(246)	26,371	10,772	-	-	-	(51)	-	37,389	(297)	37,092
Library books	7,043	-	7,043	245	-	-	-	-	-	7,288	-	7,288
Work in progress	13,476	-	13,476	-	-	-	8,082	-	-	21,558	-	21,558
	914,521	(29,818)	884,703	33,326	1,549	-	8,082	(6,483)	96	957,574	(36,301)	921,273
Total Parent PPE	8,454,546	(322,199)	8,132,347	774,402	(8,607)	-	(148,222)	(181,181)	77,210	9,104,090	(458,141)	8,645,949

*** Building revaluation movement relates to reversal of impairment through revaluation reserve.

	Opening balances			Current year movements						Closing balances		
	Cost/ valuation	Accumulated depreciation	Carrying amount	Additions	Net disposals/ Transfers*	Impairment charged to surplus	Net movement in WIP	Depreciation	Revaluation movement	Cost/ valuation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Group 2017												
Operational assets												
Freehold land	906,701	(21,625)	885,076	14,266	(23,519)	-	-	(1,582)	10,585	908,031	(23,205)	884,826
Buildings	1,247,971	(209,313)	1,038,658	38,092	2,672	-	-	(50,993)	1,344	1,288,271	(258,498)	1,029,773
Plant & equipment	570,835	(385,343)	185,492	60,293	400	-	(415)	(38,308)	-	604,532	(397,070)	207,462
Electricity distribution	1,058,833	(78,320)	980,513	41,639	(2,049)	(9,035)	-	(38,053)	7,681	980,700	(4)	980,696
Specialised assets **	835,017	(132,361)	702,656	104,674	21,232	-	-	(28,991)	(3,713)	955,683	(159,825)	795,858
Work in progress	180,503	(35,485)	145,018	129,107	(63,481)	-	84,645	-	-	367,583	(72,294)	295,289
Landfill at cost	8,217	(8,217)	-	-	-	-	-	-	-	8,217	(8,217)	-
Library books at cost	116,841	(102,115)	14,726	4,301	-	-	-	(4,500)	-	121,142	(106,615)	14,527
	4,924,918	(972,779)	3,952,139	392,372	(64,745)	(9,035)	84,230	(162,427)	15,897	5,234,159	(1,025,728)	4,208,431
Infrastructure assets	6,703,317	(149,701)	6,553,616	1,060,252	(44,488)	-	(648,404)	(149,436)	454,898	7,229,898	(3,460)	7,226,438
Restricted assets	957,574	(36,301)	921,273	32,209	1,082	-	9,363	(6,432)	2,608	999,765	(39,662)	960,103
Total Group PPE	12,585,809	(1,158,781)	11,427,028	1,484,833	(108,151)	(9,035)	(554,811)	(318,295)	473,403	13,463,822	(1,068,850)	12,394,972
Group 2016*												
Operational assets												
Freehold land	884,569	(8,969)	875,600	34,690	(16,831)	(11,116)	-	(1,542)	4,275	906,701	(21,625)	885,076
Buildings	1,151,994	(157,635)	994,359	84,805	(3,621)	(3,218)	-	(47,148)	13,481	1,247,971	(209,313)	1,038,658
Plant & equipment	557,769	(333,971)	223,798	27,933	708	(30,762)	415	(36,600)	-	570,835	(385,343)	185,492
Electricity distribution	948,518	(35,483)	913,035	112,580	(1,448)	(6,856)	-	(36,798)	-	1,058,833	(78,320)	980,513
Specialised assets **	454,801	(88,015)	366,786	362,957	21,046	(49,083)	-	(17,886)	18,836	835,017	(132,361)	702,656
Work in progress	159,040	-	159,040	-	-	-	(14,022)	-	-	180,503	(35,485)	145,018
Landfill at cost	8,217	(8,217)	-	-	-	-	-	-	-	8,217	(8,217)	-
Library books at cost	113,077	(97,445)	15,632	3,764	-	-	-	(4,670)	-	116,841	(102,115)	14,726
	4,277,985	(729,735)	3,548,250	626,729	(146)	(101,035)	(13,607)	(144,644)	36,592	4,924,918	(972,779)	3,952,139
Infrastructure assets	6,194,204	(57,424)	6,136,780	617,448	(1,117)	-	(129,247)	(137,516)	67,268	6,703,317	(149,701)	6,553,616
Restricted assets	914,521	(29,818)	884,703	33,326	1,549	-	8,082	(6,483)	96	957,574	(36,301)	921,273
Total Group PPE	11,386,710	(816,977)	10,569,733	1,277,503	286	(101,035)	(134,772)	(288,643)	103,956	12,585,809	(1,158,781)	11,427,028

** Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

9.1 Work in progress

Property, plant, and equipment under construction by class of asset is detailed below:

	30 Jun 17 \$000	Council 30 Jun 16 \$000
Wastewater	41,694	511,472
Water	19,830	36,757
Stormwater	61,894	84,998
Roading	73,865	212,460
Total infrastructural	<u>197,283</u>	<u>845,687</u>
Intangibles	13,425	7,442
Building	126,110	55,778
Total work in progress	<u>336,818</u>	<u>908,907</u>

9.2 Core Assets

Included within the infrastructure assets above are the following core Council assets.

	Closing Book Value \$000	Assets constructed for the year \$000	Assets transferred for the year \$000	Replacement Cost as at year end \$000
2017				
Treatment Plants	21,438	878	-	28,019
Reticulation	1,468,524	51,260	2,671	2,513,758
Water Supply	<u>1,489,962</u>	<u>52,138</u>	<u>2,671</u>	<u>2,541,777</u>
Treatment Plants	235,680	12,075	-	440,729
Reticulation	1,949,552	594,589	5,729	3,362,667
Sewerage	<u>2,185,232</u>	<u>606,664</u>	<u>5,729</u>	<u>3,803,396</u>
Stormwater Drainage	797,008	55,636	5,317	1,157,800
Flood Protection and Control Works	76,320	12,202	-	87,228
Roads and Footpaths	2,476,763	307,672	12,223	3,581,820
2016				
Treatment Plants	12,737	4,669	-	11,948
Reticulation	1,071,138	35,232	2,646	1,860,503
Water Supply	<u>1,083,875</u>	<u>39,901</u>	<u>2,646</u>	<u>1,872,451</u>
Treatment Plants	296,101	7,361	-	534,497
Reticulation	1,560,245	290,004	5,535	3,015,454
Sewerage	<u>1,856,346</u>	<u>297,365</u>	<u>5,535</u>	<u>3,549,951</u>
Stormwater Drainage	350,993	30,420	5,653	567,212
Flood Protection and Control Works	41,129	3,805	-	31,545
Roads and Footpaths	2,371,716	220,757	11,366	3,518,345

The Council completed the construction of \$1,034.3 million (2016: \$592.2 million) of assets relating to its core infrastructure assets and received a further \$25.9 million (2016: \$24.1 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 (2017), sewerage (2017), stormwater drainage including flood protection and control works (2017) and roads and footpaths (2017), plus assets constructed and transferred since the last revaluation date.

9.3 Revaluations and review for impairment

2017 Revaluations

The following revaluations were undertaken in 2017.

Sewerage assets

Sewerage assets were valued as at 30 June 2017, 2016 and 2015 by GHD. The fair value of sewerage infrastructure assets was determined using the depreciated replacement cost method in accordance with PBE IPSAS 17. 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 national rates and reviewed by quantity surveyors with local knowledge.
- Allowance has been made for spare capacity of the assets, in particular assets in the red zone.
- 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 remaining useful life of pipes laid before September 2010 have been adjusted to reflect an expected reduced useful life as a result of the earthquakes.

In 2015, the fair value of sewerage assets was revalued to \$1.9 billion before impairment. The valuation was reviewed in 2016 and 2017 reducing the valuation uncertainties from the 2015 valuation and the level of impairment. This resulted in a fair value before impairment of sewerage assets of \$2.2 billion.

Water supply

Water supply infrastructure assets were revalued by Opus at 30 June 2017 the second revaluation since the earthquakes to a fair value of \$1.5 billion using depreciated replacement cost method. 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.

Stormwater, waterways and wetlands infrastructure

Stormwater, waterways and wetlands infrastructure assets were revalued by Opus at 30 June 2017. This was the first revaluation of these assets since 30 June 2008 and used the depreciated replacement cost method in accordance with PBE IPSAS 17.

A revaluation was not considered possible earlier due to continuing uncertainties around the extent of damage and the cost of replacement.

The revaluation resulted in a fair value of stormwater assets of \$873 million.

Roading assets

Roading assets were revalued by GHD at 30 June 2015 and 2017. The fair value of the roading assets was determined using the depreciated replacement cost method in accordance with PBE IPSAS 17. The roading class of assets includes \$421 million of land under roads which has not been revalued. Council's policy is not to revalue land under roads. Depreciated replacement cost was calculated using the following assumptions:

- Useful lives of assets were reviewed using accepted national standards and comparison to other councils. Current asset condition data was used to adjust useful lives.
- Unit costs were calculated with reference to the unit rates to reproduce the assets. The unit rates include all incidental costs such as project costs including reinstatement costs. These have been reviewed for the national market.

In 2015, the fair value of roading assets was revalued to \$1.8 billion excluding land under roads before impairment. The valuation was reviewed in 2017 reducing the valuation uncertainties from the 2015 valuation and the level of impairment. This resulted in a fair value before impairment of \$2.5 billion.

Marine structures

Marine structure assets were revalued by Beca Projects NZ Limited at 30 June 2017 the second revaluation since the earthquakes to a fair value of \$17.4 million using depreciated replacement cost method.

Public art

Public art was revalued by Art + Object Limited as at 30 June 2017 using depreciated replacement cost method in accordance with PBE IPSAS 17. This was the first revaluation since 30 June 2009, this asset class has been split from the Heritage asset class. The revaluation resulted in a fair value of \$13.8 million.

Other revaluations

Other than the revaluations undertaken in 2017, the most recent valuations for the other asset classes were as follows:

Land and buildings were valued at 30 June 2015 by Quotable Value (QV). The fair value of the land was determined in accordance with PBE IPSAS 17 using market based evidence with adjustments to reflect the designation of the land.

Residential and commercial buildings were valued using market based evidence while specialised buildings such as libraries, swimming pools and heritage assets were valued using depreciated replacement cost in accordance with PBE IPSAS 17. Quantity surveyors were engaged to determine the replacement cost of material assets. The fair value of all land and buildings is \$1.7 billion.

Works of art have been valued as at 30 June 2015 by Art + Object Limited. The fair value of the art works is

assessed at the estimated market value. The market value has been assessed at \$69.1 million.

Heritage assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost. Public Art has been split into a separate asset class and revalued as detailed above.

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). As the Council revalues its assets it, technically, does not have impairment but rather a revaluation that reduces the value of asset. Given the general understanding of the term, impairment continues to be used in these financial statements. 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 PBE IPSAS 17 – 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 Revenue and Expense for the year; and
- much of Council's infrastructural and building assets have been impaired. The impairment is recognised in other comprehensive revenue and expense 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 Revenue and Expense.

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.

Recognition of impaired assets in these financial statements

The table below details the impairment/(impairment reversals) that have been taken against property plant and equipment since the earthquakes.

	2017	2012-2016 Accumulated	Total
	\$000	\$000	\$000
Buildings/ facilities	(1,176)	87,741	86,565
	(1,176)	87,741	86,565
Infrastructural assets			
Sewerage	(17,525)	36,110	18,585
Water	(9,232)	9,232	-
Stormwater	(51,916)	51,916	-
	(78,673)	97,258	18,585
	(79,849)	184,999	105,150

The negative amounts in 2017 to 2014 relate to reversals of previous impairments or disposals of properties for which an impairment was recognised in prior years.

Infrastructure

The infrastructure assets of Council were initially impaired at 30 June 2012 following the earthquakes and the impairment provision has been reviewed annually. The impairment of each network is detailed above.

The valuers for the infrastructural assets have taken into account the current condition of these assets, and included an assessment of earthquake damage in the valuations. As a result, the only remaining impairment at 30 June 2017 reflects the remaining earthquake repairs at the CWTP. All other impairment has been reversed.

Buildings / Facilities

The Council has impaired buildings and facilities in the following situations:

- it is possible to estimate of value of damage incurred but not yet repaired; and
- insurance recoveries have been received.

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.

The impairment will be reversed when the buildings are revalued or if repairs are expensed. \$86.6 million of impairment remains at 30 June 2017.

Group

Orion New Zealand Limited

Electricity distribution network and substation buildings (the network)

The network was revalued to fair value of \$981 million as at 31 March 2017 by Ernst & Young Transaction Advisory Services Limited (the valuer). The valuer used a discounted cash flow methodology and based their forecast cash flows on Orion's forecasts. Including capital work in progress this resulted in a total network valuation of \$1,028 million.

Land and non-substation buildings

Orion's land and non-substation buildings were revalued by CBRE Limited, to fair value as at 31 March 2017. 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 2,300 substation sites.

Land at 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 7.5 per cent. The Waterloo Road depot site was valued using a sales comparison method and the buildings under construction using a depreciated cost method.

This resulted in a land and non-substation valuation of \$86 million.

Christchurch International Airport Limited

Car parking assets were revalued by independent valuers, Crighton Anderson Property and Infrastructure Limited as at 30 June 2017.

Land and commercial building assets were last revalued by Crighton Anderson Property and Infrastructure Limited as at 30 June 2016. Sealed surfaces and infrastructure assets were valued by Opus International Limited as at 30 June 2016. The terminal building was last valued by Opus International Limited as at 30 June 2014.

Lyttelton Port Company Limited

The net carrying value of assets at 30 June 2017 was \$336 million. The assets are carried at the 2006 valuation (or cost for subsequent additions) less accumulated depreciation and impairment charges.

LPC have considered whether there were any indicators of impairment in 2017 and concluded there were not. In 2016 an impairment charge of \$99.5 million was been made.

Enable Services Limited

The net carrying value of assets was \$378 million (2016: \$300 million). The assets include the original fibre optic network and the subsequent cost of deploying the UFB network covering circa 85% of Christchurch, all of Rolleston and Lincoln and parts of Rangiora, Kaiapoi and Woodend. The Ultra –Fast Broadband (UFB) network assets, together with the central offices, were revalued to fair value by independent valuers EY using a discounted cashflow methodology at 30 June 2016.

Vbase Limited

The Horncastle Arena was revalued in 2015 on an optimised depreciated replacement value for the purposes of group reporting. The valuation was undertaken by QV with quantity surveyors engaged to provide a replacement cost estimate.

10. Intangible assets

	Opening balances			Current year movements						Closing balances		
	Cost/ valuation	Accumulated amortisation	Carrying amount	Additions	Additions from internal development	Net disposals/ Transfers*	Net movement in WIP	Impairment charged to Surplus	Amortisation	Cost/ valuation	Accumulated amortisation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council 2017												
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other intangible assets												
Software	95,644	(43,957)	51,687	7,252	-	-	-	-	(8,847)	102,896	(52,804)	50,092
Work in progress	7,442	-	7,442	-	-	-	5,983	-	-	13,425	-	13,425
Trademarks	3,304	(3,299)	5	-	-	-	-	-	-	3,304	(3,299)	5
Other	8,638	(5,370)	3,268	758	-	-	-	-	(390)	9,396	(5,760)	3,636
	115,028	(52,626)	62,402	8,010	-	-	5,983	-	(9,237)	129,021	(61,863)	67,158
Total Parent intangibles	115,028	(52,626)	62,402	8,010	-	-	5,983	-	(9,237)	129,021	(61,863)	67,158
Group 2017												
Goodwill	27,491	(7,277)	20,214	325	-	-	-	(1,034)	-	27,816	(8,311)	19,505
Other intangible assets												
Easements & resource consents	11,118	(6,026)	5,092	3,624	-	-	-	-	(49)	14,742	(6,075)	8,667
Software	141,529	(81,354)	60,175	9,231	1,569	(68)	-	-	(12,078)	151,900	(93,071)	58,829
Work in progress	9,028	-	9,028	1,186	(1,563)	-	5,983	-	-	14,634	-	14,634
Trademarks	3,304	(3,300)	4	-	-	-	-	-	-	3,304	(3,300)	4
Other	10,002	(6,282)	3,720	1,148	-	(9)	-	-	(445)	11,135	(6,721)	4,414
	174,981	(96,962)	78,019	15,189	6	(77)	5,983	-	(12,572)	195,715	(109,167)	86,548
Total Group intangibles	202,472	(104,239)	98,233	15,514	6	(77)	5,983	(1,034)	(12,572)	223,531	(117,478)	106,053

	Opening balances			Current year movements						Closing balances		
	Cost/ valuation	Accumulated amortisation	Carrying amount	Additions	Additions from internal development	Net disposals/ Transfers*	Net movement in WIP	Impairment charged to Surplus	Amortisation	Cost/ valuation	Accumulated amortisation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
Council 2016												
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Other intangible assets												
Software	83,371	(38,103)	45,268	15,978	-	(3,705)	-	-	(5,854)	95,644	(43,957)	51,687
Work in progress	9,610	-	9,610	-	-	-	(2,168)	-	-	7,442	-	7,442
Trademarks	3,304	(3,299)	5	-	-	-	-	-	-	3,304	(3,299)	5
Other	4,314	(1,814)	2,500	615	-	3,709	-	-	(3,556)	8,638	(5,370)	3,268
	100,599	(43,216)	57,383	16,593	-	4	(2,168)	-	(9,410)	115,028	(52,626)	62,402
Total Parent intangibles	100,599	(43,216)	57,383	16,593	-	4	(2,168)	-	(9,410)	115,028	(52,626)	62,402
Group 2016												
Goodwill	28,754	(6,724)	22,030	2,128	-	(3,391)	-	(553)	-	27,491	(7,277)	20,214
Other intangible assets												
Easements & resource consents	9,415	(1,025)	8,390	2,853	-	(270)	-	(5,823)	(58)	11,118	(6,026)	5,092
Software	129,174	(72,417)	56,757	17,807	-	(4,637)	-	(14)	(9,738)	141,529	(81,354)	60,175
Trademarks	9,611	-	9,611	1,514	-	71	(2,168)	-	-	9,028	-	9,028
Work in progress	3,304	(3,299)	5	-	-	(1)	-	-	-	3,304	(3,300)	4
Other	4,337	(1,818)	2,519	679	-	4,106	-	-	(3,584)	10,002	(6,282)	3,720
	155,841	(78,559)	77,282	22,853	-	(731)	(2,168)	(5,837)	(13,380)	174,981	(96,962)	78,019
Total Group intangibles	184,595	(85,283)	99,312	24,981	-	(4,122)	(2,168)	(6,390)	(13,380)	202,472	(104,239)	98,233

10.1 Goodwill

The carrying amount of goodwill allocated to cash-generating units (CGU) for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Christchurch City Holdings Ltd	-	-	19,505	20,214
	-	-	19,505	20,214

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 2017 financial year (2016: Nil).

CCHL goodwill decreased by \$0.7 million. This was the result of:

- an impairment by the EcoCentral directors of the \$1.0 million of goodwill attributed to the EcoSort business unit due to current market conditions, offset by
- increase of \$0.3 million due to Red Bus' acquisition of Aaron Travel.

11. Service concession arrangements

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Service concession asset				
Fair value of service concession asset on initial recognition	11,037	11,037	-	-
Accumulated depreciation to date	(4,315)	(3,802)	-	-
Net book value	6,722	7,235	-	-
Service concession liability				
Opening balance	5,580	6,316	-	-
Service concession revenue recognised	(736)	(736)	-	-
Closing balance	4,844	5,580	-	-

On 16 May 2008 the Council (as grantor) entered into an arrangement with Meta Processing Limited (Meta) (as operator) to construct the Material Recovery Facility (MRF) located at 21 Parkhouse Road. The arrangement required the operator to build, own and operate the service concession assets (composing of building and plant & machinery) for a period of 15 years. After 15 years, the ownership of the service concession assets will be transferred to the Council at no cost.

During the 15 year period, the operator will earn revenue from operating the MRF while the Council continues to control the use of the service concession assets as specified in the agreement.

There have been no changes in the service concession arrangement during the current period.

Service concession asset

The service concession assets were completed in February 2009 and were recognised at fair value by the Council as part of its property, plant and equipment (see Note 9). The building and plant & machinery had an estimated useful life of 30 years and 20 years, respectively, and are depreciated on a straight-line basis.

Service concession liability

The Council also recognised \$11.0 million of liability in relation to the service concession arrangement at the same time it recognised the service concession assets. This liability is reversed as a revenue equally over the term of the arrangement consistent with the Grant of a right to the operator model under PBE IPSAS 32. The service concession liability is included in the Council's *Other liabilities* under Note 25.

12. Commitments and operating leases

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
(a) Capital and other operating commitments				
Capital commitments				
Property, plant and equipment	447,230	532,624	526,867	598,267
Electricity distribution network	-	-	27,636	7,458
Intangible assets	1,634	29,119	1,634	29,119
Ultra-Fast Broadband Network	-	-	144,250	239,918
Total capital commitments	448,864	561,743	700,387	874,762
Other operating commitments				
Other operating commitments	67,014	34,995	67,045	35,137
(b) Non cancellable operating lease liabilities				
No later than one year	2,018	3,232	5,867	7,129
Later than one year and not later than five years	3,307	5,443	5,088	13,164
Later than five years	6,284	6,764	360	8,931
Total non-cancellable operating lease liabilities	11,609	15,439	11,315	29,224
(c) Non cancellable operating lease receivables				
No later than one year	9,239	9,031	71,838	67,704
Later than one year and not later than five years	33,833	32,352	209,705	183,016
Later than five years	118,586	101,717	218,916	185,969
Total non-cancellable operating lease receivables	161,658	143,100	500,459	436,689

Capital commitments and other operating commitments

Rebuild

The Council as a party to the Cost Sharing Agreement with the Crown has made commitments to fund anchor projects and the repair of the Council's horizontal infrastructure networks. SCIRT's construction programme was completed in June 2017 with the programme practical completion certificate being signed off in July 2017.

The property plant and equipment commitment above includes the Council's commitments for anchor projects including; the Metro Sports Centre (\$137 million), the Central Library (\$46 million), the Bus Interchange (\$22.9 million) and car parking replacements including the remaining cost of the Lichfield car park rebuild (\$15.4 million).

Given the ongoing uncertainty regarding the final ownership of the Multi-Use Arena this has been disclosed as a contingency in Note 26 of the financial statements rather than as a capital commitment.

Ultra-Fast Broadband Network

The estimated cost of the communal network build programme over the remainder of the contract (till 31 December 2019) is \$45 million. The estimated cost of connections through to June 2022 is \$99 million. This will be undertaken by Enable Services Limited (ESL).

Other

Council has a capital commitment with Hawkins Construction to perform a full restoration and repair of the Town Hall. Council is undertaking this on Vbase's behalf.

Council has a commitment to provide \$16 million of funding to Regenerate Christchurch over the next four years. This funding commitment was agreed with the Crown when Regenerate Christchurch was established by the Greater Christchurch Regeneration Act 2016.

Council has a commitment to provide \$12 million of funding to Development Christchurch Limited for agreed contract for services.

Non-cancellable operating lease liabilities

Parent

The Council leases computer equipment, property, and a number of car parks across the City. These leases have terms of renewal, but no purchase options and escalation clauses. There are no restrictions placed upon the Council by entering into these leases.

Non-cancellable operating lease receivables

Parent

The Council leases properties to various parties.

Group

CIAL and LPC lease properties to various parties. The terms of the leases vary and the majority are renewable.

13. Assets held for sale

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Land and buildings held for sale	21,470	-	22,719	180
Total amounts held for sale	21,470	-	23,353	180

Parent

During the year a number of properties have been transferred to assets held for sale. These include properties identified to date to be transferred to OCHT and DCL.

Properties with a value of \$3.8 million have been identified to be transferred to OCHT as part of the Council's commitment to provide the Trust with \$50 million of assets.

The Council during 2017 agreed to sell several properties to DCL including the Citycare depot in Milton Street, the former convention centre site, commercial property in Peterborough Street and the Beresford Street car park in New Brighton.

14. Investment property

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Balance at beginning of financial year	-	-	303,692	246,287
Net transfer from property, plant & equipment	-	-	(6,464)	28,502
Additional capitalised expenditure	-	-	37,369	19,722
Disposal	-	-	-	(3,308)
Net gain/(loss) from fair value adjustments	-	-	35,926	12,489
Balance at end of financial year	-	-	370,523	303,692

Group

Christchurch International Airport Limited

The valuation as at 30 June 2017 was completed by Crighton Anderson Property and Infrastructure Limited trading as Colliers International Limited. 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 revenue 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 \$3.5 million (2016: \$12.4 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.

15. Cash and cash equivalents

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Cash and cash equivalents	52,543	64,031	88,225	112,857
Cash and cash equivalents (USD)	-	-	54	61
Cash and cash equivalents (EUR)	-	-	1	1
Cash and cash equivalents (AUD)	-	-	8	1
Overdraft	-	-	-	(116)
Other	-	-	2	(2)
Total cash and cash equivalents	52,543	64,031	88,290	112,802

16. Investment in CCOs

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Current				
Loans advanced	116,427	65,000	-	-
Investment in debt securities	2,288	-	2,288	-
	<u>118,715</u>	<u>65,000</u>	<u>2,288</u>	<u>-</u>
Non-current				
Loans advanced	436,446	396,873	-	-
Investment in debt securities	21,339	18,424	21,339	18,424
Share Investment in CCOs	2,233,859	2,212,897	-	-
Unlisted shares	5,654	4,932	5,654	4,932
	<u>2,697,298</u>	<u>2,633,126</u>	<u>26,993</u>	<u>23,356</u>
Total investment in CCOs	<u>2,816,013</u>	<u>2,698,126</u>	<u>29,281</u>	<u>23,356</u>

Fair value

Loans advanced

The fair value of the Council's loans to related parties is \$559 million (2016: \$508 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.12 per cent - 9.83 per cent (2016: 2.50 per cent - 9.83 per cent). The average effective interest rate on the loans to related parties is 4.31 per cent (2016: 4.77 per cent).

Share investment in CCOs

The fair value of the Council's investments in its subsidiary companies was assessed by independent valuers, Ernst and Young, as at 30 June 2017.

It is important to note that the value of the Council's investment in its subsidiaries is the value based on financial accounting standards and may not reflect what the value would be in a sale process.

The Council's investment in CCHL increased in the year by \$105 million (2016: \$237 million) to \$2.1 billion, as a result of the Ernst and Young review which was on a sum of the parts approach.

Vbase was assessed as at 30 June 2017 by Ernst and Young. It was considered that the value of the investment had reduced \$37.6 million to \$71.4 million (2016: \$109 million) on a net asset value basis. This reduction was due to the change in net asset value as a result of the ongoing Town Hall repair.

The value of the Council's investment in CNZH was reviewed as at 30 June 2017. This review concluded that there were no significant indicators of value change. There has been no change in the value of the investment in 2017 (2016: nil).

The value of the investment in Tuam Limited was reviewed at 30 June 2017. This review concluded that there were significant indicators of value change. There has been a decrease in the value of the investment in 2017 of \$46.8 million (2016: increase \$26.5 million). The reduction was due to the payment of dividends during the year.

The value of the investment in CBL was reviewed by Ernst and Young as at 30 June 2016. CBL owns 50 per cent of the joint venture between CBL and Ngāi Tahu Property Limited (NTPL) - see note 17. Although the current net book value of CBL is negative, the review concluded that there were no significant indicators of value change. Council has decided not to revalue its investment as CBL's major source of revenue 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.

Investment in debt securities

Investment in debt securities includes LGFA borrower notes.

Unlisted shares

Unlisted shares in CCOs include \$1.7 million (2016: \$1.7 million) in New Zealand Local Government Insurance Corporation (NZLGIC) and \$4.0 million (2016: \$3.3 million) in 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 their net asset backing as at 30 June.

The fair value of unlisted shares of NZLGIC has been determined by using the asset valuation from their latest published accounts.

17. Investments in associates and joint arrangements

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Balance at start of year	6,196	6,196	27,221	59,013
Acquisitions	-	-	-	7,398
Share of total recognised revenues and expenses	-	-	11,595	4,403
Dividends from associates and joint ventures	-	-	(8,946)	(5,756)
Share of revaluations	-	-	-	11,838
Disposal	-	-	(4,527)	(49,675)
Balance at end of year	<u>6,196</u>	<u>6,196</u>	<u>22,456</u>	<u>27,221</u>

There is no goodwill included in the carrying value of associates (2016: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of Incorporation	Effective Ownership Interest	
		30 Jun 17	30 Jun 16
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Enable Networks Ltd	NZ	100%	100%
City Care Limited John Fillmore Contracting Limited Joint Venture	Not Incorporated	50%	50%
Christchurch Civic Building Joint Venture (CCBJV)	NZ	50%	50%

No public price quotations exist for these investments.

Transwaste Canterbury Limited

The Council has a 39 per cent 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 per cent interest the Council has significant influence but cannot control the operations therefore accounts for it as an associate.

City Care Limited

In December 2014 City Care entered into an unincorporated joint venture – City Care Limited John Fillmore Contracting Limited Joint Venture. The joint venture is a 50:50 strategic partnership to tender for relevant contracts. There are no commitments or contingent liabilities in respect of the joint venture.

ChristchurchNZ Holdings Limited

Power House Ventures Limited (PVL)

At 30 June 2017 CRIS held a 22.5 per cent interest in PVL (2016: 36.65 per cent). The reduction in ownership interest has resulted in PVL being treated as an equity investment in 2017. In 2016 CRIS equity accounted for its share of the earnings of PVL recognising the fair value of \$1.14 per share as outlined in the initial public offering prospectus lodged with the Australian Stock Exchange.

Civic Building Limited

CCBJV is in a joint venture partnership with NTPL. The amount above represents the 50% share of CBL in the joint venture.

Summarised financial statements of associates, joint ventures and joint operations

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Assets	93,502	110,516	164,714	99,269
Liabilities	35,852	60,000	61,139	165,736
Revenue	75,458	57,099	108,653	109,628
Net surplus/(deficit)	30,167	16,731	38,582	87,868

18. Inventories

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current inventories				
Inventory - raw materials and maintenance items	-	-	13,808	15,042
Inventory - work in progress	-	-	22,220	10,609
Inventory - finished goods	3,293	3,231	8,402	8,122
	3,293	3,231	44,430	33,773
Inventory - allowance for impairment	-	-	(194)	(222)
Total current inventories	3,293	3,231	44,236	33,551

Certain inventories are subject to security interests created by retention of title clauses.

19 Financial instruments

19.1 Other financial assets

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Loans and advances (excl CCOs)	9,826	8,830	151,018	36,202
Investment in debt securities	309,814	391,801	339,476	553,755
Investment in equity securities (excl CCOs)	399	426	7,199	2,575
Derivative instruments - asset	-	-	2,125	429
Total other financial assets	320,039	401,057	499,818	592,961
Total current other financial assets	305,206	323,094	451,636	483,758
Total non-current other financial assets	14,833	77,963	48,182	109,203
	320,039	401,057	499,818	592,961

Loans and advances

Loans and advances disclosed above relate to community, special funds and other loans made by the Council to various community groups and entities to fund specific activities or purposes. This includes non-interest bearing loans with a face value of \$8.1 million (2016: \$6.4 million) which are discounted over the term of the loan using the Council's effective borrowing cost. These loans include the loans made to Housing New Zealand, the Theatre Royal Charitable Foundation, the Christchurch Stadium Trust, the Piano Centre for Music and Arts, UWC Limited and OCHT.

These are classified as *Loans and receivables* in the financial statements and carried at amortised cost.

Investment in debt securities

Investment in debt securities include the following:

Term deposits

These include bank term deposits with original terms of more than three months and are classified as *Loans and receivables*. The face value of term deposits approximates their fair value.

The Council's term deposits amounted to \$308 million (2016: \$320 million). Group's term deposits amounted to \$413 million (2016: \$320 million).

Stocks and bonds

These represent interest bearing debt securities issued by other entities. The carrying value of stocks and bonds held by the Council amounted to \$31 million (2016: \$31 million) and are classified as *Loans and receivables*.

The Group's balance includes \$24.0 million (2016: \$26.6 million) of loans advanced by CCHL to Christchurch Engine Centre which is carried at fair value and contracted in USD. This investment is classified as a *financial asset through surplus or deficit*.

Investment in equity securities

This relates to equity investments in other entities which are held by the Council for trading purposes. This is classified as *financial asset through surplus or deficit* in the financial statements and are carried at their fair value.

Derivative financial instruments

This includes interest rate swaps and forward foreign exchange contracts. These are discussed in detail under note 19.3.

19.2 Borrowings and other financial liabilities

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Borrowings from external parties	1,659,934	1,356,375	2,474,704	2,065,715
Borrowings from group entities	33,339	117,085	-	-
Finance lease liabilities	21 99,672	101,092	63,075	65,461
Total borrowings	1,792,945	1,574,552	2,537,779	2,131,176
Derivative instruments - Liability	139,527	207,420	169,769	262,851
Total borrowings and other financial liabilities	1,932,472	1,781,972	2,707,548	2,394,027
Total current borrowings	316,104	214,639	328,633	190,236
Total non-current borrowings	1,476,841	1,359,913	2,209,146	1,940,940
	1,792,945	1,574,552	2,537,779	2,131,176
Total current borrowings and other financial liabilities	318,841	215,118	333,699	192,598
Total non-current borrowings and other financial liabilities	1,613,631	1,566,854	2,373,849	2,201,429
	1,932,472	1,781,972	2,707,548	2,394,027

Parent

During the year, the Council issued \$421 million (2016: \$284 million) of debt instruments primarily to advance to subsidiaries, finance the rebuild, and refinance debt maturities. A total of \$117 million (2016: \$68 million) of debts were repaid during the year.

Borrowings

The Council's external borrowings are comprised of bonds and bank loan advances issued at either fixed or floating interest rates. These borrowings mature at different intervals ranging from 2017-2027.

The Council's related party borrowings from Vbase will be repaid in the next three years.

Total fixed rate borrowings (excluding finance leases) of \$336 million (2016: \$377 million) have an average interest rate of 4.29 per cent (2016: 4.68 per cent).

Total floating rate borrowings amounted to \$1,358 million (2016: \$1,096 million). The underlying interest rates are based on three-month bank bill reference rate (BKBM) plus a margin. The margin averaged 68 basis points (2016: 71 basis points) over BKBM.

Council also has an undrawn \$100 million standby bank facility which will mature in December 2018.

Council has entered into interest rate swap (IRS) contracts to hedge its exposure to interest rate risk. The Council's risk management strategy is discussed further in note 19.5 below.

Security

The Council's debts are secured over either special or general rates of the City.

Internal borrowings

Council has borrowed a total of \$69 million (2016: \$69 million) from its Capital Endowment Fund with terms ranging between 1 - 9 years. Interest of \$2.5 million (2016: \$2.5 million) was charged by the

Fund. These borrowings and any associated interest charges all relate to the Corporate activity within Council's groups of activities as they are used to fund earthquake related costs. These are eliminated on consolidation of activities in the Council's financial statements.

Group

Christchurch City Holdings Limited

CCHL's borrowings comprised:

- Floating rate notes of \$90 million (2016: \$115 million) in tranches maturing at various intervals until February 2020. Interest on floating rate notes is based on BKBM plus a margin. The average borrowing cost at balance date on its Floating Rate Notes is 2.64 per cent (2016: 3.83 per cent). CCHL also has an undrawn \$100 million (2016: \$100 million) standby facility. This matures in December 2019.
- In June 2016 CCHL entered into a loan facility agreement with Crown Infrastructure Partners Limited (formerly Crown Fibre Holdings Limited) (CIP) as part of the reorganisation of ESL. The face value of the loan is \$120.5 million. The loan is interest free and is secured over the assets of the Enable group. The loan is repayable on 31 May 2021. The loan has been fair valued over the life of the loan at \$112.7 million.

The borrowings have been put in place under a \$1.3 billion debt issuance programme. CCHL has issued uncalled capital of \$1.3 billion to support this programme. CCHL has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Orion New Zealand Limited

Orion's bank debt of \$236 million (2016: \$213 million) is unsecured. However, a deed of negative pledge and guarantee requires Orion to comply with certain covenants. The average rate on the facility is 2.66%. Orion has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Christchurch International Airport Limited

CIAL has a \$295 million (2016: \$235 million) funding facility with its banks. 2016 included a subordinated loan of \$25 million from CCHL to fund the ongoing business and future property and commercial development. Total bond funding is \$175 million (2016: \$125 million). \$76 million is held at fair value on the statement of financial position as it is subject to a fair value hedge relationship.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year ranged from 5.2 per cent to 5.9 per cent for bank facility and 5.1 per cent to 6.2 per cent for bond funding.

City Care Limited

Bank loans of \$6.9 million (2016: \$6.5 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 (2016: \$50 million). Average interest rate 3.16 per cent for the year (2016: 3.71 per cent).

Red Bus Limited

Red Bus has a revolving credit facility with its bank of \$2 million. The interest rate on the facility is 4.74 per cent.

Lyttelton Port Company Limited, Enable Services Limited, EcoCentral Limited, Development Christchurch Limited, Vbase Limited, Civic Building Limited and Tuam Limited

These companies have no external debt at 30 June 2017 (2016: Nil). ESL and EcoCentral are party to borrowing arrangements with CCHL and Vbase and CBL have borrowing arrangements with Council.

19.3 Hedging activities and derivatives

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Derivatives designated as hedging instruments				
Interest rate swaps	-	-	1,349	429
Forward exchange rate contracts	-	-	134	-
Total derivative financial instrument assets	-	-	2,125	429
Derivatives not designated as hedging instruments	-	-	(2,289)	(3,741)
Derivatives designated as hedging instruments				
Interest rate swaps	(139,527)	(207,420)	(167,419)	(259,110)
Forward exchange rate contracts	-	-	(61)	-
Total derivative financial instrument liabilities	(139,527)	(207,420)	(169,769)	(262,851)
Net derivative financial instrument assets (liabilities)	(139,527)	(207,420)	(167,644)	(262,422)
Total current derivative assets	-	-	2,125	-
Total non-current derivative assets	-	-	-	429
Total current derivative liabilities	(2,736)	(479)	(5,065)	(2,362)
Total non-current derivative liabilities	(136,791)	(206,941)	(164,704)	(260,489)

The notional values of interest rate swaps are summarised below:

	30 Jun 17	Parent 30 Jun 16	30 Jun 17	Group 30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Interest rate swaps				
Less than 1 year	92,000	61,500	89,732	173,500
1 to 2 years	76,200	92,000	62,809	326,000
2 to 5 years	280,500	245,200	273,927	756,200
More than 5 years	1,114,700	1,046,200	1,108,742	1,403,925
	1,563,400	1,444,900	1,535,210	2,659,625

Derivative financial instruments are carried at fair value based on the prevailing market rates as at valuation date. Any changes in the value of derivative instruments from inception date are included in either the net surplus or deficit (for fair value hedges, ineffective portion of cash flow hedges and any derivative instruments not designated in a hedging relationship) or in net asset / equity (for effective portion of cash flow hedges).

Derivative contracts are primarily entered into to hedge against any exposure to underlying risks associated with the hedged item. The risk management strategy of the Council and Group are discussed in note 19.5 of the financial statements.

Council and Group derivative financial instruments include the following:

Interest rate swaps

Council and Group enter into interest rate swap contracts to hedge their interest rate exposure on outstanding borrowings. The interest rate fluctuation impacts the fair value (for fixed-rated) and cash flow settlement (for floating) relating to the underlying hedged item.

Interest rate swaps contracts are carried at their fair value based on prevailing market interest rates at valuation date.

Forward exchange rate contracts

Forward exchange rate contracts are intended to hedge exposure to changes in foreign exchange rates on underlying foreign-currency denominated assets and liabilities.

These contracts are carried at their fair value based on prevailing market foreign exchange rates at valuation date.

19.4 Classification and fair value of financial instruments

The table below summarises the classification of financial assets and liabilities as to their respective categories including their relevant carrying and fair values:

	Fair value level	Measurement basis	Carrying amount		Parent Fair value		Carrying amount		Group Fair value	
			30 Jun 17 \$000	30 Jun 16 \$000	30 Jun 17 \$000	30 Jun 16 \$000	30 Jun 17 \$000	30 Jun 16 \$000	30 Jun 17 \$000	30 Jun 16 \$000
Loans and receivables										
Cash and cash equivalents		Amortised cost	52,543	64,031	52,543	64,031	88,290	112,802	88,290	112,802
Debtors and other receivables		Amortised cost	113,262	92,202	113,262	92,202	199,900	182,549	199,900	182,549
Loans and advances		Amortised cost	557,905	462,936	557,905	508,080	146,224	28,435	146,224	73,579
Investment in debt securities		Amortised cost	331,085	410,150	331,085	410,150	360,747	572,104	360,747	572,104
			1,054,795	1,029,319	1,054,795	1,074,463	795,161	895,890	795,161	941,034
Financial assets through surplus or deficit										
<i>Held for trading:</i>										
Derivative assets not designated as hedging instrument	2	Fair value	-	-	-	-	2,125	-	2,125	-
Loans and advances	2	Fair value	4,794	7,767	4,794	7,767	4,794	7,767	4,794	7,767
Investment in debt securities	2	Fair value	68	75	68	75	68	75	68	75
Investment in equity securities	2	Fair value	399	426	399	426	399	575	399	575
<i>Not held for trading:</i>										
Derivative assets designated as hedging instrument	2	Fair value	-	-	-	-	-	429	-	429
			5,261	8,268	5,261	8,268	7,386	8,846	7,386	8,846
Available for sale										
Share investment in subsidiary CCOs	3	Fair value	2,233,859	2,212,897	2,233,859	2,212,897	-	-	-	-
Unlisted shares	3	Fair value	5,654	4,932	5,654	4,932	7,654	6,932	7,654	6,932
Available for sale equity securities			-	-	-	-	4,800	-	4,800	-
			2,239,513	2,217,829	2,239,513	2,217,829	12,454	6,932	12,454	6,932
Financial liabilities through surplus or deficit										
<i>Held for trading:</i>										
Derivative liabilities not designated as hedging instrument	2	Fair value	-	-	-	-	2,289	3,741	2,289	3,741
Borrowings	2	Fair value	-	-	-	-	90,785	77,212	90,785	77,212
<i>Not held for trading:</i>										
Derivative liabilities designated as hedging instrument	2	Fair value	139,527	207,420	139,527	207,420	167,480	259,110	167,480	259,110
			139,527	207,420	139,527	207,420	260,554	340,063	260,554	340,063
Financial liabilities carried at amortised cost										
Creditors and other payables		Amortised cost	167,453	200,871	167,455	200,872	262,415	272,816	262,417	272,817
Borrowings		Amortised cost	1,792,945	1,574,552	1,711,377	1,553,104	2,446,994	2,053,964	2,365,426	2,065,664
			1,960,398	1,775,423	1,878,832	1,753,976	2,709,409	2,326,780	2,627,843	2,338,481

Categories of financial assets and liabilities

Financial instruments are classified into one of the following categories:

- Loans and receivable financial assets,
- Financial assets and liabilities through surplus and deficit,
- Fair value through equity, and
- Financial liabilities carried at amortised cost.

The classification into each category depends on the nature and management's intention over the financial instruments.

There were no transfers between categories during the year (2016: nil).

Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate fair value for each class of financial instrument for which it is practicable to estimate such value:

Interest bearing financial assets and liabilities

Fixed rated instruments with quoted market prices are based on the quoted market price as of valuation date (Level 1) and for non-quoted securities, fair values were determined using discounted cash flow based on market observable rates (Level 2).

Instruments with floating interest rates approximate fair value because of recent and regular repricing based on market conditions (Level 2).

The fair values of non-interest bearing debt securities and loans are determined using discounted cash flow based on Council's effective cost of borrowing for the year (calculated based on applicable market rate plus Council's credit spread) (Level 2).

Foreign-currency denominated debt instruments are valued based on discounted future cash flows using the prevailing foreign exchange rate at valuation date (Level 2).

Derivative financial instruments

The fair values were computed as the present value of estimated future cash flows using market interest rates as at valuation date. The valuation techniques consider various inputs including the credit quality of counterparties (Level 2).

The fair value forward exchange rate contracts are determined based on the discounted future cash flow using the market currency exchange and interest rates between the New Zealand dollar and relevant foreign currency at valuation date.

Investments in equity instruments

Available-for-sale financial investments consist of equity investments in subsidiaries, associates and other entities. Fair value of equity instruments with quoted market prices were determined using the quoted prices (Level 1).

Where there is no active market, investments are revalued based on available market inputs observable and unobservable entity specific information affecting the assets being revalued less any accumulated impairment losses. These investments primarily include investments in subsidiary entities where Council and Group have involved external valuers to perform the valuation. These investments are classified as Level 3 financial instruments for purposes of fair value determination.

The table below summarises the reconciliation of movements in the Level 3 financial instruments:

	30 Jun 17 \$000	30 Jun 16 \$000
Parent		
Opening carrying value	2,217,829	1,969,548
Valuation movements	21,684	248,281
Closing carrying value	<u>2,239,513</u>	<u>2,217,829</u>
	30 Jun 17 \$000	30 Jun 16 \$000
Group		
Opening carrying value	6,932	3,528
Shares acquired during the year	-	2,000
Valuation movements	722	1,404
Closing carrying value	<u>7,654</u>	<u>6,932</u>

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

19.5 Financial risk management

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 34 to the financial statements.

Financial risks

The risks associated with the financial assets and liabilities of the Council and Group include market risk, liquidity risk and credit risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

Interest rate risk

Interest rate risk relates to the risk that the fair value of a fixed debt instrument or future cash flow of a floating debt instrument will fluctuate due to changes in the underlying market interest rate.

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.

Currency risk

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

Group enter into forward foreign exchange contracts or currency swap contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on Group's results and cash flows.

The Group has assessed that a reasonably possible change in foreign exchange rates (a 10 per cent variance either way) would not have a significant impact on surplus or equity.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Commodity price and demand risk

EcoCentral Ltd's operations can be significantly impacted by fluctuations in commodity prices and international demand for certain of its products. This risk is mitigated to an extent by tendering and entering into supply contracts. Any residual risk is not considered material to the Group.

19.5(a) Interest rate risk management

The following tables summarise the Council's and Group's interest rate re-pricing analysis with respect to its financial assets and liabilities subject to interest rate risk:

	Parent					Group				
	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	5+ years	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	5+ years
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 17										
Cash and cash equivalents	52,543	52,543	-	-	-	88,290	88,290	-	-	-
Loans and advances - CCOs	552,873	255,427	63,461	89,500	144,485	-	-	-	-	-
Loans and advances	9,826	-	28	-	9,798	151,018	117,143	28	-	33,847
Investment in debt securities	333,441	325,550	-	5,811	2,080	363,103	301,486	48,466	11,071	2,080
Borrowings	(1,659,934)	(1,448,200)	-	(81,093)	(130,641)	(2,474,704)	(1,774,101)	(100,000)	(419,962)	(180,641)
Borrowings - related party	(33,339)	(28,800)	-	(4,539)	-	-	-	-	-	-
Finance lease liability (net settled)	(99,672)	(8,304)	(7,734)	(28,614)	(55,020)	(63,075)	(17,388)	(3,870)	(14,307)	(27,510)
	(844,262)	(851,784)	55,755	(18,935)	(29,298)	(1,935,368)	(1,284,570)	(55,376)	(423,198)	(172,224)
30 June 16										
Cash and cash equivalents	64,031	64,031	-	-	-	112,802	112,802	-	-	-
Loans and advances - CCOs	461,873	184,000	20,427	152,961	104,485	-	-	-	-	-
Loans and advances	8,830	-	-	47	8,783	36,202	766	-	47	35,389
Investment in debt securities	410,225	358,329	44,644	5,811	1,441	572,179	490,430	69,237	11,071	1,441
Borrowings	(1,473,460)	110,032	(115,300)	(331,244)	(1,136,948)	(2,065,715)	(139,243)	(122,000)	(617,710)	(1,186,762)
Finance lease liability (net settled)	(101,092)	(8,270)	(7,734)	(27,660)	(57,428)	(65,461)	(19,044)	(3,867)	(13,836)	(28,714)
	(629,593)	708,122	(57,963)	(200,085)	(1,079,667)	(1,409,993)	445,711	(56,630)	(620,428)	(1,178,646)

Council and Group have entered into interest rate swap contracts to hedge against the risk due to interest rate fluctuations. The notional amount and maturities of interest rate swap contracts are presented in note 19.3 of the financial statements.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's surplus before tax is affected through the impact on floating rate borrowings, as follows:

	Parent			Group		
	30 June 17	30 June 16	30 June 17	30 June 16	30 June 17	30 June 16
	Surplus or deficit (pre-tax)	Net asset / equity (pre-tax)	Surplus or deficit (pre-tax)	Net asset / equity (pre-tax)	Surplus or deficit (pre-tax)	Net asset / equity (pre-tax)
	\$000	\$000	\$000	\$000	\$000	\$000
100 basis points increase	(19,877)	82,349	5,655	87,620	33,587	82,349
100 basis points decrease	23,364	(91,297)	(6,848)	(96,208)	(30,100)	(91,297)

19.5(b) Currency risk management

The Group's exposure to foreign currency transactions include foreign currencies held on hand as stated in note 15 and \$36,000 trade payable in AUD.

Foreign currency sensitivity analysis

CCHL is a party to a US\$17 million loan agreement with the Christchurch Engine Centre. The loan agreement is fully hedged with a cross currency interest rate swap

and CCHL has no exposure to foreign exchange fluctuations.

The impact of a reasonably possible change in foreign exchange rates (a 10 percent variance either way) would not have a significant impact on comprehensive revenue and expense or equity.

19.5(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

LGFA Guarantee

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. The exposure relating to the guarantee is classified as a contingent liability by the Council and is explained further in note 26.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Parent 5+ years
	\$000	\$000	\$000	\$000	\$000	\$000
30 June 17						
Cash and cash equivalents	52,543	52,543	52,543	-	-	-
Debtors and other receivables	113,262	113,262	113,262	-	-	-
Loans and advances - CCOs	552,873	669,909	140,723	83,781	193,226	252,179
Loans and advances	9,826	8,401	20	8	-	8,373
Investment in debt securities	333,441	366,923	361,485	5	5,274	159
Creditors and other payables	(167,453)	(167,453)	(167,453)	-	-	-
Borrowings - external	(1,659,934)	(1,941,886)	(338,851)	(339,570)	(712,384)	(551,081)
Borrowings - related parties	(33,339)	(35,470)	(30,210)	-	(5,260)	-
Finance lease liability (net settled)	(99,672)	(196,781)	(9,447)	(9,447)	(41,693)	(136,194)
Derivative financial instrument	(139,527)	(126,663)	(20,010)	(15,571)	(44,670)	(46,412)
Net contractual inflows / (outflows)	(1,037,980)	(1,257,215)	102,062	(280,794)	(605,507)	(472,976)
30 June 16						
Cash and cash equivalents	64,031	64,031	64,031	-	-	-
Debtors and other receivables	92,202	92,201	92,201	-	-	-
Loans and advances - CCOs	461,873	586,658	86,791	42,345	240,205	217,317
Loans and advances	8,830	9,256	20	20	8	9,208
Investment in debt securities	410,225	465,608	393,615	66,565	5,272	156
Creditors and other payables	(200,871)	(200,871)	(200,871)	-	-	-
Borrowings - external	(1,356,375)	(1,624,267)	(121,929)	(236,246)	(850,332)	(415,760)
Borrowings - related parties	(117,085)	(120,451)	(90,598)	(24,593)	(5,260)	-
Finance lease liability (net settled)	(101,092)	(206,191)	(9,410)	(9,410)	(40,381)	(146,990)
Derivative financial instruments	(207,420)	(135,080)	(16,966)	(16,221)	(45,999)	(55,894)
Net contractual inflows / (outflows)	(945,682)	(1,069,106)	196,884	(177,540)	(696,487)	(391,963)

	Group					
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	5+ years
	\$000	\$000	\$000	\$000	\$000	\$000
30 June 17						
Cash and cash equivalents	88,290	79,328	79,328	-	-	-
Debtors and other receivables	199,900	197,561	205,675	(410)	(6,737)	(967)
Other assets	342	342	342	-	-	-
Loans and advances	151,018	37,452	860	708	5,836	30,048
Investment in debt securities	363,103	391,236	385,798	5	5,274	159
Creditors and other payables	(262,415)	(260,793)	(260,793)	-	-	-
Borrowings -external	(2,474,704)	(2,845,327)	(428,167)	(658,881)	(1,143,375)	(614,904)
Finance lease liability (net settled)	(63,075)	(128,599)	(6,810)	(6,812)	(26,352)	(88,625)
Derivative financial instruments	(167,644)	(130,356)	(29,478)	(23,490)	(47,557)	(29,831)
Net contractual inflows / (outflows)	(2,165,185)	(2,659,156)	(53,245)	(688,880)	(1,212,911)	(704,120)
30 June 16						
Cash and cash equivalents	112,802	113,014	113,014	-	-	-
Debtors and other receivables	182,549	166,260	174,782	(391)	(6,481)	(1,650)
Other assets	94	251	251	-	-	-
Loans and advances	36,202	40,406	1,445	791	6,128	32,042
Investment in debt securities	572,179	621,173	549,180	66,565	5,272	156
Creditors and other payables	(272,816)	(272,843)	(272,843)	-	-	-
Borrowings -external	(2,065,715)	(2,399,630)	(205,753)	(404,862)	(1,321,692)	(467,323)
Finance lease liability (net settled)	(65,461)	(136,597)	(7,074)	(7,028)	(26,847)	(95,648)
Derivative financial instruments	(262,422)	(174,258)	(26,382)	(28,511)	(54,770)	(64,595)
Net contractual inflows / (outflows)	(1,762,588)	(2,042,224)	326,620	(373,436)	(1,398,390)	(597,018)

19.5(d) 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 which, where applicable, have the required Standard and Poor's credit ratings.

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.

Debtors and other trade receivables

The Council's receivables mainly arise from statutory functions. Procedures are in place to monitor the credit quality of debtors and other receivables with reference to internal or external credit ratings and where appropriate security must be provided to secure credit terms.

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.

Council's trade debtors and other receivables amounted to \$98.1 million (2016: \$77.2 million).

There is some concentration of credit risk within the group in relation to trade receivables, however all of these major customers are considered to be of high credit quality, and as such on a Group-wide basis, it is not considered that there is a significant risk of losses arising. Geographically there is no significant credit risk concentration for the Group outside New Zealand.

The Group's trade debtors and other receivables amounted to \$147.3 million (2016: \$135.2 million).

19.5(d) Credit risk management (continued)

The following table summarises the Council and Group's counterparty credit risks:

	Credit rating	30 Jun 17 \$000	Parent 30 Jun 16 \$000	30 Jun 17 \$000	Group 30 Jun 16 \$000
Cash and cash equivalents					
	AA	2,543	30,031	23,790	76,148
	A	50,000	34,000	64,500	34,035
	< BBB / unrated	-	-	-	2,619
Loans and advances					
	AA	-	-	117,000	-
	A	360,785	323,500	-	-
	BBB	-	-	-	25,000
	< BBB / unrated	201,914	147,203	34,018	11,202
Investment in debt securities					
	AA	273,850	384,360	301,197	542,714
	A	58,473	24,740	60,788	28,340
	< BBB / unrated	1,118	1,125	1,118	1,125
Derivative financial instrument assets					
	AA	-	-	2,125	429
		948,683	944,959	604,536	721,612

20. Finance lease receivables

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	-	-	163	165
Later than one year and not later than five years	-	-	696	692
Later than five years	-	-	792	966
Minimum lease receivables	-	-	1,651	1,823
Less future finance charges	-	-	(1,507)	(1,668)
Present value of minimum lease receivables	-	-	144	155
Present value of future minimum lease receivables				
No later than one year	-	-	1	3
Later than one year and not later than five years	-	-	46	48
Later than five years	-	-	97	104
Present value of future minimum lease receivables	-	-	144	155
Represented by				
Current portion	-	-	1	3
Non-current portion	-	-	143	152
Total	-	-	144	155

21. Finance lease liabilities

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
No later than one year	9,447	9,410	6,810	7,059
Later than one year and not later than five years	51,140	49,791	33,164	33,893
Later than five years	136,195	146,989	88,626	95,647
Minimum lease payments *	196,782	206,190	128,600	136,599
Less: future finance charges	(97,110)	(105,098)	(65,525)	(71,138)
Present value of minimum lease payments	99,672	101,092	63,075	65,461
Minimum future lease payments				
No later than one year	8,304	8,270	5,058	5,113
Later than one year and not later than five years	36,348	35,394	21,986	22,428
Later than five years	55,020	57,428	36,031	37,920
Total present value of minimum lease payments	99,672	101,092	63,075	65,461
Represented by:				
Current portion	8,304	8,270	5,059	5,113
Non-current portion	91,368	92,822	58,016	60,348
Total finance leases	99,672	101,092	63,075	65,461

* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Parent

Council leased the Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCBJV) in August 2010. CBL is a wholly owned Council subsidiary which owns a 50 per cent 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 \$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 install new assets at or near its local grid exit points. The agreements have remaining terms of between three and 31 years (2016: less than one and 32 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 based on prevailing interest rates and agreed margins.

22. Construction contracts

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contract costs incurred	-	-	281,572	218,092
Progress billings	-	-	268,491	205,378
Gross amounts due from customers	-	-	16,226	15,072
Gross amounts due to customers	-	-	362	90
Retentions included in progress billings	-	-	-	-

23. Employee benefits

23.1 Personnel cost

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Salaries and wages	181,261	173,758	460,055	433,756
Defined contribution plan employer contributions	3,952	3,516	7,068	6,428
Defined benefit plan employer contributions	-	-	133	141
Increase/(decrease) in employee entitlements/liabilities	1,822	1,800	2,317	4,906
Other personnel costs	-	-	1,793	1,386
Total personnel costs	187,035	179,074	471,366	446,617

23.2 Employee entitlements

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Current portion				
Accrued pay	5,462	4,536	12,885	10,911
Annual leave	13,662	12,540	38,909	33,866
Sick leave	256	256	468	513
Retirement and long service leave	1,242	1,234	2,569	3,150
Bonuses and other	-	-	2,715	3,881
	20,622	18,566	57,546	52,321
Non-current portion				
Retirement and long service leave	4,950	5,183	7,081	6,891
Bonuses and other	-	-	493	461
	4,950	5,183	7,574	7,352
Total employee entitlements	25,572	23,749	65,120	59,673

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 to ten years.

Holiday Act

Following guidance issued by MBIE some members of the Group have determined that they may have obligations to pay entitlements under the Holidays Act 2003 in respect of prior periods. Whilst some of the Group are still completing investigations as at 30 June 2017, where possible a best estimate of the obligation has been considered payable and included in the employee entitlement above.

24. Provisions

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
(a) Current provisions				
Landfill aftercare provision	2,139	1,699	2,139	1,699
Building related claims provision	2,222	2,222	2,222	2,222
Other	-	-	597	31
	<u>4,361</u>	<u>3,921</u>	<u>4,958</u>	<u>3,952</u>
(b) Non-current provisions				
Landfill aftercare provision	14,567	15,898	14,567	15,898
Building related claims provision	20,349	15,031	20,349	15,031
	<u>34,916</u>	<u>30,929</u>	<u>34,916</u>	<u>30,929</u>
Total provisions	<u>39,277</u>	<u>34,850</u>	<u>39,874</u>	<u>34,881</u>

Landfill aftercare

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. These include:

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 \$16.7 million (2016: \$17.6 million). The discount rate used to calculate this provision is 5.4 per cent (2016: 5.2 per cent).

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 the opening date of 8 June 2005. The Council's ownership share of Transwaste is 38.9 per cent.

Calculation method

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 5.4 per cent (2016: 5.2 per cent).
- 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.

Building related claims

A provision has been recognised for the estimated cost of known weathertight and other building related claims currently outstanding. This includes those claims that are being actively managed by the Council as well as claims lodged with Council, WHRS and the High Court, but not yet being actively managed.

The Council engaged Melville Jessup Weaver in 2017 to conduct an independent actuarial calculation of its liability for weathertight and other building related claims. The provision has been determined on the basis of that advice and is net of any third party contributions including insurance, where applicable.

The provision is calculated based on:

- the number of known claims.
- the average actual settlement costs.
- the average actual claims settled per year.

Other provision

Other provisions include plant maintenance and other small provisions.

	Parent			Group			
	Landfill aftercare	Building related claims	Total	Landfill aftercare	Building related claims	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2015	16,757	18,173	34,930	16,757	18,173	-	34,930
Additional provisions made	960	-	960	960	-	31	991
Amounts used	(120)	(920)	(1,040)	(120)	(920)	-	(1,040)
Balance at 30 June 2016	17,597	17,253	34,850	17,597	17,253	31	34,881
Additional provisions made	946	6,550	7,496	946	6,550	578	8,074
Amounts used	(1,837)	(1,232)	(3,069)	(1,837)	(1,232)	(12)	(3,081)
Balance at 30 June 2017	16,706	22,571	39,277	16,706	22,571	597	39,874

25. Other liabilities

	Parent		Group	
	30 Jun 17 Actual \$000	30 Jun 16 Actual \$000	30 Jun 17 Actual \$000	30 Jun 16 Actual \$000
(a) Other current liabilities				
Income in advance	13,884	40,928	18,897	44,081
Service concession agreement	11 736	736	-	-
	<u>14,620</u>	<u>41,664</u>	<u>18,897</u>	<u>44,081</u>
(b) Other Non-current liabilities				
Income in advance	1,920	2,130	1,712	1,633
Service concession agreement	11 4,108	4,844	-	-
	<u>6,028</u>	<u>6,974</u>	<u>1,712</u>	<u>1,633</u>
Total other liabilities	<u>20,648</u>	<u>48,638</u>	<u>20,609</u>	<u>45,714</u>
Income in advance				
Income in advance from non-exchange transactions:				
Grants and other revenue subject to condition	49	182	49	182
Advanced receipts	4,699	30,097	5,295	30,609
	<u>4,748</u>	<u>30,279</u>	<u>5,344</u>	<u>30,791</u>
Income in advance from exchange transactions	11,056	12,779	15,265	14,923
Total income in advance	<u>15,804</u>	<u>43,058</u>	<u>20,609</u>	<u>45,714</u>

Income in advance

The Council's revenue in advance includes prepaid building inspections of \$9.5 million (2016: \$11 million). 2016 revenue in advance also includes advanced Crown funding of \$16 million.

Service concession liability

The Council's service concession arrangement relates to the Material Recovery Facility. Refer to note 11 for the details of the arrangement including the amount of service concession assets and liabilities recognised by the Council.

26. Contingent liabilities and assets

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Contingent liabilities				
Performance bonds	-	-	40,209	47,802
Uncalled capital in LGFA	1,880	1,880	1,880	1,880
Uncalled capital in CCHL	1,300,139	850,138	-	-
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
Christchurch Symphony Orchestra guarantee	200	200	200	200
Rebuild costs	254,000	253,000	254,000	253,000
Legal disputes	1,450	600	1,450	600
Total contingent liabilities	1,576,225	1,124,374	299,295	305,038
Contingent assets	-	-	-	-

Parent

Contingencies

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 31 local government shareholders of LGFA (2016: 30). 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 2017, LGFA had borrowings totalling \$7.5 billion (2016: \$6.2 billion).

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 \$5.5 million (2016: \$5.1 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 ten specific issues and the potential for claims in eight 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.

While 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 claims see note 24.

Rebuild costs and recoveries

The Council is committed to expenditure under the cost sharing agreement. Rebuild and recovery costs will in part be met from Crown contributions. The balance will be funded by the Council and is a future liability.

The Council has agreed the rebuild cost sharing arrangements for the anchor projects with the Crown. 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 as does the final ownership of a small number of anchor projects. There may also be potential liability associated with the cost sharing agreement. The quantum of this liability also remains uncertain.

The final ownership structure and the extent and timing of any Council control of the Multi-Use Arena project is still to be determined. As a result the Council's contribution of \$253 million has been treated as a contingent liability. The Crown contribution is equally uncertain and is considered a contingent asset.

Projects constructed as part of the SCIRT programme have a twelve month post-construction defects period. With the programme ending in June 2017, there are approximately 150 projects still in the defects period. This will steadily reduce over the year as projects complete this final phase. Currently the estimated possible remaining defect cost contingency is \$5 million. This cost will be shared between the SCIRT

contractors and the funders (Council and Crown) 50:50. Council's estimated share is 42% (\$1 million).

The SCIRT arrangement includes a provision for sharing contract gains and/or losses between contractors and funders based on performance against budget at the conclusion of the agreement and defects period. At present the Council as a funder will 'gain' from the contractors. The final amount will only be determined at the end of the defects period and will be recognised then. The Council therefore has a contingent asset.

The Council has a contingent asset in relation to its cost sharing agreement recoveries from the Crown. The final contribution for the Metro Sports Centre is still to be determined and this has been treated as a contingent asset.

Suspensory loan

In 2006 the Council entered into an agreement with the Housing New Zealand Corporation (HNZ) to borrow \$2.4 million from HNZ's Local Government Housing Fund. The loan is for a term of 20 years at 0 per cent interest from the date of drawdown (2008) and will cease to be repayable at the end of the term. The loan has a number of conditions which if not met require it to be repaid.

The Council considers that it will continue to meet the conditions of the loan and as such has not recognised a liability. Should Council fail to continue to meet the conditions of the loan it will need to repay the \$2.4 million plus interest for the remaining term.

Christchurch Symphony Orchestra Guarantee

In March 1998 the Council guaranteed a \$0.1 million bank overdraft for the Christchurch Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further \$0.1 million to be guaranteed, if required. A guarantee for the additional \$0.1 million was activated in June 2009.

Regenerate Christchurch

The Greater Christchurch Regeneration Act 2016 provides that in 2021 the net assets of Regenerate Christchurch will be distributed to a council controlled entity. Until that point in time the Council does not have a present ownership interest nor control of the entity. Council has a contingent asset in relation to the ownership interest it will acquire in 2021.

Other

The Council has provided Leisure Investment NZ (Limited Partnership) with a guarantee of up to \$5 million of its third party bank loan for 5 years expiring in 2020. Leisure Investment NZ (Limited Partnership) have an ownership interest in the Christchurch Adventure Park.

Group

Contingent liabilities

Performance bonds

The following contingent liabilities exist in respect of contract performance bonds:

- CCHL \$30 million (2016: \$40 million);
- City Care \$8.9 million (2016: \$6.4 million);
- Red Bus \$0.9 million (2016: \$0.9 million); and
- Orion \$0.4 million (2016: \$0.4 million)

CCHL entered into a \$50 million performance bond with ANZ bank in June 2011 in support of ESL's obligation under the 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.

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. Because it is not possible to determine the extent to which any deficit will affect future contributions by employers, the Group participation in the scheme is accounted for as if it were a defined contribution plan.

Enable Services Limited

The Enable group has provided a guarantee of CIP's loan to CCHL. At 30 June 2017 this amounted to \$120.5 million (2016: \$83.9 million).

Orion New Zealand Limited

The Port Hill fires which began on 13 February caused little damage to Orion's electricity distribution network but there were significant costs and losses for other parties. Orion insures for liability risks in line with good industry practice. It is too early to determine whether these events will result in a financial liability for Orion.

Contingent assets

Lyttelton Port Company Limited

On 29 June 2015, LPC filed a statement of claim against Aon Limited in the High Court. The claim centres on Aon's responsibilities in relation to LPC's insurance policies during the Canterbury earthquakes. Aon filed its Statement of Defence, which refutes LPC's claims, on 4 August 2015. The LPC board is confident of its case, but is unable to estimate the company's chance of success or the final amount which may be awarded.

Enable Services Limited

Broadspectrum (formerly Transfield Services Limited) has lodged a \$45 million performance bond with ESL under the Network Delivery Alliance agreement (2016: \$45 million).

27. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 17	30 Jun 16	30 Jun 17	30 Jun 16
	Actual	Actual*	Actual	Actual*
	\$000	\$000	\$000	\$000
Surplus for the period	188,787	361,791	140,142	287,099
Add/(less) non-cash items				
Depreciation and amortisation	205,214	190,591	330,867	302,023
Vested assets	(34,377)	(90,299)	(34,377)	(90,299)
Impairment (gains)/losses	-	-	10,069	107,013
(Gains)/losses in fair value of investment property and assets held for sale	-	-	(35,926)	(12,489)
(Gains)/losses in fair value of derivative financial instruments	(708)	(1,013)	(177)	(1,012)
Share of associates' (surplus)/deficit (less dividends)	-	-	(2,649)	1,353
Net foreign exchange (gains)/losses	-	-	(27)	10
Deferred tax charged/(credited) to surplus	(1,355)	5,638	(3,802)	(38,484)
(Gains)/losses in fair value of Investments	897	433	(530)	(6,390)
Shares received as consideration for UFB build	-	-	-	(28,567)
Non-cash asset acquisition	(50,505)	(112,589)	(50,505)	(112,589)
Revaluation of ENL prior to acquisition	-	-	-	(11,838)
Other non cash movements	(233)	(454)	(654)	861
Net changes in non-cash items	118,933	(7,693)	212,289	109,592
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	46,093	1,058	46,109	1,611
Movement in capital creditors	(4,855)	(3,181)	(6,581)	(5,671)
Recognition of service concession arrangement	(736)	(736)	(736)	(736)
Insurance proceeds classified as investing activities	(60,846)	(401,001)	(60,846)	(401,001)
Vbase insurance advance held as investing	-	-	-	(108,318)
Other	-	-	412	3,046
Net changes in investing/financing activities	(20,344)	(403,860)	(22,267)	(511,069)
Add/(less) movement in working capital items				
Receivable and prepayment	(21,061)	158,642	(4,839)	283,463
Inventories	(62)	433	(11,145)	(7,895)
Other assets	-	-	1,764	2,012
Payables	(33,419)	25,048	(17,981)	11,596
Provisions and employee entitlements	6,483	2,173	10,157	2,958
Income tax receivable/(payable)	-	-	(1,789)	(12,071)
Other liabilities	(27,254)	(430)	(24,655)	(439)
Net changes in net assets and liabilities	(75,313)	185,866	(48,488)	279,624
Net cash from operating activities	212,063	136,104	281,676	165,246

28. 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.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

The Council provides grants and operational funding to a number of group entities and entities or organisations where the Mayor, Councillors or Executive Leadership Team are members of the organisations or their governing bodies. Such funding is agreed by Council on the same basis as other organisations with no such direct links.

Related Party Transactions required to be disclosed:

Provision of accounting/administration services

The Council provided accounting, administrative and IT services to the group entities outlined below. The Council does not provide such services to non-group entities.

Group entity	2017		2016	
	Services to CCOs	30 June Balance	Services to CCOs	30 June Balance
	\$000	\$000	\$000	\$000
CCHL	857	61	918	98
CBL	20	-	20	-
CAfE	11	-	6	3
DCL	84	84	-	-
RBT	38	-	43	8
Tuam	-	-	75	-
Vbase	9,048	8,012	9,251	383
WBFT	24	23	23	23

Grants

The Council has provided a number of grants/subsidies to the group entities, and some of these are considered non-arm's length transactions. These grants are outlined in the table below.

Group entity	2017 \$000	2016 \$000	Reason for non-arm's length
OCHT	381	49	Non-contestable funding
RBT	306	310	In accordance with the Riccarton Bush Act
Regenerate	4,000	-	Non-contestable funding
WBFT	355	195	Non-contestable funding

No balances were outstanding at year end (2016: nil).

SCIRT

The Council is a party to the SCIRT alliance. The alliance was developed to provide a single delivery unit for the rebuild of the Council's horizontal infrastructure. City Care which is a Group company is one of the five delivery partners. The contract to SCIRT was not tendered.

In 2016/17 the Council paid \$153.4million (2016: \$250.8 million) to SCIRT and at year end \$6.4 million (2016: \$27.1 million) was outstanding.

Other commercial contracts

The Council has a contract with EcoCentral for waste collection and management. This contract was not tendered. In 2016/17 the Council paid \$8.6 million (2016: \$8 million) to EcoCentral and at year end \$0.6 million (2016: \$0.7 million) was outstanding.

Subventions

The Council expects to transfer losses of \$7.1 million to other members of the Council group (2016: \$9.5 million) by way of subvention payment of \$2.0 million (2016: \$2.6 million).

The final Council tax position for the 2016 tax year resulted in Council transferring losses of \$9.5 million (2015: \$21.8 million) and receiving a payment of \$3.7 million (2015: \$14.2 million). The total amount of tax losses transferred between group companies was \$26.3 million (2015: \$47.4 million).

29. Major budget variations

Comprehensive revenue and expense

Total revenue is \$166 million higher than budget.

- Subsidies and grants are \$65 million higher than budget mainly as a result of more subsidised SCIRT rebuild and roading projects being completed during the year. A lot of these projects were budgeted to be completed in prior years.
- Vested assets are \$30 million higher than budget reflecting more assets received from developers than expected.
- Development and financial contributions are \$21 million higher than budget due to higher than expected subdivision volume.
- Dividend revenue is \$16 million higher than budget due to unplanned dividends from Tuam Limited and Transwaste Limited offset by a lower dividend from CCHL which reflects a changed capital release strategy.
- \$8 million of revenue from Vbase on-charge is not planned for. Unplanned expenses of the same amount are included within other expenses.
- Interest revenue is \$3 million higher than budget due to higher than planned on-lending to CCHL.
- Rates revenue is \$2 million higher than budget due to higher than expected rating growth during the year from rebuild work.

Total expenses are \$157 million higher than budget.

- Depreciation and amortisation costs are \$16 million higher than budget as a result of the infrastructure assets revalued in 2016.
- Personnel costs are \$9 million higher than budget mainly due to on-charged Vbase salary and wages costs and slightly higher costs for vacancy cover.
- Finance costs are \$4 million higher than budget due to higher than planned borrowing for on-lending to CCHL, higher than planned delivery in the capital programme, and some prefunding of December 2017 debt renewals.
- Other expenses are \$140 million higher than budget due to the following reasons:
 - \$56 million of expensed project costs that were originally planned to be capital in nature. Significant capital write offs include SCIRT and the Crossing carpark.
 - \$9 million of savings incorporated into the 2016/17 Annual Plan which were not achieved.
 - \$7 million of higher maintenance work required in wastewater and water supply areas.
 - \$4 million higher spend in Housing as a result of the acceleration of the repair programme, more minor maintenance work than originally planned and some one-off establishment costs of the Housing Trust.
 - \$3 million unplanned increase in the Building Act provision, as a result of the 2017 actuarial assessment of the total provision for claims under the Building Act including weathertight homes.
 - \$3 million higher neighbourhood parks costs due to more maintenance work undertaken during the year.

- Offset by decreases in:
 - Museums building and development grant of \$6 million delayed due to delays in the Canterbury Museum redevelopment plan.
 - Port Hill land earthquake related costs are \$4 million lower than budget.
- Net gains/losses of \$46 million are not budgeted relating to loss on disposal of PPE and assets held for sale, and fair value adjustments for financial instruments.

Total other comprehensive revenue and expenses are \$144 million better than budget.

- Actual revaluation gains of infrastructure assets and investments in subsidiaries are \$56 million higher than budget,
- Other items included in other comprehensive revenue and expenses are not budgeted for. These include gains/losses on investment revaluation and cashflow hedges.

Financial position

Total assets are \$882 million higher than budget.

- Investments and other financial assets are \$940 million higher than budget due to a combination of revaluation increases and additional investments made during the year.
- Actual year end cash and cash equivalents are \$9 million higher than budget.
- Accounts receivables are \$21 million higher than budget mainly due to timing of invoicing and payment.
- Property, plant and equipment is \$89 million lower than budget mainly as a result of the significant capital write offs during the year.

Total liabilities are \$529 million higher than budget.

- Borrowing is \$450 million higher than budget due to a combination of unplanned borrowing for on-lending to CCHL, additional borrowing required for prefunding debt renewals, and unbudgeted borrowings from related parties.
- Derivative liabilities are \$44 million higher than budget due to market movement on interest rates.
- Payables are \$3 million lower than budget due to timing of invoicing and payment.
- Other liabilities are \$14 million higher than budget mainly due to unbudgeted income in advance for prepaid inspections, AMI lease, and prepaid rates by ratepayers.
- Provisions are \$15 million higher than budget due to a combination of an increase in the building related claims provision and a prior year increase in the landfill aftercare provision not incorporated into the plan.

30. Remuneration

30.1 Chief Executive

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

Dr Karleen Edwards was appointed as the Chief Executive of the Council on 15 June 2014.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive for the year to 30 June 2017 was \$446,909 (2016: \$403,397). This includes the pay out of four weeks annual leave, so it represents 56 weeks pay.

30.2 Cost of severance payments

In accordance with Schedule 10, section 33 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 2017 the Council made five severance payments - \$16,500, \$15,000, \$9,000, \$8,000 and \$5,000. This compares with the year ended 30 June 2016 when the Council made five severance payments - \$26,000, \$12,400, \$8,600, \$5,000 and \$2,200.

30.3 Key management personnel

	30 Jun 17 Actual \$000	30 Jun 16 Actual \$000
Key management personnel compensation		
Salaries and other short term benefits	3,961	4,516
Total	3,961	4,516

Total key management personnel remuneration includes that of the Mayor, Councillors, Executive Leadership Team of the Council and Mayor's Chief of Staff.

The remuneration details of the Chief Executive, Mayor and Councillors are set out in notes 30.1 and 30.4.

Key management personnel represent 24 full time equivalents.

30.4 Elected members

	30 Jun 17 Council Remuneration \$	30 Jun 17 Directors Fees \$	30 Jun 17 Total \$	30 Jun 16 Council Remuneration \$	30 Jun 16 Directors Fees \$	30 Jun 16 Total \$
Lianne Dalziel	187,065	-	187,065	184,300	-	184,300
Andrew Turner	116,244	-	116,244	99,200	-	99,200
Vicki Buck	100,688	-	100,688	114,525	-	114,525
Jimmy Chen	100,688	8,365	109,053	99,200	15,000	114,200
Phil Clearwater	100,688	-	100,688	99,200	-	99,200
Pauline Cotter	100,688	-	100,688	99,200	-	99,200
Mike Davidson	71,637	-	71,637	-	-	-
David East	100,688	21,189	121,877	99,200	25,427	124,627
Anne Galloway	71,637	-	71,637	-	-	-
James (Jamie) Gough	100,688	-	100,688	99,200	-	99,200
Yani Johanson	100,688	-	100,688	99,200	-	99,200
Aaron Keown	71,637	-	71,637	-	-	-
Glenn Livingstone	100,688	4,238	104,926	99,200	-	99,200
Raf Manji	100,688	-	100,688	99,200	-	99,200
Tim Scandrett	100,688	-	100,688	99,200	-	99,200
Deon Swiggs	71,637	-	71,637	-	-	-
Sara Templeton	71,637	-	71,637	-	-	-
Alison (Ali) Jones	29,042	8,365	37,407	99,200	15,000	114,200
Paul Lonsdale	29,042	-	29,042	99,200	-	99,200
	1,726,458	42,157	1,768,615	1,489,225	55,427	1,544,652

See note 28 Related Parties for detail on transactions between Council and elected members and key management personnel that were not at arm's length. Councillors who are directors of CCHL do not receive directors' fees. Councillor Chen and Councillor Jones

donated their directors' fees to the Mayor's Welfare Fund (MWF) in 2017. Councillor Livingstone's directors' fee was payable at year end and will be donated to MWF when paid. In 2016, Councillor Chen donated his directors' fees to Mayor's Welfare Fund.

30.5 Council employees

At balance date, the Council employed 3,260 (2016: 3,236) staff members. These comprised 1,779 (2016: 1,734) full time employees with the balance of employees representing 358 (2016: 330) full-time equivalent employees. An employee is a full-time employee if they normally work 37.5 hours or more per working week.

The tables below provide 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 17 Actual		30 Jun 16 Actual
Less than \$60,000	1,823	Less than \$60,000	1,882
\$60,000 - \$79,999	566	\$60,000 - \$79,999	555
\$80,000 - \$99,999	398	\$80,000 - \$99,999	397
\$100,000 - \$119,999	263	\$100,000 - \$119,999	213
\$120,000 - \$139,999	126	\$120,000 - \$139,999	114
\$140,000 - \$159,999	40	\$140,000 - \$159,999	35
\$160,000 - \$179,999	22	\$160,000 - \$179,999	16
\$180,000 - \$199,999	7	\$180,000 - \$199,999	9
\$200,000 - \$219,999	6	\$200,000 - \$219,999	7
\$220,000 - \$279,999	6	\$220,000 - \$279,999	6
\$280,000 - \$459,999	3	\$280,000 - \$419,999	2
Total employees	3,260	Total employees	3,236

31. 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 but does not expect 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 the renewal and maintenance programmes of major classes of assets 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 Long Term Plan.

32. Legislative requirements

Council Controlled Organisations

The Local Government Act 2002 requires CCOs to submit their half year accounts and an SOI to their Boards and to their shareholders within specified timeframes. For the 2016/17 financial year all CCOs submitted half year accounts within the specified timeframes as set out in the legislation.

33. Subsequent events

There have been no significant events since balance date.

34. Prior year error correction

The Council and Group has adjusted its comparative year financial statements for the year ended 30 June 2016 for the correction of a prior period error.

The information Council received from SCIRT during 2016/17 suggested \$58.7 million of 30 June 2016 work in progress balance were repairs in nature and should

have been recognised as operating expense. The financial statements for 2016, which are presented as comparative information in the 30 June 2017 financial statements, have been restated to correct this error.

The adjustments are shown in the table below:

	Before adjustments \$000	Correction of error \$000	Actual 2016 After adjustments \$000
Council			
Operating expenses			
Other expenses	361,905	58,683	420,588
Non-current assets			
Property, plant and equipment	8,704,632	(58,683)	8,645,949
Equity			
Accumulated comprehensive revenue and expense	3,586,489	(58,683)	3,527,806
Group			
Operating expenses			
Other expenses	747,959	58,683	806,642
Non-current assets			
Property, plant and equipment	11,485,711	(58,683)	11,427,028
Equity			
Accumulated comprehensive revenue and expense	4,568,842	(58,683)	4,510,159

35. Statement of significant accounting policies

Basis of preparation

Measurement base

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 and Group is New Zealand dollars.

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.

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 are set out in the Rebuild note in pages 160 to 161 and note 9 to the financial statements.

New accounting standards and interpretations

Changes in accounting policy and disclosures

There have been no changes in accounting policy and disclosures for 2017.

Accounting standards and interpretations issued but not yet effective

The following new standards, interpretations and amendments have been issued but not yet effective as at 30 June 2017. Council has not early adopted these standards and interpretations.

- *2016 Omnibus Amendments to PBE Standards*
 - The annual omnibus amendments to all PBE standards contains general updates and improvements to PBE standards. The revised PBE standards are effective from the year ending 30 June 2018. These are not expected to have significant impact on the Group.
- *PBE IFRS 9 – Financial Instruments*

This new standard replaces most of the requirements of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and specifies how an entity should classify and measure financial assets. The standard is effective for the year ending 30 June 2022. Council has not yet determined the potential impact of this standard. The Council has the ability to early adopt this standard to ensure consistency of treatment with its non-PBE subsidiaries when they adopt IFRS 9.
- *PBE Standards on interests in other entities – PBE IPSAS 34 Separate Financial Statement, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investments in Associates and Joint Ventures, PBE IPSAS 38 Disclosure of Interests in Other Entities.*

These new standards will replace PBE IPSAS 6 *Consolidated and Separate Financial Statements*, PBE IPSAS 7 *Investments in Associates*, and PBE IPSAS 8 *Interest in Joint Ventures*. They amend

the definition of control, introduce a new classification of joint arrangement, and require additional disclosures for interests in other entities. These new standards are effective from the year ending 30 June 2020. They have potential impact on how Council consolidate and account for its interest in other entities.

Principles of consolidation

Subsidiaries

Subsidiaries include special purpose entities and those entities where the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. The potential to exercise or convert 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. This includes the application of PBE accounting standards for those entities reporting under NZ IFRS.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive revenue and expense and the statement of financial position.

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 or 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 or 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.

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.

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which Council provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Council's revenue will be categorised non-exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Group satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Specific accounting policies for the major categories of revenue are outlined below:

Rates

Rates are set annually by a resolution from Council and revenue is recognised through surplus or deficit at the time of invoicing.

Goods sold and services rendered

Revenue from the sale of goods is recognised through surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised through surplus or 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.

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised through surplus or 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 or deficit.

Finance revenue

Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue, is recognised through surplus or deficit as it accrues, using the effective interest rate method.

Rental revenue

Rental revenue from investment and other property is recognised through surplus or 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 revenue.

Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental.

Grants revenue (including government grants)

Grant revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.

Grant revenue is categorised as non-exchange revenue.

Dividend revenue

Dividend revenue is classified as exchange revenue and is recognised when the shareholder's right to receive payment is established.

Finance lease revenue

Finance lease revenue is classified as exchange revenue and is allocated over the lease term on a systematic basis. This revenue allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

Development contributions

Development contributions are classified as exchange revenue and recognised as revenue in the year in which they are received.

Other gains

Other gains include gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging Policy).

Earthquake subsidies, recoveries, and insurance receipts

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.

The classification of earthquake subsidies and recoveries as exchange or non-exchange is dependent on the nature of the subsidy or recovery.

Vested assets

Where a physical asset is received for no or minimal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council and goods donated are recognised as revenue when control over the asset is obtained. Vested assets and donated goods are categorised as non-exchange revenue.

Expenses

Specific accounting policies for the major categories of expenditure are outlined below:

Operating lease payments

Payments made under operating leases are recognised through surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised through surplus or deficit as an integral part of the total lease expense.

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.

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 or deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense through surplus or deficit as it accrues.

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).

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 or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The 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.

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 or 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 or 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 and subsequently at fair value. Changes in fair value are recognised immediately in surplus or 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).

Property, plant and equipment

The following assets 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

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 or 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 or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus or 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date in accordance with the requirements of PBE IPSAS 17 – Property, Plant and Equipment.

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 PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 - Impairment of Cash-Generating Assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in surplus or 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

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to 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 or deficit.

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.

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).

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.

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.

Hedging

The method of recognising movements in the fair value of derivatives 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; fair value hedges (hedges of the fair value of recognised assets or liabilities or a firm commitment); or cash flow hedges (hedges of highly probable forecast transactions).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the surplus or deficit together with any changes in the fair value of the hedged asset or liability.

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive revenue and expense in the hedging reserve.

When the derivative is no longer an effective hedge or is sold or cancelled the cumulative gain or loss recognised to date on the derivative is recognised in surplus or 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 surplus or deficit.

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 surplus or deficit.

Investments

The Council classifies its investments in the following categories:

Financial assets at fair value through surplus or deficit
This category has two sub-categories: financial assets held for trading and those designated at fair value through surplus or 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.

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.

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 or 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.

Investment property

Investment properties are properties which are held either to earn rental revenue 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.

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 or deficit.

Rental revenue from investment property is accounted for as described in the Revenue Policy.

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 or 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

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.

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.

Impairment

For the purpose of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as either cash-generating or non-cash-generating assets. The Group classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets.

Property, plant and equipment assets, measured at fair value are not required to be reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The carrying amounts of the Council's other assets, other than investment property (see Investments Policy) and deferred tax assets (see Income Tax Policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

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 or deficit even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in surplus or deficit is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit.

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.

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 or 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 or deficit, the impairment loss shall be reversed, with the amount of the reversal recognised in surplus or 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.

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.

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 or 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.

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.

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.

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.

Superannuation is provided as a percentage of remuneration.

Leases

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.

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 and rate payers' interest in the Council. It is measured as the difference between total assets and total liabilities. Equity includes the following components:

- Asset revaluation reserve.
- Fair value through equity reserve.
- Hedging reserve.
- Reserve funds.

- Capital reserves.
- Retained earnings.

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 2016/17 budget included in the 2016/17 Annual Plan.

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform with PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue 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 facilities and infrastructural assets at depreciated replacement value involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. Independent valuers were 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 the water supply and stormwater networks 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 and CWTP required the Council to estimate the expected repair cost of earthquake damage.
- 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, betterment and the likelihood of it becoming obsolete as a result of other more permanent repairs.

- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and building related claims 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 Revenue and Expense or other comprehensive revenue and expense depending on asset classification.
- The determination of whether entities which the Council has an interest in are controlled for accounting purposes requires management to exercise judgement to determine whether the nature of the interest and the benefits, rights and obligations which accrue are sufficient for Council to control the entity.

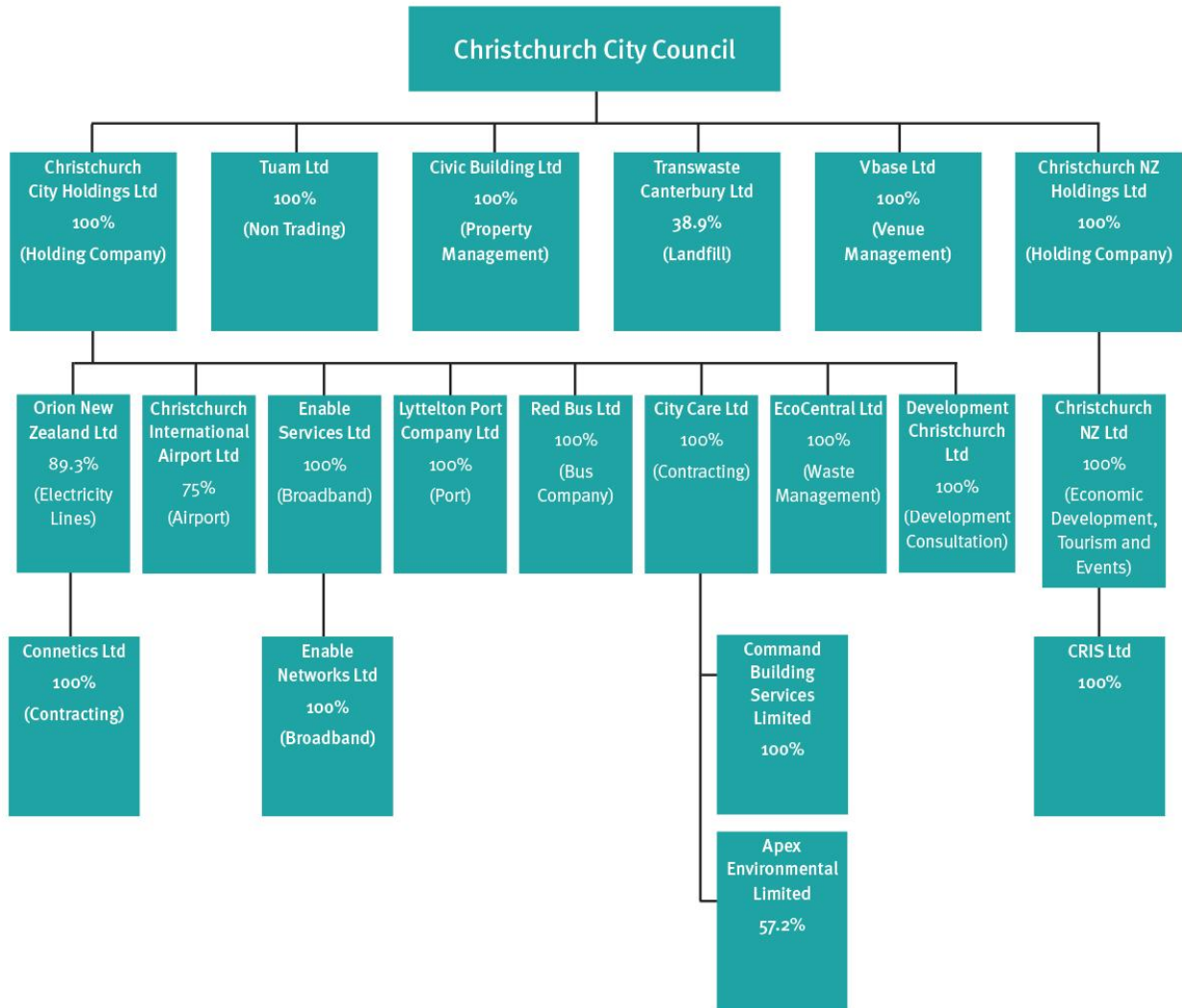
In addition to the above factors, the following areas specific to individual companies within the Group require critical judgement estimates and assumptions.

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 or deficit or through other comprehensive revenue and expense.

Group structure and Council Controlled Organisations

Group structure

as at 30 June 2017



Group structure and Council Controlled Organisations Summary financial table

For more detail refer to individual company reports.

	Income	Net result (after tax and minority interest)	
	2017 \$000	2017 \$000	2016 \$000
Orion New Zealand Ltd	309,718	51,770	53,446
Lyttelton Port Company Ltd	119,594	14,447	(59,805)
Christchurch International Airport Ltd	213,470	64,590	43,056
City Care Ltd	303,846	3,539	6,833
Enable Services Ltd	36,453	(8,518)	3,311
EcoCentral Ltd	37,934	901	1,588
Red Bus Ltd	20,715	207	93
Development Christchurch Ltd	4,339	165	(1,229)
Vbase Ltd	25,793	(40,199)	(36,817)
Civic Building Ltd	4,739	(946)	(886)
Tuam Ltd	106	69	27,028
ChristchurchNZ Holdings Ltd	12,501	(2,075)	(65)
Transwaste Canterbury Ltd	75,462	29,971	16,698
Riccarton Bush Trust	491	(215)	92
The World Buskers' Festival Trust	911	5	(115)
Rod Donald Banks Peninsula Trust	142	(132)	(106)
Christchurch Agency for Energy Trust	47	(278)	40
Gardens Event Trust	-	-	-
Central Plains Water Trust	50	-	-

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
- Development Christchurch Ltd

Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, for the City. CCHL is working closely with the Council to implement its capital release programme as outlined in its Long Term Plan.

CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets

Key performance targets

	2017 Target	2017 Actual
CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2017 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures.	Achieved – CCHL paid an ordinary dividend of \$46.4 million, less a deduction of \$2.7 million agreed with the Council in relation to subvention receipts voluntarily foregone by CCHL. This was ahead of target by \$5.8 million. In addition a special dividend of \$70 million was paid as part of the capital release programme.
CCHL's capital structure is appropriate for the nature of its business.	CCHL will monitor the level and composition of its debt facilities to ensure it remains appropriate in the context of its funding commitments (in particular ESL). Support of Council will be obtained for an increase in uncalled capital to cover additional borrowings from Crown Fibre Holdings Limited.	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. Uncalled Capital limit increased in December 2016.
CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.	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.	The performance of the major infrastructure companies was benchmarked against their Australasian peers in June 2017.
CCHL's treasury management policies and practices are consistent with best practice.	CCHL's treasury management policy will be reviewed in the 2017 calendar year.	The treasury policy was reviewed by the Audit and Risk Committee in March 2017.

that are commercially viable and environmentally and socially sustainable.

CCHL's strategic approach is to identify those of Christchurch's infrastructural needs that are not filled by the private sector or existing Council operations, and take a role in helping to meet them through joint ventures, public-private partnerships, establishing new entities or acting as a catalyst for private sector providers.

CCHL also encourages and, if necessary facilitates, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets.

Policies and objectives relating to ownership and control

This company was established to group the Council's interests in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its CCTOs.

Financial summary – Parent

CCHL only report on the Group position. The parent company's net profit for the year of \$71 million is ahead of its statement of intent target of \$58.2 million as a result of higher dividends from Orion, CIAL, LPC and City Care.

CCHL paid dividends to the Council of \$113.7 million which included a special dividend of \$70 million towards the capital release programme.

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 per cent shareholding through CCHL.

Subsidiary companies

- Connetics Ltd – Orion owns 100 per cent of the electrical contracting business Connetics Ltd. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

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).

	2017 Target	2017 Actual
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI).	91	80

Overall network - Number of supply interruptions per year per connected customer (SAIFI).	1.2	0.8
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SAIDI and SAIFI measures are international industry standards which enable assessment of network performance.

The targets are consistent with the Commission's network reliability limits for Orion for the year, pursuant to Orion's customised price-quality path (CPP).

Financial summary

Statement of financial performance for the year ended 31 March 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	309,718	307,295
Operating and other expenses	238,536	233,051
Operating profit before tax	71,182	74,244
Tax expense	19,412	20,798
Net profit for the year	51,770	53,446

Revenue has increased by \$2.4 million compared to last year.

Profit is \$1.7 million lower than previous years, mainly due to higher interest expenses and lower profit from Connetics.

Borrowing costs were higher due to the additional borrowing required to fund the \$90 million share buy-back paid to shareholders, and the capital expenditure programme.

Orion made total distributions of \$55 million to shareholders this year, \$3 million above its SOI target.

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. Council has a 100 per cent shareholding through CCHL.

LPC is the South Island's largest Port and Container Terminal, managing 80 per cent of the area's container trade imports and more than half its 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.

Key performance targets

Health and Safety

Total recordable injury rate (per 200,000 hours).
Serious harm incidents.

Operational

Crane Rate (containers per hour per crane).
Ship rate (TEU per hour per ship).
Coal load out rate (tonnes per day)

Environmental

Number of breaches – lagging

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 an SOI process, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

	2017 Target	2017 Actual
Total recordable injury rate (per 200,000 hours). Serious harm incidents.	8.1 0	7.55 0
Crane Rate (containers per hour per crane). Ship rate (TEU per hour per ship). Coal load out rate (tonnes per day)	31.3 61.7 25,000	30.8 60.5 25,640
Number of breaches – lagging	0	1 Environmental breaches are above the SOI target due to plant failure causing non-compliant discharge of storm water directly to the sea for a brief period of time. Corrections have been made to fix the plant.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	119,594	113,950
Operating and other expenses	100,507	196,182
Operating profit before tax	19,087	(82,232)
Tax expense/(credit)	4,640	(22,427)
Net profit for the year	14,447	(59,805)

Revenue has increased by \$5.6 million as a result of record container volumes.

Net profit after tax is \$14.4 million a significant change from last year which was distorted by a one-off asset impairment expense of \$78.5 million (net of deferred tax).

The LPC net asset position increased significantly in 2014 when insurance proceeds of \$358 million were received as compensation for assets destroyed and damaged in the 2010 and 2011 earthquakes. LPC invested significant capital to increase the resilience of the company's infrastructure, although that investment did not, in isolation, increase operating earnings. The resulting discrepancy between earnings and net assets gave rise to the impairment.

The establishment on Midland Port led to the first rail connection for container freight between Rolleston and the port. This has removed approximately 80 trucks a day from Canterbury roads.

Development of Te Ana Marina and a Cruise Berth in 2019 were two key announcements this year by LPC.

LPC made total distributions of \$5.2 million to shareholders this year, \$3.2 million above its SOI target.

Group structure and Council Controlled Organisations

Christchurch International Airport Ltd

www.christchurch-airport.co.nz

CIAL operates the Christchurch International airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

The company is jointly owned by CCHL (75 per cent) and the Crown (25 per cent). The provision of airport facilities and services to airline and airport users is the predominate business of CIAL.

Nature and scope of activities

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.

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.

Key performance targets

	2017 Target	2017 Actual
Domestic passengers.	5,175,124	4,911,095
International passengers.	1,682,374	1,655,503
Lost time injury frequency rate (LTI / million hours worked).	Better than industry standards (4.83), with ultimate target of nil.	7
Investigate and implement cost-effective ways in which to reduce the amount of solid waste arising from airport activities being disposed of to landfill through the development of waste minimisation and recovery measures.	Increase over last year (39.36%).	44.3%

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	213,470	182,657
Operating and other expenses	127,768	125,147
Operating profit before tax	85,702	57,510
Tax expense	21,112	14,454
Net profit for the year	64,590	43,056

CIAL is actively developing airport land for retail, commercial and freight logistics' businesses. Over the last year, this has included the development of the southern freight hub and the construction of a 200-room hotel.

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. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Through an SOI process, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

Total revenue includes unrealised gains on investment property of \$35.9 million compared to \$12.5 million in 2016. Operating revenue has increased by \$7.3 million, due in large part to higher landing and terminal charges and rental and lease income.

The airport recorded 6.57 million passengers this year. This was helped by increased trans-tasman flights and numerous airlines operating wide-bodied aircraft on a variety of international routes.

CIAL made total distributions of \$33 million to shareholders this year, \$2.4 million above its SOI target.

Group structure and Council Controlled Organisations
City Care Ltd
www.citycare.co.nz



City Care Ltd is a CCTO, 100 per cent owned by Council through CCHL.

Subsidiary and associate entities

Command Building Services Ltd – a heating, ventilation and air conditioning installation and servicing business, was amalgamated into the operations of City Care Limited in March 2017.

Apex Environmental Ltd – designing, building, installing and commissioning water and wastewater treatment plants for the food and beverage, dairy, textiles, winery and municipal sectors. City Care owns 57.16 per cent of Apex Environment Ltd.

City Care Limited John Fillmore Contracting Limited Joint Venture - an unincorporated joint venture formed to undertake civil construction and landscaping projects. City Care has a 50 per cent interest in the joint venture.

Nature and scope of activities

CityCare Group is in the business of constructing, maintaining and managing infrastructure and property assets.

CityCare Group has recently announced a new delivery model that re-defines the company's structure,

Key performance targets

Health & Safety

Total recordable injury rate
 NZ4801 Health and Safety management

Environmental, Social and Innovation

Client Satisfaction
 ISO14001 Environment Management

providing a platform that positions it better for future growth in key market sectors:

- Citycare Water –construction and maintenance for water, wastewater and stormwater networks, with a focus on smarter management and optimisation of water sector infrastructure assets.
- Citycare Property – encompassing end-to-end construction and maintenance of public and private building and greenspace facilities.
- Citycare Civil – focusing on national construction and maintenance opportunities in roading, landscapes and subdivisions.

During 2017 CityCare Group won a significant new full facilities contract with Auckland Council

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company has an important role in the City as a contractor servicing assets of a public nature. Through the negotiation of an annual SOI, the Council establishes broad parameters for City Care's scope and nature of operations without inhibiting its commercial management

	2017 Target	2017 Actual
Total recordable injury rate	5% reduction.	Not achieved
NZ4801 Health and Safety management	Maintain accreditation.	Maintained.
Client Satisfaction	Maintain current level.	Maintained.
ISO14001 Environment Management	Maintain accreditation.	Maintained.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	303,846	306,812
Operating and other expenses	298,908	297,087
Operating profit before tax	4,938	9,725
Tax expense	1,399	2,892
Net profit for the year	3,539	6,833

Net profit after tax in 2017 was lower than in 2016 by \$3.2 million as a result of:

- an increasingly competitive market leading to tighter margins.
- Slower than expected timing of significant projects coming to market

Whilst revenue has decreased, strong operating cash flows have allowed City Care to distribute \$6.1 million of dividends to its shareholder.

Group structure and Council Controlled Organisations

Enable Services Ltd

www.enablenetworks.co.nz

This company is a CCTO, 100 per cent owned by CCHL and trades as Enable Networks.

Subsidiary companies:
Enable Networks Limited

Nature and scope of activities

ESL and its subsidiary Enable Networks Ltd (Enable Group) are building and connecting local homes and businesses to a world-class fibre network as part of the Government ultra-fast broadband (UFB) initiative.

Enable owns the critical fibre infrastructure and provides wholesale fibre broadband services to 38 retail providers.

The ESL UFB network reaches 117,988 potential customers in Christchurch, Rangiora, Kaiapoi, Woodend, Rolleston and Lincoln.

Key performance targets

	2017 Target	2017 Actual
Number of premises passed (cumulative)	108,610	118,911
Number of connections (cumulative)	50,009	50,106
Operational service level agreement achieved	>=85%	>94%
Health and Safety		
Total recordable injuries frequency rate/million hours	<8	5.5
Serious Harm	0	0
Site audits and safety observations conducted	1,200	8,092

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	36,453	78,019
Operating and other expenses	48,192	76,929
Operating (loss) before tax	(11,739)	1,090
Tax (benefit) expense	(3,221)	(2,221)
Net (loss) for the year	(8,518)	3,311

In June 2016 Enable Services Ltd took full ownership of Enable Networks Ltd after buying out the Crown share.

Policies and objectives relating to ownership and control

ESL is considered a regional 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 an 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.

Revenue has reduced as a result of the shift to full ownership of Enable Networks in 2016, and the subsequent reorganisation. The 2016 result includes 12 months of transactions with Enable Networks whereas in 2017 the result is a consolidated group result. Gross telecommunications revenue grew by 80 per cent in the last financial year.

As the Group continues to fund the network build, it expects to continue to make losses over the next three years. This year, however the Group did realise an EBITDA of \$14.3 million, exceeding their SOI target by \$2.6 million. This is largely the result of increasing demand for fibre and an ongoing focus on cost management.

Enable achieved the significant milestone of connecting 50,000 customers onto their network this year.

Group structure and Council Controlled Organisations

EcoCentral Ltd

www.ecocentral.co.nz



EcoCentral is a CCTO, 100 per cent owned by CCHL.

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region.

The company is committed to reducing the amount of waste going to landfill and finding ways to ensure Christchurch is a leader in recycling.

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 as reclaimed material in New Zealand or overseas.
- EcoDrop, three transfer stations that manage the City's recycling and refuse for both domestic and commercial waste. Each station has a recycling

centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.

- EcoShop, on Blenheim Road; the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.

Policies and objectives relating to ownership and control

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 per cent ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

Operational

EcoSort - Residual waste.

2017

Target

9% of total waste received.

2017

Actual

9.11%.

Eco Drop – Recovered tonnes for resale.

7,000 tonnes.

8,655 tonnes.

EcoShop – number of customer sales.

140,000 per annum.

144,965 per annum.

Lost Time injuries per 200,000 hours worked

<10.

8.12

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	37,934	37,634
Operating and other expenses	36,309	35,573
Operating profit (loss)	1,625	2,061
Tax expense (benefit)	724	473
Net profit (loss) for the year	901	1,588

Operating Revenue has increased by \$0.3 million which is reflective of the fickle cycle of recycling commodities and foreign currency exposure being aligned for a good portion of the year. Waste volumes have diminished as expected as post-earthquake activity reduces.

The positive net profit after tax position has allowed a further reduction in the company's debt level.

EcoCentral paid a dividend of \$250,000 in 2017.

Group structure and Council Controlled Organisations

Red Bus Ltd

www.redbus.co.nz

Red Bus is a CCTO, 100 per cent owned by the Council through CCHL. Red Bus operates a large passenger transport business serving Canterbury and the South Island.

It specialises in passenger transport and ancillary services, via urban public passenger transport (predominantly operated under contract to Ecan), and travel and tour operator services.

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 and coach services and operates some commercial urban services.

Key performance targets

Objective and Strategy	2017 Target	2017 Actual
Number of urban passengers.	At least 3.5 million.	3.8 million
Percentage of service trips starting on time.	At least 97%.	98%
Percentage of bus fleet with Euro 2 or higher emission compliant engines.	85%.	96%
Lost time injury (LTI) experience (per million worked hours)	Fewer than 15 LTIs.	4
Customer service (urban)	Achieve at least 82% in annual mystery shopper survey.	86%

Highlights

A key highlight for the year was acquisition of Aaron Travel, a tourism company. This has extended the Red Travel brand by doubling the size of its fleet to 24 vehicles in total.

Financial summary**Statement of financial performance for the year ended 30 June 2017**

	2017 Actual \$000	2016 Actual \$000
Operating revenue	20,715	19,105
Operating and other expenses	20,412	18,973
Operating (loss) profit before tax	303	132
Tax (benefit)	96	39
Net (loss) profit for the year	207	93

Red Bus made an after tax profit of \$207,000 from passenger services in Canterbury.

Revenue increased by \$1.6 million in 2017 as a result of strong growth from Red Travel (coach services), depot leasing and renewal of ECan school contracts from January 2016.

Red Bus continues to lead the way in customer satisfaction in the urban public transport passenger surveys, and were on board to help evacuees that arrived in Lyttelton following the Kaikoura earthquake.

Group structure and Council Controlled Organisations
Development Christchurch Ltd

www.dcl.org.nz



DCL is a CCTO, 100 per cent owned by the Council through CCHL.

Nature and scope of activities

2017 is the first full year of operating for CCHL’s newest company Development Christchurch Ltd (DCL). DCL was established at the request of Council in 2016 to help progress and contribute to the region through development, investment and regeneration activities.

Successful projects during the year include:

- Opening of Christchurch Adventure Park – DCL is a key investor
- Funding approval for the beachside playground, surf lifesaving club relocation and the hot salt water pools in New Brighton

Key performance targets

2017

Target

Strategic and governance

DCL will agree an aligned set of objectives with Regenerate Christchurch.

Work Programme

DCL will lead the revitalisation of the New Brighton commercial core and the attraction of new investment.

DCL will lead a Development Management process that seeks a development partner for Council land in the Peterborough Quarter within the Central City.

DCL will work with the Council to progress other development projects or disposal/development of surplus CCC land which has the potential to deliver on the City’s vision, provide value for money and require support from the Council.

- Development of an Investor Ready City Strategy
- Development of a Land Development Strategy to develop surplus Council owned land for specific regeneration outcomes.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of DCL. Through the negotiation of an annual SOI, the Council establishes broad parameters for the company’s operations without inhibiting proper commercial management.

2017

Actual

Regular meetings between the two entities at Chair and Chief Executive level to align an approach for a regeneration plan for the wider New Brighton area. The Regenerate Christchurch 2017/18 SOI 2017/18, clarifies objectives and roles with respect to New Brighton.

DCL has completed a business case for the Hot Salt Water Pools. These have been fully funded by Council for delivery by DCL in FY18 and FY19.

DCL continues to partner with Peterborough Quarter Limited on the proposed development for this site.

DCL has developed a Land Development Strategy which underpinned the approval of transfer of three parcels of land from the Council to DCL on 12 June 2017. No other projects have been progressed at 30 June 2017.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017	2016
	Actual	Actual
	\$000	\$000
Operating revenue	4,339	280
Operating and other expenses	4,108	1,509
Operating (loss) before tax	231	(1,229)
Tax (benefit)	66	-
Net (loss) for the year	165	(1,229)

DCL was provided with operating funding of \$4.3 million by the Council for services provided.

Group structure and Council Controlled Organisations

Vbase Ltd

www.vbase.co.nz



Vbase is a 100 per cent owned CCTO subsidiary of the Council operating under direct Council governance and management.

A review of Vbase's future ownership structure and operational requirements is being undertaken to enable it to return to being a viable and sustainable trading entity.

Nature and scope of activities

While the earthquakes have led to the demolition and or closure of all Vbase owned venues except Horncastle Arena, the company has secured various management agreements to operate alternative/temporary sporting, event space and convention venues.

The current list of Vbase venues are:

- Horncastle Arena (owned and managed);
- AMI Stadium Addington (managed);
- Wigram Air Force Museum (managed);
- Ilex Café and Events (managed); and
- Hagley Cricket Oval Pavilion (managed).

The repair of the Christchurch Town Hall commenced in July 2015 and is now expected to re-open in 2019. A repair cost of up to \$133.1 million has been budgeted, an increase over the \$127.5 million provided for in 2016.

Policies and objectives relating to ownership and control

Through the negotiation of an annual SOI, the Council establishes broad parameters for the company's operations reflecting both the public benefits which the facilities provide without inhibiting proper commercial management.

Key performance targets

Objective and Strategy

Venue Utilisation

High utilisation of Horncastle Arena.

2017 Target

At least 90 events are delivered at Horncastle Arena.

2017 Actual

Target not achieved. 84 events were delivered during the year.

Attract events at AMI Stadium outside of the standard Super rugby and provincial rugby fixtures.

At least 1 major event is delivered at AMI Stadium.

Target achieved – Bruce Springsteen concert.

Community Benefit

Secure events that will encourage high usage of the venues.

Visitors to venues exceed 450,000.

Exceeded. 634,920 attendees to Vbase venues for the year.

Facilitate access to the venues for local community and charitable organisations.

Total venue discounts equal \$300,000.

\$348,316 in discounts provided.

Health and Safety – Vbase will be a safe place to work and visit

Continue to improve health and safety processes.

Annual health and safety audit completed.

Target achieved. Audit undertaken by independent consultant in March 2017.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	25,793	27,400
Operating and other expenses	66,462	85,972
Operating (loss) before tax	(40,669)	(58,572)
Tax (benefit) expense	(470)	(21,755)
Net (loss) for the period	(40,199)	(36,817)

Operating loss before tax has reduced by \$17.9 million in 2017 compared to 2016, largely reflecting a one-off \$16.3 million expense adjustment relating to the final settlement of the material damage insurance claim and additional costs of \$1.9 million in claim costs in 2016.

While attendances at Vbase-owned and managed venues were higher than expected, this does not automatically translate to an improved operating result as a large portion of Vbase's revenue is fixed venue rentals.

Group structure and Council Controlled Organisations Civic Building Ltd

CBL is a CCTO, 100 per cent owned by the Council.

Nature and scope of activities

CBL owns a 50 per cent interest of the Christchurch Civic Building Joint Venture with Ngāi Tahu Property (CCC-JV) Limited. The joint venture owns the 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

	2017 Target	2017 Actual
Meet the financial targets contained within the SOI.	Budgeted key performance indicators are met or exceeded.	Net surplus before tax was lower by \$54,000 due to lower revenue from the recovery of property expenses due to lower actual property expenses that were available to be recovered. All other financial targets were met.
Manage the investment in a commercially astute and prudent manner.	Ensure the Civic building is managed in accordance with the management agreement.	Achieved.
The civic building was designed to achieve a high standard in terms of environmental and energy sustainability.	Ensure the Civic building operates in a manner that preserves 6 Green Star accreditation features.	Achieved.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	4,739	4,869
Operating and other expenses	<u>6,053</u>	<u>6,100</u>
Operating (loss) before tax	(1,314)	(1,231)
Tax (benefit)	<u>(368)</u>	<u>(345)</u>
Net (loss) for the year	<u>(946)</u>	<u>(886)</u>

The net loss before tax is \$83,000 higher in 2017 than 2016 mostly as a result of a reduction in interest income from the finance lease and cash deposits offset by a reduction in property management and interest costs.

Group structure and Council Controlled Organisations Tuam Ltd

Tuam is a CCTO, 100 per cent owned by the Council.

Nature and scope of activities

Tuam Ltd formerly owned the old civic building and related Tuam Street properties which were sold to the Crown in 2014. The future of Tuam Ltd is yet to be determined.

Policies and objectives relating to ownership and control

Through an 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

	2017 Target	2017 Actual
The company will distribute capital to Council.	The company will pay a dividend of \$46 million to Council.	Achieved.
The company meets all relevant legislative and contractual requirements.	No breach of legislative or contractual requirements are recorded.	Achieved.

Financial summary

Statement of financial performance for the year ended 30 June 2017

Profit before tax in 2017 was lower by \$27 million compared with 2016, mostly reflecting one-off material damage insurance recoveries of \$26.6 million in 2016.

	2017 Actual \$000	2016 Actual \$000
Operating revenue	106	27,315
Operating and other expenses	10	133
Operating profit/(loss) before tax	96	27,182
Tax expense/(benefit)	27	154
Net profit for the year	69	27,028

Group structure and Council Controlled Organisations

ChristchurchNZ Holdings Ltd

www.christchurchnz.com

CNZL is 100 per cent owned by Council. It is the holding company for the Council's investment in ChristchurchNZ and CRIS Ltd. ChristchurchNZ was formed via the amalgamation of Canterbury Development Corporation and Christchurch and Canterbury Marketing Ltd.

Subsidiary and associate entities

CNZL operates to optimise the economic and social opportunities that tourism, major events, city promotion and economic development can bring to Christchurch and Canterbury. CNZL is the sole shareholder of CRIS Limited which holds the assets and long term contractual arrangements for innovation assets in the region. New Zealand Food Innovation (SI) Limited is a joint venture between CRIS Ltd and Callaghan Innovation and forms part of a national network of Food Processing Pilot Plants.

CNZL is also a joint venture 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 small to medium entities.

Nature and scope of activities

ChristchurchNZ is building a strong, combined approach to the delivery of the Christchurch Visitor Strategy, business growth and investment, talent attraction, international education and the city's range of high-profile events.

Policies and objectives relating to ownership and control

Through the negotiation of an annual SOI, the Council establishes broad parameters for CNZL without inhibiting proper commercial management.

Key Performance Targets

Outcome	Activity	2017 Target	2017 Actual
Influence the rebuild and environment for economic growth in Christchurch	CEDS is re-endorsed by Council and key partner agencies as the guiding document for all economic development activity in Christchurch.	Achieved	In progress. Draft strategic framework endorsed by Council post-election.
	Economic updates for the City and region including rebuild are produced and communicated to relevant audiences.	2 economic update events 4 quarterly updates 2 Canterbury reports 12 monthly snapshots 3 reports	All achieved.
	Information is published on economic updates and key economic development achievements.	6 articles	
Support businesses to accelerate their growth	Local businesses receive targeted support	250 businesses	Achieved – 293 businesses

Financial Summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	12,501	7,286
Operating and other expenses	14,594	7,398
Operating (loss)/profit before tax	(2,093)	(112)
Tax expense	(18)	(47)
Net (loss)/profit for the year	(2,075)	(65)

The 2017 financial year is the first that includes the financial performance of Christchurch & Canterbury Marketing. Net profit before tax was \$2.1 million lower than 2016. This is largely as a result a \$2.96 million reduction in the share price of Powerhouse Ventures Ltd (listed company on the Australian Stock Exchange of which CRIS Ltd has a 22.54 per cent shareholding).

Group structure and Council Controlled Organisations Transwaste Canterbury Ltd



Transwaste was incorporated in March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened in June 2005. Transwaste is a joint venture between local authorities in the region and Waste Management NZ Limited, with Council owning 38.9 per cent.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Key performance targets

	2017 Target	2017 Actual
No proven breaches of Resource Management Act consents.	Nil established consent breaches.	The company considers that there are no breaches, based on there being no notifications received from Environment Canterbury. However, the formal resource consent compliance report for 2016/17 will not be available from Environment Canterbury until later in the 2017/18 financial year.
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. No disruption of waste transport services occurred, despite the landfill being closed due to high wind on 16 days for 79.5 hours in total.
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 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	75,462	57,099
Operating and other expenses	33,836	33,907
Operating profit before tax	41,626	23,192
Tax expense	11,655	6,494
Net profit for the year	29,971	16,698

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Net profit before tax increased by \$19 million in 2017 largely due to increased sales of high density demolition-related waste at the landfill, and a \$10 million dividend from its subsidiary, BRRP.

In 2016 revenue was adversely impacted by the impact of a fire in the wood stockpile in August 2015.

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 negotiate with 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

Performance measures	Target 2017	Actual 2017
Integrated Development Plan – car park. Develop plan. Progress planning and implementation of car park and bus turn around area.	Design and appoint building team by Feb 2017. Begin implementation March 2017 with completion no later than June 2017.	The project is on hold in order to determine the impact of the cycle way through the grounds.
Oversee earthquake repairs to the Ranger's House.	Subject to EQ insurance pay-outs, manage the repair/replacement process to the Rangers House by June 2017.	Not achieved. The project will be fully completed by end July 2017.
Review catering licence outcomes mid-term.	Catering licence reviewed by December 2016.	Achieved.
That the Trust use its best endeavours to work with the Council to facilitate the implementation of the agreed Uni Cycle Route through the Riccarton Bush site.	Uni Cycle Route through the Riccarton Bush site, implemented fully by June 2016.	Achieved. The Trust has worked, and continues to work closely with the Council to facilitate the implementation.
Develop Health and Safety policy to meet the requirements of the Health and Safety at Work Act 2015	Fully implement health and safety policy and review on quarterly basis. Monitor and review the health and safety measure for all Trust activities of: Serious harm incidents = 0 Accident = 1 Near misses = 3	Met. Serious harm incidents = 0 Accident = 1 Near miss = 1.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	491	783
Operating and other expenses	706	691
Operating profit/(loss) before tax	(215)	92
Net profit/(loss) for the year	(215)	92

The net loss in 2017 of \$215,000 compares with a profit of \$92,000 in 2016. The variance of \$307,000 is principally as a result of one-off insurance recoveries in 2016 of \$273,000. The remaining \$34,000 reduction is attributable to lower donations and sundry income of \$47,000 due to lower visitor numbers and two large one-off donations in 2016, one off demolition cost of \$12,000 for the old Rangers House, offset by higher rents and commission of \$19,000 from catering for events at Riccarton House, a GST refund (that had been incorrectly paid in the previous year) of \$16,000 and a \$2,000 increase in heritage 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 community as audiences and performers in street theatre.
- Increasing the importance of street theatre as part of our cultural community.
- Generating capital and income to further the aims and objectives of the Trust.
- Working in conjunction with other groups, bodies and organisations having aims and objects in common with the Trust.

Key performance targets

2017 Performance target	2017 Performance measure	2017 Actual
Sustained visitor attendance.	250,000 visits.	Achieved. 295,000 visits.
Sustained visitor retention.	90% of visitors would return to festival.	Independent research is completed on a three year cycle. The next survey will be at the 2018 festival. The last measure of visitor satisfaction was 96% at the 2015 festival.
Increased training.	100% of staff complete health and safety and customer service training.	Achieved.
Increased Christchurch City Council engagement	Develop festival to compliment and evolve with CCC events strategy with the view of developing WBF into an iconic CCC event	Achieved. Festival has been designed to engage a significant portion of the Christchurch population and to complement other events and activities throughout the city.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	911	1,160
Operating and other expenses	906	1,275
Operating (loss)/profit	5	(115)
Net (loss)/profit for the year	5	(115)

WBFT made a net profit for 2017 of \$5,000, compared with a loss of \$115,000 for 2016.

Revenue and expenses in 2017 were both lower reflecting reduced funding from strategic partners of \$111,000 and reduced sponsorship of \$46,000. This was despite an additional \$160,000 in grant funding from Council and Council group companies.

All categories of expenditure were reduced to meet the revenue reduction.

Group structure and Council Controlled Organisations

Rod Donald Banks Peninsula Trust

www.rodonaldtrust.co.nz

The Rod Donald Banks Peninsula Trust is a charitable trust created by the Council in 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 Pātaka o Rākaihautū – 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

Performance indicator	2017 Target	2017 Actual
The Trust has determined four key pillars on which its projects will be based; Access, Biodiversity, Knowledge, and Partnership.	Assess all potential projects brought to the Trust's attention against these four pillars to determine whether they should be added to the Trust's project list and action those that are deemed a high priority.	Achieved. Projects considered and approved - Continuation of Banks Peninsula Conservation Trust grant, securing access on Woodills South Track, Quail Island accommodation, Banks Peninsula predator free, Land adjacent to Nikau Palm Gully. Further investigation - Port Hills Fire recovery and Mt Evans.
Provide tangible support for the key projects and leadership building the Access pillar.	Make submissions to relevant policy documents in support of the pillars. Enable public walking and cycling access to support the objectives of the Trust's Walking strategy through continual review of potentially strategic property to secure long term public access, and through development of tracks on the grounds. Progress the Te Ara Pātaka project according to the Phase 1 project plan, including continued management of Rod Donald Hut.	Achieved. Properties under review supported the Te Ara Pātaka, Woodills South track, Land adjacent to Hikau Palm Gully reserve and Mt Evans. Achieved. Waymarking, track upgrades, track brochure developed, track information developed for Department of Conservation website, continued management of the Rod Donald Hut.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	142	175
Operating and other expenses	274	281
Operating (loss) profit	(132)	(106)
Net (loss) profit for the year	(132)	(106)

The operating loss increased by \$26,000. Revenue was \$33,000 lower than 2016 due a \$19,000 reduction in interest income, and a \$15,000 reduction in project income. There was an overall reduction of \$7,000 in expenditure with \$9,000 less grants committed to partners, and a \$9,000 reduction in project expenditure compared to 2016. Offsetting this was a \$10,000 increase in amortisation and depreciation costs mostly relating to software,

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 support the uptake of renewable energy and enhanced energy efficiency in rebuild projects.

It is currently providing the Christchurch Energy Grant Scheme, which aligns with the Climate Smart and Sustainable Energy Strategies of Council. The scheme provides a grant for plant purchase and installation for renewable energy initiatives, district energy scheme and energy efficiency measures that go well beyond the building code minimum in new and/or renovated buildings. To be eligible projects must be located in the Central City and have a combined floor area greater than 1,000m².

Key performance targets

	2017 Target	2017 Actual
Christchurch Energy Grants Scheme.	Allocation of the remaining balance of incentive grants for initiatives within the central city through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.	Not achieved. At 30 June, there is a balance of \$305,000 unallocated.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	47	56
Operating and other expenses	325	16
Operating profit	(278)	40
Net profit for the year	(278)	40

The Trust made a loss of \$278,118 in 2017. This compares with a profit of \$40,494 in 2016. The variance of -\$318,000 is due to the grant of \$300,000 made in 2016/17 and a consequential reduction in interest income of \$10,000. In addition, administration costs increased by \$4,000.

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.

The Trust has been dormant since 2014 and has no retained earnings.

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 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	-	-
Operating and other expenses	-	-
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 (the Settlers) to facilitate sustainable development of central Canterbury’s water resource.

Resource consents were issued by the Environment Court on 25 July 2012 which allow water to be taken from the Rakaia and Waimakariri rivers for the Central Plains Water Enhancement Scheme operated by Central Plains Water Limited (CPWL).

In April 2014 the construction of Stage 1 of the scheme commenced.

Nature and scope of activities

To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme (now finalised and issued), and to hold these consents for the use of Central Plains Water Limited.

Key performance targets

2017

Target

Develop methods to effectively monitor the performance of CPWL in constructing, commissioning and operating the Scheme, and communicate the results to the public.

2017

Actual

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.

The Trust has also monitored legal matters undertaken by the company and where necessary has obtained independent legal advice, and has obtained and recorded copies of all agreements in relation to the Scheme which concern the Trust and the consent process and in relation to legal proceedings and settlements, and of other relevant documentation to which it is entitled.

The Trust has established a new website so that its annual Environmental Scheme Performance Report can be effectively published for public information and comment. This is now operational: www.cpw.org.nz.

To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund (EMF).

Two Environmental Management Funds are included in the resource consent conditions, as a result of the settlement agreement with Ngāi Tahu. One specifically deals with Te Waihora, and the other with all of the other purposes of the EMF within the scheme area. Ngāi Tahu manages and applies the funds required for Te Waihora. The Trust established a committee required for the wider area, which decides how the Fund is spent.

Financial summary

Statement of financial performance for the year ended 30 June 2017

	2017 Actual \$000	2016 Actual \$000
Operating revenue	50	56
Operating and other expenses	50	56
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Both revenue and expenses have decreased from 2016. The main contributor of these movements was a decrease in legal expenses of \$5,000. Legal fees for 2016 included a one-off and have now returned to usual levels.

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.

The Trust has been dormant in the financial year to 30 June 2017. It is in the final stages of being wound up.

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 New Zealand Trade and Enterprise (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.

Monitoring

This section contains information about the Council's reserve and trust funds including the capital endowment fund and includes a directors listing for subsidiary companies.

Monitoring Reserves and Trust Funds

The Council maintains a number of special reserves and trust funds which have a specific purpose.

The table below shows the movement in the funds for the year to 30 June 2017:

Reserve	Activities to which the reserve relates	Balance 1 July 2016 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2017 \$000
Trusts and bequests					
ChCh Earthquake Mayoral Relief Fund	Bequests made for Mayoral Earthquake Relief Fund.	328	6	(225)	109
Housing Trusts & bequests	Various bequests made for the provision of Social Housing	91	2	-	93
Cemetery bequests	Various bequests made for the maintenance of cemeteries.	66	1	-	67
CS Thomas Trust - Mona Vale	Funds set aside for restoration work at Mona Vale.	37	1	-	38
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.	18	-	-	18
Parklands Tennis Club	Residual funds passed to the Council from the windup of the Parklands Tennis Club.	19	-	-	19
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.	16	-	-	16
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
W A Sutton Art Gallery Bequest	Bill Sutton's bequest that any proceeds and benefits from copyright fees that might be charged 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.	884	3	-	887
		1,477	13	(225)	1,265

Reserve	Activities to which the reserve relates	Balance 1 July 2016 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2017 \$000
Special Funds & Reserves					
Capital Endowment Fund	An inflation protected fund that generates an ongoing income stream which is applied to economic development and civic and community projects.	101,146	3,887	(3,358)	101,675
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.	2,675	24	-	2,699
Housing Development Fund	A fund used for funding the Council's Social Housing activity.	42,483	15,930	(25,418)	32,995
Wairewa Reserve 3185	To enable drainage works relative to Lake Forsyth.	307	6	-	313
Wairewa Reserve 3586	To enable drainage of Lake Forsyth into the sea in times of flood.	101	27	(59)	69
Development & Financial Contributions - Reserves	Development and financial contributions held for growth related capital expenditure.	14,050	7,766	(1,177)	20,639
Development & Financial Contributions - Leisure	Development and financial contributions held for growth related capital expenditure.	-	247	(247)	-
Development & Financial Contributions - Rooding	Development and financial contributions held for growth related capital expenditure.	517	5,449	(3,629)	2,337
Development & Financial Contributions - Water supply	Development and financial contributions held for capital expenditure.	-	4,223	(1,727)	2,496
Development & Financial Contributions - Waste water	Development and financial contributions held for capital expenditure.	-	14,054	(14,054)	-
Development & Financial Contributions - Storm water	Development and financial contributions held for capital expenditure.	4,182	2,105	(1,663)	4,624
Development & Financial Contributions - Libraries	Development and financial contributions held for capital expenditure.	368	130	(498)	-
Development & Financial Contributions - Cemeteries	Development and financial contributions held for capital expenditure.	1	7	(8)	-
Flood Protection Fund	Funds set aside for flood protection works.	253	257	-	510
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.	1,209	15	-	1,224
Community Loans Fund	Fund used to help community organisations carry out capital projects by lending funds at low interest rates.	2,919	88	-	3,007
Dog Control Account	Statutory requirement to set aside any Dog Control surpluses.	108	2,197	(2,338)	(33)
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 purposes.	1,767	33	-	1,800

Reserve	Activities to which the reserve relates	Balance 1 July 2016 \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June 2017 \$000
Special Funds & Reserves (continued)					
Income Equalisation Fund	To hold funding for approved operational projects that have been delayed.	-	4,529	-	4,529
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.	606	11	-	617
Loan Repayment Reserve	Fund used for facilitating repayment of rate funded loans.	-	32,269	(32,269)	-
Sandilands Contaminated Sites Remediation	Fund used for remediation work at Social Housing sites.	254	-	-	254
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.	286	76	-	362
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).	23	-	-	23
Duvauchelle Reserve	Fund used for Duvauchelle Reserve	-	357	(283)	74
Okains Bay Res Mgmt Committee	Okains Bay Reserve	-	50	-	50
Miscellaneous reserves	Minor or obsolete reserves.	30	-	-	30
		<u>173,883</u>	<u>93,737</u>	<u>(86,728)</u>	<u>180,892</u>
TOTAL RESERVE FUNDS		<u>175,360</u>	<u>93,750</u>	<u>(86,953)</u>	<u>182,157</u>

Monitoring

The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and innovation, community, and environment projects.

during the year other than a small venture capital investment. This approach was consistent with the objectives outlined in Council's Investment Policy.

The investment objectives of the fund were met during 2016/17. All funds were held as cash investments

	2017	2016
	Actual	Actual
	\$000	\$000
Fund capital at 1 July	100,723	100,171
Plus inflation protection	1,575	1,660
Less distributed	(882)	(1,108)
Fund capital at 30 June	101,416	100,723
Unallocated funds at 1 July	423	961
Plus income received by the fund	3,887	4,394
Less inflation protection to capital of the fund	(1,575)	(1,660)
Less distributed	(2,476)	(3,272)
Unallocated income at 30 June	259	423
Total Capital Endowment Fund balance at 30 June	101,675	101,146
Distribution details		
Capital distributions		
One off Community projects scheme	(7)	-
Participatory Democracy, Sensing City and related projects	889	235
Suburban Masterplans debt servicing	-	873
	882	1,108
Income distributions		
Economic Development and Innovation	1,071	1,954
Community	1,405	1,318
	2,476	3,272

Monitoring Subsidiary and associate companies

Listed below are the trading enterprises in which the Council has an interest, together with the directors of the trading enterprises, for the period ended 30 June 2017.

Christchurch City Holdings Ltd (100% owned)

Jeremy Smith ⁱ	Sarah Smith
Mary Devine ⁱⁱ	Alex Skinner ⁱⁱⁱ
Lianne Dalziel (Mayor) ^{iv}	Vicki Buck (Cr)
Andrew Turner ^{iv}	James (Jamie) Gough (Cr)
Bruce Irvine ^v	William (Bill) Dwyer ^{vi}
Andrew Pearce ^{vii}	Yani Johanson (Cr) ^{viii}
Raf Manji (Cr) ^{ix}	

Enable Services Ltd (100% owned)

Mark Bowman	William (Bill) Luff
Brett Gamble	Charlotte Walshe
Owen Scott	Chris Birkett ^x
Timothy Lusk ^{xi}	

Christchurch International Airport Ltd (75% owned)

David MacKenzie	Catherine Drayton
André Lovatt	Laura Palomino Forbes
Justin Murray	Christopher Paulsen

City Care Ltd (100% owned)

Hugh Martyn	Margaret Devlin
Craig Price	Mark Todd
Gary Leech	Jen Rolfe

Lyttelton Port Company Ltd (100% owned)

Trevor Burt	Roderick Carr ^{xii}
William (Bill) Dwyer	Brian Wood
Karl Smith	Jim Quinn
Grant Gilfillan	Don Elder ^{xiii}

Orion New Zealand Ltd (89.3% owned)

Nicholas David Miller ^{xiv}	Jeremy Smith ^{xv}
Paul Munro ^{xv}	Bob Simpson
Dr Nicola Crauford	Geoff Vazey
John Austin	Bruce Gemmell ^{xvi}

Red Bus Ltd (100% owned)

Paul Kiesanowski	Tony Mountford
Tim Keenan	Robert (Bob) Lineham
Sabrina Louise Kunz ^{xvii}	

ⁱ Appointed 18 August 2016

ⁱⁱ Appointed 1 April 2017

ⁱⁱⁱ Appointed 25 November 2016

^{iv} Appointed 9 December 2016

^v Resigned 1 April 2017

^{vi} Resigned 18 August 2016

^{vii} Resigned 25 November 2016

^{viii} Resigned 9 December 2016

^{ix} Resigned 11 January 2016

^x Resigned 26 September 2016

^{xi} Appointed 25 September 2016

^{xii} Resigned 13 October 2016

^{xiii} Appointed 13 October 2016

^{xiv} Resigned 21 February 2017

^{xv} Resigned 14 September 2016

^{xvi} Appointed 15 September 2016

^{xvii} Appointed 26 October 2016

^{xviii} Appointed 21 September 2016

Development Christchurch Ltd (100% owned)

William (Bill) Dwyer	Dr Jane Gregg
Peter Houghton	Fiona Mules
Darren Wright	

ChristchurchNZ Holdings Ltd formerly Canterbury Development Corporation Holdings Ltd (100% owned)

Therese Arseneau ^{xviii}	Grant Ryan
Louise Edwards	Paul Lonsdale (Cr) ^{xix}
David East (Cr) ^{xx}	Andrew Turner (Cr) ^{xx}
Garth Carnaby ^{xxi}	Kaila Colbin ^{xxii}
Raewyn Idoine ^{xxiii}	Tim Scandrett (Cr) ^{xxiv}
Raf Manji (Cr) ^{xxv}	Lianne Dalziel (Mayor) ^{xxv}

Vbase Ltd (100% owned)

Tim Scandrett (Cr)	Paul Lonsdale
Dr Karleen Edwards ^{xxvi}	Mary Richardson ^{xxvii}
Paul Munro ^{xxviii}	

Tuam Ltd (100% owned)

Dr Karleen Edwards	Peter Gudsell ^{xxix}
Carol Bellette ^{xxx}	

Civic Building Ltd (100% owned)

James (Jamie) Gough (Cr)	
Paul Lonsdale ^{xxxi}	Tim Scandrett (Cr) ^{xxxii}
Mike Davidson (Cr) ^{xxxiii}	David East (Cr) ^{xxxiii}

EcoCentral Ltd (100% owned)

David Kerr	Sarah Smith
Gregory Campbell	Sinead Horgan

Transwaste Canterbury Ltd (38.9% owned)

W. Gill Cox	Gareth James
Thomas Nickels	Robert McKenzie
Richard Davison	Ian Kennedy
David East (Cr) ^{xxxiv}	Trevor McIntyre
Glenn Livingstone (Cr) ^{xxxiv}	

^{xix} Resigned 8 January 2017

^{xx} Resigned 21 September 2016 and reappointed 8 December 2016

^{xxi} Resigned 23 November 2016

^{xxii} Appointed 6 December 2016

^{xxiii} Appointed 21 September 2016

^{xxiv} Appointed 8 December 2016

^{xxv} Appointed 8 December 2016 and resigned 8 June 2017

^{xxvi} Resigned 21 June 2017

^{xxvii} Resigned 10 March 2017

^{xxviii} Appointed 10 March 2017

^{xxix} Resigned 25 November 2016

^{xxx} Appointed 5 December 2016

^{xxxi} Resigned 2 March 2017

^{xxxii} Appointed 2 March 2017

^{xxxiii} Resigned 31 March 2017

^{xxxiv} Appointed 21 April 2017

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 Authority
CIP	Crown Infrastructure Partners Limited (formerly Crown Fibre Holdings Limited, renamed 1 September 2017)
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
ENL	Enable Networks Limited
EOC	Emergency operations centre
EQ	Earthquake
EQC	Earthquake Commission
ESL	Enable Services Limited
Exchange revenue	Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange
FAP	financial assistance package
FIT	Free Independent Traveller
FDA	Financial delegation authority
Group	As outlined in Group Structure section of the Annual Report
IM&CT	Information Management and Communications Technology
IPSAS	International Public Sector Accounting Standards
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
LIU	Libraries and Information Unit
LOS	Level of service
LFC	Local Fibre Company
LPC	Lyttelton Port Company Limited
LTP	Long Term Plan
LURP	Land Use Recovery Plan

Glossary

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
Non exchange revenue	Revenue from transactions that are not exchange transactions
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
OCHT	Ōtautahi Community Housing Trust
OIC	Order in Council
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
Vested assets	Assets received by Council for no consideration
WHRS	Weathertight Homes Resolution Services
WIP	Work in progress
WINZ	Water Information New Zealand

Definition of Terms used for the Financial Prudence Benchmarks³

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.
Quantified limit	The limit on rates, rates increases, or borrowing for a year that is included in Council's financial strategy.

³ 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.

