

Christchurch City
Annual Report

2018

Christchurch Ōtautahi

Christchurch City Council Annual Report 2018

Christchurch Ōtautahi

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

ISBN: 978-1-877313-81-3

Table of Contents

| | | | |
|---|------------|---|------------|
| Council Vision | 3 | Group structure and Council Controlled Organisations | 224 |
| Introduction | 4 | Group financial highlight | 225 |
| What is the Annual Report? | 5 | Group structure | 226 |
| Message from the Mayor and Chief Executive ... | 6 | Summary financial table..... | 227 |
| Statement of compliance | 7 | Christchurch City Holdings Ltd | 228 |
| Highlights | 8 | Orion New Zealand Ltd..... | 230 |
| Our achievements | 9 | Lyttelton Port Company Ltd..... | 231 |
| Annual survey of residents..... | 15 | Christchurch International Airport Ltd | 232 |
| Your Council | 16 | City Care Ltd..... | 233 |
| How the Council works | 17 | Enable Services Ltd..... | 234 |
| Community Outcomes | 18 | EcoCentral Ltd | 235 |
| The elected Council..... | 21 | Red Bus Ltd | 236 |
| Chief Executive and Executive Leadership Team | 22 | Development Christchurch Ltd..... | 237 |
| Community Board Members..... | 23 | Vbase Ltd..... | 238 |
| Governance and management..... | 24 | Civic Building Ltd..... | 239 |
| Māori involvement in decision making | 25 | Tuam Ltd..... | 240 |
| Council activities and services | 26 | ChristchurchNZ Holdings Ltd | 241 |
| Activities and services summary..... | 27 | Transwaste Canterbury Ltd..... | 243 |
| Libraries, arts and culture..... | 30 | Riccarton Bush Trust | 244 |
| Sport and recreation | 38 | The World Buskers' Festival Trust | 245 |
| Parks and open spaces | 45 | Rod Donald Banks Peninsula Trust..... | 246 |
| Transport | 50 | Christchurch Agency for Energy Trust | 247 |
| Roads and footpaths..... | 58 | Gardens Event Trust..... | 248 |
| Water supply | 62 | Central Plains Water Trust..... | 249 |
| Sewerage collection, treatment and disposal | 69 | Canterbury Economic Development | 250 |
| Stormwater drainage | 76 | Monitoring | 251 |
| Flood protection and control works..... | 81 | Reserves and Trust Funds..... | 252 |
| Refuse minimisation and disposal | 86 | The capital endowment fund | 255 |
| Housing | 90 | Subsidiary and associate companies..... | 256 |
| Natural environment | 95 | Glossary | 257 |
| Community services | 98 | | |
| Heritage protection | 107 | | |
| Regulation and enforcement | 110 | | |
| Economic development..... | 122 | | |
| Strategic planning..... | 134 | | |
| Strategic governance..... | 140 | | |
| Corporate..... | 144 | | |
| Financial statements | 148 | | |
| Financial highlights..... | 149 | | |
| Financial ratios and prudence benchmarks..... | 151 | | |
| Group results..... | 154 | | |
| Independent Auditor's Report..... | 159 | | |
| Impact of the rebuild | 162 | | |
| Financial statements..... | 163 | | |

Council Vision

The Christchurch City Council has a vision for this City:

*Christchurch is a city of opportunity for all.
Open to new ideas, new people and new ways of doing
things – a city where anything is possible.*

Introduction

Welcome to the Christchurch City Council's Annual Report 2018.

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 2017/18 annual plan approved by the Council on 20 June 2017.

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

Our city's regeneration continues to gain momentum this year.

There are signs of real progress especially with substantial investment by the private sector. The Council has also completed a range of important city and community-based projects including Matuku Takotako: Sumner Centre (combining the library, museum and community centre), Tairora: QEII Recreation and Sport Centre and heritage projects including the Rose Chapel and Cracroft House.

However, significant earthquake-related investment is still required in roads, and flood protection infrastructure. Repair and restoration to desired levels of service will continue to put pressure on Council's capital spending and borrowing in the years ahead.

In addition the shock loss of secure status for our drinking water supply has required significant 'bring forwards' for above grounding of wellheads. We've also faced significant capital and operating costs, as well as reputational damage through the temporary chlorination which is required by health officials at this time.

In response to this emerging challenge, a new role of Programme Manager – Water Supply Improvement was established to focus exclusively on upgrading of the below-ground wellhead network and improving the infrastructure which services the city's drinking water supply.

We have established a strong and open relationship with the new coalition government. The Government's confirmation in the 2018 budget of their pre-election promise to fund a \$300 million capital acceleration facility for the City's regeneration reinforced its commitment to continued progress and certainty for Christchurch.

We continue to work alongside Regenerate Christchurch, Development Christchurch Limited (DCL) and Ōtākaro Limited to build a regeneration eco-system that gives confidence and certainty to developers, businesses and the wider community.

Our relationship is growing with the Papatipu Rūnanga of our area. The joint standing committee, Te Hononga Council-Papatipu Rūnanga, continues to work on matters of mutual interest, such as improving water quality.



Lianne Dalziel
Mayor of Christchurch

ChristchurchNZ came into being on 1 July 2017, bringing together Christchurch & Canterbury Tourism, Canterbury Development Corporation, International Education, the Convention Bureau and the Council's Major Events team. Implementation of the recently-adopted Christchurch Antarctic Gateway Strategy is one of ChristchurchNZ's early priorities for working alongside stakeholders.

The Council's six Strategic Priorities guide and influence decision making and operational delivery of services.

Climate change leadership is one such priority. This year we became the first city in New Zealand to have a 100 per cent battery electric car-sharing service and we received the 2017 award for the most EV Friendly Town of the year. We also signed the Global Covenant of Mayors for Climate and Energy.

Another priority is informed and proactive approaches to natural hazards. We are fast-tracking flood risk investigations and mitigation work through our Land Drainage Recovery Programme. We adopted a Flood Intervention Policy to help property owners determine the most appropriate, cost-effective options for their property.

Drafting and finalising the 2018-2028 Long Term Plan (LTP) required significant work across the organisation. Adopted on 26 June 2018, it is a plan designed to "get the basics right." Public submissions on the draft Plan's proposals clearly told us that repairing roads and footpaths, securing our water supply and continuing the momentum in the regeneration of the city are really important. In addition, there was strong support for bringing forward the stadium funding on our budget which meant we could apply to the government to meet the unfunded portion of the build costs. These have been prioritised in the LTP budgets. The proposed cap on average rates increase (of 5.5 per cent) was able to be maintained.

As we continue to re-establish ourselves following the earthquakes, one of our aims is to create a sustainable city. There is an underlying spirit of innovation and optimism in Christchurch; that supports the vision of being a city of opportunity for all, a place open to new ideas, new people and new ways of doing things – a place where anything is possible.



Dr Karleen Edwards
Chief Executive

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.



Lianne Dalziel – Mayor
11 October 2018



Dr Karleen Edwards – Chief Executive
11 October 2018

Highlights

The Council provides the services needed to keep the city running, including supplying water, removing wastewater and collecting rubbish. In addition to leading many significant rebuild projects, it carries out large infrastructure, building and community projects as part of its long-term programme to improve the city. Outlined below are some of the highlights of the past year.

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.

Libraries, arts and culture

Christchurch Art Gallery Te Puna o Waiwhetu

Christchurch Art Gallery successfully met its visitor target of 380,000 – 420,000 visitors with 388,968 people visiting the gallery.

The gallery has produced a total of 15 exhibitions and 1 artist's project over the period.

Public programme events had 27,124 visitors over twelve months. This result is above the target of 25,000 per annum. More than 12,635 children took part in gallery-led lessons in the gallery's education centre. This result is above the target of 11,000 per annum.

92 works were added to the city's collection during the year; 41 were purchased, 51 gifted.

Museums

Almost 30,000 people visited the Akaroa Museum, 23 per cent above target and 5,000 more than 2016/17. Included in this total are 430 students from 16 schools in the Canterbury and North Otago regions. Cruise ship passengers now make up 20% of total visitor numbers.

The museum's collection grew with the addition of 1377 objects. In addition, almost 300 family history enquiries were answered during the year.

Libraries

Construction on Turanga, the new central library was ready for integrated fit-out work to commence in July 2018. The library is due to open in the spring.

Two new libraries opened in Bishopdale and Sumner in 2017. Both facilities include flexible, multipurpose community spaces.

Sport and recreation

We continue to implement a programme to build the capacity of our sports parks. This includes focusing on improving the quality of key fields to ensure less remedial maintenance is required.

We completed upgrades to Leslie Park and Wainoni Park to provide a more equitable provision of quality fields across the winter sporting codes. These upgraded facilities were utilised as training fields for the Rugby League World Cup. We also completed substantial earthquake related repairs to Sydenham Park and commenced similar repairs to St Albans Park.

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

The Taiora:QEII Recreation and Sport Centre was officially opened and construction work on the sports hub at Ngā Puna Wai is progressing well for opening in 2019. 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 109,298 affordable swim lessons to communities in need.

Parks and open spaces

The successful adoption of the spatial plan for the Botanic Gardens has set the platform for a long term investment programme to ensure that the City's number one visitor attraction is fit for purpose for future generations

Our Regional Parks team have been focusing on improvements in visitor information provision through interactive maps applications and publications.

We are increasing investment in local community initiatives with year on year increased volunteer activity and partnerships.

We have also focused effort in progressing the rebuild of our City owned heritage buildings, particularly those in the wider community areas.

Transport

We completed construction of the Uni-Cycle, Rapanui/Shag Rock (Sections 1 and 2) cycle routes of the Major Cycleways programme and commenced construction of the Quarryman's Trail and Heathcote Expressway routes.

We completed the installation of a new bus lane on Main North Road at the Empire Road off-ramp intersection.

Construction of the Lichfield Street car parking building was completed in November 2017 and opened to the public. Demand for parking has climbed steadily.

We completed the installation and/or upgrade of 20 bus passenger shelters, remediated 20 bus stops and installed 23 new bus stops.

Our education programmes for school cycling, road safety and travel demand initiatives have continued. We completed eleven further school speed zones or active school signs under the road safety at schools programme.

We completed earthquake repairs to the New Brighton Pier and completed and re-opened Takamatua wharf. Planning is underway for Akaroa and Diamond Harbour Wharf renewals.

Roads and footpaths

The defects period of the six year SCIRT programme to repair the most seriously damaged roads from the 2010/11 earthquakes was completed in June 2018.

We resealed 38 kilometres of roads through our road maintenance contracts. In addition, we added 75 kilometres of new roads to the network through subdivision development.

We completed a significant programme of risk mitigation works to protect the Sumner corridor from rock fall hazard and restore alternative access to Lyttelton was completed. Work has continued on the \$200 million joint project with NZTA to construct the new Christchurch Northern Corridor route into the city.

A total of 3,350 street lights have been upgraded to LED technology.

Water supply

We renewed 4.9 kilometres of water supply mains and 9.1 kilometres of water supply submains for the year.

We completed construction of the new water supply mains to service greenfield areas in Halswell in April 2018, (in conjunction with the wastewater project).

We completed construction of the new Gardiners water supply pump station. This project will meet growth demands in the North West of the city and replace the Harewood pump station which has shallow wells.

Equipment renewals at eight pump stations were completed and new flow meters were installed to comply with resource consents. Eight reservoir roofs were relined.

We continued our programme of replacing shallow wells in the North West of the city with deeper wells, to improve the water quality in that area.

Sewage collection, treatment and disposal

We completed 2.3 kilometres of wastewater pipe renewals.

We completed construction of the first stage 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.

Detailed design, and some construction, is underway on the project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the Christchurch wastewater treatment plant. This project will remove discharges of treated wastewater into Lyttelton Harbour.

We completed construction the South East Halswell wastewater scheme.

Stormwater drainage

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.

Network renewal and upgrade work has been completed in many areas, including improvements to inlet structures across Banks Peninsula. A number of old and missing tide gates have been replaced with fish-friendly alternatives and monitoring is being undertaken to assess their performance.

We have been working closely with Environment Canterbury (ECAN) and NIWA to understand how renewal of the timber lining in Canal Reserve Drain can be managed to minimise any adverse impact on the Lamprey, which are a threatened species known to live in the drain.

We installed litter booms on both the Avon and Heathcote Rivers during the year with over 41 tonnes of material collected in the first seven months. The weed harvesting programme continues to be closely monitored to ensure optimised benefit in managing river water levels.

Construction is well underway on a stormwater filter at Richardson Terrace for Bells Creek. Construction has started and progressed on the large detention basins in the Upper Heathcote, including Wigram Basin, Sutherlands Road Basin, Bullers Drain Facility, Cranford Basin No.1 Drain and Curletts Basin.

Enhanced ecological benefits were achieved through naturalisation of a long length of Ka Putahi Stream.

Ceremony at Wairewa Marae in Little River.

Flood protection and control works

Under the Land Drainage Recovery Programme (LDRP) we are delivering a major physical works and investigations programme which extends across much of the city. The two early major projects, Dudley Creek and Bells Creek, have both progressed significantly and are nearing completion. This is a major milestone and of huge benefit to the Flockton Street area and to Woolston.

We continued to monitor and maintain the Avon / Ōtākaro temporary stop banks, with a significant LDRP strengthening project nearing completion. In the Heathcote catchment we completed the conversion of Lower Linwoods Fields into an urban forest and stormwater basin (named Te Oranga Waikura). Construction works to stabilise the Heathcote River banks, and dredging in the Woolston Cut were carried out.

Refuse minimisation and disposal

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 bio-solids.

As part of our commitment to continuous improvement we changed the way we collect from kerbside on public

holidays making it not only easier to understand but also easy if the notification is missed or forgotten.

BRRP has continued to take construction and demolition waste. In 2018 the plant sorted 150,000 tonnes (2017: 185,930 tonnes). Since it opened, the site has received 802,260 tonnes.

Housing

Social housing

We provided homes for 2,191 tenants by way of the lease to the Otautahi Community Housing Trust (OCHT). Over the year, 363 tenants vacated tenancies in Council owned units and 326 tenants commenced new tenancies.

During 2017/18 we repaired 162 units as part of the earthquake repair programme. We also commenced the construction of 5 new units in Akaroa (3 replacement and 2 additional).

We have insulated 341 units, with another 58 assessed and awaiting works.

We purchased three owner-occupier units in 2017/18 and have six more to acquire. In total we have purchased 22 owner-occupier units.

Natural environment

We delivered Environmental Education programmes at various Council sites such as parks, water and waste facilities to over 10,000 children, teachers and accompanying parents.

Community Services

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 distributed \$6,253,997 in grants from the Strengthening Communities and Creative Communities funding schemes to 690 applicants.

Civil defence and emergency management

The CDEM team continued to promote the need for individual communities to develop plans to build their own resilience to emergencies. Work is currently underway to redevelop our Tsunami Plan and our Recovery Plan.

We have transitioned into the new Justice and Emergency Services Precinct (JESP) to be co-located with our emergency service partner agencies.

Events and festivals

Highlights included the Rugby League World Cup, international cricket, New Zealand Cup and Show week and Sparks.

We supported over 200 community groups in hosting their own events.

Citizen and customer services

Our team achieved top performing service status with 93% of customers satisfied or very satisfied with the first point of contact Council customer service – a 3 per cent increase year-on-year.

The implementation of new customer interaction technology enabled the team to use a range of new digital tools designed to enhance communication with our community and customers, providing better business intelligence and identifying opportunities for improved service delivery.

Community facilities

There are 60 community facilities 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 Shirley, Bishopdale and Sumner.

Heritage protection

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

Beca 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.

We have embarked on the creation of a 'New Direction for Heritage' with a new heritage strategy which is being drafted in partnership with Ngāi Tahu.

Regulation and enforcement

Building consents

Residential building consent application numbers decreased in 2018 and are expected to continue to do so over the next 12 months. However, the rate of decline is expected to slow as we are now approaching pre-earthquake levels.

As in 2017, commercial rebuild and repair continues to be busy and is expected to remain at a similar level for the next 1-2 years. A number of major Crown projects are now underway and this is expected to stimulate further commercial development.

Earthquake prone buildings

At the end of June 2018, there were 572 Christchurch buildings on the national earthquake prone building register.

Between December 2017 and June 2018, there were 70 133AH notices sent to owners requesting Detailed Seismic Assessment reports to clarify the earthquake prone building status of their buildings.

BWOF

A building warrant of fitness (BWOF) is a statement signed by the building owner (or owner's agent), stating that the requirements of the building's compliance schedule have been fully complied with in the previous 12 months.

Issued warrants of fitness are regularly audited for accuracy. From July 2017 to end of June 2018 405

audits had been completed, exceeding the target of 360.

Eco-design advisor

The eco-design advisor completed 349 assessments. This is well over the target of 250 assessments. Considerable positive customer feedback has been received about this service.

Land and property information services

2018 was the third highest year for Land Information Memoranda processed in the last ten years, with 100 per cent of LIMs processed within the 10 day goal.

Project Information Memoranda have dropped 26 per cent overall which is in line with the decrease in building consents. We continue to achieve 100 per cent of PIMs processed within the 20 day goal.

Certificates of Acceptance have increased 15 per cent driven by an increase in commercial applications.

Resource consents

Resource consent application numbers decreased in 2018, however there has been an increase in the complexity of applications. This is largely due to the new District Plan provisions, along with an increase in the number of large scale and/or complex development proposals, particularly in the central city.

Noise control

Activities carried out under the Resource Management Act saw an increase in written notices to cease noise and an increase in the number of equipment seizures but overall, there has been a reduction in complaints for excessive noise.

Food Act

The transition to the new Food Act 2014 has seen 95 per cent of food operations now working to the new requirements.

Animal management

The number of dog owners utilising the free micro-chipping service has dropped which reflects the increasing amount of micro-chipped dogs in the city.

58 Dogsmart dog bite prevention programmes were delivered to schools, exceeding our target of 50 while Reading To Dogs at libraries was received by 114 children in the past year.

Compliance services

A total of 5,542 Customer Service Requests were received and 2,842 corrective actions were taken where staff identified non-compliance with the District Plan, Resource Management Act, Building Act and Bylaws.

Resource consents numbering 2,527 were monitored during the year. One hundred and sixty-eight identified non-compliances resulted in written advice and 59 infringement notices were issued.

Alcohol licensing

Alcohol licence numbers continued to increase, with a total of 970 current on/off/club licences held in Christchurch at 30 June 2018, up from 929 the previous year. These numbers are still well below pre-earthquake numbers (mainly in the central city) of around 1,112 total licences.

An Alcohol Accord for the Oxford Terrace precinct area is now in place with licensees.

Swimming pool inspections

The requirements of the Building Act 2004 were amended and came into effect on 1 January 2017. This has resulted in a decrease in the required swimming pool inspections. The new requirement is to inspect pools at least once every 3 years. The team completed inspections on 43 per cent of swimming pools in Christchurch which is 10 per cent above the new required target.

District planning

The District Planning team, in partnership with many other teams from across the Council, has completed the District Plan review and the Plan became fully operative in December 2017 (apart from the coastal provisions which are to be subject to a future plan change).

A major work stream has been working with UDS partners to complete the housing and business capacity assessments, and Future Development Strategy required by the National Policy Statement for Urban Development Capacity.

Economic development

Christchurch economic development coordination and leadership

The Council provides ChristchurchNZ with operational funding to provide visitor attraction, economic development and major event promotion and services for Christchurch. ChristchurchNZ's performance has been measured to ensure that it is delivering key functions including:

- Research and Insights – contributing to economic development
- Major Events – entertainment opportunities
- Destination – tourism related activities
- Convention Bureau – promotion of facilities
- Export Education – attracting students
- City Promotions – information source

Civic and international relations

We coordinated the commemoration of the seventh anniversary of the Canterbury earthquake, attended by the Prime Minister. We also supported the RSA with WW100 commemorations and planning and delivery of Armistice Day commemorations.

The Civic and International Relations team hosted 75 international visits, including that of the President of Ireland, the Dean of Christ Church Cathedral in Oxford UK, the Swedish Speaker of the House, seven Chinese delegations for Rewi Alley 120th Commemoration events, a delegation from the United Nations Intergovernmental Panel on Climate Change, and the female crew of Indian Navy sailing vessel INVS Tarini.

Twelve Citizenship Ceremonies were held for 2,068 new citizens, including the Waitangi Day Citizenship

Strategic planning

Urban design and urban regeneration

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.

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.

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 implemented temporary alcohol bans for Linwood Village and Riccarton Racecourse environs.

Council's Housing Policy was implemented with the establishment of a Development Contributions Remission for community housing providers; progressing the Christchurch Housing Initiative shared equity home ownership scheme; supporting a local Housing First Programme; and working with the Government and others in supporting social and affordable housing.

Since June 2017, Council has made 14 submissions on priority issues, for example, the draft National Policy Statement on Land Transport and the Local Government (Community Wellbeing) Amendment Bill. Council staff also made 16 staff submissions on matters of a technical or operational nature, such as the draft Technical Guidelines for Seismic Assessment of Existing Buildings and the draft Threatened Species Strategy.

Stormwater management

We contributed to the Council's flooding intervention policy and contributed to on-going discussions with Nga Rūnanga regarding the global stormwater discharge consent conditions.

We continue to provide technical support for the Christchurch-West Melton and Banks Peninsula Zone Committees. We also provide occasional support for the Selwyn-Waihora zone committee and the Regional Water Management Committee.

Natural environment

\$195,500 of Christchurch Biodiversity Funding was allocated for fencing, pest control and planting, to private landowners with Sites of Ecological Significance

and we will be meeting with landowners to finalise site statements and to progress new surveys across Banks Peninsula.

We continue to contribute to the Partnership Steering Group for the Whakaraupo Catchment Management Plan.

Te Waihora Co-Governance Group continues to receive our support, primarily through the provision of participation in, and advice to, the Te Waihora Co-Governance Joint Officials Group.

We led reviews of ECAN resource consent applications, having received several dozen consent applications for discharges to air water and land during FY17-18. We coordinated submissions on 21 ECAN resource consent applications during that time.

We continue to be a contributing partner to the Natural Environment Group reporting to the Greater Christchurch Partnership.

Technical support was supplied to Regenerate Christchurch recovery plans for New Brighton, South Shore and Avon River Corridor areas.

Resource efficiency

A target sustainability programme was delivered to 40 businesses.

Our electric vehicle shared fleet programme was launched in February 2018 and charging infrastructure continues to be rolled out across the city.

Carbon emissions management and reduction schemes along with the Energy-Mark Gold certification were achieved for a second time for Council's energy management system.

Strategic governance

We developed, consulted on and formally adopted the Council's 2018-28 Long Term Plan. The Long Term Plan outlines our priorities, our projects and how we propose to pay for it all. More than 1500 groups and individuals submitted on the Long Term Plan.

From July 2017 to June 2018 Council conducted 61 consultations, and received a total of 13,412 submissions. While the current Have Your Say system hasn't been running long enough to conduct a full year on year comparison, more people are now participating in, and contributing to Council decision making than this time last year. The number of submissions received between January – June 2018 is significantly more than that received between January – June 2017 (6695 submissions in 2018 vs 2723 submissions in 2017).

We organised a by-election in May 2017 for the Lyttelton Subdivision of the Banks Peninsula Community Board.

We continued to extend 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.

Highlights - Our achievements

We continued to develop our Citizen Hub with an integrated joined up approach to local services or one stop shops, libraries, pools, community development, customer services.

Highlights

Annual survey of residents

Overall satisfaction sits at 55 per cent, a 17 per cent decrease on last year's result of 72 per cent. There was also a shift since from satisfied to ambivalent.

Our kerbside recycling, transport education, environmental education, libraries, customer services and Botanic Gardens all rate particularly highly. While on the other hand, roading has remained the main underperformer.

The 2018 residents' survey shows:

- 38 per cent of services surveyed with a resident satisfaction component met their level of service targets, down from almost 61 per cent last year. Thirteen services returned satisfaction scores of 85 per cent or above (down from 19 last year).

The top three performers among services continue to be waste management, libraries and events and activities.

- Services scoring over 85 per cent satisfaction include our libraries, kerbside recycling, residual waste collection, first point of contact customer service, heritage protection, appearance of Botanic Gardens, cemetery services, bus interchange and Council-run education programmes.
- 65 per cent of residents agreed the Council as a whole was easy to interact with (similar to the 67 per cent in 2017), but there was variation at the individual service level.
- Only 20 per cent of those surveyed are satisfied with the condition of city roads down from 34 per cent last year, and 34 per cent are satisfied with the footpaths down from 48 per cent last year.

In our Point of Contact Service Satisfaction Surveys a number of services have recorded high levels of satisfaction.

- Heritage protection, cemetery services, transport education and civil defence and emergency management education programmes all received 100% or close to 100% levels of satisfaction.
- User satisfaction with environmental education programmes sits at 99 per cent. Library services, library programmes and events and appearance of The Botanic Gardens also rate highly (over 95 per cent).

The General Service Satisfaction Survey was conducted from 4-29 March 2018 with interviews were conducted by landline and cellphone. 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 772 (2017 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 1,500 per service, depending on user numbers and the scale of site services.

- Overall, more than 6,099 (2017 8,000) point of contact surveys were completed in 2017-2018.

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 for the period of this Annual Report 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.

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 LINZ, 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
- LINZ
- 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 ChristchurchNZ. Through Christchurch City Holdings Limited (CCHL), the Council is a majority shareholder in a number of infrastructure companies including the Lyttelton Port Company Limited, Christchurch International Airport Limited and Orion New Zealand Limited.

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 Citizens 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

Pam Richardson (Chairperson) – *Akaroa subdivision*
Jed O'Donoghue (Deputy Chairperson) – *Lyttelton subdivision*
Felix Dawson – *Mount Herbert subdivision*
Tyrone Fields – *Lyttelton subdivision*
Janis Haley – *Akaroa subdivision*
John McLister – *Mount Herbert 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

Sam MacDonald (Chairperson) – *Waimairi ward*
Aaron Campbell (Deputy Chairperson) – *Harewood ward*
David Cartwright – *Fendalton ward*
Linda Chen – *Harewood 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:

- Civic Building Limited (CBL)

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

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

Your Council Māori involvement in decision making

The partnership with manawhenua has continued to strengthen this year, with both parties identifying opportunities to create a more strategic alliance for the benefit of the Christchurch.

The Te Hononga – Ngā Papatipu Rūnanga and Christchurch City Council Committee improves Māori capacity to contribute to decision making. This year the committee discussed proposed plans to manage disposal of waste water, stormwater and resource management issues.

Council participated in the 2017 Ngāi Tahu Tribal Economies and Water Conferences. Guest speakers from Stanford University Wood's Institute and the Canadian based Alliance for Indigenous Economies presented to Councillors and Rūnanga about different Commonwealth and U.S models of indigenous land tenure and management of water.

Other event highlights include the new citizen's ceremony held at Wairewa Marae, at Little River on Waitangi Day. The Council joined with manawhenua and 40 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 Principal Ngāi Tahu Advisor and Chief Advisor Ngāi Tahu/ Maori Relationships are two roles within Council that continue to provide Maori advice and leadership.

The Council has worked hard to develop staff cultural capability and provides many different pathways for staff to participate and engage to extend their understanding of Ngāi Tahu / Māori. As well as providing Treaty of Waitangi workshops for all newcomers to the organisation, Council employees can:

- learn te reo
- join the waiata lunch time group
- request a marae based Ngāi Tahu one day workshop
- request a Māori protocol half day experience at a local marae
- attend a clinic every Tuesday with the Ngāi Tahu / Māori team to discuss any aspects of their project that involves Māori.

Māori specialists' organisations also have an important part of the Council / Māori relationship.

The Mahaanui Kurataiao 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.

This year was also the second year that the Council participated in the Tuia Rangatahi Mentoring Programme. This is a nationwide programme where the Mayors mentor a young Māori who is carrying out 100 hours of community service.

Mataapopore, a charitable trust that is mandated by manawhenua has provided design, arts and urban planning advice. Their contribution to the rebuild of Christchurch has created a Ngāi Tūāhuriri aesthetic in the city that is exciting and unique.

The Council has an operational and functional relationship with Mataawaka, who are Māori whose tribal affiliations are from outside of the region and are part of the wider Māori community as residents and rate payers. Situated at Ngā Hau e Wha Marae - Te Rūnanga o Ngā Maata Waka is a valuable stakeholder. Te Rūnanga o Ngā Maata Waka is an urban Māori authority which provides social services to the Māori community.

Council values these relationships with Ngāi Tahu/ Māori and will continue to promote opportunities for greater alignment.

Council activities and services

The work of the Council is divided into 19 groups of activities and services. Here you will find information about what each group does, how it performed over the past financial year and what work is going to be carried out in the future.

Comparability with prior year performance targets

The Council includes prior year trend comparatives for its levels of service. In the LTP and amended LTP a number of non-financial performance measures and targets were altered, removed or new targets set. Where new measures have been introduced no prior year performance information is available and the prior year column has been left blank.

Where comparative trend information is available this has been included.

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 2018

| | | | | 2018 | 2017 |
|---|---|----------------|------------------|------------------|------------------|
| | Costs (after internal recoveries) | Income | Net Cost | Plan Net Cost | Net Cost |
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Libraries, arts and culture | 59,206 | 3,658 | 55,548 | 56,353 | 53,121 |
| Sport and recreation | 41,469 | 23,645 | 17,824 | 28,386 | 26,937 |
| Parks and open spaces | 39,684 | 24,056 | 15,628 | 30,378 | 27,658 |
| Transport | 23,262 | 47,254 | (23,992) | (20,874) | 9,341 |
| Roads and footpaths | 112,928 | 62,101 | 50,827 | 53,802 | (8,315) |
| Water Supply | 67,177 | 5,940 | 61,237 | 44,966 | 45,401 |
| Sewerage collection, treatment and disposal | 105,980 | 21,556 | 84,424 | 76,439 | 85,110 |
| Stormwater drainage | 33,617 | 3,088 | 30,529 | 33,959 | 14,431 |
| Flood protection and control works | 3,496 | 1,583 | 1,913 | (3,685) | 3,246 |
| Refuse minimisation and disposal | 43,775 | 13,062 | 30,713 | 34,689 | 31,063 |
| Housing | 32,133 | 16,851 | 15,282 | 15,005 | 12,573 |
| Natural environment | 422 | 79 | 343 | 434 | 341 |
| Community services | 31,108 | 1,897 | 29,211 | 30,531 | 31,308 |
| Heritage protection | 4,141 | 28 | 4,113 | 4,200 | 5,368 |
| Regulation and enforcement | 60,727 | 46,399 | 14,328 | 9,777 | 23,805 |
| Economic development | 14,568 | 643 | 13,925 | 13,972 | 14,872 |
| Strategic planning | 13,709 | 851 | 12,858 | 13,287 | 10,999 |
| Strategic governance | 24,863 | 1,341 | 23,522 | 23,823 | 20,613 |
| Corporate Activities | 87,239 | 721,660 | (634,421) | (621,694) | (566,856) |
| Total cost of service delivery | 799,504 | 995,692 | (196,188) | (176,252) | (158,984) |

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

Council activities and services - Summary financial chart

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 18 Actual \$000 | Parent 30 Jun 17 Actual* \$000 |
|--|--|---|
| Council activities and services revenue excluding Corporate activities | 274,032 | 370,280 |
| Rates revenue | 460,992 | 426,496 |
| Other revenue (primarily interest and dividends) | 256,680 | 232,508 |
| Total revenue | 991,704 | 1,029,284 |
| | | |
| Council activities and services expenditure excluding Corporate activities | 712,265 | 778,153 |
| Other expenditure | 86,861 | 93,498 |
| Total expenditure | 799,126 | 871,651 |

Capital summary for the year to 30 June 2018

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

| | 2018 | | 2017 |
|---|---------------------------|---------------------------|---------------------------|
| | Plan | | |
| | Net Cost \$000 | Net Cost \$000 | Net Cost \$000 |
| Libraries, arts and culture | 51,972 | 63,271 | 41,224 |
| Sport and recreation | 84,240 | 67,610 | 33,791 |
| Parks and open spaces | 24,454 | 28,032 | 16,372 |
| Transport | 45,104 | 71,511 | 66,143 |
| Roads and footpaths | 94,866 | 73,247 | 243,315 |
| Water Supply | 23,891 | 21,067 | 37,887 |
| Sewerage collection, treatment and disposal | 60,623 | 40,461 | 259,909 |
| Stormwater drainage | 47,950 | 72,216 | 86,105 |
| Flood protection and control works | 32,452 | 20,083 | 8,878 |
| Refuse minimisation and disposal | 429 | 768 | 1,164 |
| Housing | 3,225 | 6,148 | 5,272 |
| Natural environment | - | - | - |
| Community services | 4,257 | 7,117 | 4,988 |
| Heritage protection | 4,413 | 5,146 | 8,640 |
| Regulation and enforcement | - | 10 | 1 |
| Economic development | - | - | - |
| Strategic planning | 883 | 930 | 419 |
| Strategic governance | 264 | 606 | - |
| Corporate Activities | 22,161 | 15,418 | (289,292) |
| | 501,184 | 493,641 | 524,816 |

Depreciation and amortisation by group of activity

| | Parent | Parent |
|---|------------------|------------------|
| | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual |
| | \$000 | \$000 |
| Libraries, arts and culture | 11,083 | 10,433 |
| Sport and recreation | 8,651 | 8,396 |
| Parks and open spaces | 9,559 | 8,760 |
| Transport | 3,911 | 3,440 |
| Roads and footpaths | 55,451 | 62,874 |
| Water supply | 34,138 | 25,964 |
| Sewerage collection, treatment and disposal | 51,611 | 52,767 |
| Stormwater drainage | 12,107 | 5,863 |
| Flood protection and control works | 3 | - |
| Refuse minimisation and disposal | 2,317 | 2,287 |
| Housing | 7,024 | 7,154 |
| Community services | 1,622 | 1,586 |
| Regulation and enforcement | 110 | 360 |
| Economic development | 70 | 88 |
| Strategic governance | 1 | 1 |
| Corporate activities | 16,234 | 15,241 |
| | <u>213,892</u> | <u>205,214</u> |

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 Te Puna o Waiwhetū 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 Te Puna o Waiwhetū

The Art Gallery collects, preserves and presents our region's artistic heritage to residents and visitors. Christchurch Art Gallery Te Puna o Waiwhetū 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 Waiwhetū

Christchurch Art Gallery successfully met its visitor target of 380,000 – 420,000 visitors with 388,968 people visiting the gallery.

The gallery has produced a total of 15 exhibitions and one artist's project over the period.

27,124 visitors took part in public programme events during the twelve months. This result is well above the target of 25,000 per annum. More than 12,635 children took part in gallery-led lessons in the gallery's education centre. This result is above the target of 11,000 per annum.

92 works were added to the city's collection during the year; 41 were purchased, 51 gifted.

The gallery published and distributed four editions of its quarterly magazine *Bulletin*, as well as three exhibition related publications. The gallery received three publication awards in 2017/18.

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

Museums

Akaroa Museum

Almost 30,000 people visited the Akaroa Museum, 23% above target and 5,000 more than 2016/17. Included in this total are 430 students from 16 schools in the Canterbury and North Otago regions. Cruise ship passengers now make up 20% of total visitor numbers.

The remaining two of three new long-term exhibition galleries were completed and opened, and one temporary exhibition presented.

The Museum's collection grew with the addition of 1377 objects, all documented, insured and safely stored. Access to the collections was maintained, with 119 collection enquiries received and answered. In addition, almost 300 family history enquiries were answered during the year.

Libraries

Libraries met the agreed LOS for the 2017/18 year for library services, spaces and resources.

Construction of Tūranga, the new central library was well advanced by year end in readiness for integrated fit out work to commence in July 2018. This includes shelving, furniture and technology fit out. More than 70 new staff have been recruited to work in frontline roles in the new facility. The library is due to open in the spring.

Two new libraries opened in Bishopdale and Sumner in 2017 and are proving very popular with their communities. Both facilities include flexible, multipurpose community spaces.

Visitor numbers to libraries increased by 8.3 per cent and the circulation of physical items increased by

2.2 per cent. Digital collections continue to perform well with a 24.3 per cent growth in digital issues, equal to 510,000 digital downloads.

Attendance at library programmes continued to be high with 296 programmes per 1000 population. The KPI target is 230-300 per 1000.

Resident satisfaction with Council's library services is 95 per cent and total membership is 178,416, nearly 50 per cent of the total population.

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 was open for 2,756 hours. | 2017: The Art Gallery has been open for 2,757 hours for the year. 2016: The Art Gallery was open for 1,477 hours 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 385,000 - 430,000. | Achieved | 388,968 visits were recorded for year ending 30 June 2018. | 2017: 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 92% of visitors satisfied with the Gallery experience. | Achieved | 98% of respondents rated the Gallery 'excellent' or 'good' in our quarterly visitor surveys. | 2017: 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 | 15 new exhibitions opened at the Gallery. | 2017: 22 exhibitions and 2 artist projects were presented over the period. 2016: 30 exhibition projects were presented. 2015: 12 projects presented as part of Outer Spaces. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|---|----------|--|--|
| | | 4-6 publications per annum, with at least 1 significant book or exhibition-related publication every 2 years. | Achieved | Four editions of Bulletin have been produced this financial year. | 2017: 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. |
| | Public programmes and school-specific programmes delivered. | Average of at least 11,000 attend school specific programmes per annum. | Achieved | 12,635 attended school specific programmes. | 2017: 12,299 took part in school specific programmes. 2016: 12,132 participants. 2015: 348 lessons given to 9,005 teachers and learners. |
| | | Average of at least 25,000 people attend advertised public programmes per annum (pro-rated from reopening). | Achieved | 27,124 people attended advertised public programmes. | 2017: 22,035 visitors took part in programmes. 2016: 16,763 participants. 2015: 3,615 participants in 105 programmes presented to the public. |
| 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 | The Canterbury Museum received planned levies in line with the amounts budgeted. | 2017: 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: 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 | Visitor total 29,984. | 2017: 23,962 visitors. 2016: 24,398 visitors. 2015: 25,243 visitors. |
| | Hours of opening at Akaroa Museum. | Minimum of 2,093 opening hours per annum. | Achieved | 2,105.5 hours open to the public during 2017/18 year. | 2017: 2,110 hours open. 2016: 2,295 hours open. 2015: 2,110 hours open. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|--|----------|--|--|
| | Exhibitions presented. | No fewer than 2 exhibitions presented per annum. | Achieved | Three exhibitions presented. | 2017: 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. |
| 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 | 3.2 items per capita. | 2017: 3.2 items per capita. 2016: 3.2 items per capita. 2015: 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 | 12.2 against the national average of 9.2 issues per capita. | 2017: 12.1 against the 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. |
| | | Increase current size of purchased downloadable e-format collection by 15% per year. | Achieved | 22.3% increase on last year. | 2017: 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. |
| | 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. | 2017: 95% satisfaction. 2016: 93% satisfaction. 2015: 97% 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 libraries were open on average 52-59 hours per week. Large suburban libraries were open on average 67 hours per week. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|---|----------|---|---|
| | | Suburban medium 48 to 57 hours. | Achieved | Medium suburban libraries were open on average 57 hours per week. | 2017: Suburban medium 48 to 57 hours. 2016: Achieved. 2015: Achieved. |
| | | Neighbourhood 36 to 57 hours. | Achieved | Small community libraries were open on average 48 hours per week. | 2017: Neighbourhood 36 to 57 hours. 2016: Achieved. 2015: Achieved. |
| | | Maintain a mobile library service of a minimum of 40 hours per week. | Achieved | The mobile van has been available on average at least 45 hours a week over the past year. | 2017: 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. |
| | | Maintain visits per capita at national average or better, per annum, for level one NZ public libraries. | Achieved | 10.22 visits per capita recorded against national average of 8.4. | 2017: 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 recorded against national average of 7.6. |
| Equitable access to relevant, timely information and professional library services. | Provision of information via a variety of channels including physical and digital, assisted and self-service, to provide informed access to information | Maintain ratio of public internet computers to at least 4 per 5,000 of population. | Achieved | Ratio of 6 public computers per 5,000 of population is currently provided. | 2017: 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. |
| | | Free Wifi access is available at Metropolitan, Suburban, and Neighbourhood libraries 24/7. | Achieved | Free Wifi available at all libraries 24/7. | 2017: Free Wifi available at all libraries 24/7. 2016: Free Wifi available at all libraries. 2015: Free Wifi available at all libraries. |
| 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 230-300 per 1,000 of population (excluding periods of closure). | Achieved | Achieved 296 against target of 230-300 per 1,000 of population. | 2017: 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. |

| 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 | 96% satisfaction with programmes and events. | 2017: 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%. |

Where are we heading?

Christchurch Art Gallery Te Puna o Waiwhetū

We aim 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, artist projects, publications and public programmes with broad audience appeal, as well as continuing to present a programme of late-night themed events that help attract new and repeat audiences.

Museums

We expect the strong growth in visitor numbers to continue into the 2018/2019 financial year as Akaroa remains a port of call for cruise ships.

Libraries

A major milestone will be achieved with the opening of Tūranga, the new Central Library, in spring 2018. This marks the conclusion of years of planning and construction, reinstating the full metropolitan library service for the first time since the former Central Library was closed after the February 2011 earthquake. Hours of opening will be slightly increased from the old library to 74 hours per week, reflecting Tūranga's role as a major anchor project with a key role in activating the central city and Cathedral Square.

Planning for the new Hornby Library and Leisure Centre continues.

Service delivery in 2018/19

Christchurch Art Gallery Te Puna o Waiwhetū

The Gallery is planning to present at least 15 new exhibitions and 2 artist projects during 2018/19. We anticipate that the new exhibitions, the range of audience-focused programmes and the reopened restaurant will assist us in meeting the levels of service agreed in the LTP,

Museums

The Akaroa Museum is planning to deliver services consistent with those existing in 2017/18 (as outlined in the "How did we measure up" section above). At least 2 temporary exhibitions are planned for the year.

Libraries

A comprehensive range of programmes, events and exhibitions will be launched from Tūranga in the coming year. More than 70 new staff have been recruited to Libraries to provide frontline service to library customers. This is the largest single recruitment initiative the unit has ever undertaken.

While the library network will be complete when Tūranga opens, Fendalton, Parklands and Redwood will be closed temporarily during 2018/19 for earthquake repair and upgrades.

Matuku Takotako: Sumner Centre will increase its weekend opening hours to better cater for families and visitors.

Libraries will build on the previous year's positive growth in visitor numbers, issues, programmes and use of digital collections.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Christchurch Art Gallery | 12,184 | 12,025 | 11,241 |
| Museums | 8,173 | 8,222 | 8,256 |
| Libraries | 38,849 | 38,706 | 36,248 |
| | 59,206 | 58,953 | 55,745 |
| Operating revenue from services | | | |
| Christchurch Art Gallery | 933 | 843 | 490 |
| Museums | 38 | 32 | 32 |
| Libraries | 1,706 | 1,725 | 1,595 |
| | 2,677 | 2,600 | 2,117 |
| Capital revenues | 188 | - | 130 |
| Vested assets | 793 | - | 377 |
| Net cost of services | 55,548 | 56,353 | 53,121 |

Explanation of significant variances

Christchurch Art Gallery

The cost of service was \$0.9 million higher than 2017. This was due to a \$0.7 million increase in operational costs across a number of areas including insurance, maintenance, salaries, cleaning and depreciation, and \$0.2 million debt servicing cost.

Operating revenue was \$0.4 million higher than 2017 due to increased visitor numbers, additional revenue generated from the shop, and tenancy revenue from both restaurant and physics room spaces.

Museums

There were no significant variances.

Libraries

The cost of service was \$2.6 million higher than 2017. \$1.7 million results from higher staff related costs principally due to the staff for Tūranga being hired during the year as well as a large number of vacancies during 2017. In addition, depreciation costs were \$0.5 million higher due to the new Sumner and Bishopdale facilities, and \$0.2 million savings in 2017 due to lower than anticipated rebuild and repair of facilities.

Capital Revenues

There were no significant variances

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

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 55,053 | 54,388 | 57,754 | 54,287 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 324 | 312 | 307 | 300 |
| Fees and charges | 2,148 | 2,179 | 3,388 | 3,202 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 205 | 111 | 146 | 444 |
| Total operating funding (A) | 57,730 | 56,990 | 61,595 | 58,233 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 37,407 | 37,610 | 41,398 | 39,952 |
| Finance costs | 935 | 935 | 1,410 | 1,159 |
| Internal charges and overheads applied | 2,446 | 2,446 | 2,659 | 2,664 |
| Other operating funding applications | 7,409 | 7,443 | 13,985 | 13,656 |
| Total applications of operating funding (B) | 48,197 | 48,434 | 59,452 | 57,431 |
| Surplus (deficit) of operating funding (A-B) | 9,533 | 8,556 | 2,143 | 802 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | 188 | - | - | - |
| Increase (decrease) in debt | 42,251 | 54,715 | 6,874 | 64,025 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | 13,187 | 778 |
| Total sources of capital funding (C) | 42,439 | 54,715 | 20,061 | 64,803 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 51,537 | 62,952 | 21,607 | 65,022 |
| - to improve the level of service | 213 | 35 | 270 | 264 |
| - to meet additional demand | 222 | 284 | 327 | 319 |
| Increase (decrease) in reserves | - | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 51,972 | 63,271 | 22,204 | 65,605 |
| Surplus (deficit) of capital funding (C-D) | (9,533) | (8,556) | (2,143) | (802) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

| | | | | |
|---|--------|--------|--------|--------|
| 1 Earthquake rebuild application of capital funding | 45,556 | 56,883 | 14,705 | 58,144 |
|---|--------|--------|--------|--------|

Explanation of significant variances

Operating funding

General rates were \$0.7 million higher than planned because of the additional rates revenue received.

Capital expenditure

Capital expenditure was \$11.4 million lower than plan. This is the result of; the Matuku Takotako and Community Facility rebuild which was completed in 2017 but had \$3.0 million planned for in current year, the new Hornby Library and Services Centre had \$1.5 million planned this is now combined with the South

West Pool project and is in the Sport and Recreation activity. In addition spend on Tūranga is \$6.5 million lower than planned due to construction delays (meaning the library was not open prior to 30 June as expected).

Significant capital expenditure

\$44.2 million was spent on the Tūranga rebuild, \$4.9 million on library books and content purchases, \$0.7 million on the Matuku Takotako rebuild, \$0.3 million on the Bishopdale Community Centre.

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, recreation 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 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 113 sports parks covering 1,245 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, playgrounds, public conveniences and in some cases floodlighting.

What did we achieve?

We continue to implement a programme to build the capacity of our sports parks. This includes focusing on improving the quality of key fields to ensure less remedial maintenance is required.

The wet winter of 2017 created a challenge to renovate and return these fields into a fit for purpose state for summer.

We completed upgrades to Leslie Park and Wainoni Park to provide a more equitable provision of quality fields across the winter sporting codes. These upgraded facilities were utilised as training fields for the Rugby League World Cup. We also completed substantial earthquake related repairs to Sydenham Park and commenced similar repairs to St Albans Park.

We continue to monitor and focus our efforts on key sports fields for community based clubs that have been impacted by the 2011 earthquakes. This work is likely to continue for several years.

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

The Taiora:QEII Recreation and Sport Centre was officially opened and construction work on the sports hub at Ngā Puna Wai is progressing well for opening in 2019. 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 109,298 affordable swim lessons to communities in need.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|--|--------------|--|--|
| Recreation and Sports Services Multi-purpose recreation and sport centres, swimming pools, stadia and other recreation and 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 | Achieved: Indoor recreation and sports facilities operational and open for business. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| | | 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. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| | | Two community outdoor pools open seasonally: Governors Bay, Port Levy (subject to maintenance, public holiday schedules and rebuild priorities). | Achieved | 2 community outdoor pools open seasonally at Governors Bay and Port Levy. | 2017: Achieved. 2016: Achieved. 2015: 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 | All paddling pools open (note that New Brighton was closed temporarily in November and December 2017 for rebuild.) | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| | | Five stadia: Cowles, Pioneer, Graham Condon, Hagley and Nga Puna Wai available for hire 364 days per year (subject to maintenance, public holiday schedules and rebuild priorities). | Not achieved | Nga Puna Wai did not open in 2017/18 due to vandalism of the track and hockey artificial surfaces delaying their opening to 2019 financial year. All other stadia open. | 2017: Achieved. 2016: Achieved. 2015: 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 | Parklands fully operational until the close of May 2018 when the service was replaced by Taiora QEII. | 2017: Achieved. 2016: Achieved 2015: Achieved. |
| | | | | | |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|--|--------------|--|---|
| | | 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. | 2017: Achieved. 16 sports facilities available for lease. 2016: 16 achieved. 2015: 17 achieved. |
| | | The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 3.43 million. | Achieved | 4.12 million participants. | 2017: 4.06 million. 2016: 3.62 million. 2015: 3.77 million. |
| | | At least 4.82 visits to aquatic facilities/head of population. | Achieved | 5.19 visits to aquatic facilities per head of population. | 2017: 5.27 visits to aquatic facilities per head of population. 2016: 5.59 visits. 2015: 6.08 visits |
| | | At least 100,000 participations in Swimsafe lessons. | Achieved | 109,298 participants. | 2017: 111,348. 2016: 100,580. 2015: 108,099. |
| | 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 | 12,968 hours provided to 384 organisations. | 2017: 5,194 hours provided to 109 organisations. 2016: 4,692 staff hours provided to support 102 organisations. 2017: 5.9 CERM rating or 84% satisfaction. 2016: 5.9 CERM rating achieved. 2015: 84%. |
| | Deliver a high level of customer satisfaction with the range and quality of facilities. | 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). | Not measured | Survey not run in time for 2017/18 annual reporting. CERM surveys are planned for the Recreation & Sport Centre network after Taiora QEII has been operating for 3 months. | |
| 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 | 113 parks and 1,245 hectares provided. | 2017: 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. | Achieved | 95% of contract technical specifications met. | 2017: 92% of contract technical specifications met. 2016: 95% of contract technical specifications met. 2015: 85% across all activities. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|---|--|--------------|---|--|
| | 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. | 2017: 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 | 68% | 2017: 64%. 2016: 63%. 2015: 85%. |

Where are we heading?

The Council has committed to build the Metro Sports Facility, Recreation and Sport Centres in the North East and West, New Brighton Hot Salt Water Pools, 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 2018/19

The new Taioia:QEII Recreation and Sport Centre opened in June 2018 and adds significant capacity to the network, specifically a second 25 metre deep water pool. The planned repairs at Jellie Park Recreation & Sport Centre will continue with a replacement indoor hydroslide, a new toddlers play area and the outdoor area will have earthquake repair works completed.

Recreation and sports services will continue through 2018/19.

We will continue to invest in repair and renovation programmes of sports parks post the earthquakes. Upgrade works to other sports parks will be identified through the Sports Parks Network plan due for implementation in 2019.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Recreation and sport facilities | 29,698 | 29,690 | 31,932 |
| Sports parks | 11,771 | 10,612 | 11,347 |
| | 41,469 | 40,302 | 43,279 |
| Operating revenue from services | | | |
| Recreation and sport facilities | 11,976 | 10,775 | 12,263 |
| Sports parks | 168 | 225 | 179 |
| | 12,144 | 11,000 | 12,442 |
| Capital revenues | 11,501 | 916 | 3,900 |
| Vested assets | - | - | - |
| Net cost of services | 17,824 | 28,386 | 26,937 |

Explanation of significant variances

Recreation and sports facilities

The cost of service is \$2.2 million lower than 2017, this is due to 2017 including \$2.4 million of costs for Ngā Puna Wai and Metro Sports projects along with the QEII asbestos removal.

Operating revenue from services is \$1.2 million higher than plan, due to additional revenue in pool operations and education and camping operations.

Sports parks

The cost of service was \$1.2 million higher than plan due to \$0.5 million additional sports field renovation as a result of the wet winter and unbudgeted repairs due to vandalism, \$0.2 million additional depreciation and \$0.4 million of higher operating costs (including staff and other overhead costs).

Capital revenues

Recreation and sports facilities capital revenues are \$10.6 million higher than plan. This was due to unplanned grants received for Taiora QEII Recreation and Sports Centre \$7.5 million and Ngā Puna Wai developments \$2.2 million. In addition, development contributions of \$0.4 million have been received.

Capital revenues are \$7.6 million higher than 2017 primarily due to the grants received for Taiora QEII Recreation and Sports Centre.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 28,473 | 28,129 | 24,466 | 21,426 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 1,025 | 32 | 42 | 41 |
| Fees and charges | 12,096 | 10,839 | 17,433 | 13,377 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 23 | 129 | 133 | 468 |
| Total operating funding (A) | 41,617 | 39,129 | 42,074 | 35,312 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 30,033 | 28,069 | 32,168 | 27,060 |
| Finance costs | 833 | 833 | 1,014 | 794 |
| Internal charges and overheads applied | 1,661 | 1,662 | 1,606 | 1,419 |
| Other operating funding applications | 320 | 217 | 217 | 217 |
| Total applications of operating funding (B) | 32,847 | 30,781 | 35,005 | 29,490 |
| Surplus (deficit) of operating funding (A-B) | 8,770 | 8,348 | 7,069 | 5,822 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 8,698 | - | - | - |
| Development and financial contributions | 1,825 | 916 | 919 | 525 |
| Increase (decrease) in debt | 65,504 | 58,346 | 72,563 | 82,846 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 76,027 | 59,262 | 73,482 | 83,371 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 44,728 | 46,209 | 61,362 | 59,915 |
| - to improve the level of service | 7,721 | 10,550 | 11,152 | 6,714 |
| - to meet additional demand | 31,791 | 10,851 | 9,357 | 23,894 |
| Increase (decrease) in reserves | 557 | - | (1,320) | (1,330) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 84,797 | 67,610 | 80,551 | 89,193 |
| Surplus (deficit) of capital funding (C-D) | (8,770) | (8,348) | (7,069) | (5,822) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

| | | | | |
|---|--------|--------|--------|--------|
| 1 Earthquake rebuild application of capital funding | 40,989 | 42,665 | 52,924 | 53,881 |
|---|--------|--------|--------|--------|

Explanation of significant variances

Operating funding

The operating funding surplus was \$0.4 million higher than planned for the reasons explained above.

Capital funding

Subsidies and grants for capital expenditure was higher than planned as a result of the grants received for Taiora QEII Recreation and Sports Centre and Ngā Puna Wai developments.

Capital expenditure

Capital expenditure is \$16.6 million higher than planned, due to additional works delivered in the following projects Nga Puna Wai Sports Hub Stage 1 (\$22.9 million), Taiora QEII Recreation & Sport Centre (\$6 million), Jellie Park Recreation and Sports Centre (\$3.3 million), St Albans Park sports turf renewal (\$0.7 million). The additional works were offset by delays in the following projects Metro Sport Facility (\$11.4 million), new Hornby Library, Customer Services and South West Leisure Centre (\$2.5 million), New Brighton Hot Salt Water Pools (\$1.2 million), Hagley Oval improvements (\$0.7 million) which are now planned for delivery in future years.

Significant capital expenditure

Major expenditure for the year included: Nga Puna Wai Sport Hub Stage 1 \$29.7 million, Taiora QEII Recreation and Sport Centre \$27.1 million, Metro Sport Facility \$7.2 million, New Brighton Hot Salt Water Pools \$6.1 million, Jellie Park Recreation and Sports Centre \$4.6 million, Spencer Park camping ground improvements \$1.6 million, city wide pool chlorine generation plant \$1 million, St Albans Park sports turf renewal \$1 million, Carlton Mill Corner sports turf renewal \$0.9 million, district sports park purchases \$0.6 million, Hagley Oval improvements \$0.5 million, renewal of fitness equipment \$0.4 million, Lyttelton playground retaining wall \$0.3 million, Barrington Park playground renewal \$0.3 million.

Council activities and services

Parks and open spaces

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

The Parks and open spaces activity maintains and manages 1,023 parks and reserves covering 7,823 hectares in Christchurch City and Banks Peninsula. They include the Botanic Gardens, Hagley Park, other significant heritage gardens, 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 open spaces also help achieve our Community Outcomes (Good Governance, Liveable City, Strong Communities, Healthy Environment and Prosperous Economy). There are 18 goals within these 5 Community Outcomes of which Parks and open spaces contribute significantly to 9 of these. 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. Current TripAdvisor rankings rate the Magaret Mahy Family Playground (1), Christchurch Botanic Gardens (3), Hagley Park (6) and the Port Hills (7) as four of the top seven 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 and education opportunities. 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 continue to see an increased awareness from citizens of the service we provide around our local parks. We still have some way to go in regards to bridging the gap between perceived performance through our resident satisfaction survey and our LOS targets. In particular concerns were raised in respect of local parks and sports parks. Most of the concern relates to the condition of the facilities provided.

The successful adoption of the spatial plan for the Botanic Gardens has set the platform for a long term investment programme to ensure that one of the City's top visitor attractions is fit for purpose for future generations

Our Regional Parks team have been focusing on improvements in visitor information provision through interactive maps applications and publications. This work will continue in the future

We are increasing investment in local community initiatives with year on year increased volunteer activity and partnerships, The importance and opportunity associated with volunteers has been recognised by the creation of a dedicated team within the Parks Unit to strengthen and grow volunteer input, generate training and development opportunities and explore social enterprise opportunities.

We have also focused effort in progressing the rebuild of our City owned heritage buildings, particularly those

in the wider community areas. This work will continue next year.

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 | 71%. | 2017: 69%. 2016: 70%. 2015: 83%. |
| | Provide a 24 hour, 7 day a week Park Ranger service. | 24 hour, 7 day a week Park Ranger Service provided. | Achieved | Achieved. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| | Implement an annually updated Operational Pest Management Programme for Regional Parks. | Nil notices of direction served following inspection of ECAN listed pests. | Not achieved | One notice of direction was received from ECAN. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| Garden and Heritage Parks | | | | | |
| Provide and manage The Botanic Gardens – including education, promotion and displays. | Provision of a Botanic Garden that is open to the public. | At least 1,100,000 visits per annum. | Achieved | Over 1.5 million recorded. | 2017: 1.3 million. 2016: 1.4 million. 2015: 1.1 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 | Internal check list recorded at average of 96%. | 2017: 95%. 2016: 95.9%. 2015: 93%. |
| | Proportion of visitors satisfied with the appearance of The Botanic Gardens. | At least 95%. | Achieved | 96%. | 2017: 96%. 2016: 98%. 2015: 99%. |
| Provide and manage Garden and Heritage parks, including heritage building and structures. | 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%. | 2017: 100%. 2016: 95%. 2015: 95%. |
| | Proportion of visitors satisfied with the appearance of garden and heritage parks. | At least 90%. | Not achieved | 81%. | 2017: 78%. 2016: 84%. 2015: 71%. |
| Cemeteries | | | | | |
| Provide and manage cemetery grounds. | Cemetery grounds are secured and maintained to specifications so they are clean, tidy, safe and functional. | At least 95% of parks and tree maintenance contract technical specifications pertaining to cemetery grounds facilities and trees maintenance are met to ensure the parks can be appropriately enjoyed by the community. | Achieved | 95%. | 2017: 100%. 2016: 95%. 2015: 85%. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|--|--------------|--|--|
| | Customer satisfaction with maintenance and appearance of Council cemeteries. | At least 85% satisfaction with cemetery appearance. | Not achieved | 80%. | 2017: 88% 2016: 73%. 2015: 61%. |
| | Internment capacity to meet the city's needs. | Minimum 4 year capacity. | Achieved | 4 year capacity maintained. | 2017: 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. |
| | Response time to burial plot applications. | All applications for internment will be confirmed within one working day of receiving the application. | Achieved | All applications confirmed within one working day. | 2017: All applications confirmed within one working day. 2016: Achieved. 2015: Not achieved brief period when targets not met. |
| 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. | Achieved | 95%. | 2017: 83.3%. 2016: 95%. 2015: 85%. |
| | Customer satisfaction with the range of recreation facilities. | At least 90% satisfaction with the mix of recreation activities. | Not achieved | 66%. | 2017: 63%. 2016: 69%. 2015: 59%. |
| | Overall customer satisfaction with neighbourhood parks. | At least 90% satisfaction. | Not achieved | 58%. | 2017: 62%. 2016: 60%. 2015: 56%. |

Where are we heading?

Our efforts in expanding opportunities for strengthening relationships with citizens and their communities continue to gain momentum. We have restructured our unit to create a team focused entirely on partnership programmes. This will become increasingly important as the city focuses on revitalisation of the green elements within the city. We are increasingly assuming management and maintenance responsibility of the rebuilt city centre and this will likely extend to elements of the residential red zone after the regeneration plan is adopted.

We will continue to focus on reinstating standards associated with the Botanic Gardens and Hagley Park to ensure that they meet expectations. Our citizens have told us that they want to be once again proud of Christchurch as the 'Garden City'.

In addition we will be commencing a programme of work to identify the condition of the inner city trees, many of which are starting to show signs of age.

Development of several parks asset network plans including the urban forest plan, playground plan and sports field provision plan continues. 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 2018/19

In general, services in 2018/19 will be consistent with previous years. We continue to monitor the implications of moving to organic weed control products replacing glyphosate. The focus moving forward will be on

improvements in all parkland areas with an emphasis on improvements in planted spaces. Residents have indicated they would like to see an improvement in these amenity gardens and our renewal programmes reflect this.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Neighbourhood parks | 15,374 | 14,553 | 16,278 |
| Garden and heritage parks | 12,363 | 11,891 | 13,018 |
| Regional parks | 10,197 | 9,869 | 9,941 |
| Cemeteries | 1,750 | 1,968 | 1,916 |
| | 39,684 | 38,281 | 41,153 |
| Operating revenue from services | | | |
| Neighbourhood parks | 167 | 261 | 259 |
| Garden and heritage parks | 1,086 | 966 | 1,351 |
| Regional parks | 565 | 564 | 624 |
| Cemeteries | 1,037 | 1,042 | 1,121 |
| | 2,855 | 2,833 | 3,355 |
| Capital revenues | 5,332 | 1,170 | 3,085 |
| Vested assets | 15,869 | 3,900 | 7,055 |
| Net cost of services | 15,628 | 30,378 | 27,658 |

Explanation of significant variances

Neighbourhood parks

The cost of service was \$0.8 million higher than planned. The increase was principally due to expenditure of \$0.4 million on repairs to a number of earthquake damaged buildings in Parks including significant deferred maintenance on utilities, and \$0.3 million additional depreciation for Margaret Mahy Family Playground and Avon River Precinct assets.

The cost of service was \$0.9 million lower than in 2017 due to the delivery of earthquake projects which are expected to continue to diminish in future years.

Garden and heritage parks

The cost of service was \$0.5 million higher than planned primarily due to associated costs with maintaining Parks buildings and bridges.

The cost of service was \$0.7 million lower than in 2017 primarily due to the delivery of earthquake projects which are expected to continue to diminish in future years.

Regional parks

There were no significant variances.

Cemeteries

There were no significant variances.

Capital revenues

Capital revenues were \$4.2 million higher than plan. The increase was due to development contributions being \$2.0 million higher than budget, \$0.6 million received from the developer to offset costs to date on the Knights Stream skate park, \$1.3 million of insurance recoveries and \$0.3 million of unplanned grants received for park development.

Capital revenues were \$2.2 million higher than 2017, mainly due to insurance recoveries and higher development contributions received in 2018.

Vested assets

The Council received \$15.9 million of additional assets during the year, this was \$11.9 million higher than plan and \$8.8 million higher than 2017. The increase was due to receiving the Margaret Mahy Family Playground and higher subdivision volumes.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 32,753 | 32,357 | 29,495 | 28,543 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 265 | 10 | 10 | 10 |
| Fees and charges | 2,830 | 2,823 | 2,331 | 2,276 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,271 | - | - | 1,279 |
| Total operating funding (A) | 37,119 | 35,190 | 31,836 | 32,108 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 26,928 | 26,011 | 22,697 | 24,494 |
| Finance costs | 813 | 813 | 1,115 | 985 |
| Internal charges and overheads applied | 1,595 | 1,595 | 1,254 | 1,304 |
| Other operating funding applications | 585 | 564 | 511 | 514 |
| Total applications of operating funding (B) | 29,921 | 28,983 | 25,577 | 27,297 |
| Surplus (deficit) of operating funding (A-B) | 7,198 | 6,207 | 6,259 | 4,811 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 40 | - | - | - |
| Development and financial contributions | 3,736 | 1,170 | 1,175 | 602 |
| Increase (decrease) in debt | 7,823 | 20,502 | 7,049 | 10,039 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 94 | - | - | - |
| Total sources of capital funding (C) | 11,693 | 21,672 | 8,224 | 10,641 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 14,366 | 15,566 | 12,507 | 12,754 |
| - to improve the level of service | 7,289 | 7,595 | 809 | 909 |
| - to meet additional demand | 2,799 | 4,871 | 1,189 | 2,115 |
| Increase (decrease) in reserves | (5,563) | (153) | (22) | (326) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 18,891 | 27,879 | 14,483 | 15,452 |
| Surplus (deficit) of capital funding (C-D) | (7,198) | (6,207) | (6,259) | (4,811) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Footnotes | | | | |
| 1 Earthquake rebuild application of capital funding | 10,236 | 11,585 | 7,422 | 7,424 |

Explanation of significant variances

Operating funding

The operating funding surplus was \$1.0 million higher than planned as a result of the receipts of insurance recoveries from Risingholme Community Centre.

Capital

Capital expenditure was \$3.6 million lower than planned. This is primarily due to the New Brighton Pier repairs being ahead of budget in the 2017 year, and the project coming in under total budget. (Expenditure in 2017 was \$1.7 million higher than planned).

Significant capital expenditure

Significant expenditure included: \$6.4 million on the Avon River Precinct, \$5.1 million on New Brighton Pier repairs, \$0.9 million on Sydenham Park reconstruction and \$0.8 million on Edmonds Band Rotunda retaining walls. The remaining was spent on the Council's normal renewals and replacement programme for parks, playgrounds and cemeteries. There were no further significant one-off projects.

Council activities and services

Transport

What is transport, and what does the Council do?

Transport is the safe and efficient movement of people and goods from one place to another using the road network. The road network includes the road, footpaths and cycle facilities.

We protect and control use of the road corridor by other parties such as service authorities and developers.

We operate Christchurch's road network including operating and maintaining 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 public transport network.

We operate and maintain Christchurch's public parking facilities.

We plan and provide transport safety education and behaviour change initiatives to encourage people to use different modes of transport for some of their trips, and to use them safely.

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 safety and behaviour change programmes will assist people in using transport networks safely and promote a shift to increase the use of other modes of transport with the aim of reducing congestion

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 safety education and behaviour change programmes

We run 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 Uni-Cycle, Rapanui/Shag Rock (Sections 1 and 2) cycle routes of the Major Cycleways programme and completed construction of the stage 1 Quarryman’s Trail and Heathcote Expressway routes

We completed the installation of a new bus lane on Main North Road at the Empire Road off-ramp intersection.

Construction of the Lichfield Street Car Parking building was completed in November 2017 and opened to the public. Demand for parking has climbed steadily.

We completed the installation and/or upgrade of 20 bus passenger shelters, remediated 20 bus stops and installed 23 new bus stops

We continued to provide education programmes for school cycling, road safety and travel demand initiatives.

We completed eleven further school speed zones or active school signs under the road safety at schools programme.

We completed earthquake repairs to the New Brighton Pier and completed and re-opened Takamatua wharf. Planning is underway for the renewal of Akaroa and Diamond Harbour Wharf renewals

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|--|--|---|--------------|---|---|
| Road Operations Safety Improvements. | Improve Road Safety: 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). | Not achieved | An increase of 11 crashes resulting in fatality or serious injury. The result is based upon CAS data 1 April - 31 March: 2017/18 - 135. | 2017: A reduction of 14 crashes resulting in fatality or serious injury (deaths = 7, serious injury = 117; total = 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. | Not achieved | Reduction not achieved (deaths = 15; serious injury = 120; total = 135). | 2017: 10.1% reduction in fatal and serious injury crashes (deaths = 7, serious injury = 117; total = 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. | 25 mins peak 15 mins inter peak 10 mins peak | Achieved | AMP = AM Peak IP = Inter Peak PMP = PM Peak OP = Off Peak Belfast to City: AMP 15min IP 12min PMP 12min OP 12min Airport to CBD: AMP 14min IP 12min PMP 13min OP 11min Hornby to CBD: AMP 15min IP 15min PMP 16min OP 13min Barrington to Innes: AMP 14min IP 14min PMP 16min OP 11min | 2017: 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. | <=75.5%. | Not measured | Council does not have a form of measurement to provide a result this financial year. | 2017: Not achieved. The MoT survey has not been undertaken since 2013/14. The 13/14 result was 76.3%. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|---|--|--|--------------|--|---|
| Christchurch Transport Operations Centre. | 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 | 95% of unplanned events are updated in less than 5 minutes. | 2017: 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 | 95%. | 2017: 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. | Not achieved | Reduction not achieved overall, though less deaths occurred. (1 death and 22 serious injuries.). | 2017: 8.7% decrease (2 deaths and 20 serious injuries.) 2016: 37% reduction overall (2 deaths and 22 serious injuries.) 2015: 45 serious and 2 fatal crashes. |
| | Improve perception that Christchurch is a cycle friendly city. | >= 35% agree or strongly agree. | Achieved | 51%. | 2017: 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: Not achieved, 37% based on satisfaction survey. (target was >=42%). |
| Parking Council owned On-Street and Off-Street parking. | Provide appropriate number of metered parking spaces within the four avenues (central city). | >= 2,500. | Achieved | 2,600 metered spaces provided within the four avenues. | 2017: 2,273 metered/paid spaces within the four avenues. 2016: 2,549 metered spaces provided within the four avenues. 2015: 1,867 spaces. |
| | Improve customer perception of the ease of use of Council parking facilities. | >= 62%. | Not achieved | 39%. | 2017: 48% based upon the 2017 residents' survey. 2016: 51% per the residents' survey. 2015: 54% customer. |
| | Improve customer perception of motor vehicle and personal security at parking facilities. | >= 65%. | Not achieved | 48%. | 2017: 51% based upon the 2017 residents' survey. 2016: 47% per the residents' survey. |
| Parking Enforcement and Administration | Parking officers respond to high priority requests for service. | City: Respond to requests for service within an average of 15 minutes. | Achieved | Overall average response time for city was 12.08 minutes, to 609 high priority complaints. | 2017: 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). |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|---|---|---|----------|---|---|
| | | Suburbs: Respond to requests for service within an average of 20 minutes. | Achieved | Overall average response time for suburbs was 15.15 minutes, to 2,291 high priority complaints. | 2017: 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). |
| Public transport infrastructure | | | | | |
| Bus stops, shelters, travel information and priority systems. | Provide journey reliability on high frequency core services. | Route Blue Line: <= 2.8%. | Achieved | 2.5% variation from the scheduled time to complete the route. | 2017: 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: <= -5.8%. | Achieved | -3.9% variation from the scheduled time to complete the route (a negative average variation means quicker than scheduled). | 2017: Travel time is on average 3.4% faster than scheduled. 2016: 3.2% faster than scheduled travel time. |
| | | Route 3 Purple Line: <= 14.2%. | Achieved | -15.6% average variation from the scheduled time to complete the route (GPS data for Purple line can be inconsistent. A negative average variation means quicker than scheduled). | 2017: Travel time is on average 3% faster than scheduled. 2016: 5.1% faster than scheduled travel time. |
| | | Route 5 Yellow Line: <= 6.1%. | Achieved | -1.7% average variation from the scheduled time to complete the route (a negative average variation means quicker than scheduled) | 2017: Travel time is on average 2.6% faster than scheduled. 2016: 2.3% faster than scheduled travel time. |
| | | Route 7: Orange Line <= 6.6%. | Achieved | 0.1% variation from the scheduled time to complete the route. | 2017: Travel time is on average 2% faster than scheduled. 2016: 0.2% slower than scheduled travel time. |
| | Ensure user satisfaction with the number and quality of bus shelters. | >= 70%. | Achieved | 73%. | 2017: 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. |

Council activities and services - Transport

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|--|---|-----------------------------------|--------------|--|---|
| Transport interchange(s) and suburban hubs. | Ensure user satisfaction with appearance, safety and ease of use of transport interchange(s) and suburban hubs. | >= 90%. | Not achieved | 89%. | 2017: 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. |
| 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. | >= 17.4% walking. | Not measured | Council does not have a form of measurement to provide a result this financial year. | 2017: 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. | >= 3.5% cycling. | Not measured | Council does not have a form of measurement to provide a result this financial year. | 2017: 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. | >= 3.6% public transport. | Not achieved | Patronage numbers when compared March 2018 to 2017 increased by 1.7% (March 2017 - 50,320; March 2018 - 51,153). | 2017: 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 | 6 campaigns. | 2017: 5 campaigns completed. Several minor road safety events/programmes were completed in addition. 2016: 6 campaigns completed. 2015: More than 6 delivered. |
| | Provide school 'Cycle Safe' education programme. | >= 3,000 students per year (25%). | Achieved | 3,229 students taken through the programme. | 2017: 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. |

Harbours and Marine Structures

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|--|--|--|----------|---|--|
| 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 | Planned maintenance Schedule implemented. | 2017: 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. |
| | | Plan for partnering with the community for marine structures completed by 30 June 2018. | Achieved | Planned maintenance schedule implemented. | 2017: On track. 2016: On track to meet timeframe. |
| | Proportion of customers satisfied with the state of marine structures provided by Council. | 55%. | Achieved | 65%. | 2017: 61%. 2016: 49%. Satisfaction survey noted comments on maintenance and access. 2015: 63%. |

Where are we heading?

Building of the Major Cycle Routes network is well underway with the first routes open and the entire network programmed for completion by 2028.

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, Main North Road and Lincoln Road.

Service delivery in 2018/19

Repairs to improve the condition of the road network and extensive capital programmes will continue in 2018/19. This work together with private development may 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.

Work will progress on the Major Cycle Routes programme with the continued delivery of Quarryman's Trail, Rapanui to Shag Rock and the Heathcote Expressway, along with the start of construction for the Nor'West Arc.

A programme of capital works planned for 2018/19 will result in a continued improvement to safety for road users and network congestion.

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 one-hour free parking offer has been extended at the Lichfield Street Car Parking Building and the Art Gallery car park until the end of January 2019 in order to help encourage more people into the central city.

Over the next 12 months programmes of work to progress the repairs and upgrades of the Akaroa and Diamond Harbour Wharves will occur, as well as improvements to the Naval Point recreational area.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Road operations | 10,371 | 8,767 | 9,858 |
| Major cycleways | 580 | 1,416 | 568 |
| Parking | 7,406 | 7,721 | 36,425 |
| Public transport infrastructure | 1,935 | 1,711 | 1,616 |
| Transport education | 1,672 | 1,824 | 1,521 |
| Harbours and marine structures | 1,298 | 1,148 | 1,141 |
| | 23,262 | 22,587 | 51,129 |
| Operating revenue from services | | | |
| Road operations | 5,048 | 3,233 | 4,199 |
| Major cycleways | 96 | 95 | 104 |
| Parking | 8,810 | 10,014 | 8,496 |
| Public transport infrastructure | 511 | 539 | 598 |
| Transport education | 666 | 634 | 601 |
| Harbours and marine structures | 785 | 690 | 790 |
| | 15,916 | 15,205 | 14,788 |
| Capital revenues | 31,338 | 28,256 | 27,000 |
| Vested assets | - | - | - |
| Net cost of services | (23,992) | (20,874) | 9,341 |

Explanation of significant variances

Road operations

Road operations cost of service is \$1.6 million higher than plan because of \$1.5 million additional Christchurch Transport Operations Centre costs which were unplanned. These costs are recovered from NZTA and are offset by increased revenue below.

Increased revenue of \$1.8 million compared to plan and \$0.8 million compared to 2017 is from Christchurch Transport Operations Centre recoveries of maintenance costs (as above).

Major cycleways

The costs of service is \$0.8 million lower than plan because priority was given to the Roads and Footpaths activity where emergency work was needed as a result of storm damage. Delaying the repair would have resulted in more asset damage and more cost over the longer term.

Parking

The cost of service is \$29.0 million lower than 2017 because 2017 included the Council's \$28 million contribution for the Crossing Car Park. The encumbrance received did not meet the definition of an asset for accounting purposes.

Parking revenues are \$1.2 million lower than plan because of reduced revenues from the one hour free parking promotion and the Lichfield Street car park demand increasing at a slower rate than planned. Parking Enforcement revenues were \$1.0 million lower than plan because of staffing disruptions (outstanding vacancies and high staff turnover) and reduced court recoveries as they issued alternative sentences for 20% of parking fines this year.

Public transport infrastructure

The costs of service was \$0.2 million higher than plan and \$0.3 million higher than 2017 as a result of higher depreciation on bus shelter furniture.

Transport education

There are no significant variances.

Harbours and marine structures

There are no significant variances.

Capital revenues

Capital revenues are \$3.0 million higher than plan and \$4.3 million higher than 2017 because of additional development contributions from Greenfield sites.

Funding impact statement for year ended 30 June

| | 2018 Actual | 2018 Annual Plan | 2018 Long Term Plan | 2017 Long Term Plan |
|--|----------------|------------------------|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 1,312 | 1,296 | 3,488 | 3,492 |
| Targeted rates | 3,070 | 3,037 | 3,098 | 3,025 |
| Subsidies and grants for operating purposes | 4,292 | 3,650 | 3,490 | 3,289 |
| Fees and charges | 7,039 | 6,158 | 4,869 | 4,384 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 4,698 | 5,397 | - | - |
| Total operating funding (A) | 20,411 | 19,538 | 14,945 | 14,190 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 16,846 | 16,080 | 11,893 | 11,464 |
| Finance costs | 390 | 390 | 1,002 | 743 |
| Internal charges and overheads applied | 958 | 958 | 750 | 735 |
| Other operating funding applications | 644 | 816 | - | - |
| Total applications of operating funding (B) | 18,838 | 18,244 | 13,645 | 12,942 |
| Surplus (deficit) of operating funding (A-B) | 1,573 | 1,294 | 1,300 | 1,248 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 26,736 | 27,663 | 30,008 | 28,542 |
| Development and financial contributions | 4,503 | 593 | 595 | 432 |
| Increase (decrease) in debt | 11,003 | 41,961 | 14,482 | 14,093 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 42,242 | 70,217 | 45,085 | 43,067 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 13,064 | 23,640 | 4,625 | 11,248 |
| - to improve the level of service | 32,034 | 47,871 | 41,760 | 33,067 |
| - to meet additional demand | 6 | - | - | - |
| Increase (decrease) in reserves | (1,289) | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 43,815 | 71,511 | 46,385 | 44,315 |
| Surplus (deficit) of capital funding (C-D) | (1,573) | (1,294) | (1,300) | (1,248) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Footnotes | | | | |
| 1 Earthquake rebuild application of capital funding | 11,144 | 21,701 | 3,677 | 10,041 |

Explanation of significant variances

Operating funding

There are no significant variances.

Capital expenditure

Capital expenditure was \$26.4 million lower than planned due to \$14.7 million of Major Cycle Routes programme which has been reprioritised into future years and \$13.8 million of additional works carried out from the prior year for Lichfield Street carpark. These were partially offset by spend of \$1.4 million on the Coastal Pathway and \$1.5 million on the Riccarton Bus Interchange which were planned for future years.

Significant capital expenditure

Key projects were: Major Cycleway Routes programme \$31 million, Lichfield Street Carpark \$13.9 million.

Council activities and services

Roads and footpaths

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

We maintain the assets that comprise Christchurch's local roading network including the carriageways, footpaths, bridges, retaining walls, and associated drainage.

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

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 improvements or new roading infrastructure to provide for growth, address congestion and encourage 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 amenity of the city
- improving traffic safety
- using construction resources more efficiently and sustainably
- 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 including road pavements, footpaths, bridges, 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, sump cleaning, litter collection, graffiti removal and removal of dumped rubbish from within the road corridor.

Landscapes

We are responsible for maintaining the berms, verges and vegetation 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 defects period of the six year SCIRT programme to repair the most seriously damaged roads from the 2010/11 earthquakes was completed in June 2018.

We resealed 38 kilometres of roads through our road maintenance contracts. In addition, we added 75 kilometres of new roads to the network through subdivision development.

We completed the renewal of 20 kilometres of footpaths throughout the City.

We renewed five bridges in the rural areas under an ongoing programme of this type of work. Five new retaining walls were constructed and 26 retaining walls

were renewed under an ongoing programme of work across the City and Banks Peninsula.

The upgrade of Riccarton Road, between Deans Avenue and Harakeke Street was completed as part of the ongoing work to improve prioritisation for buses.

We completed a significant programme of risk mitigation works to protect the Sumner corridor from rockfall hazard and restore alternative access to Lyttelton. Works to repair the retaining walls and road pavement has commenced along the length of Sumner Road. The works at Deans Head, Wakefield Ave,

Clifton Hill and Moa Bone Cave have been fully completed, including landscaping. This has included the rehabilitation of the road along Peacocks Gallop.

Work has continued 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 \$3.9 million spent on this activity and 3,350 street lights upgraded.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Year |
|--|--|---|--------------|---|--|
| Roads and footpaths Maintain Road Infrastructure. | Maintain resident satisfaction with roadway condition. | >= 27%. | Not achieved | 20%. | 2017: 34%. 2016: 37%. 2015: 30%. |
| | Maintain roadway condition. | The average quality of the sealed local road network, measured by smooth travel exposure (STE): >= 72%. | Achieved | 72.6%. | 2017: 67% based on roughness measures carried out in November 2016. 2016: 68.6%. 2017: 2.4%. 2016: 2.6% |
| | 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 | 2.3%. | |
| Maintain walking network. | Maintain resident satisfaction with footpath condition. | Satisfaction >= 47%. | Not achieved | 34%. | 2017: 48%. 2016: 51%. 2015: 51%. |
| | Maintain the condition of footpaths – per cent rated 1 or 2 on a scale of 1 (excellent) to 5 (poor). | >= 59%. | Achieved | 71.7%. | 2017: 68%. 2016: This measure has not been able to be measured during the year. |
| | Maintain the perception that Christchurch is a walking-friendly city. | At least 80% agree or strongly agree. | Not achieved | 76%. | 2017: 81%. 2016: 84%. 2015: 82%. |
| Maintenance response. | Respond within appropriate timeframes. | The percentage of customer service requests relating to roads and footpaths that are responded to within contractually agreed timeframes: >= 97%. | Not measured | Target cannot be accurately measured at this stage. | 2017: 97.5% contract KPI score achieved. 2016: 95% Contract KPI score achieved target was >= 95%. |

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.

Service delivery in 2018/19

Next year, priority will be given to increased road maintenance and road safety improvements in the areas of greatest need.

Work will continue on addressing northern access congestion through the Christchurch Northern Corridor project and other upgrade projects on these routes. Work is expected to be completed on the core project to re-open the Sumner Road access to Lyttelton to provide for the over dimension freight needs of the port. We are looking at how we can better engage with the community on how street works, particularly resurfacing of roads and footpaths, is undertaken and prioritised. Repairs, extensive capital programmes and private development will continue to impact some parts of the network, particularly in the central city.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Roads and footpaths | 112,928 | 110,268 | 114,626 |
| | 112,928 | 110,268 | 114,626 |
| Operating revenue from services | | | |
| Roads and footpaths | 13,332 | 13,530 | 15,633 |
| | 13,332 | 13,530 | 15,633 |
| Capital revenues | 41,296 | 41,134 | 95,085 |
| Vested assets | 7,473 | 1,802 | 12,223 |
| Net cost of services | 50,827 | 53,802 | (8,315) |

Explanation of significant variances

The roads and footpaths cost of service was \$2.6 million higher than plan due to \$3.9 million of emergency works relating to storm events, \$0.6 million of costs from SCIRT defects liabilities, \$0.2 million of earthquake related asset protection work on retaining walls, \$0.2 million of higher than planned depreciation from central city transitional projects and a \$0.2 million contribution to the Council's Advancing Asset Management Project the funding for which was carried forward from 2016/17. This was partially offset by a \$2.4 million reduction in costs for the cleaning of pedestrian areas due to central city project disruptions.

The cost of service was \$1.7 million lower than 2017 due to 2017 including \$2.4 million of SCIRT costs that were expensed as they were considered repairs rather than replacements. 2018 also included a \$1.2 million reduction in costs for the cleaning of pedestrian areas due to central city project disruptions. These were partially offset by increased streetscaping costs in 2018 of \$1.6 million from central city projects and \$0.3 million of increased depreciation on central city transitional projects.

Operating revenue was \$2.3 million lower than 2017 as 2017 included \$2.2 million of additional insurance proceeds relating to Ferrymead Bridge.

Capital revenues and vested assets

Capital revenues were \$53.8 million lower than 2017 due to the SCIRT programme finishing in June 2017.

The Council received \$7.5 million of additional roads and footpaths as vested assets from developers of new subdivisions this year, \$5.7 million more than planned and \$4.7 million less than 2017.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 59,010 | 58,297 | 61,322 | 57,469 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 11,828 | 11,955 | 11,996 | 11,984 |
| Fees and charges | 1,021 | 974 | 540 | 706 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 531 | 601 | 605 | 741 |
| Total operating funding (A) | 72,390 | 71,827 | 74,463 | 70,900 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 45,905 | 42,860 | 44,461 | 44,007 |
| Finance costs | 5,148 | 5,148 | 6,967 | 5,819 |
| Internal charges and overheads applied | 4,501 | 4,501 | 3,621 | 3,720 |
| Other operating funding applications | (7) | 15 | 15 | 15 |
| Total applications of operating funding (B) | 55,547 | 52,524 | 55,064 | 53,561 |
| Surplus (deficit) of operating funding (A-B) | 16,843 | 19,303 | 19,399 | 17,339 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 22,314 | 17,046 | - | - |
| Development and financial contributions | 577 | 2,755 | 2,314 | 1,901 |
| Increase (decrease) in debt | 36,775 | 12,809 | 24,370 | 110,496 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 18,357 | 21,334 | 32,552 | 36,377 |
| Total sources of capital funding (C) | 78,023 | 53,944 | 59,236 | 148,774 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 60,628 | 48,458 | 50,115 | 134,061 |
| - to improve the level of service | 10,234 | 6,370 | 17,384 | 20,028 |
| - to meet additional demand | 24,004 | 18,419 | 11,136 | 12,024 |
| Increase (decrease) in reserves | - | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 94,866 | 73,247 | 78,635 | 166,113 |
| Surplus (deficit) of capital funding (C-D) | (16,843) | (19,303) | (19,399) | (17,339) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

| | | | | |
|---|--------|--------|--------|---------|
| 1 Earthquake rebuild application of capital funding | 32,025 | 32,647 | 24,600 | 110,172 |
|---|--------|--------|--------|---------|

Explanation of significant variances

Operating funding

See above for explanation.

Capital expenditure

Capital expenditure was \$21.6 million higher than planned due to \$12.5 million work carried forward from 2017 including the road extension, intersection safety/street renewal programmes, and \$9.1 million for road surfacing and road lighting renewals programmes that were planned for future years.

Significant capital expenditure

\$18.2 million was spent on Sumner Road, \$18 million on the Northern Arterial extension, \$17.5 million on road smoothing and surfacing including footpaths, \$5.2 million on retaining wall renewals, \$4.3 million on road lighting, \$4 million on Peacocks Gallop roading, \$3.6 million on intersection safety, \$3.5 million on North Avon Road street renewal, \$3 million on An Accessible City, \$2.4 million on subdivisions roading, \$1.4 million on traffic signals renewals, \$1 million on Riccarton Road pavement renewal.

The remaining was spent on smaller projects throughout the City.

Council activities and services

Water supply

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

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).

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities. Council is required “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. 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.

The service also contributes toward the achievement of the City’s Community Outcomes by helping to deliver a modern and robust city infrastructure network, through sustainable use of resources to provide high quality drinking water to achieve safe and healthy communities. – Three of the four Community Outcomes set for the LTP. This contribution is made by reliably supplying enough drinking water and encouraging water conservation.

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, through the provision of infrastructure to take, treat (where appropriate), store, deliver, maintain, manage and monitor the supply | 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. | 2017: Median response time 0.55 hours. 2016: 33 minutes. |
| | | Median time to resolve urgent call-outs following notification: <=5 hours. | Achieved | Median resolution time 1.78 hours. | 2017: Median resolution time 1.71 hours. 2016: 1 hour 43 minutes. |

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 4.9 kilometres of water supply mains and 9.1 kilometres of water supply submains for the year.

We completed construction of the new water supply mains to service greenfield areas in Halswell in April 2018, (in conjunction with the wastewater project).

We completed construction of the new Gardiners water supply pump station. This project will meet growth demands in the North West of the city and replace the Harewood pump station which has shallow wells.

Equipment renewals at eight pump stations were completed and new flow meters were installed to comply with resource consents. Eight reservoir roofs were relined.

We continued our programme of replacing shallow wells in the North West of the city with deeper wells, to improve the water quality in that area.

We continue to test the drinking water in accordance with the requirements of the Drinking Water Standards for New Zealand.

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|---|--|--------------|--|--|
| | | Median response time for attendance for non-urgent call-outs following notification: <=3 days. | Achieved | Median response time 2.1 days. | 2017: 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 2.18 days. | 2017: Median resolution time 1.63 days. 2016: 11 hours 38 minutes. |
| | | Number of continuity of supply complaints per 1,000 customers per year: <= 3. | Achieved | 1.13 complaints per 1,000 customers. | 2017: 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: <= 3. | Achieved | 1.27 complaints per 1,000 connections. | 2017: 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. | Not achieved | Uu (ungraded) | 2017: Ba. 2016: Ba. 2015: Ba. |
| | | MoH risk grading of the NW water supply zone: Ba. | Not achieved | Da | 2017: Da. 2016: Da. 2015: Work not completed, area remains with Da grading Programme of work still continuing. |
| | | MoH risk grading of rural water supplies: Cc. | Not achieved | Uu (ungraded) | 2017: 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. |
| | | Number of water clarity complaints per 1,000 connections per year: <= 1. | Achieved | 0.54 per 1,000 connections. | 2017: 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. | Not achieved | 1.12 per 1,000 connections. | 2017: 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. | Not achieved | 1.34 per 1,000 connections. | 2017: 0.15 per 1,000 connections. 2016: 0.17 complaints per 1,000 connections. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|------------------|--|--------------|---|--|
| | | Number of drinking water pressure or flow complaints per 1,000 connections per year: <= 3. | Achieved | 1.27 complaints per 1,000 connections. | 2017: 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: <= 3. | Achieved | 1.13 complaints per 1,000 customers. | 2017: 1.3 complaints per 1,000 customers. 2016: 1.24 complaints per 1,000 customers. |
| | | Proportion of complaints remediated to the customers' satisfaction: >= 95%. | Achieved | 97.7% customer satisfaction. | 2017: 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%. | Not achieved | 98.9%. | 2017: 100%. 2016: Achieved. 2015: Achieved. |
| | | Proportion of rural residents supplied water compliant with the DWSNZ bacterial compliance criteria: >= 99.8%. | Not achieved | The current percentage is 89.4% due to an E.coli transgression in Duvauchelle in November 2017. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|----------------------------|---|--------------|--|---|
| | | Proportion of urban residents supplied with water compliant with the DWSNZ protozoal compliance criteria: >= 99.8%. | Not achieved | For FY2017/18, 0% of urban residents are supplied with water that meets the DWSNZ protozoal criteria. This is due to all urban water supplies losing the 'secure groundwater' status on 22 December 2017. | 2017: 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 with water compliant with the DWSNZ protozoal compliance criteria: >= 99.8%. | Not achieved | The current percentage is 0%. While most of the rural water treatment plants have been upgraded there are currently no operational and compliance reports available that confirm that the treatment plants operate and treat the water in accordance with the parameters set out in the DWSNZ. | 2017: 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 | 2017: Zero. 2016: Zero. With ECANs 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|--|--------------|--|---|
| | Maintenance of the reticulation network - Reduce the percentage of real water loss from the local authority's networked reticulation system. | <=15.4% water loss. | Not achieved | 18.4% water loss. | 2017: 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 | 201 litres per resident per day average use. | 2017: 230 litres per resident per day average use. 2016: 272 litres per resident per day average use. |

Where are we heading?

We will upgrade well heads and pump stations so that secure groundwater status under the Drinking Water Standards for New Zealand can be achieved.

Temporary chlorination will cease at a pump station as soon as all the wells at that pump station have been signed off by an expert as being secure.

We will renew equipment at eight water supply pump stations in the next 12 months.

Design of the new Ben Rarere Water Supply Pump Station to replace the earthquake damaged Bexley Water Supply Pump Station will be completed in the 2019 financial year with construction works to follow.

Design of the Jeffreys and Sydenham Water Supply Pump Station replacement suction tanks will be completed in the 2019 financial year with construction to follow. Both were severely damaged by earthquakes.

Repair to several reservoirs and suction tanks are in the design and construction phase for the 2019 financial year including Denton suction tank, Dunbars suction tank, Watsons 3 reservoir, Halswell 1 reservoir and Quarry reservoir.

A pilot plant to trial an upgrade to the Duvauchelle Water Treatment Plant will be installed. The aim is to improve plant operation when the raw water stream supplies are turbid (dirty). If the pilot plant is successful, the treatment plant will be upgraded using the same technology. The upgrade will mean that the treatment plant consistently meets the Drinking Water Standards for New Zealand.

We will renew 10.4 kilometres of water supply mains and 4.2 kilometres of water supply submains in the next year. This will result in a decrease in the average condition of water mains and an increase in the average condition of submains. The increase in water supply submain condition is required to allow water supply rezoning to go ahead in the future.

Water supply pipe asset management process improvements are being undertaken with completion planned for the end of the 2018/19 financial year. These processes aim to improve identification of renewal and repair works requirements and prioritise the works to minimise risk of disruptions to the community.

Service delivery in 2018/19

We will provide continuous potable water to all customers in 2018/19 and levels of service in the Water Supply Service Plan will be met.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Water supply | 67,177 | 49,027 | 53,122 |
| | 67,177 | 49,027 | 53,122 |
| Operating revenue from services | | | |
| Water supply | 487 | 613 | 1,943 |
| | 487 | 613 | 1,943 |
| Capital revenues | 4,244 | 3,229 | 3,107 |
| Vested assets | 1,209 | 219 | 2,671 |
| Net cost of services | 61,237 | 44,966 | 45,401 |

Explanation of significant cost of service variances

Water supply

The cost of service was \$18.1 million higher than planned due to additional depreciation expense of \$13.9 million, an additional \$2.6 million in rates charged on infrastructure, \$2.1 million in maintenance costs and \$0.2 million of professional fees. The additional costs are offset by reductions in planned service contract expenses \$0.6 million

The cost of service was \$14.0 million higher than 2017 due to increased depreciation charges \$10.7 million, rates charges \$2.6 million, \$0.4 million higher insurance costs, \$0.3 million corporate overhead and \$0.3 million debt servicing charges.

Operating revenues are \$1.5 million lower than 2017 due to \$1.1 million Crown funding no longer being applicable and a \$0.4 million reduction in general recoveries.

Capital revenues

Capital revenues are \$1.0 million higher than plan as a result of additional development contributions received.

Capital revenues are \$1.1 million higher than 2017 mainly due to an additional \$0.6 million of water connection fees.

Vested assets

The Council also received \$1.2 million of water supply network vested assets from new subdivisions this year which was \$0.9 million higher than plan and \$1.5 million lower than 2017.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | - | - | - | - |
| Targeted rates | 37,639 | 37,232 | 36,628 | 35,237 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 472 | 613 | 617 | 603 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 21 | - | - | 281 |
| Total operating funding (A) | 38,132 | 37,845 | 37,245 | 36,121 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 21,026 | 16,578 | 15,514 | 16,040 |
| Finance costs | 2,512 | 2,512 | 4,382 | 3,795 |
| Internal charges and overheads applied | 2,006 | 2,006 | 1,766 | 1,825 |
| Other operating funding applications | (2) | 4 | 4 | 4 |
| Total applications of operating funding (B) | 25,542 | 21,100 | 21,666 | 21,664 |
| Surplus (deficit) of operating funding (A-B) | 12,590 | 16,745 | 15,579 | 14,457 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | 2,666 | 1,848 | 1,855 | 1,076 |
| Increase (decrease) in debt | 4,579 | 1,093 | 10,602 | 20,732 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 1,560 | 1,381 | 1,390 | 1,358 |
| Total sources of capital funding (C) | 8,805 | 4,322 | 13,847 | 23,166 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 13,519 | 10,220 | 22,669 | 25,582 |
| - to improve the level of service | 2,951 | 2,301 | 2,204 | 2,751 |
| - to meet additional demand | 7,421 | 8,546 | 4,553 | 9,290 |
| Increase (decrease) in reserves | (2,496) | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 21,395 | 21,067 | 29,426 | 37,623 |
| Surplus (deficit) of capital funding (C-D) | (12,590) | (16,745) | (15,579) | (14,457) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding 561 306 8,279 12,284

Explanation of significant cost of service variances

Operating funding

The operating surplus is \$4.2 million lower than plan due to increased rates costs \$2.6 million and increased maintenance costs \$2.4 million and offset by \$0.6 million reduction in service contract costs and an additional \$0.4 million rates funding.

Capital expenditure

Capital expenditure was \$2.8 million higher than plan, mainly as a result of additional work delivered in water supply mains and pump station renewal projects.

Significant capital expenditure

Major expenditure included: renewal of water supply mains \$8.8 million, Gardiners Road new pump station \$4 million, new water connections \$2 million, Pump Station MEICA \$1 million, Wrights Road pump station well renewal \$1 million.

Other minor work included: temporary chlorination \$0.6 million, Deans Ave water main renewal \$0.6 million, well head security projects \$0.5 million, Burnside well replacements \$0.5 million, Ben Rarere pump station \$0.4 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?

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. We collect wastewater in a reliable and safe way that protects public health, and treat and dispose of it efficiently and in an environmentally acceptable manner.

The service also contributes toward the achievement of the City's Community Outcomes by helping to deliver a modern and robust city infrastructure network, through sustainable use of resources to provide safe and healthy communities and healthy waterways. – Three of the five Community Outcomes set for the LTP. 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?

We completed 2.3 kilometres of wastewater pipe renewals.

We completed construction of the first stage 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.

We completed detailed design of the upgrades to the wastewater main on Colombo Street (between Dyers Pass Road and Fisher Avenue) and Beckenham Street and construction is underway. These upgrades are to reduce overflows to the Heathcote River.

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

Detailed design, and some construction, is underway on the project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the CWTP. This project will remove discharges of treated wastewater into Lyttelton Harbour. The resource consents for the treatment plants require the discharge from the Governors Bay wastewater treatment plant to cease by December 2018 and from Diamond Harbour by 2021.

We considered alternatives to the harbour outfall for Akaroa's treated wastewater, including irrigation to land.

We completed construction the South East Halswell wastewater scheme.

Earthquake repairs to the CWTP are ongoing. The dewatering building and gallery repairs are largely complete, construction of the operations and management building is complete, and the detailed design of the laboratory is underway. Both of the biosolids belt presses have been refurbished. Work on the grit trap upgrade is continuing in conjunction with earthquake repairs to the channels.

We completed the project to move the Council's CWTP SCADA system into a secure 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%. | 2017: 79%. 2016: 80%. 2015: 78%. |
| | 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 0.55 of an hour. | 2017: 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 1.59 hours. | 2017: 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 | 2.43 blockage complaints per 1,000 connected properties. | 2017: 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 | 0.36 odour complaints received per 1,000 connected properties. | 2017: 0.39. 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. |
| | | Number of sewerage system faults complaints received per 1,000 connected properties per year (excludes blockages and odours): <= 0.3. | Not achieved | 0.46 sewerage system faults received per 1,000 connected properties. | 2017: 0.69. These are responses to low pressure tank alarms. 2016: 0.53 sewerage system faults received per 1,000 connected properties. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years | |
|--|--|--|--|--------------------------------------|---|--|
| | | Proportion of complaints remediated to the customer's satisfaction: >= 95%. | Achieved | 95%. | 2017: 100%. 2016: 99%. 12 complaints remediated from 1,142 jobs. | |
| | 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. This equates to 104 overflows. | 2017: 0.63. 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 | Zero. | 2017: ECAN has not issued us notification of significant and/or repeated breaches. 2016: Zero. 2015: No major/persistent breaches reported by ECAN. | |
| | | Number of abatement notices: 0. | Achieved | No abatement notices. | 2017: No abatement notices received. 2016: 0 abatement notices. | |
| | | Number of infringement notices: 0. | Achieved | No infringement orders received. | 2017: No infringement orders received. 2016: 0 infringement notices. | |
| | | Number of enforcement orders: 0. | Achieved | No enforcement orders received. | 2017: No enforcement orders received. 2016: 0 enforcement orders. | |
| | | Number of convictions: 0. | Achieved | No convictions. | 2017: No convictions. 2016: 0 convictions. | |
| | | Minimise odour complaints from wastewater treatment plants. | Number of odour events per 10,000 properties served: <= 0.1. | Achieved | 0.1 odour events per 10,000 properties served. | 2017: No substantiated complaints received. 2016: 0 odour events per 10,000 properties served. 2015: 0.06. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|------------------|---|----------|--|---|
| | | Compliance with ECAN resource consents for discharges to air: 100%. | Achieved | 100% compliance with ECAN resource consents. | 2017: 100:%, no substantiated complaints received. 2016: 100% compliance with ECAN resource consents. 2015: ECAN air discharge consents were met. |

Where are we heading?

The second stage of the upgrade of the Riccarton Road wastewater pipe, in conjunction with stormwater and water supply pipe renewals, pavement reconstruction and the bus priority project, between Matipo Street and Harakeke Street, is out to tender. Construction is planned to start November 2018 and will last 18 – 24 months.

We will complete construction of the upgrade to the wastewater main on Colombo Street, between Dyers Pass Road and Fisher Avenue, by July 2019. This will provide a new parallel trunk main to increase capacity and reduce wastewater overflows.

Construction of the first part of the Lyttelton Harbour wastewater project has commenced, starting with the wastewater pipeline through the Lyttelton road tunnel. Construction of the second part, which is the submarine pipelines from Governors Bay and Diamond Harbour to Lyttelton, has commenced. These pipelines will come ashore at Godley Quay and terminate at a new pump station to be built near the road tunnel entrance. Four other pump stations in the scheme will also be built as the third part of the wastewater scheme. After exiting the tunnel at the Heathcote end the pipeline will then travel along Tunnel Road to Pump Station 15 in Alport Place, Woolston.

We will renew 6.9 kilometres of wastewater mains in the next 12 months. This level of renewals will maintain the current condition of the wastewater collection network and result in no increase in overflow or fault numbers or frequencies (assuming no change in climatic conditions).

We will complete repairs to grit tanks and channels repairs at the CWTP along with the construction of the new operations and management building. Construction of the new laboratory will start, along with upgrades to the digesters, refurbishing the second sludge belt press and a new biosolids polymer dosing facility.

Work to further improve the network SCADA control system will focus on the upgrade of the control room infrastructure with the completion of the new equipment room at the CWTP to be completed. This will have both the CWTP and Christchurch network equipment relocated to it improving the resilience of the SCADA system.

Work to explore land-based alternatives for Akaroa's treated wastewater will continue. Council expects to consult with the community on the options later in the year, and will then make a decision.

Wastewater asset management process improvements are being undertaken with completion planned for the end of the 2018/19 financial year. These processes aim to improve identification of renewal and repair works requirements and prioritise the works to minimise risk of disruptions to the community.

Service delivery in 2018/19

Levels of service detailed in the Wastewater Service Plan will be delivered in 2018/19 financial year.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Wastewater collection | 79,468 | 62,662 | 121,765 |
| Wastewater treatment and disposal | 26,512 | 26,073 | 27,768 |
| | 105,980 | 88,735 | 149,533 |
| Operating revenue from services | | | |
| Wastewater collection | 125 | 78 | 1,383 |
| Wastewater treatment and disposal | 5,545 | 5,726 | 5,734 |
| | 5,670 | 5,804 | 7,117 |
| Capital revenues | 13,482 | 6,273 | 51,577 |
| Vested assets | 2,404 | 219 | 5,729 |
| Net cost of services | 84,424 | 76,439 | 85,110 |

Explanation of significant variances

Wastewater collection

The cost of service was \$16.8 million higher than plan. This was due to an additional \$8.3 million depreciation expense resulting from the revaluation of assets and handover of the final SCIRT projects in 2017, \$3.7 million rates expense due to the increase in rateable value of the network in 2017, \$2.3 million of additional maintenance expenses (including \$1.2 million resulting from rain/flooding events), unplanned SCIRT defect liability costs \$1.2 million, an additional \$0.7 million in operating costs and \$0.6 million internal costs.

The cost of services was \$42.3 million lower than 2017. This was the result of lower asset disposal costs \$27.5 million, lower asset write down costs \$15.9 million and lower maintenance costs \$4.9 million, offset by additional rates expense \$3.9 million, additional insurance costs \$1.0 million, additional debt servicing costs \$0.5 million and additional power costs \$0.5 million.

Operating revenues were \$1.3 million lower than 2017 due to no recoveries from the Crown in 2018.

Wastewater treatment and disposal

The cost of service was \$0.4 million higher than plan due to additional maintenance costs \$0.9 million, additional electricity charges \$0.5 million, additional disposal charges \$0.4 million and unplanned consultants costs \$0.3 million. These increases are offset by lower than planned depreciation costs \$1.3 million and lower costs for dryer heat at CWTP \$0.3 million.

The cost of service was \$1.3 million lower than 2017 due to lower depreciation of \$1.1 million.

Capital revenues and vested assets

Capital revenues were \$7.2 million higher than plan due to higher development contributions of \$7.1 million.

Capital revenues were \$38.1 million lower than 2017. Crown earthquake funding of \$39.4 million in 2017 did not apply in 2018. Development contributions in 2018 were \$1.1 million lower than 2017.

The Council also received \$2.4 million of additional sewerage network vested assets from developers' new subdivisions this year, \$2.2 million higher than plan and \$3.3 million lower than 2017.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | - | (1) | - | - |
| Targeted rates | 59,989 | 59,341 | 55,114 | 52,133 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 5,520 | 5,660 | 4,522 | 4,416 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 150 | 144 | 281 | 1,167 |
| Total operating funding (A) | 65,659 | 65,144 | 59,917 | 57,716 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 39,302 | 29,828 | 25,742 | 27,711 |
| Finance costs | 4,560 | 4,560 | 7,161 | 6,202 |
| Internal charges and overheads applied | 3,613 | 3,613 | 2,904 | 2,998 |
| Other operating funding applications | 34 | - | - | - |
| Total applications of operating funding (B) | 47,509 | 38,001 | 35,807 | 36,911 |
| Surplus (deficit) of operating funding (A-B) | 18,150 | 27,143 | 24,110 | 20,805 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | 11,133 | 6,273 | 6,298 | 4,208 |
| Increase (decrease) in debt | 28,946 | 7,045 | 27,152 | 79,000 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 2,394 | - | - | 51,150 |
| Total sources of capital funding (C) | 42,473 | 13,318 | 33,450 | 134,358 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 35,971 | 20,952 | 30,498 | 132,252 |
| - to improve the level of service | 10,042 | 8,323 | 12,795 | 2,027 |
| - to meet additional demand | 14,610 | 11,186 | 14,267 | 20,884 |
| Increase (decrease) in reserves | - | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 60,623 | 40,461 | 57,560 | 155,163 |
| Surplus (deficit) of capital funding (C-D) | (18,150) | (27,143) | (24,110) | (20,805) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding 10,486 9,427 13,955 107,492

Explanation of significant variances

Operating funding

The operating funding surplus is \$9.0 million less than plan due to an increase in payments to suppliers for rates \$3.7 million, network maintenance \$3.1 million, SCIRT defect liability costs \$1.4 million, electricity \$0.7 million, professional and legal fees \$0.6 million, offset by reduction in payments for service contracts and other costs of \$0.5 million.

These are offset by an increase in funding from targeted rates of \$0.5 million.

Capital expenditure

Capital expenditure was \$20.2 million higher than plan largely as a result of \$17.1 million additional waste water renewals and improvement projects delivered and \$2.9 million SCIRT defects work in wastewater reticulation.

Significant capital expenditure

Significant expenditure included: wastewater sewer lateral renewals \$10.0 million, Lyttelton Harbour wastewater scheme \$9.9 million, Riccarton trunk main \$7.0 million, Halswell Sewer \$6.0 million, SCIRT delivered wastewater reticulation projects \$6.1 million, CWTP earthquake repairs \$2.9 million, Cranford Street mains renewal \$2.3 million, Peacocks Gallop Sumner mains renewal \$2.1 million, pump station renewals \$1.9 million, channels restoration \$1.1 million, other mains renewals \$1.1 million, biosolids dewatering renewal \$1.0 million, Akaroa wastewater scheme \$1.0 million, Palmers Road mains renewal \$1.0 million, wastewater flow monitoring installations \$0.9 million, primary sedimentation tank upgrades \$0.8 million and roading renewals \$0.5 million. Other capital expenditure totalling \$5.0 million across 51 projects were also incurred.

Council activities and services

Stormwater drainage

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

The stormwater drainage activity, together with the flood protection and control works activity, works to protect the community from the harmful effects of flooding within levels defined in the LTP. This helps Council meet its legislative obligations as a Territorial Authority and supports the Council's strategic priorities and community outcomes

Stormwater drainage collects and conveys stormwater whilst protecting the community from surface flooding by controlling river levels and managing stormwater flows. 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 sets out to renew an ageing pipe and waterway network to ensure that Council is able to continue to provide this core service.

Why is the Council involved?

Delivering this activity helps Council meet its legislative obligations under the Local Government Act 2002, the Building Act 2004, the Christchurch District Drainage Act 1951, the Water Supply, Wastewater and Stormwater Bylaw 2014, the Resource Management Act 2017, the National Policy Statements on Urban Development Capacity and on Freshwater Management, and relevant consents from Environment Canterbury.

This activity also supports Council's Strategic Priorities (Safe and sustainable water supply and improved waterways, Informed and proactive approaches to natural hazard risks, Climate change leadership) and Community Outcomes (Healthy environment, Strong (safe and healthy) communities and Prosperous economy).

An appropriately provided and well maintained stormwater drainage system helps to decrease flood risk, safeguard public health, protect water quality, maintain the health of ecosystems and allow transport and other infrastructure networks to function.

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 getting into natural waters. The improvements made to the network will also increase ecological, landscape, recreational and cultural values.

What activities are involved?

Stormwater drainage

Council provides, operates and maintains the stormwater drainage system to agreed levels to enable the management of surface water through the provision and renewal of reticulation infrastructure, to help protect vulnerable areas from the effects of flooding and improve water quality.

What did we achieve?

We kept our main focus on asset repairs and planning for the rebuild of damaged assets. 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.

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.

We've completed network renewal and upgrade work in many areas, including improvements to inlet structures across Banks Peninsula. A number of old and missing tide gates have been replaced with fish-friendly alternatives and monitoring is being undertaken to assess their performance.

We have been working closely with ECAN and NIWA to understand how renewal of the timber lining in Canal Reserve Drain can be managed to minimise any adverse impact on the Lamprey, which are a threatened species known to live in the drain.

The upgraded stormwater maintenance contract has been operable for the full year. This moved a portion of reactive work to planned work in order to provide a more cost effective model. Considerable work has been undertaken following the river bank 'no-cut' trial to find the right balance between appearance and providing improved ecological values.

We installed litter booms on both the Avon and Heathcote Rivers during the year with over 41 tonnes of material collected in the first seven months. The weed harvesting programme continues to be closely monitored to ensure optimised benefit in managing river water levels.

A number of water quality and quantity enhancement projects are in construction or design is underway. Construction is well underway on a stormwater filter at Richardson Terrace for Bells Creek. Construction has started and progressed on the large detention basins in the Upper Heathcote, including Wigram Basin, Sutherlands Road Basin, Bullers Drain Facility, Cranford Basin No. 1 Drain and Curletts Basin.

Enhanced ecological benefits were achieved through naturalisation of a long length of Ka Putahi Stream.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|---|---|--------------|---|---|
| Stormwater drainage Provide and maintain the stormwater drainage system | 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 | One flooding event in 2017/18. The 10 year rolling average is less than one event. | 2017: 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. | Not achieved | In the flooding event of 22 July 2017 approximately 13 properties, 8.6 per 100,000 properties, were flooded against a target of 0. | 2017: 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. |
| | Resource consent compliance for consents held by Land Drainage Operations for discharge from stormwater system. | Number of abatement notices: 0. | Achieved | No abatement notices received. | 2017: No abatement notices received. 2016: 0 abatement notices. |
| | | Number of infringement notices: 0. | Achieved | No infringement notices received. | 2017: No infringement notices received. 2016: 0 infringement notices. |
| | | Number of enforcement orders: 0. | Achieved | No enforcement orders received. | 2017: No enforcement orders received. 2016: 0 enforcement orders. |
| | | Number of convictions: 0. | Achieved | No convictions. | 2017: 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 | Wet weather response process reviewed and improved. One flooding event in year (July) was anticipated with deployment of wet weather plan and crews were available for fast response within 30 minute target. | 2017: 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. |
| | Number of complaints received about the performance of the stormwater system. | Number of complaints received about the performance of the stormwater system, per 1000 connected properties: 8. | Achieved | 4.2 per 1,000 connected properties. | 2017: 8.2 per 1,000 connected properties. 2016: 8.4 complaints per 1,000 connected properties. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|-----------------------------|--------------|--------|--|
| | Customer satisfaction with Stormwater Drainage Management. | >= 75% customers satisfied. | Not achieved | 35%. | 2017: 52%. 2016: 50%. 2015: 45%. |

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, Heathcote Valley outlet, Brenchley Avenue, Bradshaw Terrace, Glasnevin Drive and Runnymede Drive.

We will renew equipment in four storm water pumping stations over the next 12 months, replacing aging assets and maintaining the current infrastructure.

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

Service delivery in 2018/19

We will deliver the levels of service as detailed in the LTP and the Service Plans for 2018/19. New targets associated with biodiversity and management of the network in a sustainable manner have been included.

We will continue our programme of repairing timber lined drains with condition grading of 1 to 3, while the renewals programme will prioritise the drains in a poorer condition with a 4 & 5 rating.

Maintenance of the river banks has been reviewed following the 'no cut' trial which looked at improving ecological values along the rivers and streams. A new balance has been struck between appearance and improved ecological habitat with minimal cut zones along the river banks and a new long-term planting strategy.

A revised Wet Weather and Flood Response Plan, along with improved forecasting and real time sea and river level monitoring, will help us better deliver the services necessary to minimize the impact of rain events and king tides

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Stormwater drainage | 33,617 | 34,419 | 30,187 |
| | 33,617 | 34,419 | 30,187 |
| Operating revenue from services | | | |
| Stormwater drainage | 7 | 21 | 725 |
| | 7 | 21 | 725 |
| Capital revenues | - | - | 8,708 |
| Vested assets | 3,081 | 439 | 6,323 |
| Net cost of services | 30,529 | 33,959 | 14,431 |

Explanation of significant variances

Stormwater drainage

The cost of service was \$0.8 million lower than planned, due to lower than planned professional services expenses, \$2.2 million, maintenance costs, \$0.5 million and rates expenses \$0.3 million. This was offset by additional depreciation costs \$1.6 million and residual allocations \$0.7 million.

The cost of service was \$3.4 million higher than 2017. This is the result of an additional \$6.4 million depreciation, \$0.7 million staff costs, \$0.7 million debt servicing costs and \$0.4 million insurance costs, offset by \$4.8 million lower capital write off.

Operating revenue is \$0.7 million lower than 2017 due to \$0.7 million Crown funding of earthquake repairs to the stormwater network no longer being applicable.

Capital revenues and vested assets

Capital revenues were \$8.7 million lower than 2017 resulting from Crown funded earthquake subsidies no longer applying in 2018.

The Council received \$3.1 million of stormwater network vested assets from developers' new subdivisions this year \$2.4 million higher than planned, but \$3.2 million lower than 2017.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | - | 1 | - | - |
| Targeted rates | 26,524 | 26,237 | 22,473 | 18,516 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 7 | 21 | 21 | 20 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - | 793 |
| Total operating funding (A) | 26,531 | 26,259 | 22,494 | 19,329 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 15,689 | 18,734 | 14,940 | 18,015 |
| Finance costs | 1,177 | 1,177 | 1,726 | 1,509 |
| Internal charges and overheads applied | 1,425 | 1,425 | 931 | 964 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 18,291 | 21,336 | 17,597 | 20,488 |
| Surplus (deficit) of operating funding (A-B) | 8,240 | 4,923 | 4,897 | (1,159) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 39,149 | 67,293 | 22,344 | 47,971 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | 123 |
| Total sources of capital funding (C) | 39,149 | 67,293 | 22,344 | 48,094 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 47,671 | 71,814 | 26,328 | 46,044 |
| - to improve the level of service | 256 | 377 | - | - |
| - to meet additional demand | 23 | 25 | 913 | 891 |
| Increase (decrease) in reserves | (561) | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 47,389 | 72,216 | 27,241 | 46,935 |
| Surplus (deficit) of capital funding (C-D) | (8,240) | (4,923) | (4,897) | 1,159 |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding 45,005 69,591 23,084 43,428

Explanation of significant variances

Operating funding

The operating funding surplus is \$3.3 million higher than plan. This is due to the \$3.0 million reduction in professional services, maintenance and rates expenditure and \$0.3 million increase in targeted rates revenue.

Capital expenditure

Capital expenditure was \$24.2 million lower than planned, mainly due to less works delivered in LDRP where works have been reprogrammed to future years.

Significant capital expenditure

\$45 million was spent on the LDRP and \$2.9 million on stormwater renewals and improvements projects.

Council activities and services

Flood protection and control works

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

The flood protection and control works activity, together with the stormwater drainage activity, works to protect the community from the harmful effects of flooding within levels defined in the Long Term Plan. This helps Council meet its legislative obligations as a Territorial Authority and supports the Council's strategic priorities and community outcomes

This activity delivers floodplain and stormwater management plan objectives to reduce the harm from flooding to our community and to improve the quality of ground and surface water. It involves the management of waterways and associated structures and systems, along with the provision and management of flood protection infrastructure.

We have focussed on providing facilities to manage resource consent requirements, support growth and progress the Land Drainage Recovery Programme (LDRP). This has involved planning investigations, designing future works and progressing projects through to construction.

Why is the Council involved?

Delivery of this activity helps Council meet its legislative obligations under the Local Government Act 2002, the Building Act 2004, the Christchurch District Drainage Act 1951, the Water Supply, Wastewater and Stormwater Bylaw 2014, the Resource Management Act 2017, the National Policy Statements on Urban Development Capacity and on Freshwater Management and relevant consents from Environment Canterbury.

This activity also supports Council's Strategic Priorities (Safe and sustainable water supply and improved waterways, Informed and proactive approaches to natural hazard risks, Climate change leadership) and Community Outcomes (Healthy environment, Strong (safe and healthy) communities and Prosperous economy).

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. Flood protection systems help to decrease flood risk, safeguard public health, protect water quality, maintain the health of ecosystems and allow transport and other infrastructure networks to function.

How does it affect me?

Good quality flood protection and control works 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 adverse public health and ecological effects associated with flooding.

What activities are involved?

Flood protection and control works

We maintain natural waterways and associated structures and systems, provide and operate flood protection infrastructure and carry out hydrometric monitoring to protect vulnerable areas from the effects of flooding and improve water quality.

What did we achieve?

Significant progress has been made in reducing flood risk this year with projects now operational across the city.

Under the Land Drainage Recovery Programme (LDRP) we are delivering a major physical works and investigations programme, which extends across much of the city. The two early major projects, Dudley Creek and Bells Creek, have both progressed significantly and are nearing completion. This is a major milestone and of huge benefit to the Flockton Street area and to Woolston.

We continued to monitor and maintain the Avon / Ōtākaro temporary stopbanks, with a significant LDRP strengthening project nearing completion. The stopbanks protect against tidal events in the short term while we await a decision on the Residential Red Zone.

In the Heathcote catchment we completed the conversion of Lower Linwoods Fields into an urban forest and stormwater basin (named Te Oranga Waikura). This was alongside construction works to stabilise the Heathcote River banks, and dredging in the Woolston Cut.

The Flood Intervention Policy was adopted by Council in November 2017. This policy will help property owners who've had frequent above-floor flooding, where their flooding has been worsened by the earthquakes, and planned flood mitigation schemes will not offer a timely reduction to their flood risk. This was initially applied within the Flockton Area, and the process was also commenced for affected properties in the Heathcote River.

We commenced design and construction on our four upper Heathcote River storage basins, namely the Wigram Basin Extension, Curletts Road, Cashmere-Worsley and Eastman Wetlands. We significantly progressed construction works in No. 1 Drain (Shirley), Matuku Waterway (Heathcote Valley) and at Cranford Basin.

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. | Major flood protection and control works are maintained, repaired and renewed to key standards. | Stopbank crest surveys are carried out annually. | Achieved | All stopbanks have been resurveyed as part of the LDRP temporary stopbank works and will be resurveyed on completion of works. | 2017: 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 subject to further partial survey as a consequence of delivering LDRP or other 'business as usual' projects. | 2017: 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 an additional 20% reduction on 2014 "Above Floor" number of 77. | Achieved | No 1 in 50 year flooding events occurred. Completion of Dudley Creek bypass and other LDRP projects mean risk of 1 in 50 year flooding has reduced. | 2017: 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. |
| | | 100% of minimum specified floor levels for new dwelling consent applications meet Building Act and District Plan requirements. | Achieved | 100%. Systems and controls are in place to ensure that no new housing stock is approved for construction on flood prone land. To date there is no evidence of any infringements. | 2017: 100%. Systems and controls are in place to ensure that no new housing stock is approved for construction on flood prone land. To date there is no evidence of any infringements. 2016: 100%. 2015: Minimum floor level checked as part of building consent. |

Where are we heading?

The 2010/11 earthquake sequence altered the way in which many parts of the city drain and in many cases exacerbated the 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. Over the coming years our primary focus will be on addressing flooding of the Heathcote River through dredging, storage basins in the upper catchment and bank stabilisation works. We are also investigating the options and implications of using low stopbanks at the lower reaches of the River.

We're also progressing with those projects which will provide more capacity for future growth and working on the replacement of aging assets (in conjunction with the stormwater drainage activity).

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Flood protection and control works | 3,496 | 873 | 5,402 |
| | 3,496 | 873 | 5,402 |
| Operating revenue from services | | | |
| Flood protection and control works | 10 | - | - |
| | 10 | - | - |
| Capital revenues | 1,573 | 4,558 | 2,156 |
| Vested assets | - | - | - |
| Net cost of services | 1,913 | (3,685) | 3,246 |

Explanation of significant variances

The cost of service for flood protection was \$2.6 million higher than plan due to \$2.6 million spent on the flooding taskforce and LDRP planning that was planned in the stormwater drainage activity. The stormwater drainage activity's actual cost of service was \$3 million lower than planned. The two activities are managed in tandem.

The cost of service for flood protection is \$1.9 million lower than 2017 due to the focus on delivery of the key LDRP elements in 2017.

Capital revenues were \$3.0 million lower than planned and \$0.6 million lower than 2017, as a result of lower development contributions.

Service delivery in 2018/19

We will deliver the levels of service detailed for the 2018/19 year in the LTP and Service Plans. A significant number of LDRP projects will be completed, or will be in construction. Many of these projects were fast-tracked to maximise their timely impact. These include capacity improvements, infrastructure upgrades and flood detention facilities that will address flooding in areas such as Aranui, Bexley, Woolston, Somerfield/Opawa, Heathcote Valley, and Mairehau.

Funding impact statement for year ended 30 June

| | 2018 Actual | 2018 Annual Plan | 2018 Long Term Plan | 2017 Long Term Plan |
|--|----------------|------------------------|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | - | 1 | - | - |
| Targeted rates | 1,748 | 1,729 | 3,301 | 1,371 |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 10 | - | - | - |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - | - |
| Total operating funding (A) | 1,758 | 1,730 | 3,301 | 1,371 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 3,093 | 831 | 2,409 | 5,117 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 33 | 33 | 23 | 23 |
| Other operating funding applications | 3 | - | - | - |
| Total applications of operating funding (B) | 3,129 | 864 | 2,432 | 5,140 |
| Surplus (deficit) of operating funding (A-B) | (1,371) | 866 | 869 | (3,769) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | 1,576 | 4,558 | 4,576 | 4,086 |
| Increase (decrease) in debt | 32,496 | 14,909 | 39,040 | 50,330 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 34,072 | 19,467 | 43,616 | 54,416 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 16,732 | 13,780 | 29,496 | 38,349 |
| - to improve the level of service | 104 | 2 | 545 | 532 |
| - to meet additional demand | 15,616 | 6,301 | 14,194 | 11,516 |
| Increase (decrease) in reserves | 249 | 250 | 250 | 250 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 32,701 | 20,333 | 44,485 | 50,647 |
| Surplus (deficit) of capital funding (C-D) | 1,371 | (866) | (869) | 3,769 |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Footnotes | | | | |
| 1 Earthquake rebuild application of capital funding | 16,116 | 12,658 | 28,722 | 37,932 |

Explanation of significant variances

Operating funding

The operating funding deficit is \$2.2 million higher than plan due to additional expenditure on the flooding taskforce and LDRP planning.

Capital expenditure

Capital expenditure was \$12.4 million higher than planned. \$3.5 million relates to LDRP works carried out in 2018 but planned for in a prior year. Work in the waterways detention and treatment facility programme has been carried out earlier than planned, \$8.5 million will be removed from future year's programme.

Significant capital expenditure

Significant expenditure included: \$4.3 million spent on the Eastman wetlands, \$4.2 million on Coxs-Quaifes facility, \$2.8 million on Curletts Road flood storage, \$2.4 million on Cavendish Rd Basin, \$2.1 million on Mid Heathcote bank stabilisation, \$2.0 million on repair and naturalisation of No 1 Drain, \$1.7 million on Highsted on Tulett Infrastructure, \$1.6 million on Bells Creek Ferry Road Storm Filter, \$1.6 million on renewal of earthquake damaged waterway linings, \$1.5 million on Knights Drain ponds, \$1.4 million on Sparks Road development drainage work and \$1.3 million on Quaifes/Murphys wetland. Other minor work included: Welsh Basin \$0.9 million, Southshore emergency bund \$0.9 million, Bullers Stream naturalisation \$0.6 million, Heathcote River dredging \$0.5 million and Owaka-Awatea Corridor \$0.4 million.

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. We put a lot of time into encouraging residents and businesses to recycle and reduce their waste.

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. It ensures 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.

It also contributes towards achieving two of the five goals in our Community Outcomes - by helping to make a healthy environment and a prosperous economy with 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 and a 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.

Working with others

We contribute towards Canterbury wide waste minimisation initiatives, and support nationwide refuse avoidance initiatives such as advancing product stewardship and reducing packaging waste including use of single use plastics.

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 rates highly in our annual residents' survey. As part of our commitment to continuous improvement we changed the way we collect from kerbside on public holidays making it not only easier to understand but also easy if the notification is missed or forgotten. We will continue to identify and implement changes that will provide the best value for money and efficient services to residents.

BRRP has continued to take construction and demolition waste. In 2018 the plant sorted 150,000 tonnes (2017: 185,930 tonnes). Since it opened, the site has received 802,260 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 | 114.16 kg per person. | 2017: 117.21 kg per person. 2016: 117.7 kg per person. 2015: 116.2 kg per person. |
| | Kerbside residual waste collection - emptied by Council services. | At least 99.5% collection achieved when items correctly presented for collection. | Achieved | 99.9%. | 2017: 99.8%. 2016: 99.7%. 2015: 99.8%. |
| | 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. | Not achieved | 89%. | 2017: 92%. 2016: 92%. 2015: 92%. |
| 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). | 105 kg +40%/-10% recyclable materials / person / year collected and received by Council services. | Achieved | 109.2 kg per person. | 2017: 108.41 kg per person. 2016: 106 kg per person. 2015: 110 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%. | 2017: 99.7%. 2016: 99.6%. 2015: 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 | 93%. | 2017: 95%. 2016: 95%. 2015: 95%. |
| 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 | 206.8 kg per facility / person / year. | 2017: 197.73 kg per facility/ person/year. 2016: 192.14kg per facility/ person/year. 2015: 187.1 kg per facility/ person/year. |
| | 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%. | 2017: 99.8%. 2016: 99.8%. 2015: 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 | 83%. | 2017: 85%. 2016: 82%. 2015: 85%. |

Where are we heading?

We will continue working with residents to maximise the level of recycling and organics diverted from landfills, through the kerbside collection 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, WasteMINZ, and Ministry for Environment with programmes for waste reduction, and monitoring the reduction of waste to landfill from across Canterbury.

The BRRP will continue to receive waste in 2018/19. Construction and demolition waste volumes have started to decline and BRRP will not be accepting any waste after December 2020.

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. The first Electric kerbside collection truck is now operational in Christchurch forming 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.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Recyclable materials collection and disposal | 7,532 | 7,809 | 6,901 |
| Residual waste collection and disposal | 18,369 | 19,825 | 18,116 |
| Organic material collection and composting | 17,874 | 18,750 | 18,590 |
| | 43,775 | 46,384 | 43,607 |
| Operating revenue from services | | | |
| Recyclable materials collection and disposal | 1,228 | 1,391 | 1,335 |
| Residual waste collection and disposal | 7,112 | 5,803 | 6,713 |
| Organic material collection and composting | 4,722 | 4,501 | 4,496 |
| | 13,062 | 11,695 | 12,544 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 30,713 | 34,689 | 31,063 |

Explanation of significant variances

Recyclable materials collection and disposal

The cost of service was \$0.3 million lower than plan due to \$0.2 million lower promotion costs, and \$0.1 million lower internal costs.

The cost of services was \$0.6 million higher than 2017 due to \$0.4 million higher collection costs and \$0.2 million higher operating costs.

Residual waste collection and disposal

The cost of service is \$1.4 million lower than plan due to a \$1.3 million reduction in the landfill aftercare provision costs (see note 25 of the financial statements for more detail), and \$0.1 million lower operating and maintenance costs.

Operating revenue is \$1.3 million higher than plan due to an additional \$0.9 million revenue from the BRRP, \$0.1 million unplanned liquid waste revenue and an additional \$0.2 million from property rentals to external parties.

Operating revenue is \$0.4 million higher than 2017 due to an additional \$0.3 million revenue from the BRRP,

Service delivery in 2018/19

We will deliver the levels of service detailed in the LTP and Activity Management Plans in the 2018/19 year.

The Radio Frequency Identification tagging programme of wheelie bins in our Kerbside Collection will be completed this year ensuring the correct allocation of wheelie bins to properties and a reduction in the number of stolen wheelie bins as they will not be emptied if at the wrong address.

We will develop a new kerbside collection system for the inner-city area moving away from plastic bags to a more sustainable system that will include organics collection.

and \$0.2 million of rental income, offset by \$0.1 million lower revenue from liquid waste.

Organic material collection and composting

The cost of service is \$0.9 million lower than plan due to \$0.5 million lower collection costs and \$0.4 million lower processing costs, offset by increased internal costs of \$0.1 million.

The cost of service is \$0.7 million lower than 2017 due to a one-off repair of \$0.5 million in 2017, and \$0.2 million lower collection costs.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|---------------------------------------|---------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 13,598 | 13,434 | 13,033 | 12,402 |
| Targeted rates | 20,539 | 20,317 | 20,851 | 19,996 |
| Subsidies and grants for operating purposes | 1,416 | 1,072 | 1,079 | 1,054 |
| Fees and charges | 6,338 | 6,220 | 6,515 | 6,328 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 4,572 | 3,666 | 3,667 | 3,990 |
| Total operating funding (A) | 46,463 | 44,709 | 45,145 | 43,770 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 39,335 | 41,809 | 42,446 | 41,065 |
| Finance costs | 213 | 213 | 354 | 303 |
| Internal charges and overheads applied | 1,992 | 1,992 | 1,848 | 1,910 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 41,540 | 44,014 | 44,648 | 43,278 |
| Surplus (deficit) of operating funding (A-B) | 4,923 | 695 | 497 | 492 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | (4,417) | 73 | 336 | 370 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | 118 |
| Total sources of capital funding (C) | (4,417) | 73 | 336 | 488 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 415 | 743 | 805 | 952 |
| - to improve the level of service | 14 | 25 | 28 | 28 |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | 77 | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 506 | 768 | 833 | 980 |
| Surplus (deficit) of capital funding (C-D) | (4,923) | (695) | (497) | (492) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding

- - - -

Explanation of significant variances

Operating funding

The operating funding surplus is \$4.2 million higher than planned. Payments to suppliers were \$2.5 million lower due to lower operating and maintenance costs of incurred during the year and \$1.8 million additional revenue, including an additional \$0.9 million from BRRP, \$0.4 million additional rates funding and \$0.3 million additional grant funding.

Capital expenditure

There were no significant variances.

Significant capital expenditure

There was no significant capital expenditure.

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.

Our housing activity provides social housing through ownership of social housing complexes. The housing units are owned by Council and are leased to a Community Housing Provider 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.

Our 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.

Why is the Council involved?

Our 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 who 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 - Our 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 is elderly, is on a low income or has particular needs, you (or they) may be eligible to apply for social housing.

What activities are involved?

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

Council leases its social housing portfolio to the Otautahi Community Housing Trust (OCHT). OCHT is an independent community housing provider and the largest non-governmental social housing provider in the South Island. It provides social housing services through properties it leases from the Council. It is also looking to develop new social housing in its own right.

The Trust covers 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. We continue to undertake strong consultation and engagement with OCHT tenants involved in its major repair and renewal programme.

What did we achieve?

Social housing

We provided homes for over 2,100 tenants by way of the lease to the OCHT. Over the year, 363 tenants vacated tenancies in Council owned units and 326 tenants commenced new tenancies.

During 2017/18 we repaired 161 units as part of the earthquake repair programme. 136 of these were open and tenanted at the start of the year, requiring the tenants to be relocated during repairs. Overall 980 units have now been repaired under the earthquake programme.

Separately to the main repair programme, we rebuilt one unit following fire.

Under our repair and renewal programmes we replaced 55 stoves, 177 heaters and undertook full roof replacements on four complexes. We also undertook exterior painting at three complexes, internal redecoration at 14 units and major tree maintenance at nine complexes. While external works can be done at any time, we have faced challenges delivering internal redecorations in respect to units used for the temporary

accommodation of tenants, while their units are being repaired, as a result of demand.

We purchased three owner-occupier units in 2017/18 and have six more to acquire. In total we have purchased 22 owner-occupier units and returned them to the portfolio.

Apart from works, we provided advice to Council on topics such as proposals to sell state owned public housing in Christchurch and the capitalisation of the OCHT. We explored ways to grow social housing in Christchurch, with Council agreeing to the inclusion of a \$30 million financing facility to assist the development of new units within its 2018-2028 LTP.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|---|--------------|--|---|
| Housing Social Housing complexes. | Provide a portfolio of Social Housing rental units that are fit for purpose. | Maintain at least 2,363 units in Council Housing Portfolio and increase to at least 2,366 by year end (subject to contractor availability, Council rebuild priorities and timing of owner occupier unit acquisitions). | Achieved | The total portfolio consists of 2,478 units. (2,273 are open) | 2017: Of the portfolio of 2,478 units; 2,446 are associated with OCHT and 32 are leased to other organisations. 2016: At least 2,304 units were provided. 2015: 2,270 units. |
| 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 measured | Target no longer tracked as it was removed from the refreshed Housing Accord in 2017. Affordability will still continue to be monitored as part of the Accord reporting. The June 2018 Massey Report shows that Canterbury homes are more affordable on average than the National Average. | 2017: The data is inconclusive as to whether there has been progress against the target. 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|---|--------------|---|--|
| 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. | Not achieved | <p>Council supplied funding for additional spaces in the first two years of the LTP 2015-2025.</p> <p>Following a change to delivery models, Council no longer provides emergency housing directly.</p> | <p>2017: 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.</p> <p>2016: In the first year of the LTP 2015-2025, 37 additional home spaces have been provided.</p> |

Where are we heading?

Council's focus for 2018 /19 includes completion of the earthquake repair programme and delivery of ongoing repair and renewal works.

As part of Council's ongoing 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.

OCHT will continue to offer tenancies from the social housing stock it leases from Council.

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

Council is also exploring ways to grow social housing within Christchurch. We understand that we cannot do this alone and are working with partners to deliver the outcomes.

Service delivery in 2018/19

We anticipate that service delivery in 2018/19 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 is focussed on the continuation of planned and reactive repair and renewal programmes. Growing social housing remains a key strategic direction for Council through the exploration of partnership opportunities.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Housing | 32,133 | 26,981 | 29,237 |
| | 32,133 | 26,981 | 29,237 |
| Operating revenue from services | | | |
| Housing | 16,851 | 11,976 | 15,648 |
| | 16,851 | 11,976 | 15,648 |
| Capital revenues | - | - | 1,016 |
| Vested assets | - | - | - |
| Net cost of services | 15,282 | 15,005 | 12,573 |

Explanation of significant variances

Housing

The cost of services were \$5.1 million higher than plan as a result of the gift component of the properties transferred to OCHT, \$3.5 million, waiver of the loan to OCHT of \$0.5 million and additional maintenance costs of \$1.2 million. The additional maintenance costs were partially the result of higher than normal tenant turnover.

The cost of service was \$2.9 million higher than 2017 as a result of higher asset write-downs due to properties gifted to OCHT of \$3.5 million and waiver of the loan to OCHT of \$0.5 million. These were offset by a \$0.6 million reduction in the cost of providing the activity.

Housing revenues were \$4.9 million higher than planned. Operating revenue represents rental income from OCHT which was \$3.2 million higher than plan. The increased income reflects the increased rental received by OCHT on the properties it manages (including IRRS uptake on tenant turnover) and less vacant properties. In addition earthquake insurance proceeds of \$1.7 million were received.

Revenues were \$1.2 million higher than 2017 as a result of additional IRRS revenues as more properties became eligible as a result of tenant turnover.

Capital revenues

There were no capital revenues received in 2018. In 2017 a \$1.0 million grant was received from MBIE to purchase the temporary accommodation units at Linwood Park.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | - | (18) | - | - |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 15,173 | 11,937 | 16,162 | 15,476 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,678 | 39 | 39 | 39 |
| Total operating funding (A) | 16,851 | 11,958 | 16,201 | 15,515 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 20,244 | 18,911 | 13,592 | 19,223 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 758 | 758 | 845 | 877 |
| Other operating funding applications | 500 | - | - | - |
| Total applications of operating funding (B) | 21,502 | 19,669 | 14,437 | 20,100 |
| Surplus (deficit) of operating funding (A-B) | (4,651) | (7,711) | 1,764 | (4,585) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 512 | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | 2,148 |
| Total sources of capital funding (C) | 512 | - | - | 2,148 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 3,225 | 6,148 | 2,398 | 15,696 |
| - to improve the level of service | - | - | - | - |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | (7,364) | (13,859) | (634) | (18,133) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | (4,139) | (7,711) | 1,764 | (2,437) |
| Surplus (deficit) of capital funding (C-D) | 4,651 | 7,711 | (1,764) | 4,585 |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding 2,477 1,053 - 13,357

Explanation of significant variances

Operating funding

Total operating funding was \$4.9 million higher than plan due to increased rental from the units managed by OCHT, \$3.2 million, and earthquake insurance proceeds of \$1.7 million.

Payments to staff and suppliers were \$1.3 million higher than planned as a result of additional maintenance costs.

Other operating funding applications was higher than planned due to the loan waiver to OCHT \$0.5 million.

Capital expenditure

Capital expenditure was \$2.9 million lower than planned due to delays in progressing the upgrade programme, these projects have been reprogrammed for future years.

Significant capital expenditure

Significant expenditure included earthquake repairs of \$0.6 million at Tommy Taylor Courts, \$0.4 million at Huggins Place, and \$0.3 million at Lancewood Courts. \$0.3 million was spent on the repair and upgrade programme across various units. In addition three owner occupier units were purchased for \$0.4 million.

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 a 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 on 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.

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 | 10,109 students participated. | 2017: 9,864 students participated. 2016: 9,189 students participated. 2015: 5,480 students participated. |
| | | At least 2,400 students participate in the water and waste education programmes each year. | Achieved | 2,959 students participated | 2017: 2,493 students participated. 2016: 3,233 students participated. 2015: 2,690 students participated. |

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?

We delivered Environmental Education programmes at various Council sites such as parks, water and waste facilities to over 10,000 children, teachers and accompanying parents. Customer satisfaction across the suite of programmes was 98 per cent.

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|------------------------------------|--|--|----------|-------------------------|--|
| Civil defence education programmes | 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 | 13 schools participated | 2017: Seven schools participated. 2016: Seven schools participated. 2015: 13 schools participated. |

Where are we heading?

The Environmental Education team will continue to develop and deliver high quality programmes to schools around greater Christchurch. We continue to focus on promoting active citizenship by promoting the positive outcomes of environmentally aware people.

Service delivery in 2018/19

In 2018/19 the services previously included within the Natural Environment activities will fall under the 'Parks and Foreshore' activities. The services and programmes delivered remain broadly consistent with those existing in 2017/18 (with participant numbers and teacher satisfaction being the key measures of service performance).

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Environmental education | 422 | 522 | 423 |
| | 422 | 522 | 423 |
| Operating revenue from services | | | |
| Environmental education | 79 | 88 | 82 |
| | 79 | 88 | 82 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 343 | 434 | 341 |

Explanation of significant variances

There were no significant variances.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 439 | 434 | 330 | 316 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 79 | 88 | 89 | 87 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - | - |
| Total operating funding (A) | 518 | 522 | 419 | 403 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 399 | 499 | 402 | 386 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 23 | 23 | 17 | 17 |
| Other operating funding applications | - | - | - | - |
| Total applications of operating funding (B) | 422 | 522 | 419 | 403 |
| Surplus (deficit) of operating funding (A-B) | 96 | - | - | - |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | (96) | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | (96) | - | - | - |
| 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) | (96) | - | - | - |
| 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

Community services

What is community services, and what does the Council do?

Community services provides:

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

Civil defence and emergency management (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. Events strengthen community pride, promote the understanding of different cultures and a healthy lifestyle, and showcase the good quality of lifestyle available in Christchurch.

Community services 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?

Community services 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 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), New Zealand Cup and Show Week 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 activities, train Emergency Operations Centre (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.

Events and festivals

We produce a year-round programme of free and affordable events, supporting a range of festivals that enhance the city's lifestyle qualities, and build capacity in the local events industry. Our major events attract visitors and support key industries in Christchurch and Canterbury.

Citizen and customer services

Citizen and 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. Citizen and 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 \$6,253,997 in grants from the Strengthening Communities and Creative Communities funding schemes to 690 applicants. The number of applicants is lower than previous years due to the criteria being changed to only allow one application per group.

Civil defence and emergency management

The CDEM team continued to promote the need for individual communities to develop plans to build their own resilience to emergencies. We have also reviewed all CDEM plans and procedures. Work is currently underway to redevelop our Tsunami Plan and our Recovery Plan. To complement this, we have begun implementing a new approach to better facilitate community relationships with the CDEM function.

We have continued to train emergency operations centre staff (EOC), response team volunteers and welfare centre volunteers. We have also begun the process of improving our volunteer capability and capacity.

We have maintained and resourced facilities for primary and alternate CDEM EOC and welfare centres. We have also transitioned into the new Justice and Emergency Services Precinct (JESP) to be co-located with our emergency service partner agencies.

The CDEM EOC was activated following a state of emergency being declared in July 2017 as a result of flooding across Christchurch City and the Banks Peninsula areas, and then again prior to a state of emergency being declared in February 2018 as a result of the potential impact of Ex-tropical Cyclone Gita. A state of emergency was later declared on the same day.

Events and festivals

We supported a full calendar of events at all levels. Highlights included the Rugby League World Cup, international cricket, New Zealand Cup and Show week and Sparks. Events allow us to promote the Christchurch story and attract visitors to the city.

Equally importantly we supported over 200 community groups in hosting their own events.

Citizen and customer services

We completed 420,306 telephone enquiries, a 9.1% reduction from the 2016/17 year. This is predominantly due to the migration of Citizen and Customer interactions to our digital mediums, resulting in 96,603 email enquiries; an 83% increase on the previous year's volume. Our financial face to face transactions remained stable for the year with a total of 125,427 compared to 2016/17's 124,583.

The successes are measured by the feedback we get from our citizens and customers in response to the service we provide. This was clearly evident by the achievement of top performing service status with 93% of customers satisfied or very satisfied with the first point of contact Council customer service – a 3% increase year-on-year.

A significant undertaking this year was the implementation of new customer interaction technology. This was a major milestone for our customer services staff, enabling them to use of a range of new digital tools designed to enhance the way we communicate with our community and customers. This also enabled us to provide better business intelligence, further supporting our decision making and identifying opportunities for improved service delivery.

Community facilities

There are 60 community facilities 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 Shirley, Bishopdale and Sumner.

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% compliance with agreed management and administration procedures for grants schemes. | 2017:100% 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 | The distribution of community grant funding enabled at least 1,000,000 volunteer hours to be contributed in the year. | 2017: 1,662,233 Volunteer Hours. 2016: 1,250,000 Volunteer hours. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|--|----------|--|--|
| | | Each \$1 of grant given leverages more than \$2 worth of services. | Achieved | For each \$1 of grant given there was more than \$7 worth of services leveraged. | 2017: 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 developed, and/or reviewed annually. | Achieved | All plans have been reviewed and priorities for further review have been determined. | 2017: 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. |
| | | One primary and an alternate facility available to be activated within 60 minutes. | Achieved | Primary EOC is the Function Room at Civic Offices. Alternate EOC is at the JESP. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|---|--------------|--|---|
| | | At least one EOC activation occurs annually (either event or exercise). | Achieved | In July 2017 the primary EOC was activated as a result of flooding across Christchurch City and Banks Peninsula areas, and again in February 2018 in response to Ex Tropical Cyclone Gita. | 2017: 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. |
| Public education to increase community awareness and preparedness. | Improve the level of community and business preparedness and awareness of risks through the roll out of the CDEM education plan. | At least 50 CDEM public education activities occur annually. | Achieved | 55 CDEM public education activities occurred. | 2017: 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. |
| | Improve the level of community and business preparedness and awareness of risks through the roll out of the CDEM education plan. | At least 17% of Christchurch residents participate in CDEM meetings to enable their local community to cope better. | Not achieved | Resident's survey result 9%. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|---|--------------|---|--|
| 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 through ChristchurchNZ. | Achieved | NZ Track and Field Championship 2019 & 2020. | 2017: Range of 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. |
| | | Two events in place at Major Event level through ChristchurchNZ (subject to revision once updated Events Strategy adopted). | Achieved | Three events: Christchurch Casino World Golden Oldies Christchurch Lantern Festival New Zealand Cup and Show Week | 2017: 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. |
| | 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. | Not achieved | 84% from point of contact survey. | 2017: 92% from point of contact survey. 2016: 92% from point of contact survey. 2015: Achieved 90%. |
| 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 | 70%. | 2017: 80% 2016: 84%. 2015: 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 | Average of 2.8 event days per week across central city spaces. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|---|--------------|---|--|
| 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 | Face to face services provided at 12 service desk locations throughout the City and Banks Peninsula. | 2017: Achieved. 2016: Achieved. 2015: 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 | 24/7 operation maintained through-out the year. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| | Answer call centre telephone enquiries within 25 seconds. | Answer at least 75% of call centre telephone enquiries within 25 seconds. | Not achieved | 70%. | 2017: 75% of calls for the year were answered within 25 seconds. 2016: 60% of calls answered within 25 seconds. |
| | Customers are satisfied or very satisfied with the 'first point of contact' council customer service. | 89% of customers who interact with Customer Services are satisfied or very satisfied with the service at first point of contact. | Achieved | 93% customer satisfaction with all first point of contact services. | 2017: 90% customer satisfaction achieved. 2016: 90% per the residents' survey. 2015: 78% in Annual Residents Survey via email and 91% via phone. |
| Community Facilities | | | | | |
| Community facilities provision and operation. | Provide community facilities. | Provide a range of 52 - 64 community facilities (subject to maintenance and facility rebuild priorities). | Achieved | 60 facilities provided. | 2017: 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. |
| | 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. | Not achieved | 77% per point of contact survey. | 2017: 81% per point of contact survey. 2016: 80% per point of contact survey. 2015: 96%. |
| 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 | Of 12 Early Learning Centres, 10 facilities leased to Early Learning Centres, and open all year, while two underwent repairs. | 2017: Achieved. 2016: Achieved. 2015: Achieved. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|------------------------------|------------------------------|--|----------|---|--|
| Support volunteer libraries. | Support volunteer libraries. | 9 voluntary library services supported (subject to maintenance and facility rebuild priorities). | Achieved | Total 9: 6 current and 3 combined facilities - St Martins, Heathcote – Hoon Hay repurposed. | 2017: 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: Achieved. 2015: Achieved. |

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.
- supporting and enabling communities to develop their own community emergency response/resilience plans.
- delivering public education programs to increase community awareness of hazards, risks and how to be prepared.
- 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 post event reporting, implementation and recovery plans.
- enhancing the professionalism of our volunteers and Emergency Operations Centre personnel.

Events and festivals

Events and festivals activity in 2018/19 will ensure that support continues for economic impact events such as New Zealand Cup and Show Week, Black Caps International Cricket and a Buskers Festival major event.

Council will complete the review of 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.

Citizen and customer services

Our service principle is to have the flexibility to respond to changing customer demand for hours, locations and channels. Citizens and customers increasingly expect professional, responsive, consistent quality service as well as accessible, joined-up, simple interactions with choice in how they engage with us.

We have undertaken research and surveys and our Citizens and Customers have identified these priorities:

- Know me and value me
- Understand my needs
- Personalise our interaction
- Provide easy access to quality services online, 24/7
- Connect me with Council
- Communicate with me
- Empower and guide me

Citizen and Customer Services is a key building block in bringing these priorities to life through supporting the Council in listening, understanding and designing for our citizens, customers and communities.

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 2018/19

In 2018/19 the services previously included within the Community services activities will fall under the 'Citizens and Communities' activities. We are focused on repairing any remaining damage to community facilities and working in partnership with communities to meet their needs.

Citizen and Customer Services focus for 2018/19 will be on:

- Continuing to improve the customer experience.
- Increasing digital services and service channel choice.

- Providing the organisation with insight and improvement support to enhance the citizen experience and service delivery. Facilitating process re-engineering and digitisation of services.

Continued implementation of the Citizen Hub Strategy is also vital to ensure greater integration of external customer-facing Council services and ensuring that we deliver a walk in service that meets future demand.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Community grants | 9,996 | 10,610 | 10,818 |
| Civil Defence and Emergency Management | 1,331 | 1,505 | 1,660 |
| Rural fire management | 237 | 620 | 1,946 |
| Events and festivals | 7,426 | 7,292 | 6,684 |
| Customer services and on-line channels | 8,220 | 8,232 | 7,734 |
| Community facilities | 3,898 | 3,307 | 5,812 |
| | 31,108 | 31,566 | 34,654 |
| Operating revenue from services | | | |
| Community grants | 248 | 223 | 258 |
| Civil Defence and Emergency Management | - | - | 266 |
| Rural fire management | 47 | - | 1,055 |
| Events and festivals | 280 | 115 | 609 |
| Customer service and on-line channels | 144 | 28 | 154 |
| Community facilities | 848 | 669 | 843 |
| | 1,567 | 1,035 | 3,185 |
| Capital revenues | 8 | - | 161 |
| Vested assets | 322 | - | - |
| Net cost of services | 29,211 | 30,531 | 31,308 |

Explanation of significant variances

Community grants

The cost of service for the year was \$0.6 million lower than plan and \$0.8 million lower than 2017 principally due to unspent grants.

Civil defence and emergency management

There are no significant variances.

Rural fire management

With the rural fire activity being transferred to FENZ from 1 July 2018 the Council has undertaken minimal rural fire activities and as a result the cost of service was \$0.4 million lower than planned.

The cost of service was \$1.7 million lower than in 2017 principally due to 2017 including the Port Hills fire costs and minimal rural fire activity being undertaken in 2018.

Operating revenue was \$1.0 million lower than in 2017 as 2017 included the recoveries received in relation to the Port Hills fire expenditure.

Events and festivals

The cost of service was \$0.7 million higher than 2017 primarily due to increased support provided to both major events (managed by ChristchurchNZ) and the other events in the city which continue to be produced or funded by Council.

Operating revenue was \$0.3 million lower than 2017 due to contributions received in 2017 from Cricket NZ for international cricket matches.

Customer services and on-line channels

The cost of service was \$0.5 million higher than in 2017, mainly due to re-allocation of overhead costs across customer walk in and contract centre services.

Community facilities

The cost of service was \$0.6 million higher than plan due to earthquake repairs and higher costs for voluntary libraries. This work was originally scheduled for earlier years.

The cost of service was \$1.9 million lower than 2017. \$1.2 million relates to Performing Arts Precinct costs being reclassified in 2017 (costs were planned to be capital then later assessed to be operational). \$0.7 million relates to earthquake Community Facility repairs which completed more projects in the prior year.

Capital revenues

There are no significant variances.

Vested assets

The St Albans Transitional Community Centre was given to Council during the year.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 28,507 | 28,163 | 29,083 | 28,450 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 318 | 310 | 312 | 304 |
| Fees and charges | 1,200 | 725 | 778 | 760 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 49 | - | 171 | 711 |
| Total operating funding (A) | 30,074 | 29,198 | 30,344 | 30,225 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 15,283 | 14,552 | 16,002 | 16,090 |
| Finance costs | 137 | 137 | 248 | 196 |
| Internal charges and overheads applied | 1,332 | 1,332 | 1,238 | 1,275 |
| Other operating funding applications | 12,792 | 13,618 | 11,577 | 11,625 |
| Total applications of operating funding (B) | 29,544 | 29,639 | 29,065 | 29,186 |
| Surplus (deficit) of operating funding (A-B) | 530 | (441) | 1,279 | 1,039 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 8 | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 2,410 | 6,134 | (500) | 12,406 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 2,418 | 6,134 | (500) | 12,406 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 3,837 | 5,563 | 779 | 13,019 |
| - to improve the level of service | 420 | 1,554 | - | 426 |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | (1,309) | (1,424) | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 2,948 | 5,693 | 779 | 13,445 |
| Surplus (deficit) of capital funding (C-D) | (530) | 441 | (1,279) | (1,039) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

| | | | | |
|---|-------|-------|---|--------|
| 1 Earthquake rebuild application of capital funding | 3,048 | 4,466 | - | 12,270 |
|---|-------|-------|---|--------|

Explanation of significant variances
Operating funding

The operating funding surplus was \$1.0 million better than planned principally as a result of \$0.9 million additional operating funding. This was the result of additional rates and fees and charges revenue.

Capital expenditure

Capital expenditure was \$2.9 million lower than plan. This was principally due to works associated with rebuild of the Riccarton Community Centre (\$3 million) which has been reprogrammed into future years.

Significant capital expenditure

The key projects were Woolston Community Facility, \$1.5 million and Risingholme Homestead and hall, \$1.2 million. The remaining expenditure was on smaller projects including, the community facilities replacement programme, Allandale community centre repair, St Albans community centre redevelopment, and St Albans crèche earthquake repairs.

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.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|--|----------|---|---|
| Heritage Protection Heritage Education Advocacy and Advice. | 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 has been provided within required timeframes. | 2017: 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. |
| | Heritage Week is held annually. | Heritage week is held. | Achieved | Heritage Week successfully held in October 2017. | 2017: Heritage week successfully held in October 2016. 2016: Sponsorship was obtained from Beca for Heritage Week. |

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.

Beca 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. Preparation has been underway throughout the year for the October 2018 event which will have the theme of "Strength from Struggle – remembering our courageous communities" This will recognise three key anniversaries:

- 125 years since women's suffrage achieved in New Zealand
- 100 years since the World War I armistice
- 100 years since the 1918 influenza pandemic.

We have embarked on the creation of a 'New Direction for Heritage' with a new heritage strategy which is being drafted in partnership with Ngāi Tahu. This followed on from extensive engagement with the local community to find out what the community valued and regarded as heritage and wanted to have recognised, supported and better protected.

We have completed a heritage grants review to ensure that the grant process is efficient, robust and achieves the best positive outcomes for heritage buildings.

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|--|----------|--|--|
| Heritage Grants. | All grants meet Heritage Incentives Grants policy and guidelines. | 100%. | Achieved | All grants comply with grants policy and guidelines. | 2017: 100%. All grants comply with grants policy and guidelines. 2016: All grants align with policy. 2015: All grants align with policy. |
| | Incentive grant recipients satisfied with heritage advice and grant process. | 75% of grant recipients satisfied with the heritage advice and grants process. | Achieved | 100% satisfaction | 2017: 94% satisfaction. 2016: 93% satisfaction. 2015: 76% satisfaction. |

Where are we heading?

Following on from the work done in 2017/18 in engaging with the community on the new Heritage Strategy the draft document is being prepared for consultation in September/October 2018 and Council adoption of the final strategy around February 2019.

Heritage Week, an annual event to promote and raise awareness of our city's heritage, will take place.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Heritage protection | 4,141 | 4,200 | 5,477 |
| | 4,141 | 4,200 | 5,477 |
| Operating revenue from services | | | |
| Heritage protection | 28 | - | 109 |
| | 28 | - | 109 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 4,113 | 4,200 | 5,368 |

Explanation of significant variances

Heritage protection

The cost of service was \$1.3 million lower than 2017, due to more Heritage Incentive and Central City Landmark Grants being made in 2017 than 2018. The increase in grants in 2017 was the result of unspent 2016 grants funds being carried forward.

Heritage Incentive Grants and Landmark Heritage Grants will be available for heritage building owners.

Service delivery in 2018/19

The heritage protection activity will focus on the regeneration of the city and there will be no change to the Council's capacity to deliver this activity.

Funding impact statement for year ended 30 June

| | 2018 Actual | 2018 Annual Plan | 2018 Long Term Plan | 2017 Long Term Plan |
|--|----------------|------------------------|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 2,294 | 2,266 | 4,472 | 4,493 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 23 | - | - | - |
| Fees and charges | 5 | - | - | - |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - | - |
| Total operating funding (A) | 2,322 | 2,266 | 4,472 | 4,493 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 1,029 | 1,099 | 1,366 | 1,320 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 98 | 98 | 103 | 108 |
| Other operating funding applications | 3,018 | 3,003 | 3,003 | 3,065 |
| Total applications of operating funding (B) | 4,145 | 4,200 | 4,472 | 4,493 |
| Surplus (deficit) of operating funding (A-B) | (1,823) | (1,934) | - | - |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 6,250 | 7,080 | 17,449 | 11,150 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 6,250 | 7,080 | 17,449 | 11,150 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 4,360 | 4,099 | 17,449 | 11,150 |
| - to improve the level of service | 53 | 1,047 | - | - |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | 14 | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 4,427 | 5,146 | 17,449 | 11,150 |
| Surplus (deficit) of capital funding (C-D) | 1,823 | 1,934 | - | - |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Footnotes | | | | |
| 1 Earthquake rebuild application of capital funding | 4,309 | 4,099 | 17,449 | 11,150 |

Explanation of significant variances

Operating funding

No significant variances

Capital expenditure

Capital expenditure was \$0.7 million lower than plan due to fewer earthquake repairs being undertaken than planned.

Significant capital expenditure

\$1.7 million was spent on Nurses Memorial Chapel, \$1.6 million on Rose Chapel, \$0.6 million on the Old Stone House, and \$0.3 million on the Edmonds Band Rotunda.

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 community and wider environment. The RMA sets out the matters to which the Council must have regard in preparing its District Plan, and the processes it must follow.

Regulation and enforcement services are needed to administer the laws that govern where activities occur and their effects, 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 reasonable use of their property and opportunities to carry on their business.

Regulation and enforcement activities contribute to the environmental, social, cultural 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 and natural 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 Engineering New Zealand, Master Builders, and Architectural Designers NZ, to facilitate a responsive platform to ensure quality engagement.

Resource consenting

Resource consents are required when activities, 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 achieved 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 Consent 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 now fully operative. 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.

| | 2018 | 2017 | Percentage increase / (decrease) |
|--|---------|---------|----------------------------------|
| Preapplication meetings | 635 | 737 | -14% |
| Commercial projects (%) | 31 | 50 | -38% |
| Residential projects (%) | 6 | 50 | -88% |
| Customer satisfaction with building consenting service (%) | 78.2 | 76.7 | 2% |
| Building consents granted | 6,531 | 6,686 | -2% |
| Total value of consents granted (\$ million) | 2,128.9 | 2,327.4 | -9% |
| Residential consents | | | |
| Granted | 5,384 | 5,472 | -2% |
| Value (\$ million) | 927.3 | 1,030.6 | -10% |
| Commercial consents | | | |
| Granted | 1,147 | 1,214 | -6% |
| Value (\$ million) | 1,201.6 | 1,296.9 | -7% |
| Inspections completed | 43,206 | 54,808 | -21% |
| Residential | 35,884 | 47,177 | -24% |
| Commercial | 7,322 | 7,631 | -4% |
| Inspections delivered within three working days (%) | 99.8 | 99.0 | 1% |
| Code Compliance Certificates issued | 5,677 | 6,572 | -14% |

Building Consents

Residential building consent application numbers decreased in 2018 and are expected to continue to do so over the next 12 months. However, the rate of decline is expected to slow as we are now approaching pre-earthquake levels.

As in 2017, commercial rebuild and repair continues to be busy and is expected to remain at a similar level for the next 1-2 years. A number of major Crown projects are now underway and this is expected to stimulate further commercial development.

Earthquake Prone Buildings

At the end of June 2018, there were 572 Christchurch buildings on the national earthquake prone building register. Between December 2017 and June 2018, there were 70 '133AH' notices sent to owners requesting Detailed Seismic Assessment reports to clarify the earthquake prone building status of their buildings.

Building warrant of fitness

A building warrant of fitness (BWOFF) is a statement signed by the building owner (or owner's agent), stating that the requirements of the building's compliance schedule have been fully complied with in the previous 12 months.

Issued warrants of fitness are regularly audited for accuracy. From July 2017 to end of June 2018, 405 audits had been completed, exceeding the target of 360. The team managed approximately 4,500 building warrant of fitness renewals during the 17/18 financial year.

Eco Design Advisor

The Eco-Design advisor completed 349 assessments. This is well over the target of 250 assessments.

Considerable positive customer feedback has been received about this service.

Land and property information services

The table below outlines our achievements in this area.

| | 2018 | 2017 | Percentage increase / (decrease) |
|---|--------|--------|----------------------------------|
| Land Information Memorandums (LIMs) processed | 11,031 | 11,414 | -3% |
| Processed within 10 days (%) | 100 | 100 | 0% |
| Property Information Memorandums (PIMs) only | 713 | 965 | -26% |
| Building Consent/PIMs Combined | 909 | 1234 | -26% |
| Processed within 20 days (%) | 100 | 100 | 0% |
| Certificates of Acceptance (COA) processed | 220 | 192 | 15% |
| Building exemptions granted | 2,499 | 2,237 | 12% |
| Earthquake related exemptions (%) | 34 | 42 | -19% |

While the property market has continued to decrease since the 2014/15 high, 2018 was still the third highest year for LIMs processed in the last ten years, with 100% of LIMs processed within the 10 day goal.

PIMs have dropped 26% overall which is in line with the decrease in building consents shown above. We continue to achieve 100% of PIMs processed within the 20 day goal.

COAs have increased 15% driven by an increase in commercial applications, this is in line with the commercial rebuild and repair expectations found in building consenting.

Building Act exemptions have followed this increase thanks to a greater push in public education of the need to apply for an exemption for some building work. This is further shown through the decline of earthquake related exemptions by 19%.

Resource consents

The table below outlines our achievements in this area.

| | 2018 | 2017 | Percentage increase / (decrease) |
|---|-------|-------|----------------------------------|
| Land use consents processed | 1,896 | 2,011 | -6% |
| Subdivision consents processed | 468 | 576 | -19% |
| Compliance against statutory processing timeframes (%) | 97 | 97 | 0% |
| Straightforward applications processed within 10 working days (%) | 100 | 92 | 9% |
| Pre-application meetings | 481 | 523 | -8% |
| Customer satisfaction with resource consent process (%) | 68 | 64 | 6% |

Resource consent application numbers decreased in 2018, however there has been an increase in the complexity of applications. This is largely due to the new District Plan provisions, along with an increase in the number of large scale and/or complex development proposals, particularly in the central city.

Application numbers are now relatively steady and are expected to remain at a similar level into 2019. The Resource Consents Unit is also experiencing a

sustained high number of public enquiries, as expected following the implementation of the new District Plan.

Regulatory compliance, licensing and registration

Some of our key achievements are set out below:

Noise control

Activities carried out under the Resource Management Act saw an increase in written notices to cease noise and an increase in the number of equipment seizures. Overall, there has been a reduction in complaint numbers for excessive noise.

Food Act

The transition to the new Food Act 2014 has been ongoing and 95% of food operations are now working to the new requirements. 85% of the food premises registered that require Council checks were visited, exceeding our target of 75%.

The implementation of the Food Act 2014 has resulted in a different way of working for both operators and Councils. Compliance is now checked against the operator's Food Safety Plan as opposed to the Food Hygiene Regulations; and failure to meet food safety requirements results in operations being checked more often at the operator's cost.

Animal management

The number of dog owners utilising the free micro-chipping service has dropped which reflects the increasing rate of micro-chipped dogs in the city.

58 Dogsmart dog bite prevention programmes were delivered to schools, exceeding our target of 50.

Reading To Dogs at libraries was received by 114 children in the past year.

Compliance services

A total of 5,542 Customer Service Requests were received and 2,842 corrective actions were taken where staff identified non-compliance with the District Plan, Resource Management Act, Building Act and bylaws.

2,527 resource consents were monitored during the year. 168 identified non-compliances resulted in written advice and 59 infringement notices were issued.

Alcohol licensing

Alcohol licence numbers continued to increase, with a total of 970 current on/off/club licences held in Christchurch at 30 June 2018, up from 929 from the previous year. These numbers are still well below pre-earthquake numbers (mainly in the central city) of around 1,112 total licences.

An Alcohol Accord for the Oxford Terrace precinct area is now in place with licensees.

All alcohol licence applications are now publicly notified on a dedicated webpage. This reflects the requirements of the Sale and Supply of Alcohol Act 2012 and provides a streamlined notification process that has assisted with managing application processing and legislative timelines.

Swimming pool inspections

The requirements of the Building Act 2004 were amended and came into effect on 1 January 2017. This has resulted in a decrease in the required swimming pool inspections. The new requirement is to inspect pools at least once every 3 years. The team completed inspections on 43% of swimming pools in Christchurch which is 10% above the new required target.

| | 2018 | 2017 | Percentage increase / (decrease) |
|---|--------------|--------------|----------------------------------|
| Animal Management | | | |
| Dangerous dogs re-inspections | 58 | 68 | -15% |
| High risk or menacing dog re-inspections | 400 | 459 | -13% |
| Priority one complaints involving aggressive behaviour by dogs or wandering stock | | | |
| Number received | 149 | 165 | -10% |
| Dealt with within 10 minutes (%) | 99.3 | 99.3 | 0% |
| "Dogsmart" dog bite prevention programme for schools | | | |
| Schools programme provided to | 58 | 56 | 4% |
| Dogs micro-chipped for free | 710 | 1,267 | -44% |
| Noise and health risks | | | |
| Noise complaints received | 12,828 | 10,874 | 18% |
| Responded to within one hour (%) | 93.2 | 95.3 | -2% |
| Noise visits conducted where noise was found to be excessive | 2,936 | 1,904 | 54% |
| excessive noise direction issued (%) | 97.5 | 97.4 | 0% |
| Matters reported that pose a serious risk to public health | 2 | 9 | -78% |
| Investigations started within 24 hours (%) | 100 | 100 | 0% |
| Alcohol licensing | | | |
| Monitoring visits to high risk premises | 71 | 41 | 73% |
| High risk premises visited at least twice within 12 months (%) | 100 | 100 | 0% |
| Alcohol licence applications received | 188 | 181 | 4% |
| Lodgement meetings for new on/off club licences | 100 | 181 | -45% |
| Food safety and health licensing | | | |
| Non compliant food premises reinspected twice within six months | N/A | 9 | N/A |
| Registered food premises | 1,961 | 1,610 | 22% |
| Premises inspected by an Environment Health Officer during year (%) | 85 | 76 | 12% |
| Compliance Services | | | |
| Investigations into reports of matters that pose a serious risk to public safety are commenced within 24 hours. | 17 100% | 65 100% | 0% |
| <i>* The number of reports that are captured by this target has decreased as a result of changes to the way we receive and classify complaints about buildings that are vacant or potentially dangerous</i> | | | |
| Swimming pools and spa pools inspected annually (33%) | 1,931 43% | 3,649 82% | -47% |
| Monitor all high risk Resource Management Act consents/permits at least once every six months (number of site visits to high risk premises) | 168 | 193 | -13% |

District Planning

The District Planning team, in partnership with many other teams from across the Council, has completed the District Plan Review and the Plan became fully operative in December 2017 (apart from the coastal provisions which are to be subject to a future plan change). The focus for the second part of the year was on establishing a District Plan monitoring programme and identifying and correcting minor errors.

There have been several projects under the Greater Christchurch Regeneration Act involving the Council either as a proponent or submitter. The Cranford Regeneration Plan (Council as the proponent) was approved by the Minister in August 2017, and the Canterbury Sports Limited (Council as the proponent) prepared under Section 65 of the Act (i.e. using the Minister's powers under Section 71) is nearing the end of its process. Staff have also provided feedback on the Ōtākaro/Avon River Corridor Regeneration Plan and Redcliffs School relocation

The third major work stream has been working with UDS partners to complete the housing and business capacity assessments, and Future Development Strategy required by the National Policy Statement for Urban Development Capacity. Finally staff have provided feedback to the Ministry for the Environment on the Draft National Planning Standards which will have a major influence on the form and content of the District Plan in the future.

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%. | 2017: 99.3%. 2016: 97.8%. 2015: 100%. |
| | Re-inspect properties of dogs classified as dangerous and high risk or menacing to check for compliance. | 98% per annum. | Achieved | 100%. | 2017: 100%. 2016: 100%. 2015: 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%. | 2017: 100%. 2016: 100%. 2015: 100%. |
| | Minimum percentage of swimming pools and spa pools inspected annually. | 33%. | Achieved | 43% of swimming and spa pools inspected. This was a total of 1,931 first inspections. | 2017: 82% of swimming and spa pools inspected. This was a total of 3,649 first inspections. 2016: 28.8% of swimming and spa pools inspected. This was a total of 1,496 first inspections. |
| | Monitor all high risk Resource Management Act consents / permits at least once every six months. | 95%. | Achieved | 100%. | 2017: 100%. 2016: 100%. |
| Alcohol licencing. | Inspect all high risk alcohol licensed premises at least twice per year (assessed using risk assessment methodology). | 100%. | Achieved | 100%. | 2017: 100%. 2016: 100%. 2015: 100%. |
| Food Safety and Health Licencing. | Inspect registered food premises once per year. | Inspect at least 75% of all registered food premises once per year. <i>(Level of service target was reviewed during the year to ensure compliance with new legislation. No change was required.)</i> | Achieved | 85% inspected. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|--|----------|---|--|
| | 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. 150 premises were due for inspection this year. | 2017: 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 | 93.2%. | 2017: 95.3%. 2016: 91%. 2015: 90%. |
| Land and Property Information Services | | | | | |
| Land Information Memoranda (LIMs). | Process Land Information Memorandum applications within statutory timeframes. | Process 99% of Land Information Memorandum applications within 10 working days (excl Christmas period of closure). | Achieved | 100%. | 2017: 100%. 2016: 99% for year. Five applications did not meet the timeframe. 2015: 100%. |
| 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%. | 2017: 100%. 2016: 100%. 2015: 99%. |
| 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 | 99%. | 2017: 98%. 2016: 100%. 2015: 91% |
| | Retrieve and provide commercial property files in hard copy for customers. | Retrieve and provide 95% of optional requests for scanning of records within 5 working days (charges apply). | Achieved | 95%. | 2017: Level of service is not in line with contractor service requirement. 2016: 99%. 2015: 100% |
| | 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% | 2017: 100%. 2016: 100%. 2015: 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 95% of building consents within 19 working days from the date of lodgement. | Achieved | 97.9% of consents processed within 20 working days. | 2017: 92.5% of commercial consents granted within 19 days and 96.7% 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. |
| | Ensure % satisfaction with building consents process. | 80%. Quarterly review survey results and feed common issues to issues register for resolution. | Not achieved | 78.2%. (survey from Dec 2017 to June 2018) | 2017: 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 95% of inspections within three working days. | Achieved | 99.8%. | 2017: 99.3%. 2016: 99% 2015: Full year result not available – part year results residential 6 days, commercial 4 days. |
| | Grant Code Compliance Certificates with 20 working days. | The minimum is to issue 95% of Code Compliance Certificates within 19 working days from the date of lodgement. | Achieved | 98.9%. | 2017: 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. |
| Building consenting public advice. | Provide public advice service to support building consenting customers. | Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays). | Achieved | Counter service at Civic Offices have been staffed between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays). | 2017: 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. |
| 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 | 405 audits completed. | 2017: 445 audits completed. 2016: 240 commercial audits were completed. 2015: 204 audits were completed. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|--|--|----------|---|---|
| Building Policy Building accreditation review. | Building Consent Authority status is maintained. | 'Building Consent Authority' status is maintained. | Achieved | BCA Accreditation maintained. | 2017: Reaccreditation is due August 2017. 2016: BCA Accreditation maintained. 2015: BCA Accreditation regained 17 December 2014. |
| 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. | 2017: CCC building policy has met Building Act requirements at all times. 2016: Policies are compliant. 2015: Achieved. |
| 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 that may give rise to a claim have been appropriately notified. | 2017: 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. |
| | Manage the processing of building related claims under the appropriate forum. | Settlement contributions are agreed in accordance with Financial Delegation Authority prior to attending negotiations. | Achieved | All matter before the court have counsel assigned. | New measure for 2018. |
| Weathertight claims resolution | 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 | All matters within the FAP program are being managed in accordance with the program, MBIE have referenced Christchurch as a model way of working in the area. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|--|--|--------------|---|---|
| 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. | Achieved | 100%. Total of 48 applications, all processed within timeframe. | 2017: 92%. 90 of 98 were processed within timeframe. 2016: 96% processed within the timeframe. 2015: 87%. 106 of 122 consents processed within time frames. |
| | % of complex non-notified resource management applications processed within statutory timeframes. | 99% within the statutory timeframes. | Not achieved | 97%. | 2017: 98%. 2016: 99%. 2015: 99%. |
| | % of notified resource consents processed within statutory timeframes. | 99% within the statutory timeframes. | Not achieved | 93%. 28 out of 30 applications within timeframe. | 2017: 95%. 2016: 92%. |
| | % of subdivision consents processed within statutory time frames. | 99% within statutory timeframes. | Achieved | New District Plan has resulted in there being no simple subdivision applications. | 2017: 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. |
| | % satisfaction with resource consenting process. | 77% satisfaction achieved. | Not achieved | 68%. | 2017: 64%. 2016: 74%. 2015: 81%. |
| District Planning | | | | | |
| Maintain the operative Christchurch City Plan and Banks Peninsula District Plan - including processing of Council-led plan changes. | Prepare the Replacement District Plan in three stages. | Maintain Operative Plan through LOS categories that follow. | Achieved | Completed and operative as at 19 December 2017. | Not previously a performance measure |
| Process private proposed changes to the District Plan. | Processing of all privately-requested plan changes complies with statutory processes and timeframes. | 100% of processing of privately-requested plan changes comply with statutory processes and timeframes. | Achieved | No changes made due to Order in Council. | 2017: 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. |

Where are we heading?

The Group remains committed to delivering consenting, licensing and compliance/enforcement activities that support the ongoing needs of the Christchurch community. To assist in achieving this, we continue to promote the Partnership Approvals service via our Case Managers and promote pre-application meetings, electronic processing and manage compliance activities appropriately.

The residential rebuild in Christchurch has slowed with residential building consents returning to levels similar to those before the 2010/11 Canterbury earthquake sequence. The team will continue to work with staff to improve customer service. Our focus will continue on the reduction in reliance of processing by external Building Consent Authorities.

Commercial consents is expected to remain at current levels for the next two to three years.

The Group is looking at how we can support other Building Consent Authorities to prepare for the upgrading of buildings in accordance with earthquake prone building legislation.

We can expect some changes to be made to the District Plan under the Greater Christchurch Regeneration Act resulting from current proposals. There are also potential Council Plan changes under the RMA including dealing with matters that have arisen since the Plan has come into use. However these cannot be notified until the OIC is revoked. It is also possible that the Council will receive requests for private plan changes.

As the complexity of complaints is expected to continue to increase with more involved resource consents conditions the group will focus on continued training of its officers on the latest investigation techniques.

Service delivery in 2018/19

With the hearings on the District Plan completed, attention has shifted to administering the new plan. A program is being set up to ensure the Council complies with its monitoring and reporting obligations under the RMA.

The Council will remain focused on continuous improvements of regulatory functions given the slow down on consenting and licensing activity.

The review of the Council's District Plan has been completed. This document sets the direction for land use and development planning across the City and Banks Peninsula. The new District Plan is a significant change from the City Plan, and there will be a period of bedding in as resource consenting staff work with applicants interpreting new provisions and implications. Over the coming year, it is expected there will be some changes made to the District Plan but that will dependent on the current restriction being lifted and whether plan change powers are used under the Greater Christchurch Regeneration Act.

This year has seen a continued increase in demand and complexity of regulatory compliance investigations and monitoring of activities, specifically in the areas of quarries, clean-fill sites, illegal building related activities and Bylaw enforcement. The level of complexity that the investigations team manage is expected to continue into 2018/19.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|---|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Regulatory compliance, licensing and registration | 9,656 | 10,038 | 9,768 |
| Building consenting, inspections and monitoring | 29,652 | 30,483 | 31,673 |
| Resource consenting | 9,406 | 8,505 | 9,489 |
| Building policy | 5,813 | 2,499 | 8,103 |
| Land and property information services | 3,126 | 3,585 | 3,157 |
| District planning | 3,074 | 3,393 | 7,782 |
| | 60,727 | 58,503 | 69,972 |
| Operating revenue from services | | | |
| Regulatory compliance, licensing and registration | 5,288 | 5,586 | 5,423 |
| Building consenting, inspections and monitoring | 28,084 | 29,956 | 27,259 |
| Resource consenting | 7,915 | 7,038 | 7,309 |
| Building policy | 569 | 772 | 624 |
| Land and property information services | 4,515 | 4,974 | 4,614 |
| District planning | 28 | 400 | 938 |
| | 46,399 | 48,726 | 46,167 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 14,328 | 9,777 | 23,805 |

Explanation of significant variances

Regulatory compliance licensing and registration

The cost of services was \$0.4 million lower than plan as a result of lower staff costs for service delivery.

Operating revenue was \$0.3 million lower than plan due to less revenue for food premises license applications, dog licensing and animal management activities. Some of this loss in revenue is offset by additional revenue from Compliance & Investigations services.

Building consenting inspections and monitoring

The cost of service was \$0.8 million lower than plan, but was \$2.0 million less than 2017 due to cost savings which resulted from an 18% reduction in residential, consents, excluding solid fuel burners.

Revenue fell \$1.9 million short of plan, despite being \$0.8 million greater than last year. A challenging revenue plan was not met, mainly due to the reduction referred to above.

Resource consenting

During the year both revenue and costs exceeded plan by \$0.9 million, leaving the net cost per service as planned. This net cost was \$0.7 million less than last year, the variance arising from increased revenue.

Overall volumes were slightly down on last year but reflected greater complexity. This required additional specialist input, generally from within the Council, adding processing costs which were then recovered from applicants as extra revenue.

Building policy

The cost of service was \$3.3 million higher than plan. The 2018 actuarial assessment of the total provision for weathertight homes, Building Act and general negligence resulted in a \$3.7 million increase in the provision which was unplanned.

The net cost of the Building Accreditation service was \$0.4 million greater than last year, mostly due to covering a wider range of range of training and professional development costs than last year. Revenue from the levy was slightly down on last year, reflecting the reduction in consent volumes.

Land and property information services

The costs of services are \$0.5 million lower than plan with \$0.2 million relating to the lower demand for Property Information Memoranda services. This reduction in demand has a direct link to a reduction in building consent volume. The other key variance of \$0.3m is primarily as a result of reduction in demand relating to the viewing of property files.

District planning

The cost of service was \$4.7 million lower than 2017 reflecting the significant reduction in workload of the District Plan Review project. The \$0.9 million decrease in revenue was for the same reason.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 10,120 | 9,998 | 10,597 | 13,087 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 2 | - | - | - |
| Fees and charges | 45,810 | 48,205 | 41,839 | 42,821 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 585 | 521 | 6,599 | 6,220 |
| Total operating funding (A) | 56,517 | 58,724 | 59,035 | 62,128 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 58,347 | 55,950 | 55,767 | 58,647 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 2,447 | 2,442 | 2,272 | 2,558 |
| Other operating funding applications | (105) | - | 859 | 839 |
| Total applications of operating funding (B) | 60,689 | 58,392 | 58,898 | 62,044 |
| Surplus (deficit) of operating funding (A-B) | (4,172) | 332 | 137 | 84 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 4,283 | (11) | (9) | 7 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 4,283 | (11) | (9) | 7 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | - | 10 | 12 | 27 |
| - to improve the level of service | - | - | - | - |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | 111 | 311 | 116 | 64 |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 111 | 321 | 128 | 91 |
| Surplus (deficit) of capital funding (C-D) | 4,172 | (332) | (137) | (84) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding

- - - -

Explanation of significant variances

Operating funding

The operating funding deficit was \$4.5 million higher than planned.

Revenue was \$2.3 million less than plan due to the reduced volumes of residential building consents and regulatory compliance applications offset by additional resource consent revenue due to the complexity of consents processed.

Operating expenditure was \$2.3 million higher than plan with payments to staff and suppliers being the principal contributor (\$2.4 million). This increase was due to the increase in the provision for Weathertight Homes and Building Negligence claims (\$3.7 million) and increased

costs due to complex resource consent applications offset by reduced consenting costs as a result of lower than expected volumes

The additional complexity of Resource Consent applications required extra processing costs of \$0.9 million, whilst lower volumes of residential building consents generated savings against plan of \$0.8 million.

Capital expenditure

There were no significant variances.

Significant capital expenditure

There was no capital expenditure.

Council activities and services Economic development

What is economic development, and what does the Council do?

Economic development occurs when communities and policymakers act together over time to increase the standard of living by improving the city's economic health and prosperity. The Council leads economic and key sector development, the regional innovation system, and support for high growth potential exporting businesses. We are also focused on attracting more visitors, while our civic and international relations programmes foster international partnerships and extend cultural understanding in the community.

Why is the Council involved?

The city needs a strong economy if it is to achieve its goals. Economic development activities help expand the economy so residents have better employment and business 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 jobs and better 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 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 which is a CCTO, 100 per cent owned by the Council. Vbase 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 provides ChristchurchNZ with operational funding to provide visitor attraction, economic development and major event promotion and services for Christchurch.

The success of ChristchurchNZ's performance has been measured to ensure that it is delivering key functions including:

- Research and Insights – contributing to economic development.
- Major Events – entertainment opportunities.
- Destination – tourism related activities.
- Convention Bureau – promotion of facilities.
- Export Education – attracting students.
- City Promotions – information source.

Civic and international relations

We coordinated the commemoration of the seventh anniversary of the Canterbury earthquake, attended by the Prime Minister. 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.

The Civic and International Relations team hosted 75 international visits, including that of the President of Ireland, the Dean of Christ Church Cathedral in Oxford UK, the Swedish Speaker of the House, seven Chinese delegations for Rewi Alley 120th Commemoration events, a delegation from the United Nations Intergovernmental Panel on Climate Change, and the female crew of Indian Navy sailing vessel INVS Tarini. Consistent with recent years, the majority of visitors were from China.

Our seven Sister City relationships remain active through projects centred on people to people exchanges, business development, tourism, education, culture and sport.

12 Citizenship Ceremonies were held for 2,068 new citizens, including the Waitangi Day Citizenship Ceremony at Wairewa Marae in Little River.

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 (such as brochures, merchandise and websites). | 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 | Projects that involved the production of promotional material, include KidsFest, Summertimes, parking campaigns, Libraries, Recreation & Sport, Kerbside Collection, Facilities and events. | 2017: 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. |
| | Residents are satisfied with Council provision of information available to them about events, activities and attractions in Christchurch. | 85% Annual Residents survey. | Not achieved | 72% of residents said they were satisfied with the provisions of information about events, activities and attractions in Christchurch. | 2017: 79% 2016: 83% 2015: 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 80% of available sites will be utilised over 12 months for seasonal decoration, management of event and festival banners on behalf of organisers. | Achieved | 85% of available sites utilised | 2017: 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. |
| 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. | Strengthen the new strategic city to city/region relationship with China. | Achieved | Council approval obtained for a comprehensive review of Christchurch Inc International Relations Policy and Strategy, which will produce a strategic framework for advancing high value city to city relationships. | 2017: Relationship with Sichuan has been negotiated. 2016: Relationship with Shenzhen has been established and is under development. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|--|----------|---|---|
| | | Investigate a new strategic city to city/region relationship where the opportunity exists for high value investment, growth, tourism and cultural links. | Achieved | Council approval obtained for a comprehensive review of Christchurch Inc International Relations Policy and Strategy, which will produce a strategic framework for advancing high value city to city relationships. | New measure for 2018. |
| 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. | Achieved | Current active partnerships maintained - good developments with potential new partners | 2017: 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. |
| | | All major support activities delivered annually - Season Opening function, Antarctic University of Canterbury (UC) scholarship. | Achieved | All major activities delivered | 2017: Achieved. 2016: Achieved. 2015: Achieved. |
| Antarctic Office | Christchurch is recognised by Antarctic programmes as an excellent/ globally competitive Antarctic gateway city. | Implement a city/region Antarctic Strategy. | Achieved | Strategy delivered and approved. | 2017: 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. |
| | | Implement the coordinated marketing programme. | Achieved | Maintained Antarctic Office and Council profile | 2017: Achieved. |
| 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 | Monthly or bi-monthly citizenship ceremonies successfully delivered | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|--|----------|--|--|
| | Support the RSA and community in the delivery of commemorative events. | ANZAC Day commemorations in central Christchurch and WW100 Activities supported with planning and delivery. | Achieved | ANZAC Day successfully delivered. Smaller ANZAC Day ceremonies in city wards supported through appropriate traffic management. | 2017: 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. |
| | 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 75 separate official visits, including Government Ministers, Mayors and Ambassadors. | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|---|--|--------------|---|--|
| | 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 | Key events delivered include the Apprentice Graduation Ceremony, the February 2011 Earthquake Memorial Day, and a civic reception for a United Nations Panel of Climate Change Experts. | 2017: 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 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. |
| Christchurch Economic Development Coordination and Leadership | | | | | |
| Coordination and leadership of economic development programmes; economic development leadership, industry development and business acceleration. | ChristchurchNZ provides economic development leadership for Christchurch. | Review and update the Christchurch Economic Development Strategy with Council. CEDS revision completed by 30 June 2018. | Not measured | | |
| | | Economic knowledge and insights are regularly delivered to stakeholders via website, publications and update events by minimum quarterly. | Achieved | All monthly reports and quarterly economic updates completed. | 2017: Monthly economic report posted to CDC website and distributed to database. Economic Updates delivered and the Canterbury Report published. Press columns delivered on public value of stadiums to cities 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 |
|----------------------|--|---|--------------|--|--|
| | ChristchurchNZ 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. | Not measured | | 2017: 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 ChristchurchNZ knowledge base per year. | Not measured | | 2017: Three Economic reports produced. 2016: Five economic reports produced. |
| | | Maintain and publish the Canterbury economic infrastructure situation report quarterly. | Achieved | <ul style="list-style-type: none"> • mapping update • priority framework review • infrastructure situation report • 1 project completed and another will continue into 2018/19 | 2017: 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, 28 December 2015, 28 April 2016 and 30 June 2016. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|--|---------------|--|--|
| | ChristchurchNZ Leads the Canterbury Regional Innovation System (CRIS) | ChristchurchNZ 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 | 23 clients have run projects in the FoodSouth pilot plant | 2017: 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 centre. Canterbury Angels. 2016: 15 ventures invested in. 2015: 10 companies. |
| | | In conjunction with the MBIE, ChristchurchNZ Innovation provides an innovation hub for use by early stage business & entrepreneurs in the region. | Achieved | <ul style="list-style-type: none"> • 4 Innovation Precinct tenancy group meetings held • Greenhouse Action Plan developed and actions have been implemented resulting in increased activity(start-ups, tenants and events) | 2017: 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. |
| | ChristchurchNZ 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. | Achieved | 617 businesses supported | 2017: 596 businesses received mentoring services. 2016: 786 businesses received mentoring services. 2015: 10 clients have been case managed for each sector. |
| | | 40 clients per annum will be intensively case managed. | Not measured. | | 2017: 41 businesses being intensively managed. 2016: 45 businesses being intensively case managed. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|------------------------------------|--|--|--------------|---|---|
| | | ChristchurchNZ 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. | Not measured | | 2017: 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. | Not measured | | 2017: 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. |
| Tourism Development and Marketing. | ChristchurchNZ provides leadership to the tourism sector in Christchurch. | Five year ChristchurchNZ strategic plan updated, to be updated by 30 June 2018. | Achieved | Key strategy work – stream is being implemented such as the Major Events Strategy. Christchurch Narrative, the CNZ tourism activity plan is aligned to the implementation points in the Visitor Strategy. | 2017: 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. |
| | CCCB (operated by ChristchurchNZ) 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. | Not measured | | 2017: 8% achieved by year end. 2016: 9% achieved by year end. |
| | ChristchurchNZ 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. | Not measured | | 2017: 8 Business Partner functions held. 2016: 8 Partner meetings held. 2015: 7 business partner meetings and 16 industry communication updates sent. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|--|--|--------------|--|--|
| | | Engage with 15 tourism businesses per year on specific tourism projects or issues and provide marketing advice where relevant. | Not measured | | 2017: 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. |
| | ChristchurchNZ 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. | Not measured | | 2017: 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 collateral for arriving cruise passengers in Akaroa on regional activities & information. | Not measured | | 2017: 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. |
| | 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 | I-site open 8.30-5.00 Visitor satisfaction 97% 170,538 people have walked into I-site Arts Centre Building | 2017: 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. |

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|----------------------|------------------|--|----------|--|--|
| | | 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. | 2017: 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. |

Where are we heading?

ChristchurchNZ delivers tourism, major events and economic development services on behalf of the Council.

ChristchurchNZ will deliver services agreed with the Council and will focus on:

- Building a major event portfolio that brings visitors to Christchurch, including the first Bread and Circus Buskers Festival
- Continuing to build Christchurch's visitor numbers and visitor spend
- Building a strong conferencing presence with a focus on leveraging off the development of the Te Pae Christchurch Convention Centre
- Building Christchurch's capability and capacity to foster innovation and market-leading products and services
- Partnering with education providers to promote Christchurch as a destination of choice for international students coming to New Zealand

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

- Development and implementation of a Christchurch and Canterbury Antarctic Strategy

Service delivery in 2018/19

ChristchurchNZ has partnered with key stakeholders and businesses to prepare plans that provide Christchurch with clear strategic direction in the visitor, economic development, major events and Antarctic gateway areas of work. The coming year will see refinement of strategies and the development of action plans to enable Christchurch to work together to ensure we are a city of opportunity for all.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|---|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Civic and international relations | 2,522 | 2,086 | 2,391 |
| Christchurch economic development coordination and leadership | 11,880 | 11,880 | 12,152 |
| City promotions | 166 | 144 | 499 |
| Venue management (Vbase) | - | - | - |
| | 14,568 | 14,110 | 15,042 |
| Operating revenue from services | | | |
| Civic and international relations | 543 | 38 | 62 |
| Christchurch economic development coordination and leadership | - | - | - |
| City promotions | - | - | - |
| Venue management (Vbase) | 100 | 100 | 108 |
| | 643 | 138 | 170 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 13,925 | 13,972 | 14,872 |

Explanation of significant variances

Civic and international relations

The cost of service was \$0.4 million higher than plan, as a result of additional costs associated with the Antarctic Office and Antarctic related activities.

Operating revenue was \$0.5 million higher than plan due to the receiving funding from ChristchurchNZ for Antarctic activities that continued to be delivered by Council in 2018.

Christchurch economic development coordination and leadership

The cost of services was \$0.3 million lower than 2017, due to a lower grant to ChristchurchNZ to support this activity in 2018 and a one off grant to support the Singularity University conference in 2017.

City promotions

The cost of services was \$0.3 million lower than 2017, because all city promotion services were transferred to ChristchurchNZ from 1 July 2017.

Venue management (Vbase)

No significant variances.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 13,176 | 13,017 | 8,799 | 8,792 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 40 | 38 | 31 | 31 |
| Fees and charges | 103 | 100 | 122 | 120 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 500 | - | - | - |
| Total operating funding (A) | 13,819 | 13,155 | 8,952 | 8,943 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,323 | 2,028 | 1,903 | 1,864 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 609 | 609 | 400 | 425 |
| Other operating funding applications | 11,584 | 11,457 | 7,588 | 7,612 |
| Total applications of operating funding (B) | 14,516 | 14,094 | 9,891 | 9,901 |
| Surplus (deficit) of operating funding (A-B) | (697) | (939) | (939) | (958) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | (242) | - | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | (242) | - | - | - |
| 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 | (939) | (939) | (939) | (958) |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | (939) | (939) | (939) | (958) |
| Surplus (deficit) of capital funding (C-D) | 697 | 939 | 939 | 958 |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding

- - - -

Explanation of significant variances

Significant capital expenditure

Operating funding

See above for explanation.

There was no capital expenditure.

Capital expenditure

There were no significant variances.

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

Staff worked with elected members to review the Council's community outcomes and develop the Council's strategic priorities and a strategic framework for this triennium.

Council's Housing Policy was implemented with the establishment of a Development Contributions Remission for community housing providers; progressing the Christchurch Housing Initiative shared equity home ownership scheme; supporting a local Housing First Programme; and working with the Government and others in supporting social and affordable housing.

The development contribution policy underwent a rolling review focused on investigating options for introducing catchment based assessments for water, wastewater, active travel and public transport development contributions.

- Temporary alcohol bans were implemented for Linwood Village and Riccarton Racecourse environs and the following bylaws were reviewed: General Bylaw 2008, making minor amendments.
- Stock Control Bylaw 2008, replacing it with the Stock on Roads Bylaw 2017.
- Marine and River Facilities Bylaw 2008, replacing it with the Marine, River and Lake Facilities Bylaw 2017.
- Traffic and Parking Bylaw 2008, replacing it with the Traffic and Parking Bylaw 2017.

The following bylaws were revoked:

- The Speed Limits Bylaw 2010 (coverage was incorporated into the Traffic and Parking Bylaw).
- The Urban Fire Safety Bylaw 2014.

Since June 2017, the Council has made 14 submissions on priority issues, for example, the draft National Policy Statement on Land Transport and the Local Government (Community Wellbeing) Amendment Bill. Council staff also made 16 staff submissions on matters of a technical or operational nature, such as the draft Technical Guidelines for Seismic Assessment of Existing Buildings and the draft Threatened Species Strategy.

Stormwater management

We contributed to the Council's flooding intervention policy and contributed to on-going discussions with Nga Rūnanga regarding the global stormwater discharge consent conditions.

We continue to provide technical support for the Christchurch-West Melton and Banks Peninsula Zone Committees. We also provide occasional support for the Selwyn-Waihora zone committee and the Regional Water Management Committee.

Natural environment

\$195,500 of Christchurch Biodiversity Funding was allocated for fencing, pest control and planting, to private landowners with Sites of Ecological Significance.

We are continuing the Sites of Ecological Significance programme, meeting with landowners to finalise site statements and to progress new surveys across Banks Peninsula.

Key natural hazard investigations completed, include a revised coastal hazard assessment for Christchurch and Banks Peninsula, tsunami inundation modelling for Lyttelton and Akaroa Harbours, and further work on the liquefaction, high groundwater and flood hazards in the New Brighton, South New Brighton and Southshore area. Significant progress was also made on the Christchurch Liquefaction Mapping Project, due for complete in late 2018 / early 2019.

The internal staff draft Integrated Water Strategy has been completed. A summary document for iwi review has also been completed. We are working to arrange a hui for review of the internal draft.

We continue to contribute to the Partnership Steering Group for the Whakaraupo Catchment Management Plan.

We continue to support the Te Waihora Co-Governance Group, primarily through the provision of participation in, and advice to, the Te Waihora Co-Governance Joint Officials Group. We also provide advice and support to the Council's Co-Governor. Through the Te Waihora Agencies Group we provide technical and policy advice in this multi-agency group.

We continue to provide advice and analysis on other water-related matters, such as an investigation into water-borne diseases.

We lead reviews of ECAN resource consent applications, having received several dozen consent applications for discharges to air water and land during 2017/18. We coordinated submissions on 21 ECAN resource consent applications during that time.

We continue to be 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.

Resource Efficiency

A target sustainability programme was delivered to 40 businesses.

Electric vehicle shared fleet programme was launched in February 2018 and charging infrastructure continues to be rolled out across the city.

Carbon Emissions Management and Reduction schemes along with the Energy-Mark Gold certification were achieved for a second time for Council's energy management system.

How did we measure up?

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|--|---|---|----------|---|--|
| Strategic Policy and Planning Strategic Policy and Planning. | Advice is provided to Council on high priority policy and planning issues that affect the City. | Recommended work programme submitted by 30 June for the following financial year. | Achieved | Comprehensive work programme for all strategic policy work developed for the whole of Council. | 2017: 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. |
| Regulations and Bylaws Policy and Planning. | Bylaws and regulatory policies are reviewed to meet statutory timeframes and changing needs. | Carry out bylaw reviews in accordance with ten-year bylaw review schedule and statutory requirements. | Achieved | Review was carried out in accordance with ten-year bylaw review schedule and statutory requirements. | 2017: 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. |
| Natural Hazards Policy and Planning. | Development of new policies, strategies and plans. | Port Hills slope stability study. | Achieved | 5 new policies, strategies and plans: Events Policy, Major Events Strategy, Alcohol Action Plan, Whakaraupo Catchment Management Plan and Antarctic Strategy all approved by Council. | 2017: 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. |
| 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 | The task was to present an update on suburban master plan priority actions on a six-monthly basis. This was achieved on 16 Nov 2017 and 2 May 2018. | 2017: Six monthly reporting has been provided to the Innovation and Sustainable Development Committee. 2016: Update reports provided to Strategy and Finance Committee in October 2015 and 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 | Initial advice delivered within 5 working days. | 2017: Advice provided within five working days. 2016: Resource consent advice recorded. 2015: 85% of transitional City Programme 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 | Provided urban design advice for projects which affect the public realm, both within CCC and through regeneration partners and consenting processes. | 2017: 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 2014/15. |
| | | A review of the Urban Design Panel is undertaken as part of the preparation of the Long Term Plan (three-yearly) | Achieved | Achieved. The Urban Design Panel has continued to operate throughout the year providing design review advice on applications, mainly at the pre-application stage. | |

Where are we heading?

We will work with Regenerate Christchurch and DCL 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 and on active travel to reduce the use of private motor vehicles. There is a work programme to encourage the uptake of electric vehicles and associated charging infrastructure. Target Sustainability services will continue to support businesses with resource efficiency and greenhouse gas emission reduction. 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. At the same time we will develop Council’s strategic direction and implementation plans to mitigate and adapt to the effects of climate change.

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 scheduled review and community consultation in 2018/19 of the following bylaws:

- Public Places Bylaw 2008
- Cemeteries Bylaw 2013
- Brothels (Location and Commercial Sexual Services Signage) Bylaw 2013
- Alcohol Restrictions in Public Places Bylaw 2009
- A proposed amendment to the Freedom Camping Bylaw 2015.

Social and economic policy advice will focus on enabling the implementation of Business Improvement Districts and a rolling review of the Development Contributions Policy; as well as housing policy-related initiatives such as the Christchurch Housing Initiative and the Housing First Programme.

The Wellbeing Programme will work with Health and Police staff to identify alcohol-related harm issues

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|--|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Strategic policy and planning | 13,709 | 13,843 | 11,862 |
| | 13,709 | 13,843 | 11,862 |
| Operating revenue from services | | | |
| Strategic policy and planning | 851 | 556 | 863 |
| | 851 | 556 | 863 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 12,858 | 13,287 | 10,999 |

Explanation of significant cost of service variances

Strategic policy and planning

The cost of services was \$1.8 million higher than in 2017 primarily as a result of Smart Cities and Resilience projects, which were included within the Corporate group of activities in 2017 but are now included within Strategic Planning.

evident in Christchurch to inform any future policy; complete the required review of the Class 4 Gambling and TAB Policy; and support the Resilient Greater Christchurch 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 2018/19

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.

Funding impact statement for year ended 30 June

| | 2018 Actual | 2018 Annual Plan | 2018 Long Term Plan | 2017 Long Term Plan |
|--|----------------|------------------------|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 12,905 | 12,749 | 9,752 | 9,465 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 255 | 100 | 105 | 102 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 596 | 456 | 354 | 345 |
| Total operating funding (A) | 13,756 | 13,305 | 10,211 | 9,912 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 11,783 | 11,802 | 11,623 | 11,249 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 624 | 630 | 565 | 586 |
| Other operating funding applications | 1,320 | 1,373 | 573 | 863 |
| Total applications of operating funding (B) | 13,727 | 13,805 | 12,761 | 12,698 |
| Surplus (deficit) of operating funding (A-B) | 29 | (500) | (2,550) | (2,786) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | 886 | 1,430 | 2,863 | 3,091 |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | 886 | 1,430 | 2,863 | 3,091 |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | - | - | - | - |
| - to improve the level of service | 608 | 600 | - | - |
| - to meet additional demand | 275 | 330 | 313 | 305 |
| Increase (decrease) in reserves | 32 | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | 915 | 930 | 313 | 305 |
| Surplus (deficit) of capital funding (C-D) | (29) | 500 | 2,550 | 2,786 |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding

Explanation of significant cost of service variances

Operating funding

Operating funding is \$0.5 million higher than planned due to increased rates revenue, fees received for liquefaction mapping and work done for Regenerate Christchurch, and increased cost recoveries for Greater Christchurch Partnership activities.

Capital funding

There were no significant capital funding variances.

Significant capital expenditure

\$0.6 million was spent on Smart Cities innovation projects including Christchurch digital twin – asset visualisation and management platform, permanent accelerometers for Art Gallery seismic monitoring, rubbish bin and mobility parking sensors and the cycle counter display on Armagh Street footbridge.

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 is 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 contributed to and consulted on the Council's 2018-28 LTP. More than 1500 groups and individuals submitted on the LTP.

From July 2017 to June 2018 Council conducted 61 consultations, and received a total of 13,412 submissions. While the current Have Your Say system has not been running long enough to conduct a full year on year comparison, more people are now participating in, and contributing to Council decision making than this time last year. The number of submissions received between January – June 2018 is significantly more than that received between January – June 2017 (6,695 submissions in 2018 vs 2,723 submissions in 2017). This is despite the number of actual consultations remaining relatively consistent.

We organised a by election in May 2017 for the Lyttelton Subdivision of the Banks Peninsula Community Board.

We continued to extend 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 papers.

We continued to expand the range of council services available online and have digitised our most common transactions. Every month we have approximately 55,000 interactions (email, call centre, service desks)

with our citizens and local businesses and organisation.

stop shops, libraries, pools, community development, customer services.

We continued to develop our Citizen Hub with an integrated joined up approach to local services or one
[How did we measure up?](#)

| Activity and Service | Level of Service | Target | Achieved | Result | Prior Years |
|---|---|--|--------------|---|--|
| Providing advice, leadership and support for engagement and consultation planning and processes. | Public Participation in Community and City Governance and Decision-making | At least 50%. | Not achieved | 28%. | 2017: 41%. 2016: 38%. 2015: 45%. |
| | Percentage of residents that feel they can participate in and contribute to Council decision making. | At least 40% based on nationwide survey. | Not achieved | 29%. | 2017: 41%. 2016: 37%. 2015: 44%. |
| | Percentage of residents who feel the public has some or a large influence on the decisions the Council makes. | At least 55%. | Not achieved | 33%. | 2017: 45%. 2016: 42%. 2015: 44%. |
| 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 | All media calls answered within 24 hours. | 2017: 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% media calls acknowledged within 24 hours. | 2017: 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 | 66% of residents surveyed in the 2018 Residents Survey considered Council communications are timely, relevant and accurate. | 2017: 54% satisfied in the Residents Survey. However, 28% were neither satisfied nor dissatisfied. The survey was taken after the Port Hills fires. 2016: 56% of residents satisfied or very satisfied. |

Where are we heading?

The Council is committed to increasing citizens understanding and participation in Council's decision-making processes. We will continue to build our connections with the community and ensure that people have opportunities to be involved in decision-making and understand Council issues and processes.

Service delivery in 2018/19

In 2018/19 the services previously included within the Strategic Governance activities will fall under the 'Governance and Decision Making' activities. These services remain broadly consistent with those existing in 2017/18 (as outlined in the "How did we measure up" section above).

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|---|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Public participation in democratic processes, city governance and decision-making | 24,863 | 23,995 | 23,703 |
| | 24,863 | 23,995 | 23,703 |
| Operating revenue from services | | | |
| Public participation in democratic processes, city governance and decision-making | 1,341 | 172 | 3,090 |
| | 1,341 | 172 | 3,090 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | 23,522 | 23,823 | 20,613 |

Explanation of significant variances

Public participation in democratic processes, city governance and decision-making

The cost of service was \$0.9 million higher than plan. This is primarily due to the distribution of \$1.7 million of unplanned grants (the distribution of grants being treated as a cost in the Council's accounts). This additional grant spend was offset by cost savings in relation to strengthening communities' activities and graffiti projects (\$0.6 million) and reduced staff costs due to vacancies (\$0.3 million).

The cost of service was \$1.2 million higher than 2017. This is primarily due to the distribution of \$1.7 million unplanned grants (as outlined above) and a \$0.4 million increase in community engagement costs. These increases were offset by a \$0.9 million reduction in operating costs as a result of the triennial election being held in 2017.

Operating revenue was \$1.2 million higher than plan, primarily due to the unplanned receipt of \$1.0 million of grants.

Operating revenue was \$1.7 million lower than 2017. Additional revenue was received in 2017 in relation to the Representation review and the 2017 election.

Funding impact statement for year ended 30 June

| | 2018 Actual | 2018 Annual Plan | 2018 Long Term Plan | 2017 Long Term Plan |
|--|----------------|------------------------|---------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 24,113 | 23,822 | 24,507 | 23,934 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 102 | 159 | 161 | 157 |
| Fees and charges | 1,206 | 13 | 13 | 757 |
| Internal charges and overheads recovered | - | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 33 | - | - | - |
| Total operating funding (A) | 25,454 | 23,994 | 24,681 | 24,848 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 22,111 | 22,959 | 23,700 | 23,795 |
| Finance costs | - | - | - | - |
| Internal charges and overheads applied | 1,035 | 1,035 | 981 | 1,053 |
| Other operating funding applications | 1,800 | - | - | - |
| Total applications of operating funding (B) | 24,946 | 23,994 | 24,681 | 24,848 |
| Surplus (deficit) of operating funding (A-B) | 508 | - | - | - |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | (1,494) | 606 | - | - |
| Gross proceeds from sale of assets | - | - | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| Total sources of capital funding (C) | (1,494) | 606 | - | - |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 9 | 606 | - | - |
| - to improve the level of service | 255 | - | - | - |
| - to meet additional demand | - | - | - | - |
| Increase (decrease) in reserves | (1,250) | - | - | - |
| Increase (decrease) of investments | - | - | - | - |
| Total applications of capital funding (D) | (986) | 606 | - | - |
| Surplus (deficit) of capital funding (C-D) | (508) | - | - | - |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

1 Earthquake rebuild application of capital funding

Explanation of significant variances

Operating funding

The variance in operating funding is explained above.

Capital

There are no significant capital variances.

Significant capital expenditure

Capital expenditure included \$0.2 million for the relocation of the Lions transitional community centre building from St Albans to MacFarlane Park.

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 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:
 - on-lend to CCOs, or
 - invest in the equity (shares) of CCOs, or
 - undertake earthquake recovery work.
- 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 technology, and investment in CCOs, as well as some earthquake rebuild projects.

What did it cost?

Statement of cost of services for the year ending 30 June

| | 2018 Actual \$000 | 2018 Plan \$000 | 2017 Actual \$000 |
|---|-------------------------|-----------------------|-------------------------|
| Cost of services | | | |
| Interest - on-lending, equity investments and rebuild | 72,623 | 73,260 | 67,830 |
| Internal service providers (unallocated costs) | 14,219 | 13,817 | 17,161 |
| Property costs and other expenses | 397 | 2,637 | 7,154 |
| | 87,239 | 89,714 | 92,145 |
| Operating revenue from services | | | |
| Rates | 460,992 | 455,612 | 426,496 |
| Dividends | 202,561 | 207,830 | 172,265 |
| Interest from on-lending | 24,229 | 24,813 | 22,611 |
| General and special fund interest | 8,720 | 5,902 | 10,386 |
| Internal service providers | 14,219 | 13,817 | 17,161 |
| Earthquake cost recoveries | 81 | - | 2,885 |
| Other revenue | 4,367 | 2,960 | 3,257 |
| Subvention receipts (income tax) | 6,491 | 474 | 3,940 |
| | 721,660 | 711,408 | 659,001 |
| Capital revenues | - | - | - |
| Vested assets | - | - | - |
| Net cost of services | (634,421) | (621,694) | (566,856) |

Explanation of significant variances

Interest costs were \$0.6 million lower than plan due to slightly lower than planned borrowing for on-lending to CCHL (\$0.4 million). The \$4.8 million increase in interest from 2017 reflects higher interest rates and an increase in borrowing for on-lending to CCHL.

The net cost of the internal service providers is allocated to external activities. Internal service provider revenue was \$0.4 million higher than planned and \$3.0 million lower than 2017. \$1.8 million of the reduction from 2017 relates to lower Vbase staffing costs that are on charged.

Property and other costs were \$2.2 million lower than plan mainly due to more costs being capitalised than expected. Costs were \$6.8 million lower than 2017 which included several property write downs.

Rates income was \$5.4 million higher than plan largely due to higher than expected rating growth during the year as a result of subdivision development and rebuild work. The \$34.5 million increase from 2017 is the combined result of the year on year rates increase and the higher than expected rating growth during 2018.

Dividend revenue is \$5.3 million lower than plan due to timing changes with Transwaste dividends with \$3.9 million received in 2016/17 and \$1.9 million deferred until 2021/22. Dividend income was \$30.3 million higher than 2017 due to higher dividends from CCHL less the one off dividend received from Tuam Ltd in 2017.

Interest revenue from on-lending was \$0.6 million lower than plan and \$1.6 million higher than 2017. This was principally due to slightly less on-lending to CCHL than planned (but higher than 2017).

General interest was \$2.8 million higher than plan but \$1.7 million lower than last year. These variances relate to interim investment of pre funded debt renewals which occurred this year, but not at the same level as 2017.

Earthquake cost recoveries were minor as all expected operational response recoveries have now been received.

Other revenue was \$1.4 million higher than plan and \$1.1 million higher than 2017 due to receipts from the Earthquake Commission (EQC).

Subvention income and income tax credit is \$6.0 million higher than plan due to higher available tax losses to transfer within the Group and \$2.6 million lower than 2017 due to greater tax losses being available in 2017.

Funding impact statement for year ended 30 June

| | 2018 Actual \$000 | 2018 Annual Plan \$000 | 2018 Long Term Plan \$000 | 2017 Long Term Plan \$000 |
|--|-------------------------|---------------------------------|------------------------------------|------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 29,728 | 29,386 | 43,187 | 27,910 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | 1,700 | 1,400 | 3,794 | 3,671 |
| Fees and charges | 9,434 | 10,745 | 2,698 | 2,882 |
| Internal charges and overheads recovered | 27,157 | 27,157 | 23,783 | 24,461 |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 244,651 | 242,833 | 421,090 | 267,905 |
| Total operating funding (A) | 312,670 | 311,521 | 494,552 | 326,829 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 25,117 | 22,444 | (7,242) | 4,410 |
| Finance costs | 72,623 | 73,260 | 74,523 | 69,474 |
| Internal charges and overheads applied | - | - | - | - |
| Other operating funding applications | 2,775 | 2,122 | 1,026 | 1,976 |
| Total applications of operating funding (B) | 100,515 | 97,826 | 68,307 | 75,860 |
| Surplus (deficit) of operating funding (A-B) | 212,155 | 213,695 | 426,245 | 250,969 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Development and financial contributions | - | - | - | - |
| Increase (decrease) in debt | (270,498) | (253,237) | (289,151) | (206,600) |
| Gross proceeds from sale of assets | 15,626 | 2,523 | 5,925 | 8,026 |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 81 | - | 9,362 | 37,875 |
| Total sources of capital funding (C) | (254,791) | (250,714) | (273,864) | (160,699) |
| Applications of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (2) | 18,125 | (17,693) | 60,633 | 68,663 |
| - to improve the level of service | 10,093 | 11,693 | 13,945 | 13,605 |
| - to meet additional demand | (6,057) | 21,418 | (3,656) | 1,959 |
| Increase (decrease) in reserves | 3,823 | (52,437) | 82,459 | 6,443 |
| Increase (decrease) of investments | (68,620) | - | (1,000) | (400) |
| Total applications of capital funding (D) | (42,636) | (37,019) | 152,381 | 90,270 |
| Surplus (deficit) of capital funding (C-D) | (212,155) | (213,695) | (426,245) | (250,969) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |

Footnotes

| | | | | |
|---|---------|----------|---------|---------|
| 1 Interest and Dividends from investments | 235,523 | 237,936 | 418,695 | 264,194 |
| 2 Earthquake rebuild application of capital funding | (957) | (19,759) | 49,459 | 56,738 |

Explanation of significant variances

Operating funding

Fees and charges are \$1.3 million lower than plan principally due to the recovery of Vbase management services costs.

Other funding receipts are \$1.8 million higher than plan. Interest, dividends, subvention receipts and EQC are explained above. In addition \$1.7 million was received from Vbase being reimbursement for the demolition of the Lancaster Park stadium.

Payments to staff and suppliers was \$2.7 million higher than plan. In addition to the demolition of Lancaster Park mentioned above, \$1.2 million was due to the write-off of capital expenditure.

Finance costs were \$0.6 million lower than plan as explained above.

Other funding applications were \$0.7 million higher than plan.

Capital funding

Asset sales exceeded plan due to the disposal of several properties to DCL.

The variance in Debt is offset by the variance in reserves and investments.

Capital expenditure

The corporate renewals programme contains \$7 million of IT expenditure and a \$10.3 million equity injection into CCHL. The equity injection was not in the plan and was offset by the asset sales to DCL. The plan also included an equity injection of \$15 million for Vbase to fund the Town Hall and \$7.9 million for the Performing Arts Precinct, neither of which were incurred in 2018 and a Council wide carry forward provision to future years of \$43.4 million. The actual allocation of this provision is incorporated in the appropriate Groups of Activities.

Improved levels of service results relate to IT projects delivered in addition to above.

Actual results for additional demand reflect the purchase of \$15.9 million of strategic land, offset by the transfer to other Groups of Activities of \$22 million of land.

Significant capital expenditure

Expenditure included \$17.4 million IT related spend, \$15.9 million of strategic land purchases (\$22 million reallocated per above) and a \$10.3 million equity injection in CCHL.

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.

Council - The 2018 year in review

Total assets

\$13.1 billion

↑ 2017 **\$12.8 billion**
↓ Planned **\$13.3 billion**

Total revenue

\$992 million

↓ 2017 **\$1,029 million**
↑ Planned **\$929 million**

Total borrowing

\$1.9 billion

↔ 2017 **\$1.9 billion**
↔ Planned **\$1.9 billion**

Total operating expenditure

\$799 million

↓ 2017 **\$872 million**
↑ Planned **\$753 million**

Total capital expenditure

\$501 million

↓ 2017 **\$525 million**
↑ Planned **\$494 million**

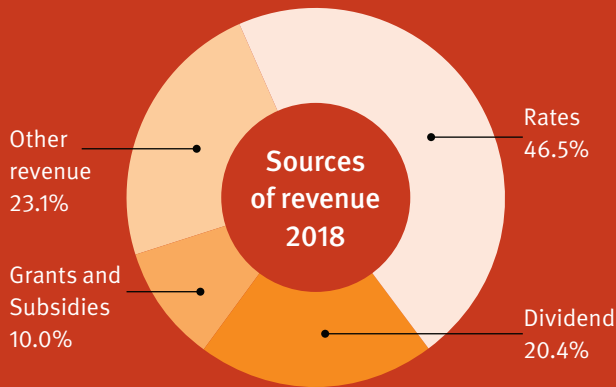
Total rates levied

\$461 million

↑ 2017 **\$426 million**
↑ Planned **\$456 million**

Financial highlights

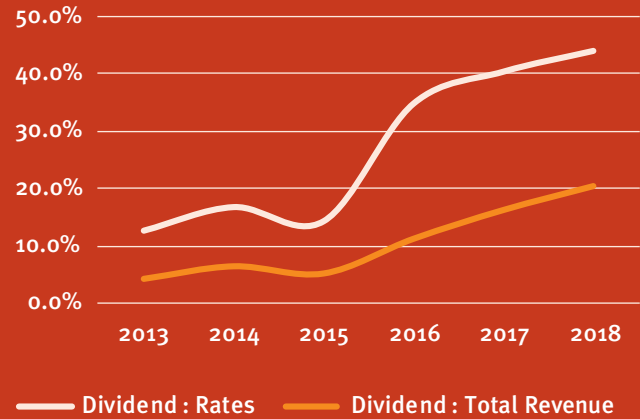
Total revenue



The results for the year ended 30 June 2018 contains fewer direct recoveries from earthquake related activity and more indirect recoveries with the growth in the number of rating units.

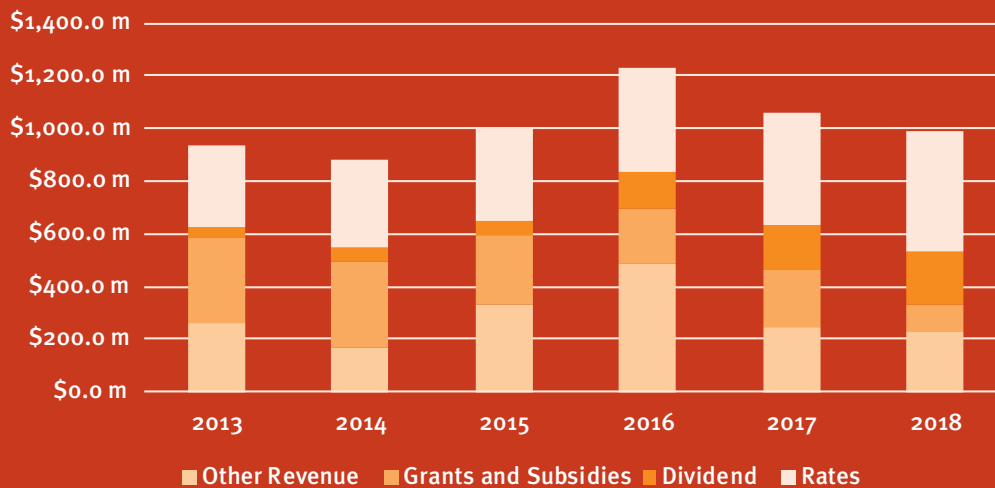
Council operations

Impact of CCHL dividends



In 2018, the Council received \$203 million in dividends from investments in Christchurch City Holdings Limited and other companies. Dividends in 2018 form 20.5% of total revenue compared to the 46.6% from rates revenue.

Sources of Revenue Actual \$millions

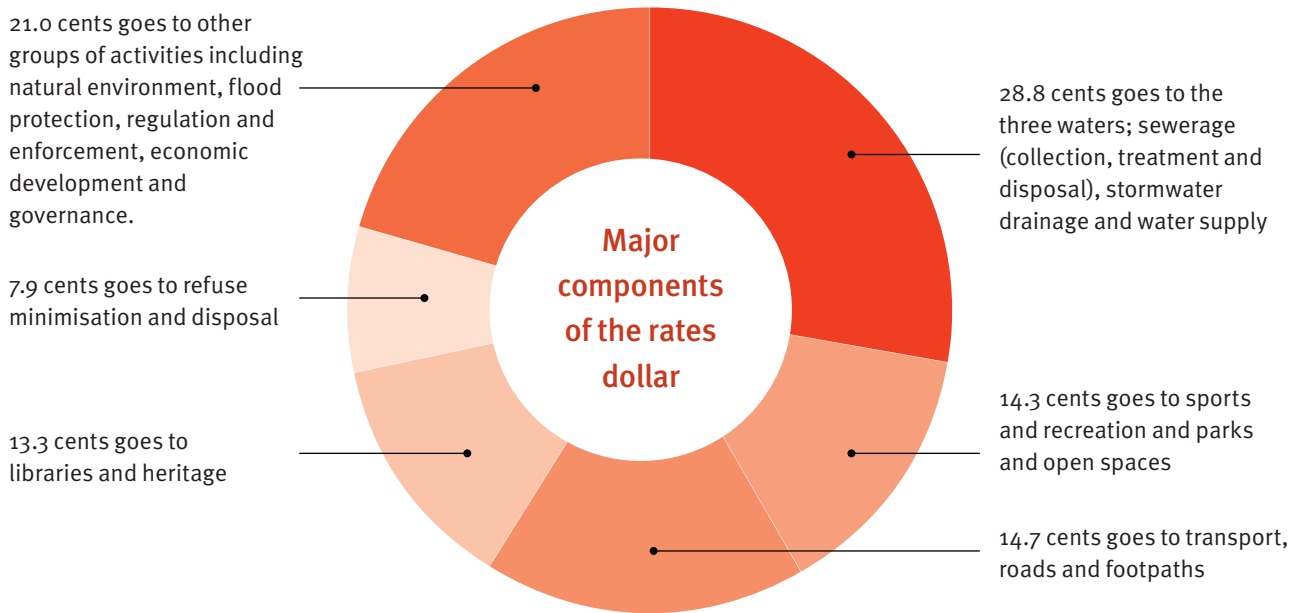


Over the past six years

- The increase in value of rates revenue, reflects both the change in the number of rating units and higher rates charges.
- The reduction in grants and subsidies reflects the decline in earthquake grants from central government.
- The return of other revenue to a more consistent level from the insurance receipts recorded in 2016.

Financial highlights

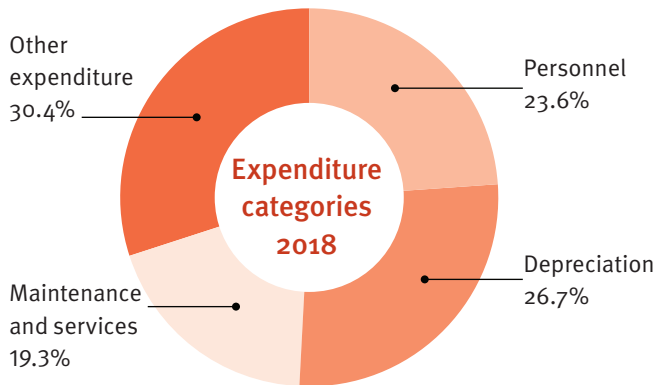
Where do my rates go?



Financial highlights

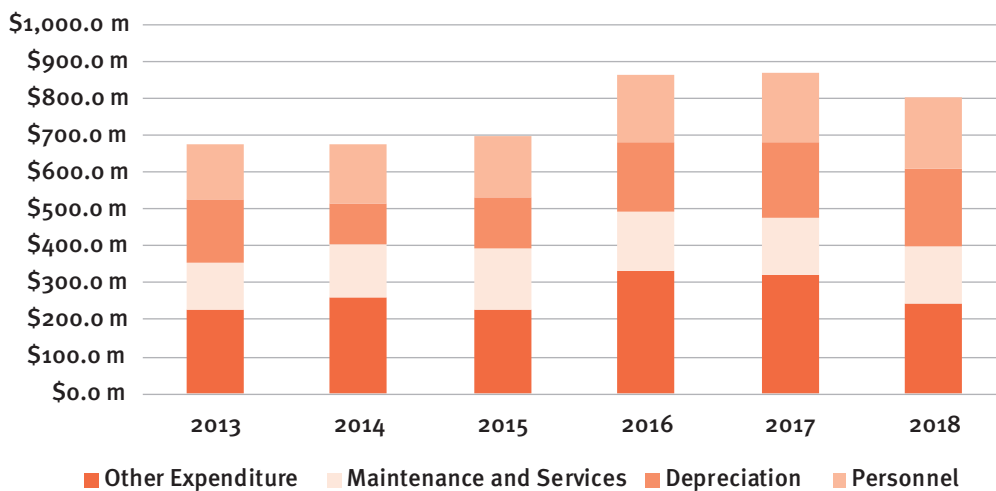
Total expenditure

Council operations



In the 2018 year, the Council recorded an accounting charge of \$213 million for the depreciation and amortisation of Council assets. Our policy is to rate for the long run average cost of asset renewals and replacements. Personnel costs of \$189 million represents 23% of total expenditure which is consistent with previous years. Other expenditure includes finance costs of \$89 million on total borrowing of \$1.9 billion.

Expenditure Categories Actual \$millions



Over the past six years

- Personnel costs have remained consistent for the six years being between 22-24% of total expenditure.
- Depreciation fluctuates in the year after major assets are revalued, this occurred in 2016 as infrastructure assets were revalued in 2015
- Maintenance and Services is consistent during the period in review and in line with previous years
- Other expenditure includes asset impairment and the reversal of prior year impairments as assets are repaired.

Financial highlights

Capital expenditure

The Council spent \$501 million on significant asset investment in the 2018 year on:

- Infrastructure works including northern arterial extension, cycleways, road safety improvements and water supply projects.
- Community facilities and libraries including Tūranga.
- Sports facilities including Taiora QEII complex and Ngā Puna Wai.



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 2018 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, expenses, assets, liabilities and general financial dealings.

Council has meet all but two of these benchmarks in 2018.

Financial statements
Financial prudence benchmarks

[Disclosure statement - Parent Annual report disclosure statement for the year ending 30 June 2018](#)

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.

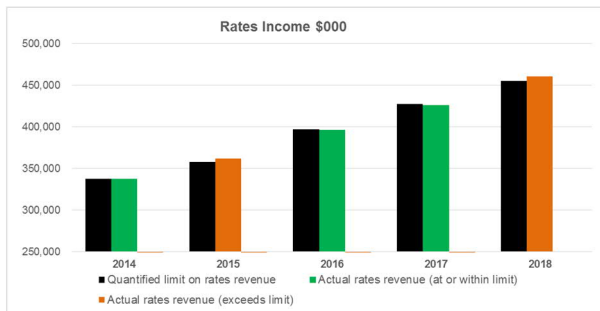
Rates affordability benchmark

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

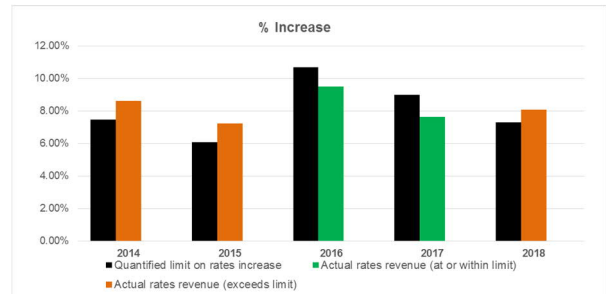
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's LTP and its amendment (2016 and 2017), 2015 Annual Plan and Three Year Plan (2014). The quantified limits were: 2018: \$455 million, 2017: \$428 million, 2016: \$397 million, 2015: \$358 million, and 2014: \$338 million.



Actual rates revenue exceeded the quantified limit in 2015 and 2018. This was a result of higher than expected rating growth in these years as ratepayers completed their rebuild work. Under the Order in Council, Council was permitted to rate on increased property value throughout the year.

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 (2014). The quantified limits were: 2018: 7.3 per cent, 2017: 9.0 per cent, 2016: 10.7 per cent, 2015: 6.1 per cent, and 2014: 7.5 per cent.



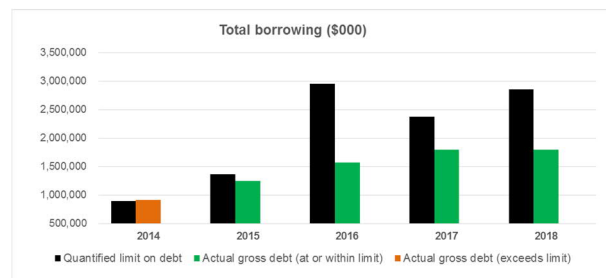
This benchmark looks at the year on year percentage increase in rates revenue. This measure was exceeded in 2014, 2015 and 2018 for the following reasons. Under the Order in Council, Council was permitted to rate on increased property value throughout the year. In 2014 actual rates revenue was in line 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 and 2018 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

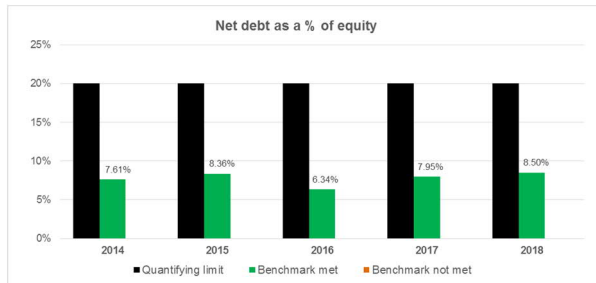
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy as included in the Council's LTP and its amendment (2016 and 2017), 2015 Annual Plan and Three Year Plan (2014). The quantified limits were: 2018: \$2.9 billion, 2017: \$2.4 billion, 2016: \$3.0 billion, 2015: \$1.4 billion, and 2014: \$898 million.



This target was exceeded in 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.

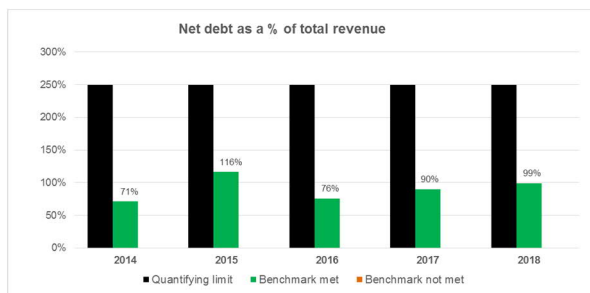
Net debt¹ as a percentage of equity

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.



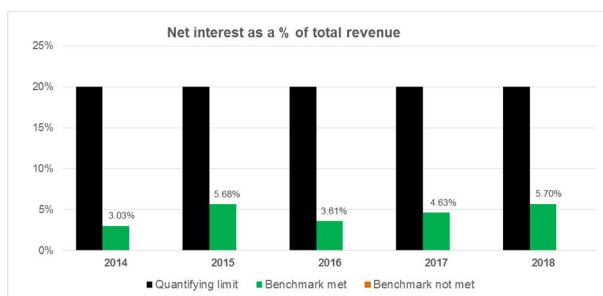
Net debt¹ as a percentage of total revenue²

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.



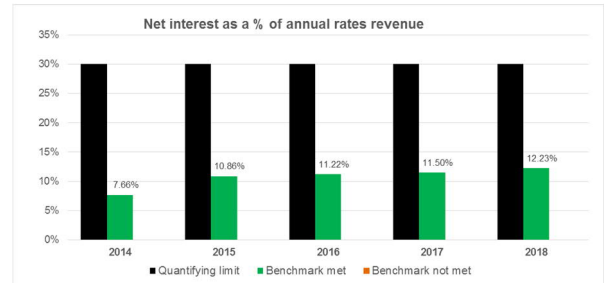
Net interest as a percentage of total revenue

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.



Net interest as a percentage of annual rates revenue

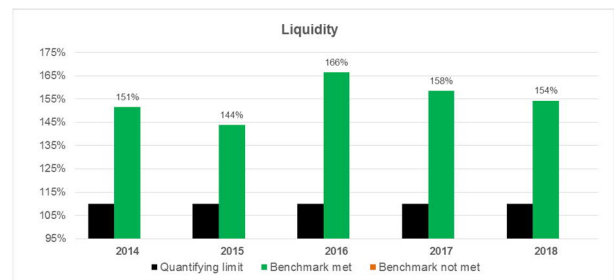
The following graph compares the Council's actual ratio of net interest as a percentage of annual rates revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is net interest as a percentage of annual rates revenue being less than or equal to 30 per cent.



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 debt affordability liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings.



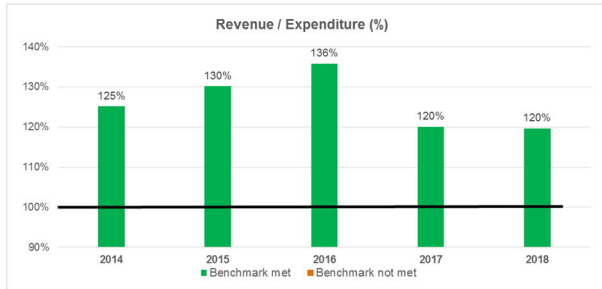
¹ Net debt is defined as total financial liabilities less financial assets (excluding trade and other receivables).

² Total revenue is total cash operating revenue excluding development contributions and non government capital contributions.

Balanced budget benchmark

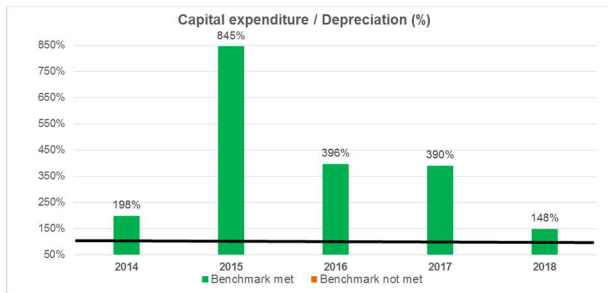
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

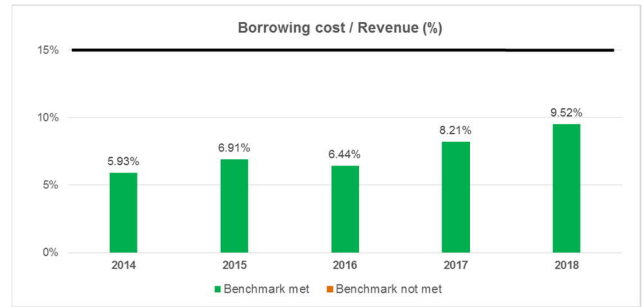
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

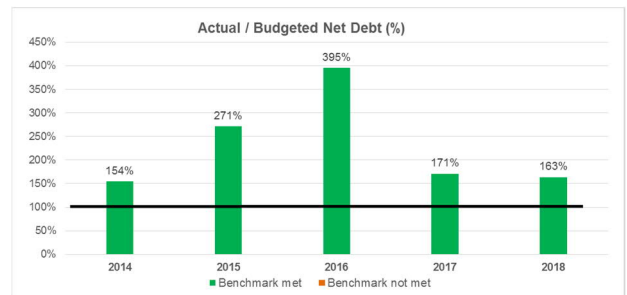
Statistics New Zealand projects the Council's population will grow as fast as, or faster than the national population growth rate and therefore, the debt servicing benchmark is met if its borrowing costs are equal to or are less than 15 per cent of its revenue.



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).

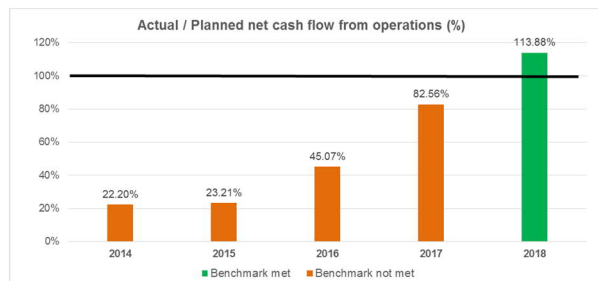
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt as set out each year in the Council's Plan. However where the Council has net assets (its financial assets (excluding trade and other receivables) exceeds financial liabilities) it meets the 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.



This graph needs to be read in conjunction with the Cash flow statement in the “*Financial Statements*” section.

The benchmark was met in 2018, in previous years the benchmark was not met, principally due to payments which were planned as capital projects (investing activities) but were repairs and needed to be expensed (operating activities).

Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Christchurch City Council and Group's annual report for the year ended 30 June 2018

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 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'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 11 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 163 to 223:
 - present fairly, in all material respects:
 - as at 30 June 2018;
 - 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 168, 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 annual plan;
- the statement of service provision on pages 27 to 147:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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 28 to 147, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages 37 to 146, 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 performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 29 to 181, 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 opinion on the audited information

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 annual 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 Council.

- We determine the appropriateness of the reported intended levels of service in the statement of service provision, 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 256, 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. We have nothing to report in this regard.

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 172, 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 major rebuild projects and their impact on the financial statements.

Rebuild progress

- Work on major infrastructure projects including Sumner Road continued in 2018.
- Construction is nearing completion on Tūranga on Cathedral Square with the library due to open in October 2018.
- The repair and restoration of the Town Hall continues, with the building due to reopen in March 2019.
- The new Taiora QEII Recreation and Sport centre was completed in June 2018.
- Stage one of the Ngā Puna Wai Sports Hub was completed in May 2018.
- Otakaro transferred parts of three projects to the Council in 2018, including the CCTV site in the East Frame, parts of Te Papa Ōtākaro / Avon River Precinct and parts of the South Frame greenway and lanes.
- Completed rebuild projects due to be transferred to the Council from Ōtākaro include Victoria Square and part of Te Papa Ōtākaro / Avon River Precinct and parts of the South Frame greenway and lanes.
- Projects underway by the Council and other delivery agents include Metro Sports, Multi-use Arena / Stadium, The Square, Performing Arts Precinct and Accessible City.
- Completed projects awaiting final ownership decisions include bus interchange.

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.

The Council recognises 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 the cost of completed works, work in progress and its capital commitment for a number of rebuild projects.

As the final ownership structure and the extent and timing of any Council control of the Multi-use Arena / Stadium 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.

Financial statements
Financial statements

Statement of comprehensive revenue and expense

Statement of changes in net assets/equity

Statement of financial position

Cash flow statement

Funding impact statement (whole of Council)

Notes to the financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2018

| | Note | 30 Jun 18 Actual \$000 | 30 Jun 18 Plan \$000 | Parent 30 Jun 17 Actual* \$000 | 30 Jun 18 Actual \$000 | Group 30 Jun 17 Actual* \$000 |
|--|------|------------------------------|----------------------------|---|------------------------------|--|
| Rates revenue | 1.1 | 460,992 | 455,612 | 426,496 | 450,418 | 416,846 |
| Subsidies and grants | 1.2 | 98,703 | 87,916 | 186,178 | 98,817 | 188,261 |
| Development and financial contributions | | 26,205 | 18,113 | 30,169 | 26,205 | 30,169 |
| Other revenue | 1.3 | 372,842 | 337,157 | 353,430 | 1,034,284 | 1,037,564 |
| Finance revenue | | 32,962 | 30,715 | 33,011 | 16,939 | 18,396 |
| Share of associate and JV's surplus/(deficit) | 17 | - | - | - | 6,263 | 11,595 |
| Total revenue | | 991,704 | 929,513 | 1,029,284 | 1,632,926 | 1,702,831 |
| Depreciation and amortisation | | 213,892 | 214,001 | 205,214 | 342,126 | 330,867 |
| Finance costs | 2 | 89,342 | 89,978 | 82,072 | 130,512 | 116,244 |
| Personnel costs | 23.1 | 189,007 | 191,509 | 187,035 | 472,936 | 471,366 |
| Other expenses | 3 | 289,033 | 257,777 | 351,048 | 557,948 | 621,939 |
| Net (gains) / losses | 5 | 17,852 | - | 46,282 | (19,687) | 17,895 |
| Total operating expenses | | 799,126 | 753,265 | 871,651 | 1,483,835 | 1,558,311 |
| Surplus before income tax expense | | 192,578 | 176,248 | 157,633 | 149,091 | 144,520 |
| Income tax expense/(credit) | 8.1 | (3,605) | - | (1,355) | 49,979 | 34,177 |
| Surplus for the period | | 196,183 | 176,248 | 158,988 | 99,112 | 110,343 |
| Other comprehensive revenue and expense | | | | | | |
| Property, plant and equipment valuation movement | 9 | 121,071 | 58,373 | 458,682 | 332,508 | 473,403 |
| Gains/(losses) from: | | | | | | |
| Investment revaluation gain/(loss) | | (19,712) | - | 21,675 | 866 | (2,172) |
| Cash flow hedges gain/(loss) | | (14,455) | - | 67,185 | (16,933) | 90,192 |
| Income tax relating to components of other comprehensive revenue and expense | 8.1 | 678 | - | - | (30,501) | (9,690) |
| Property, plant and equipment impairment loss | | - | - | - | - | (233) |
| Transfers and other | | - | - | - | - | 1,574 |
| Total other comprehensive revenue and expense | | 87,582 | 58,373 | 547,542 | 285,940 | 553,074 |
| Total comprehensive revenue and expense | | 283,765 | 234,621 | 706,530 | 385,052 | 663,417 |
| Surplus for the period attributable to: | | | | | | |
| Parent entity | | 196,183 | 176,248 | 158,988 | 71,099 | 88,560 |
| Non controlling interests | | - | - | - | 28,013 | 21,783 |
| | | 196,183 | 176,248 | 158,988 | 99,112 | 110,343 |
| Total comprehensive revenue and expense attributable to: | | | | | | |
| Equity holders of the parent | | 283,765 | 234,621 | 706,530 | 321,128 | 638,913 |
| Non controlling interests | | - | - | - | 63,924 | 24,504 |
| | | 283,765 | 234,621 | 706,530 | 385,052 | 663,417 |

* The 2017 results have been restated for prior period adjustments 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 2018

| | 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 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* | - | - | - | - | - | 158,988 | 158,988 | - | 158,988 |
| 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 | 3,708,144 | 10,584,006 | - | 10,584,006 |
| Surplus for the period | - | - | - | - | - | 196,183 | 196,183 | - | 196,183 |
| Other comprehensive revenue and expense for year | 121,071 | (19,712) | (14,455) | - | - | 678 | 87,582 | - | 87,582 |
| Transfer to/from acc. compr. revenue and expense | - | - | - | 100,869 | - | 37,635 | 138,504 | - | 138,504 |
| Transfer to/from reserves | (21,735) | - | - | (116,769) | - | - | (138,504) | - | (138,504) |
| Balance as at 30 June 2018 | 3,243,992 | 1,932,943 | (151,915) | 166,258 | 1,733,853 | 3,942,640 | 10,867,771 | - | 10,867,771 |
| Group | | | | | | | | | |
| Balance as at 1 July 2016* | 3,208,683 | 1,828 | (235,728) | 176,185 | 1,733,783 | 4,510,159 | 9,394,910 | 265,003 | 9,659,913 |
| Effect of correction of errors | 8,153 | - | - | 50 | (9,712) | (8,305) | (9,814) | - | (9,814) |
| As restated | 3,216,836 | 1,828 | (235,728) | 176,235 | 1,724,071 | 4,501,854 | 9,385,096 | 265,003 | 9,650,099 |
| Surplus for the period* | - | - | - | - | - | 88,560 | 88,560 | 21,783 | 110,343 |
| 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) |
| Balance as at 30 June 2017* | 3,658,276 | 2,543 | (154,663) | 182,525 | 1,724,071 | 4,616,432 | 10,029,184 | 275,370 | 10,304,554 |
| Surplus for the period | - | - | - | - | - | 71,099 | 71,099 | 28,013 | 99,112 |
| Other comprehensive revenue and expense for year | 263,986 | 866 | (16,315) | - | - | 678 | 249,215 | 36,725 | 285,940 |
| Transfer to/from acc. compr. revenue and expense | - | - | - | 105,749 | - | 37,635 | 143,384 | - | 143,384 |
| Transfer to/from reserves | (21,955) | - | - | (116,769) | - | (4,660) | (143,384) | - | (143,384) |
| Other items | 62 | - | - | - | - | 4,029 | 4,091 | - | 4,091 |
| Dividends paid or provided for | - | - | - | - | - | 2,606 | 2,606 | (15,714) | (13,108) |
| Balance as at 30 June 2018 | 3,900,369 | 3,409 | (170,978) | 171,505 | 1,724,071 | 4,727,819 | 10,356,195 | 324,394 | 10,680,589 |

* The 2017 results have been restated for prior period adjustments 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 2018

| | Note | 30 Jun 18 Actual \$000 | 30 Jun 18 Plan \$000 | Parent 30 Jun 17 Actual* \$000 | 30 Jun 18 Actual \$000 | Group 30 Jun 17 Actual* \$000 |
|--|------|------------------------------|----------------------------|---|------------------------------|--|
| Current assets | | | | | | |
| Cash and cash equivalents | 15 | 243,748 | 38,859 | 52,543 | 270,531 | 88,290 |
| Recoverables from non-exchange transactions | 6 | 76,427 | 58,462 | 40,152 | 72,186 | 37,428 |
| Receivables from exchange transactions | 6 | 15,113 | 31,446 | 43,311 | 102,459 | 126,065 |
| Investment in CCOs and other similar entities | 16 | 119,504 | - | 118,715 | 4,504 | 2,288 |
| Other financial assets | 19.1 | 32,046 | 15,383 | 305,206 | 100,219 | 451,636 |
| Inventories | 18 | 3,529 | 3,231 | 3,293 | 21,998 | 44,236 |
| Current tax assets | 8.2 | 4 | - | - | 4,028 | 58 |
| Assets classified as held for sale | 13 | 7,300 | - | 21,470 | 7,848 | 23,353 |
| Other assets | | - | - | - | 73 | 342 |
| Total current assets | | 497,671 | 147,381 | 584,690 | 583,846 | 773,696 |
| Non-current assets | | | | | | |
| Receivables from exchange transactions | 6 | - | - | - | 7,474 | 6,608 |
| Investments in associates and joint arrangements | 17 | 6,196 | - | 6,196 | 21,442 | 22,456 |
| Investment in CCOs and other similar entities | 16 | 2,697,549 | 2,547,408 | 2,697,298 | 27,046 | 26,993 |
| Other financial assets | 19.1 | 13,987 | 80,047 | 14,833 | 42,182 | 48,182 |
| Inventories | 18 | - | - | - | 28,787 | - |
| Property, plant and equipment | 9 | 9,807,109 | 10,462,138 | 9,403,536 | 13,244,851 | 12,394,972 |
| Investment property | 14 | - | - | - | 428,848 | 370,523 |
| Intangible assets | 10 | 72,660 | 70,052 | 67,158 | 110,026 | 96,239 |
| Deferred tax assets | 8.3 | 4,691 | - | 1,310 | 19,304 | 33,767 |
| Total non-current assets | | 12,602,192 | 13,159,645 | 12,190,331 | 13,929,960 | 12,999,740 |
| Total assets | | 13,099,863 | 13,307,026 | 12,775,021 | 14,513,806 | 13,773,436 |
| Current liabilities | | | | | | |
| Taxes and transfers payable | 7 | 51,176 | - | 53,099 | 50,759 | 52,772 |
| Payables under exchange transactions | 7 | 120,934 | 149,032 | 114,354 | 212,042 | 209,643 |
| Borrowings and other financial liabilities | 19.2 | 375,763 | 281,686 | 318,841 | 498,955 | 333,699 |
| Employee entitlements | 23.2 | 21,679 | 19,045 | 20,622 | 54,482 | 57,546 |
| Current tax liabilities | 8.2 | - | - | - | 2,722 | 451 |
| Provisions | 24 | 4,381 | 2,335 | 4,361 | 5,212 | 4,958 |
| Other liabilities | 25 | 33,882 | - | 14,620 | 41,693 | 18,897 |
| Total current liabilities | | 607,815 | 452,098 | 525,897 | 865,865 | 677,966 |
| Non-current liabilities | | | | | | |
| Borrowings and other financial liabilities | 19.2 | 1,576,864 | 1,645,673 | 1,613,631 | 2,515,891 | 2,373,849 |
| Employee entitlements | 23.2 | 4,590 | 5,183 | 4,950 | 7,340 | 7,574 |
| Deferred tax liabilities | 8.3 | 4,691 | 5,638 | 5,593 | 407,180 | 372,865 |
| Provisions | 24 | 34,760 | 31,807 | 34,916 | 34,760 | 34,916 |
| Other liabilities | 25 | 3,372 | 5,818 | 6,028 | 2,181 | 1,712 |
| Total non-current liabilities | | 1,624,277 | 1,694,119 | 1,665,118 | 2,967,352 | 2,790,916 |
| Total liabilities | | 2,232,092 | 2,146,217 | 2,191,015 | 3,833,217 | 3,468,882 |
| Net assets | | 10,867,771 | 11,160,809 | 10,584,006 | 10,680,589 | 10,304,554 |
| Equity | | | | | | |
| Parent entity interest | | 10,867,771 | 11,160,809 | 10,584,006 | 10,356,195 | 10,029,184 |
| Non controlling interest | | - | - | - | 324,394 | 275,370 |
| Total equity | | 10,867,771 | 11,160,809 | 10,584,006 | 10,680,589 | 10,304,554 |

* The 2017 results have been restated for prior period adjustments 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 2018

| | Note | 30 Jun 18 Actual \$000 | 30 Jun 18 Plan \$000 | Parent 30 Jun 17 Actual \$000 | 30 Jun 18 Actual \$000 | Group 30 Jun 17 Actual* \$000 |
|--|------|------------------------------|----------------------------|--|------------------------------|--|
| Cash flows from operating activities | | | | | | |
| Receipts from rates revenue | | 467,393 | 455,612 | 425,872 | 456,819 | 416,222 |
| Receipts from other revenue | | 264,320 | 205,689 | 230,558 | 1,135,645 | 1,114,085 |
| Interest received | | 34,474 | 30,106 | 32,761 | 20,593 | 14,496 |
| Dividends received | | 202,561 | 207,830 | 172,265 | 7,261 | 2,824 |
| Subvention receipts | | 2,886 | 474 | 2,600 | - | - |
| Earthquake recoveries | | 1,169 | 337 | 4,955 | 1,169 | 4,955 |
| Payments to suppliers and employees | | (475,421) | (449,649) | (570,580) | (1,026,129) | (1,113,729) |
| Interest and other finance costs paid | | (88,530) | (89,978) | (80,681) | (134,404) | (110,769) |
| Income tax paid | | - | - | 1 | (30,978) | (36,586) |
| Net GST movement | | 1,605 | - | (5,688) | 10 | (5,528) |
| Other | | - | - | - | (4,186) | (4,294) |
| Net cash provided by/(used in) operating activities | 27 | 410,457 | 360,421 | 212,063 | 425,800 | 281,676 |
| Cash flows from investing activities | | | | | | |
| Proceeds from sale of investment | | 409,592 | 68,232 | 396,519 | 708,013 | 442,177 |
| Proceeds from repayment loans and advances | | 116,427 | - | - | 116,584 | 450 |
| Proceeds from sale of fixed assets | | 15,626 | 2,523 | 6,787 | 19,745 | 8,668 |
| Cash acquired in business combinations | | - | - | - | - | 1,985 |
| Proceeds from sale of investment properties | | - | - | - | - | 2,500 |
| Insurance recoveries | | (880) | 21,334 | 60,846 | (880) | 61,471 |
| Payment for investment | | (146,998) | (15,045) | (251,407) | (333,892) | (245,789) |
| Loans made to external parties | | - | - | - | (530) | (589) |
| Payment for purchase of fixed assets | | (493,714) | (478,239) | (493,486) | (876,146) | (830,004) |
| Amounts advanced to related parties | | (125,427) | - | (161,203) | - | (5,203) |
| Payment for investment properties | | - | - | - | (4,624) | (30,905) |
| Other | | - | - | - | (11,632) | - |
| Net cash (used in)/provided by investing activities | | (225,374) | (401,195) | (441,944) | (383,362) | (595,239) |
| Cash flows from financing activities | | | | | | |
| Proceeds from borrowing | | 291,000 | 88,459 | 454,539 | 612,388 | 685,238 |
| Repayment of borrowings | | (283,315) | (47,708) | (234,725) | (456,907) | (379,441) |
| Repayment of finance leases | | (1,563) | - | (1,421) | (2,570) | (2,608) |
| Dividends paid - non controlling interests | | - | - | - | (13,108) | (14,138) |
| Net cash provided by/(used in) financing activities | | 6,122 | 40,751 | 218,393 | 139,803 | 289,051 |
| Net increase in cash and cash equivalents | | 191,205 | (23) | (11,488) | 182,241 | (24,512) |
| Cash and cash equivalents at beginning of year | | 52,543 | 38,882 | 64,031 | 88,290 | 112,802 |
| Cash and cash equivalents at end of year | | 243,748 | 38,859 | 52,543 | 270,531 | 88,290 |

* The 2017 results have been restated for prior period adjustments 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 2018

| | 30 Jun 18 Actual \$000 | 30 Jun 18 Annual Plan \$000 | 30 Jun 17 Annual Report* \$000 | 30 Jun 17 Annual Plan \$000 |
|--|------------------------------|--------------------------------------|---|--------------------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charge, rates penalties | 311,483 | 307,719 | 296,109 | 294,968 |
| Targeted rates | 149,509 | 147,893 | 130,387 | 128,932 |
| Subsidies and grants for operating purposes | 21,334 | 18,937 | 22,423 | 20,802 |
| Fees and charges | 110,748 | 107,400 | 115,485 | 99,704 |
| Interest and dividends from investments | 235,523 | 237,936 | 205,276 | 185,138 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 25,038 | 15,962 | 26,175 | 16,345 |
| Total operating funding (A) | 853,635 | 835,847 | 795,855 | 745,889 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 432,206 | 408,657 | 495,433 | 401,996 |
| Finance costs | 89,342 | 89,978 | 82,072 | 78,051 |
| Other operating funding applications | 42,669 | 40,633 | 43,098 | 45,101 |
| Total applications of operating funding (B) | 564,217 | 539,268 | 620,603 | 525,148 |
| Surplus (deficit) of operating funding (A-B) | 289,418 | 296,579 | 175,252 | 220,741 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 57,795 | 44,709 | 40,910 | 20,520 |
| Development and financial contributions | 26,205 | 18,113 | 30,169 | 13,115 |
| Increase (decrease) in debt | 6,122 | 40,751 | 218,393 | (15,827) |
| Gross proceeds from sale of assets | 15,626 | 2,523 | 6,786 | 8,003 |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | 22,487 | 22,715 | 127,459 | 107,140 |
| Total sources of capital funding (C) | 128,235 | 128,811 | 423,717 | 132,951 |
| Application of capital funding | | | | |
| Capital expenditure | | | | |
| - to replace existing assets (1) | 328,185 | 313,067 | 422,288 | 428,890 |
| - to improve the level of service | 82,286 | 98,343 | 54,072 | 45,893 |
| - to meet additional demand | 90,711 | 82,231 | 48,457 | 60,747 |
| Increase (decrease) in reserves | (15,909) | (68,251) | 6,797 | (167,353) |
| Increase (decrease) of investments | (67,620) | - | 67,355 | (14,485) |
| Total applications of capital funding (D) | 417,653 | 425,390 | 598,969 | 353,692 |
| Surplus (deficit) of capital funding (C-D) | (289,418) | (296,579) | (175,252) | (220,741) |
| Funding balance ((A-B) + (C-D)) | - | - | - | - |
| Footnotes | | | | |
| 1 Earthquake rebuild application of capital funding | 220,994 | 247,322 | 309,714 | 355,496 |

* The 2017 results have been restated for prior period adjustments 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 2018. The financial statements were approved by the Council on 11 October 2018.

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.

Financial statement notes - contents

| | |
|--|-----|
| 1. Revenue | 170 |
| 2. Finance costs | 171 |
| 3. Other expenses | 172 |
| 4. Remuneration of auditors | 172 |
| 5. Other gains and losses | 173 |
| 6. Receivables and prepayments | 173 |
| 7. Payables | 175 |
| 8. Income taxes | 175 |
| 9. Property, plant & equipment | 178 |
| 10. Intangible assets | 184 |
| 11. Service concession arrangements | 186 |
| 12. Capital commitments and operating leases | 187 |
| 13. Assets held for sale | 188 |
| 14. Investment property | 188 |
| 15. Cash and cash equivalents | 188 |
| 16. Investment in CCOs | 189 |
| 17. Investments in associates and joint arrangements | 190 |
| 18. Inventories | 191 |
| 19. Financial instruments | 191 |
| 20. Finance lease receivables | 202 |
| 21. Finance lease liabilities | 202 |
| 22. Construction contracts | 203 |
| 23. Employee benefits | 203 |
| 24. Provisions | 204 |
| 25. Other liabilities | 205 |
| 26. Contingent liabilities and assets | 206 |
| 27. Reconciliation of surplus for the period to net cash flows from operating activities | 208 |
| 28. Related parties | 209 |
| 29. Major budget variations | 210 |
| 30. Remuneration | 211 |
| 31. Capital management | 212 |
| 32. Legislative requirements | 212 |
| 33. Subsequent events | 212 |
| 34. Prior year error correction | 213 |
| 35. Statement of significant accounting policies | 214 |

1. Revenue

1.1 Rates revenue

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|--|----------------|---------------------|----------------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| General rates | 307,203 | 292,120 | 300,155 | 285,509 |
| Targeted rates attributable to activities: | | | | |
| - water | 37,077 | 34,580 | 36,227 | 33,798 |
| - land drainage | 28,435 | 19,013 | 27,783 | 18,583 |
| - sewerage | 60,309 | 53,778 | 58,926 | 52,561 |
| - active travel | 3,058 | 3,023 | 2,988 | 2,955 |
| - waste minimisation | 20,528 | 19,888 | 20,057 | 19,438 |
| - fire service | 103 | 104 | 101 | 102 |
| - targeted loan servicing | - | - | - | - |
| Rates penalties | 4,279 | 3,990 | 4,181 | 3,900 |
| Total rates revenue | 460,992 | 426,496 | 450,418 | 416,846 |
| Less remissions | (3,760) | (4,177) | (3,760) | (4,177) |
| Rates revenue net of remissions | 457,232 | 422,319 | 446,658 | 412,669 |

The annual rates revenue of the Council for the year ended 30 June 2018 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 17 | 30 Jun 16 |
|-------------------------------------|-----------------|----------------|
| | Actual | Actual |
| Number of rating units | 169,502 | 168,553 |
| Total land value of rating units | 45,816,963,166 | 41,217,684,388 |
| Total capital value of rating units | 101,652,296,090 | 92,471,504,260 |

1.2 Subsidies and grants

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|-----------------------------------|---------------|---------------------|---------------|--------------------|
| | Actual | Actual* | Actual | Actual* |
| | \$000 | \$000 | \$000 | \$000 |
| NZ Transport Agency | 89,673 | 156,856 | 89,673 | 156,856 |
| Other grants and subsidies | 9,030 | 29,322 | 9,144 | 31,405 |
| Total subsidies and grants | 98,703 | 186,178 | 98,817 | 188,261 |

1.3 Other revenue

| | Parent | | Group | |
|--|----------------|----------------|------------------|------------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual* | Actual | Actual* |
| | \$000 | \$000 | \$000 | \$000 |
| Fees and charges | 71,638 | 70,607 | 70,937 | 69,784 |
| Vested assets | 31,153 | 34,377 | 31,205 | 34,386 |
| Sale of goods and services | - | - | 623,354 | 611,541 |
| Construction contract revenue | - | - | 152,224 | 162,166 |
| Rental revenue on investment property | - | - | 25,969 | 21,240 |
| Rental revenue | 35,039 | 38,295 | 69,580 | 76,356 |
| Dividends | 202,561 | 172,265 | 103 | 2,824 |
| Subvention receipts | 2,886 | 3,940 | - | - |
| Petroleum tax | 2,244 | 2,449 | 2,244 | 2,449 |
| Insurance receipts | 120 | 213 | 120 | 735 |
| Sundry revenue | 27,201 | 31,284 | 58,548 | 56,083 |
| Total operating and other revenue | 372,842 | 353,430 | 1,034,284 | 1,037,564 |

Subvention receipts

The Council has accrued \$1.0 million of subvention receipt revenue for 2018. A further \$1.9 million was recognised relating to 2017 tax losses which were not accrued at 30 June 2017.

2. Finance costs

| | Parent | | Group | |
|------------------------------|---------------|---------------|----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Interest expense | | | | |
| Interest on bank borrowings | 82,275 | 74,898 | 105,114 | 95,663 |
| Interest on debt instruments | - | - | 20,874 | 15,402 |
| Interest on finance leases | 7,067 | 7,174 | 4,603 | 5,004 |
| Other interest expense | - | - | (79) | 175 |
| Total finance costs | 89,342 | 82,072 | 130,512 | 116,244 |

3. Other expenses

| | Parent | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Audit fees | 4 558 | 390 | 1,766 | 1,489 |
| Directors' fees | - | - | 2,659 | 2,627 |
| Donations and grants | 45,851 | 70,840 | 35,617 | 62,585 |
| Net foreign exchange (gains) / losses | - | - | 107 | 498 |
| Minimum lease payments under operating leases | 3,214 | 4,135 | 13,733 | 14,257 |
| Raw materials and consumables used | - | - | 51,348 | 46,609 |
| Provision of services and maintenance of assets | 154,984 | 157,708 | 74,207 | 118,484 |
| Consultants and legal fees | 32,241 | 43,165 | 45,558 | 54,388 |
| Other operating expenses | 52,185 | 74,810 | 332,953 | 321,002 |
| Total other expenses | 289,033 | 351,048 | 557,948 | 621,939 |

Other operating expenses includes a reduction for capitalised payroll and other expenses of \$36 million (2017: \$36.1 million).

The 2017 other operating expenses included \$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.

4. Remuneration of auditors

| | Parent | | Group | |
|--|------------|------------|--------------|--------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Fees to Audit New Zealand | | | | |
| - For audit of financial statements | 332 | 352 | 1,222 | 1,185 |
| - For other assurance services | 226 | 38 | 331 | 129 |
| Fees to KPMG for audit of financial statements | - | - | 102 | 104 |
| Fees to Grant Thornton for audit of financial statements | - | - | 72 | 57 |
| Total | 558 | 390 | 1,766 | 1,489 |

The auditor of the Council and the rest of the Group, excluding LPC and ChristchurchNZ Holdings Limited (CNZH) 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 provided by Audit New Zealand in relation to:

Council:

- the Debenture Trust Deed,
- the Mayor's Welfare Fund, and
- the 2018-2028 LTP.

Orion New Zealand Limited:

- annual customised price-quality path compliance statement,
- regulatory information disclosures, and
- fraud risk review.

Christchurch International Airport Limited:

- the Specified Airport Services Information Disclosure, and
- the company's compliance with bond conditions.

5. Other gains and losses

| | Parent | | Group | |
|--|------------------------|------------------------|----------------------|------------------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Non-financial instruments | | | | |
| Gains/(losses) on disposal of property, plant and equipment | (18,221) | (43,028) | (18,071) | (43,538) |
| Gains/(losses) on disposal of investment | - | - | - | 494 |
| Gains/(losses) on disposal of investment property or held for sale assets | (393) | (3,065) | (393) | (3,065) |
| Gains/(losses) on revaluation of other assets | - | - | 53,701 | 35,926 |
| (Impairment)/reversal of impairment on other assets | - | - | (3,914) | (1,034) |
| (Impairment)/reversal of impairment on property, plant and equipment | - | - | (11,012) | (9,035) |
| | <u>(18,614)</u> | <u>(46,093)</u> | <u>20,311</u> | <u>(20,252)</u> |
| Financial instruments | | | | |
| Gains/(losses) through ineffectiveness of cash flow hedges | 422 | 708 | 270 | 246 |
| Gains / (losses) through ineffectiveness of fair value hedges | - | - | 41 | (69) |
| Gains/(losses) on investments held at fair value through surplus and deficit | - | - | 450 | 1,650 |
| Fair value through income statement financial instruments fair value change | 340 | (897) | (1,385) | 530 |
| | <u>762</u> | <u>(189)</u> | <u>(624)</u> | <u>2,357</u> |
| Net other gains/(losses) | <u>(17,852)</u> | <u>(46,282)</u> | <u>19,687</u> | <u>(17,895)</u> |

6. Receivables and prepayments

| | Parent | | Group | |
|---|----------------------|----------------------|-----------------------|-----------------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual* | Actual | Actual* |
| | \$000 | \$000 | \$000 | \$000 |
| Recoverables from non-exchange transactions | | | | |
| - Current | 76,427 | 40,152 | 72,186 | 37,428 |
| Receivables from exchange transactions | | | - | |
| - Current | 15,113 | 43,311 | 102,459 | 126,065 |
| - Non-current | - | - | 7,474 | 6,608 |
| Total debtors and other receivables | <u>91,540</u> | <u>83,463</u> | <u>182,119</u> | <u>170,101</u> |
| <i>This comprises of:</i> | | | | |
| Rates receivables | 12,418 | 13,858 | 12,418 | 13,858 |
| Non-exchange receivables from user charges | 1,525 | 2,399 | 1,525 | 2,399 |
| Other trade receivables | 49,334 | 39,124 | 104,499 | 96,864 |
| Related party receivables | 11,045 | 9,918 | - | - |
| Prepayments | 6,180 | 3,696 | 22,851 | 18,504 |
| Chargeable work in progress | - | - | 26,356 | 18,004 |
| Contract retentions | - | - | 3,427 | 4,784 |
| GST receivables | 5,152 | 7,539 | 2,094 | 4,729 |
| Other | 6,753 | 8,047 | 10,177 | 12,642 |
| Finance lease receivable | - | - | 134 | 144 |
| | <u>92,407</u> | <u>84,581</u> | <u>183,481</u> | <u>171,928</u> |
| Provision for impairment | | | | |
| Individual impairment | (555) | (676) | (1,042) | (1,361) |
| Collective impairment | (312) | (442) | (320) | (466) |
| | <u>(867)</u> | <u>(1,118)</u> | <u>(1,362)</u> | <u>(1,827)</u> |
| Total receivables and prepayments | <u>91,540</u> | <u>83,463</u> | <u>182,119</u> | <u>170,101</u> |

Movement in provision for impairment of receivables:

| | Parent | | Group | |
|--|--------------|----------------|----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Movement in provision for impairment of receivables | | | | |
| At 1 July | (1,118) | (921) | (1,827) | (1,351) |
| Provisions made during year | (291) | (284) | (457) | (770) |
| Provisions reversed during year | 426 | 84 | 760 | 255 |
| Receivables written off during year | 116 | 3 | 162 | 39 |
| At 30 June | (867) | (1,118) | (1,362) | (1,827) |

Credit risks aging of trade receivables

| | 2018 | | | 2017 | | |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Gross | Impairment | Net | Gross* | Impairment | Net* |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Council | | | | | | |
| Not past due | 50,339 | - | 50,339 | 46,111 | - | 46,111 |
| Past due 1-60 days | 9,380 | - | 9,380 | 7,160 | - | 7,160 |
| Past due 61-120 days | 5,615 | (642) | 4,973 | 4,759 | (347) | 4,412 |
| Past due over 120 days | 8,988 | (225) | 8,763 | 7,269 | (771) | 6,498 |
| Total | 74,322 | (867) | 73,455 | 65,299 | (1,118) | 64,181 |
| Group | | | | | | |
| Not past due | 78,697 | - | 78,697 | 81,974 | (2) | 81,972 |
| Past due 1-60 days | 19,622 | - | 19,622 | 16,136 | - | 16,136 |
| Past due 61-120 days | 8,318 | (642) | 7,676 | 5,818 | (347) | 5,471 |
| Past due over 120 days | 11,805 | (720) | 11,085 | 9,193 | (1,478) | 7,715 |
| Total | 118,442 | (1,362) | 117,080 | 113,121 | (1,827) | 111,294 |

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 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Taxes and transfers payable | 51,176 | 53,099 | 50,759 | 52,772 |
| Payables under exchange transactions | 120,934 | 114,354 | 212,042 | 209,643 |
| Total creditors & other payables | 172,110 | 167,453 | 262,801 | 262,415 |
| <i>This comprises of:</i> | | | | |
| Trade payables and accrued expenses | 125,264 | 129,257 | 222,768 | 224,085 |
| Amounts due to related parties | 17,600 | 11,762 | - | - |
| Interest payable | 11,321 | 10,509 | 18,176 | 17,630 |
| Deposits held | - | - | 494 | 361 |
| Amounts due to customers under construction contracts | - | - | 110 | 362 |
| Other | - | - | - | 1,140 |
| Retentions | 17,925 | 15,925 | 21,253 | 18,837 |
| Total creditors and other payables | 172,110 | 167,453 | 262,801 | 262,415 |

8. Income taxes

8.1 Components of tax expense

| | Parent | | Group | |
|--|----------------|----------------|-----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Current tax expense/(income) | - | - | 34,867 | 36,136 |
| Adjustments to current tax of prior years | - | - | (3,165) | 1,843 |
| Deferred tax expense/(income) | (3,605) | (1,355) | 18,277 | (3,802) |
| Total tax expense/(income) | (3,605) | (1,355) | 49,979 | 34,177 |
| Reconciliation of prima facie income tax: | | | | |
| Surplus/(deficit) before tax | 192,578 | 187,432 | 149,091 | 174,319 |
| Income tax expense at 28% (2017: 28%) | 53,923 | 52,481 | 41,745 | 48,810 |
| Non-deductible expenses | - | - | 1,486 | 12,224 |
| Non-assessable income and non-deductible items | (54,744) | (50,357) | (12,109) | (26,491) |
| Deferred tax assets on previously unrecognised and unused tax losses | - | - | 18,639 | 1,434 |
| (Over)/under provision of income tax in previous year | - | - | (352) | 193 |
| Imputation adjustment | (2,784) | (3,479) | - | - |
| Other | - | - | 570 | (1,993) |
| Total tax expense/(income) | (3,605) | (1,355) | 49,979 | 34,177 |
| Income tax recognised in other comprehensive income | | | | |
| <i>Deferred tax</i> | | | | |
| Asset revaluations | (678) | - | (31,625) | (2,486) |
| Revaluations of financial instruments treated as cash flow hedges | - | - | 410 | (7,204) |
| | (678) | - | (31,215) | (9,690) |

The tax rate in the above reconciliation is the corporate tax rate of 28 per cent (2017: 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 \$11.1 million (2017: \$11.8 million). It is expected that \$3.2 million of the 2018 losses will be transferred to other entities in the Group by way of loss offset and subvention payment. A subvention receipt of \$1.0 million (2017: \$2.0 million) has been accrued.

8.2 Current tax assets and liabilities

| | Parent | | Group | |
|--------------------------------------|-----------|-----------|--------------|------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Current tax assets | | | | |
| Tax refund receivable | 4 | - | 4,028 | 58 |
| Total current tax assets | 4 | - | 4,028 | 58 |
| Current tax payables | | | | |
| Income tax payable | - | - | 2,722 | 451 |
| Total current tax liabilities | - | - | 2,722 | 451 |

8.3 Deferred tax balance

| | Parent | | | | Group | | | | |
|---|--------------|----------------|--------------|--------------|----------------|-----------------|---------------|----------|----------------|
| | Charged to: | | | Closing | Charged to: | | | Acquired | Closing |
| | Opening | Net | Other | balance | Opening | Net | Other | through | balance |
| | balance | surplus | compr. | | balance | surplus | compr. | business | |
| | \$000 | and | revenue | \$000 | \$000 | and | revenue | comb. | \$000 |
| | | deficit | and | | | deficit | and | | |
| | | \$000 | expense | | | \$000 | expense | | |
| 30 June 2018 | | | | | | | | | |
| Deferred tax liabilities: | | | | | | | | | |
| Cashflow/Fair value hedges | - | - | - | - | 4,621 | - | - | - | 4,621 |
| Property, plant and equipment | 5,593 | (224) | (678) | 4,691 | 305,388 | 2,002 | 30,911 | - | 338,301 |
| Intangible assets | - | - | - | - | 486 | (154) | - | - | 332 |
| Other | - | - | - | - | 62,370 | 1,556 | - | - | 63,926 |
| | <u>5,593</u> | <u>(224)</u> | <u>(678)</u> | <u>4,691</u> | <u>372,865</u> | <u>3,404</u> | <u>30,911</u> | <u>-</u> | <u>407,180</u> |
| Deferred tax assets: | | | | | | | | | |
| Cashflow/Fair value hedges | - | - | - | - | 9,213 | (85) | 410 | - | 9,538 |
| Provisions and employee entitlements | - | - | - | - | 8,433 | 609 | - | - | 9,042 |
| Doubtful debts and impairment losses | - | - | - | - | 136 | (13) | - | - | 123 |
| Tax losses | 1,310 | 3,381 | - | 4,691 | - | - | - | - | - |
| Other | - | - | - | - | 15,985 | (15,384) | - | - | 601 |
| | <u>1,310</u> | <u>3,381</u> | <u>-</u> | <u>4,691</u> | <u>33,767</u> | <u>(14,873)</u> | <u>410</u> | <u>-</u> | <u>19,304</u> |
| Net deferred tax liability/(asset) | 4,283 | (3,605) | (678) | - | 339,098 | 18,277 | 30,501 | - | 387,876 |

| | 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 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> |

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 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Imputation credits available for use in subsequent reporting periods | - | - | 124,720 | 101,612 |

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 2018 | | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | | |
| Freehold land | 434,304 | (11,954) | 422,350 | 35,301 | (2,622) | - | - | (1,726) | 49,424 | 502,773 | (46) | 502,727 |
| Buildings | 701,766 | (47,643) | 654,123 | 87,831 | 1,758 | - | - | (25,298) | 15,272 | 735,971 | (2,285) | 733,686 |
| Plant & equipment | 159,803 | (125,127) | 34,676 | 11,619 | (1,320) | - | - | (9,048) | - | 157,994 | (122,067) | 35,927 |
| Work in progress | 95,189 | - | 95,189 | - | - | - | 39,963 | - | - | 135,152 | - | 135,152 |
| Landfill at cost | 8,217 | (8,217) | - | - | - | - | - | - | - | 8,217 | (8,217) | - |
| Library books at cost | 121,142 | (106,615) | 14,527 | 4,089 | - | - | - | (4,531) | - | 125,231 | (111,146) | 14,085 |
| | 1,520,421 | (299,556) | 1,220,865 | 138,840 | (2,184) | - | 39,963 | (40,603) | 64,696 | 1,665,338 | (243,761) | 1,421,577 |
| Infrastructure assets | | | | | | | | | | | | |
| Roading network | 2,476,787 | (24) | 2,476,763 | 96,746 | 733 | - | - | (57,738) | - | 2,574,265 | (57,761) | 2,516,504 |
| Sewerage | 2,187,396 | (2,164) | 2,185,232 | 61,624 | (6,055) | - | - | (51,675) | 3,761 | 2,246,742 | (53,855) | 2,192,887 |
| Water | 1,491,032 | (1,070) | 1,489,962 | 32,650 | (7,685) | - | - | (34,211) | - | 1,515,997 | (35,281) | 1,480,716 |
| Stormwater | 873,530 | (202) | 873,328 | 46,415 | (2,255) | - | - | (11,994) | - | 917,828 | (12,334) | 905,494 |
| Work in progress | 197,283 | - | 197,283 | - | - | - | 39,246 | - | - | 236,529 | - | 236,529 |
| | 7,226,028 | (3,460) | 7,222,568 | 237,435 | (15,262) | - | 39,246 | (155,618) | 3,761 | 7,491,361 | (159,231) | 7,332,130 |
| Restricted assets | | | | | | | | | | | | |
| Land and buildings | 835,399 | (39,262) | 796,137 | 45,492 | 139 | - | - | (5,955) | 51,784 | 889,712 | (2,115) | 887,597 |
| Marine structure | 17,436 | (7) | 17,429 | 9,066 | - | - | - | (1,119) | - | 26,502 | (1,126) | 25,376 |
| Artworks | 70,056 | (140) | 69,916 | 992 | - | - | - | (71) | - | 71,048 | (211) | 70,837 |
| Heritage assets | 24,686 | (253) | 24,433 | 444 | (2,764) | - | - | (23) | 830 | 23,195 | (275) | 22,920 |
| Public art | 13,779 | - | 13,779 | 956 | - | - | - | (14) | - | 14,735 | (14) | 14,721 |
| Library books | 7,488 | - | 7,488 | 232 | - | - | - | - | - | 7,720 | - | 7,720 |
| Work in progress | 30,921 | - | 30,921 | - | - | - | (6,690) | - | - | 24,231 | - | 24,231 |
| | 999,765 | (39,662) | 960,103 | 57,182 | (2,625) | - | (6,690) | (7,182) | 52,614 | 1,057,143 | (3,741) | 1,053,402 |
| Total Parent PPE | 9,746,214 | (342,678) | 9,403,536 | 433,457 | (20,071) | - | 72,519 | (203,403) | 121,071 | 10,213,842 | (406,733) | 9,807,109 |

* Disposals in this reconciliation are reported net of accumulated depreciation and include PPE classified as held for sale during the year. Buildings valued at \$123,510,000 (2017: \$110,915,600) 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 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 |

** 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 2018 | | | | | | | | | | | | |
| Operational assets | | | | | | | | | | | | |
| Freehold land | 908,031 | (23,205) | 884,826 | 46,039 | 23,875 | (3) | - | (1,733) | 140,355 | 1,104,665 | (11,306) | 1,093,359 |
| Buildings | 1,288,271 | (258,498) | 1,029,773 | 118,465 | 4,857 | (30) | - | (50,339) | 62,683 | 1,317,533 | (152,124) | 1,165,409 |
| Plant & equipment | 562,940 | (397,402) | 165,538 | 47,335 | (319) | (130) | - | (36,185) | - | 578,630 | (402,391) | 176,239 |
| Electricity distribution | 980,700 | (4) | 980,696 | 63,289 | (1,256) | (10,849) | - | (38,845) | - | 1,041,603 | (48,568) | 993,035 |
| Airport infrastructure | 317,508 | (8,746) | 308,762 | - | 16,834 | - | - | (10,307) | 38,576 | 353,865 | - | 353,865 |
| Harbour structures | 279,529 | (128,158) | 151,371 | 35,009 | 6,088 | - | - | (5,592) | - | 322,348 | (135,472) | 186,876 |
| Optical fibre network | 400,238 | (22,589) | 377,649 | 80,657 | (1) | - | - | (17,605) | 34,519 | 484,801 | (9,582) | 475,219 |
| Work in progress | 295,289 | - | 295,289 | - | - | - | 102,073 | - | - | 397,362 | - | 397,362 |
| Landfill at cost | 8,217 | (8,217) | - | - | - | - | - | - | - | 8,217 | (8,217) | - |
| Library books at cost | 121,142 | (106,615) | 14,527 | 4,089 | - | - | - | (4,531) | - | 125,231 | (111,146) | 14,085 |
| | 5,161,865 | (953,434) | 4,208,431 | 394,883 | 50,078 | (11,012) | 102,073 | (165,137) | 276,133 | 5,734,255 | (878,806) | 4,855,449 |
| Infrastructure assets | 7,229,898 | (3,460) | 7,226,438 | 237,435 | (15,262) | - | 39,246 | (155,618) | 3,761 | 7,495,231 | (159,231) | 7,336,000 |
| Restricted assets | 999,765 | (39,662) | 960,103 | 57,182 | (2,625) | - | (6,690) | (7,182) | 52,614 | 1,057,143 | (3,741) | 1,053,402 |
| Total Group PPE | 13,391,528 | (996,556) | 12,394,972 | 689,500 | 32,191 | (11,012) | 134,629 | (327,937) | 332,508 | 14,286,629 | (1,041,778) | 13,244,851 |
| 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 | 529,243 | (385,675) | 143,568 | 60,293 | 400 | - | (415) | (38,308) | - | 562,940 | (397,402) | 165,538 |
| 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 ** | 876,609 | (132,029) | 744,580 | 104,674 | 21,232 | - | - | (28,991) | (3,713) | 997,275 | (159,493) | 837,782 |
| Work in progress | 145,018 | - | 145,018 | - | - | - | 150,271 | - | - | 295,289 | - | 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 |
| | 4,889,433 | (937,294) | 3,952,139 | 263,265 | (1,264) | (9,035) | 149,856 | (162,427) | 15,897 | 5,161,865 | (953,434) | 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 | 12,550,324 | (1,123,296) | 11,427,028 | 1,355,726 | (44,670) | (9,035) | (489,185) | (318,295) | 473,403 | 13,391,528 | (996,556) | 12,394,972 |

** 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 18 \$000 | Council 30 Jun 17 \$000 |
|-------------------------------|-----------------------|-------------------------------|
| Wastewater | 40,339 | 41,694 |
| Water | 13,484 | 19,830 |
| Stormwater | 76,810 | 61,894 |
| Roading | 105,896 | 73,865 |
| Total infrastructural | <u>236,529</u> | <u>197,283</u> |
| Intangibles | 11,703 | 13,425 |
| Building | 159,383 | 126,110 |
| Total work in progress | <u>407,615</u> | <u>336,818</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 |
|---|--------------------------------|--|--|--|
| 2018 | | | | |
| Treatment Plants | - | 81 | - | 28,101 |
| Reticulation | 1,480,716 | 31,360 | 1,209 | 2,525,070 |
| Water Supply | <u>1,480,716</u> | <u>31,441</u> | <u>1,209</u> | <u>2,553,171</u> |
| Treatment Plants | - | 21,648 | - | 462,377 |
| Reticulation | 2,192,887 | 37,571 | 2,405 | 3,383,765 |
| Sewerage | <u>2,192,887</u> | <u>59,219</u> | <u>2,405</u> | <u>3,846,142</u> |
| Stormwater Drainage | 817,842 | 33,942 | 2,297 | 1,190,352 |
| Flood Protection and Control Works | 87,652 | 10,176 | - | 97,404 |
| Roads and Footpaths | 2,516,504 | 89,273 | 7,473 | 3,709,063 |
| 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 |

The Council completed the construction of \$224.1 million (2017: \$1,034.3 million) of assets relating to its core infrastructure assets and received a further \$12.0 million (2017: \$25.9 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

2018 Revaluations

The following revaluations were undertaken in 2018 in accordance with PBE IPSAS 17.

Park improvement were valued as at 30 June 2018 by Council staff and reviewed by WSP-Opus. The fair value of park improvements is \$160 million.

The fair value of park improvements were determined using optimised depreciated replacement cost.

Land and buildings were valued as at 30 June 2018 by Quotable Value (QV). The fair value of all land and buildings is \$1.9 billion.

The fair value of the land including parks were determined using market based evidence with adjustments to reflect the designation of the land.

The fair value of the residential and commercial buildings were determined using market based evidence.

The fair value of specialised buildings such as libraries, swimming pools and heritage assets were determined using optimised depreciated replacement cost.

Quantity surveyors are engaged to determine the replacement cost of material assets.

Other revaluations

Other than the revaluations undertaken in 2018, the most recent valuations for the other asset classes were as follows:

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.

Water supply infrastructure assets were revalued by Opus at 30 June 2017 using depreciated replacement cost method.

Stormwater, waterways and wetlands infrastructure assets were revalued by Opus at 30 June 2017 using the depreciated replacement cost method in accordance with PBE IPSAS 17.

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.

Marine structure assets were revalued by Beca Projects NZ Limited at 30 June 2017 using depreciated replacement cost method.

Public art was revalued by Art + Object Limited as at 30 June 2017 using depreciated replacement cost method in accordance with PBE IPSAS 17.

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.

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.

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.

| | 2018 \$000 | 2012-2017 Accumulated \$000 | Total \$000 |
|-------------------------------|-----------------|-----------------------------------|----------------|
| Buildings/ facilities | (57,128) | 86,565 | 29,437 |
| | (57,128) | 86,565 | 29,437 |
| Infrastructural assets | | | |
| Roading | - | - | - |
| Sewerage | (3,761) | 18,585 | 14,824 |
| Water | - | - | - |
| Stormwater | - | - | - |
| | (3,761) | 18,585 | 14,824 |
| | (60,889) | 105,150 | 44,261 |

The negative amounts in 2018 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 2018 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 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. \$29.4 million of impairment remains at 30 June 2018.

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 (Chch), 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.

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

On 30 June 2018 land, investment properties and car parking assets were revalued by independent valuers Crighton Anderson Property and Infrastructure Ltd trading as Colliers International Ltd.

Sealed surfaces, infrastructure assets, terminal assets and specialised buildings were valued by independent valuers Opus International Limited as at 30 June 2018.

Lyttelton Port Company Limited

The net carrying value of assets at 30 June 2018 was \$390 million. The assets are carried at the 2006 valuation (or cost for subsequent additions) less accumulated depreciation and impairment charges.

An independent review of land value and completion of the new administration building during the year has indicated carrying value is consistent with fair value.

Enable Services Limited

The net carrying value of assets was \$476 million (2017: \$378 million). The assets include the original fibre optic network and the subsequent cost of deploying the UFB network covering all of Christchurch, 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 2018.

Vbase Limited

Horncastle Arena was revalued as at 30 June 2018 on an optimised depreciated replacement value basis. The valuation was undertaken by QV with quantity surveyors engaged to provide a replacement cost estimate.

9.4 Insurance of assets

| | 2018 | 2017 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Insurance | | |
| Insured value of assets covered by insurance | 2,507,085 | 2,594,993 |
| Book value of assets covered by insurance | 5,436,499 | 1,653,402 |
| Financial risk sharing arrangements | | |
| Insured value of assets covered by financial risk sharing arrangements | - | 100,000 |
| Book value of assets covered by financial risk sharing arrangements | - | 3,751,935 |
| Overall cover | | |
| The maximum amount to which assets are insured under Council insurance policies | 2,507,085 | 2,594,993 |
| Total book value of Property, plant and equipment | 9,807,109 | 9,403,536 |

Insurance cover

At 30 June 2018 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 2018

Subsequent to balance date the Council has renewed its buildings cover. The renewal of the policy was based on insurance valuations at 30 June 2018. All other terms and conditions remain unchanged.

Council has obtained additional cover on its underground infrastructure assets, and now has \$500 million of insurance cover available for them. This cover allows access to Crown funding of up to 60 per cent of the cost of reinstating the assets giving total cover of approximately \$4.3 billion on assets with a replacement value of \$6.3 billion.

Financial risk sharing arrangements

At 30 June 2018 the Council withdrew from the Local Authority Protection Programme (LAPP) which is a Financial Risk Sharing arrangement.

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 2018 | | | | | | | | | | | | |
| Goodwill | - | - | - | - | - | - | - | - | - | - | - | - |
| Other intangible assets | | | | | | | | | | | | |
| Software | 102,896 | (52,804) | 50,092 | 16,735 | - | - | - | - | (9,924) | 118,712 | (61,809) | 56,903 |
| Work in progress | 13,425 | - | 13,425 | - | - | - | (1,722) | - | - | 11,703 | - | 11,703 |
| Trademarks | 3,304 | (3,299) | 5 | - | - | - | - | - | - | 3,304 | (3,299) | 5 |
| Other | 9,396 | (5,760) | 3,636 | 978 | - | - | - | - | (565) | 6,768 | (2,719) | 4,049 |
| | 129,021 | (61,863) | 67,158 | 17,713 | - | - | (1,722) | - | (10,489) | 140,487 | (67,827) | 72,660 |
| Total Parent intangibles | 129,021 | (61,863) | 67,158 | 17,713 | - | - | (1,722) | - | (10,489) | 140,487 | (67,827) | 72,660 |
| Group 2018 | | | | | | | | | | | | |
| Goodwill | 44,590 | (34,899) | 9,691 | - | - | - | - | (2,490) | - | 44,590 | (37,389) | 7,201 |
| Other intangible assets | | | | | | | | | | | | |
| Easements & resource consents | 14,742 | (6,075) | 8,667 | 6,256 | 1 | (579) | - | - | (168) | 17,726 | (3,549) | 14,177 |
| Software | 151,900 | (93,071) | 58,829 | 21,133 | 2,362 | (15) | - | - | (13,209) | 171,751 | (102,651) | 69,100 |
| Work in progress | 14,634 | - | 14,634 | 3,384 | (1,840) | - | (1,722) | - | - | 14,456 | - | 14,456 |
| Trademarks | 3,304 | (3,300) | 4 | - | - | - | - | - | - | 3,304 | (3,300) | 4 |
| Other | 11,135 | (6,721) | 4,414 | 1,486 | - | - | - | - | (812) | 9,112 | (4,024) | 5,088 |
| | 195,715 | (109,167) | 86,548 | 32,259 | 523 | (594) | (1,722) | - | (14,189) | 216,349 | (113,524) | 102,825 |
| Total Group intangibles | 240,305 | (144,066) | 96,239 | 32,259 | 523 | (594) | (1,722) | (2,490) | (14,189) | 260,939 | (150,913) | 110,026 |

| | Opening balances | | | Current year movements | | | | | | Closing balances | | |
|---------------------------------|-----------------------------|--------------------------------------|-----------------------------|------------------------|--|--|---------------------------|--|-----------------------|-----------------------------|--------------------------------------|-----------------------------|
| | Cost/ valuation \$000 | Accumulated amortisation \$000 | Carrying amount \$000 | Additions \$000 | Additions from internal development \$000 | Net disposals/ Transfers* \$000 | Net movement in WIP | Impairment charged to Surplus \$000 | Amortisation \$000 | Cost/ valuation \$000 | Accumulated amortisation \$000 | Carrying amount \$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* | 44,265 | (33,865) | 10,400 | 325 | - | - | - | (1,034) | - | 44,590 | (34,899) | 9,691 |
| 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 | 219,246 | (130,827) | 88,419 | 15,514 | 6 | (77) | 5,983 | (1,034) | (12,572) | 240,305 | (144,066) | 96,239 |

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 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Christchurch City Holdings Ltd | - | - | 7,201 | 9,691 |
| | - | - | 7,201 | 9,691 |

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.

The CCHL Board have reviewed the carrying amount of each cash-generating unit and compared to the independent valuers' estimate of recoverable amount or

value in use, and have determined in the case of City Care an impairment of goodwill on consolidation of \$2.49 million should be taken.

A prior period adjustment for impairment of goodwill on consolidation has been made in relation to the carrying goodwill of EcoCentral for \$9.8 million relating to the 2016 financial year, refer to note 34.

11. Service concession arrangements

| | Parent | | Group | |
|---|--------------|--------------|-----------|-----------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | 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 | (4,828) | (4,315) | - | - |
| Net book value | 6,209 | 6,722 | - | - |
| Service concession liability | | | | |
| Opening balance | 4,844 | 5,580 | - | - |
| Service concession revenue recognised | (736) | (736) | - | - |
| Closing balance | 4,108 | 4,844 | - | - |

In 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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|--|----------------|---------------------|----------------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| (a) Capital and other operating commitments | | | | |
| Capital commitments | | | | |
| Property, plant and equipment | 316,240 | 447,230 | 442,418 | 526,867 |
| Electricity distribution network | - | - | 18,923 | 27,636 |
| Intangible assets | 2,895 | 1,634 | 2,969 | 1,634 |
| Ultra-Fast Broadband Network | - | - | 41,850 | 144,250 |
| Total capital commitments | 319,135 | 448,864 | 506,160 | 700,387 |
| Other operating commitments | | | | |
| Other operating commitments | 47,024 | 67,014 | 47,065 | 67,045 |
| (b) Non cancellable operating lease liabilities | | | | |
| No later than one year | 1,100 | 2,018 | 5,261 | 5,867 |
| Later than one year and not later than five years | 2,297 | 3,307 | 10,128 | 5,088 |
| Later than five years | 4,225 | 6,284 | 22,186 | 360 |
| Total non-cancellable operating lease liabilities | 7,622 | 11,609 | 37,575 | 11,315 |
| (c) Non cancellable operating lease receivables | | | | |
| No later than one year | 9,738 | 9,239 | 50,927 | 71,838 |
| Later than one year and not later than five years | 36,251 | 33,833 | 162,440 | 209,705 |
| Later than five years | 128,870 | 118,586 | 192,046 | 218,916 |
| Total non-cancellable operating lease receivables | 174,859 | 161,658 | 405,413 | 500,459 |

Capital commitments and other operating commitments**Rebuild**

The property plant and equipment commitment above includes the Council's commitments for anchor projects including the Metro Sports Centre (\$130.8 million) and the Central Library (\$7.4 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 network connections through to December 2019 is \$42 million.

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 \$12 million of funding to Regenerate Christchurch over the next three 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 \$9 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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|------------------------------------|-----------------|---------------------|-----------------|--------------------|
| | Actual \$000 | Actual \$000 | Actual \$000 | Actual \$000 |
| Land and buildings held for sale | 7,300 | 21,470 | 7,534 | 22,719 |
| Plant and equipment held for sale | - | - | 314 | - |
| Other assets held for sale | - | - | - | - |
| Total amounts held for sale | 7,300 | 21,470 | 7,848 | 22,719 |

Parent

Properties with a value of \$3.8 million had been identified in 2017 to be transferred to OCHT as part of the Council's commitment to provide the Trust with \$50 million of assets. The transfer took place during 2018 financial year.

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. Other than the Citycare depot these properties were sold during 2018.

14. Investment property

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|---|-----------------|---------------------|-----------------|--------------------|
| | Actual \$000 | Actual \$000 | Actual \$000 | Actual \$000 |
| Balance at beginning of financial year | - | - | 370,523 | 303,692 |
| Net transfer from property, plant & equipment | - | - | (25,974) | (6,464) |
| Additional capitalised expenditure | - | - | 30,598 | 37,369 |
| Disposal | - | - | - | - |
| Net gain/(loss) from fair value adjustments | - | - | 53,701 | 35,926 |
| Balance at end of financial year | - | - | 428,848 | 370,523 |

Group

Christchurch International Airport Limited

The valuation as at 30 June 2018 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 \$6.1 million (2017: \$3.5 million) relating to investment properties under construction but sufficiently advanced to enable a fair value to be assessed. These properties are carried at fair value on completion less estimated costs to complete.

15. Cash and cash equivalents

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|--|-----------------|---------------------|-----------------|--------------------|
| | Actual \$000 | Actual \$000 | Actual \$000 | Actual \$000 |
| Cash and cash equivalents | 243,748 | 52,543 | 270,322 | 88,225 |
| Cash and cash equivalents (USD) | - | - | 203 | 54 |
| Cash and cash equivalents (EUR) | - | - | 1 | 1 |
| Cash and cash equivalents (AUD) | - | - | 3 | 8 |
| Overdraft | - | - | - | - |
| Other | - | - | 2 | 2 |
| Total cash and cash equivalents | 243,748 | 52,543 | 270,531 | 88,290 |

16. Investment in CCOs

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|---------------------------------|-------------------------|-------------------------|----------------------|----------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Current | | | | |
| Loans advanced | 115,000 | 116,427 | - | - |
| Investment in debt securities | 4,504 | 2,288 | 4,504 | 2,288 |
| | <u>119,504</u> | <u>118,715</u> | <u>4,504</u> | <u>2,288</u> |
| Non-current | | | | |
| Loans advanced | 446,873 | 436,446 | - | - |
| Investment in debt securities | 20,531 | 21,339 | 20,531 | 21,339 |
| Share Investment in CCOs | 2,223,630 | 2,233,859 | - | - |
| Unlisted shares | 6,515 | 5,654 | 6,515 | 5,654 |
| | <u>2,697,549</u> | <u>2,697,298</u> | <u>27,046</u> | <u>26,993</u> |
| Total investment in CCOs | <u>2,817,053</u> | <u>2,816,013</u> | <u>31,550</u> | <u>29,281</u> |

Fair value

Loans advanced

The fair value of the Council's loans to related parties is \$562 million (2017: \$559 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.20 per cent to 9.22 per cent (2017: 2.12 per cent to 9.83 per cent). The average effective interest rate on the loans to related parties is 4.22 per cent (2017: 4.31 per cent).

Share investment in CCOs

The fair value of the Council's investments in its subsidiary companies was assessed by independent valuers, PWC, as at 30 June 2018.

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 decreased in the year by \$87.1 million (2017: \$105 million increase) to \$2,069 million, a result of the \$97.5 million fair value decrease from the PWC valuation which was based on the sum of the parts approach of CCHL's subsidiaries, and offset by an increase of \$10.3 million from the issuing of new shares to the Council.

Vbase was assessed as at 30 June 2018 by PWC. It was considered that the value of the investment had increased by \$71.7 million to \$143.1 million (2017: \$71.4 million) on a net asset value basis. This increase was due to the change in net asset value as a result of the changed valuation method for the Town Hall and the Arena when the company moved to public benefit entity reporting standards.

The value of the Council's investment in CNZH was assessed as at 30 June 2018 by PWC. The value of the investment had increased by \$5.2 million to \$7.5 million. This increase was a result of last year's combination of CDCH, Canterbury Tourism and Council's event team, which created the new CNZH.

CBL owns 50 per cent of the joint venture between CBL and Ngāi Tahu Property Limited (NTPL) - see note 17. As at 30 June 2018, PWC undertook a valuation of the company however Council has decided not to adopt the revised valuation as its investment as CBL's major source of revenue is the Council rental on the Civic Building.

Investment in debt securities

Investment in debt securities includes LGFA borrower notes.

Unlisted shares

Unlisted shares in CCOs include \$1.7 million (2017: \$1.7 million) in New Zealand Local Government Insurance Corporation (NZLGIC) and \$4.9 million (2017: \$4.0 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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|---|--------------|---------------------|---------------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Balance at start of year | 6,196 | 6,196 | 22,456 | 27,221 |
| Acquisitions/ transfers | - | - | 1,305 | - |
| Share of total recognised revenues and expenses | - | - | 6,263 | 11,595 |
| Dividends from associates and joint ventures | - | - | (7,158) | (8,946) |
| Share of revaluations | - | - | - | - |
| Disposal | - | - | - | (4,527) |
| Impairment | - | - | (1,424) | (2,887) |
| Balance at end of year | <u>6,196</u> | <u>6,196</u> | <u>21,442</u> | <u>22,456</u> |

There is no goodwill included in the carrying value of associates (2017: Nil).

The following entities are equity accounted by the Group:

| Name of entity | Country of Incorporation | Effective Ownership Interest | |
|---|-----------------------------|---------------------------------|-----------|
| | | 30 Jun 18 | 30 Jun 17 |
| | | | |
| Transwaste Canterbury Ltd - Parent | NZ | 39% | 39% |
| Christchurch Civic Building Joint Venture (CCBJV) | NZ | 50% | 50% |
| City Care Limited John Fillmore Contracting Limited Joint Venture | Not Incorporated | 50% | 50% |
| Food Innovation South Island Ltd | 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

Food Innovation South Island Ltd

On the 26 March 2015 49.9% of the shares of FoodSouth were transferred from CRIS to Callaghan Innovation Ltd under a Shareholders Agreement. As a result of this transaction FoodSouth ceased to be a wholly owned subsidiary and became a jointly controlled entity. CRIS has elected to use the equity method to account for its share of the results.

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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|-----------------------|-----------|---------------------|-----------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Assets | 85,917 | 93,502 | 115,486 | 164,714 |
| Liabilities | 33,328 | 35,852 | 45,682 | 61,139 |
| Revenue | 50,351 | 75,458 | 81,498 | 108,653 |
| Net surplus/(deficit) | 13,535 | 30,167 | 19,533 | 38,582 |

18. Inventories

| | Parent | | Group | |
|---|--------------|--------------|---------------|---------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| (a) Current inventories | | | | |
| Inventory - raw materials and maintenance items | - | - | 13,247 | 13,808 |
| Inventory - work in progress | - | - | - | 22,220 |
| Inventory - finished goods | 3,529 | 3,293 | 9,006 | 8,402 |
| | 3,529 | 3,293 | 22,253 | 44,430 |
| Inventory - allowance for impairment | - | - | (255) | (194) |
| Total current inventories | 3,529 | 3,293 | 21,998 | 44,236 |

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 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Loans and advances (excl CCOs) | 9,014 | 9,826 | 34,331 | 151,018 |
| Investment in debt securities | 36,641 | 309,814 | 105,530 | 339,476 |
| Investment in equity securities (excl CCOs) | 378 | 399 | 1,753 | 7,199 |
| Derivative instruments - asset | - | - | 787 | 2,125 |
| Total other financial assets | 46,033 | 320,039 | 142,401 | 499,818 |
| Total current other financial assets | 32,046 | 305,206 | 100,219 | 451,636 |
| Total non-current other financial assets | 13,987 | 14,833 | 42,182 | 48,182 |
| | 46,033 | 320,039 | 142,401 | 499,818 |

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 \$10.5 million (2017: \$10.3 million) which are discounted over the term of the loan using the Council's effective borrowing cost. These loans include the loans made to the Theatre Royal Charitable Foundation, the Christchurch Stadium Trust, the Piano Centre for Music and Arts and UWC Limited.

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 \$34.6 million (2017: \$308 million). Group's term deposits amounted to \$108 million (2017: \$413 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 \$100,000 (2017: \$31 million) and are classified as *Loans and receivables*.

The Group's balance includes \$24.9 million (2017: \$26.0 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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|--|------------------|---------------------|------------------|--------------------|
| | Actual \$000 | Actual \$000 | Actual \$000 | Actual \$000 |
| Borrowings from external parties | 1,696,418 | 1,659,934 | 2,769,493 | 2,474,704 |
| Borrowings from group entities | 4,539 | 33,339 | - | - |
| Finance lease liabilities | 21 98,110 | 99,672 | 61,277 | 63,075 |
| Total borrowings | 1,799,067 | 1,792,945 | 2,830,770 | 2,537,779 |
| Derivative instruments - Liability | 153,560 | 139,527 | 184,076 | 169,769 |
| Total borrowings and other financial liabilities | 1,952,627 | 1,932,472 | 3,014,846 | 2,707,548 |
| Total current borrowings | 374,804 | 316,104 | 492,776 | 328,633 |
| Total non-current borrowings | 1,424,263 | 1,476,841 | 2,337,994 | 2,209,146 |
| | 1,799,067 | 1,792,945 | 2,830,770 | 2,537,779 |
| Total current borrowings and other financial liabilities | 375,763 | 318,841 | 498,955 | 333,699 |
| Total non-current borrowings and other financial liabilities | 1,576,864 | 1,613,631 | 2,515,891 | 2,373,849 |
| | 1,952,627 | 1,932,472 | 3,014,846 | 2,707,548 |

Parent

During the year, the Council issued \$316 million (2017: \$421 million) of debt instruments primarily to advance to subsidiaries, finance the rebuild, and refinance debt maturities. A total of \$279 million (2017: \$117 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 2019-2027.

The Council's related party borrowings from Vbase will be repaid in the next two years.

Total fixed rate borrowings (excluding finance leases) of \$310 million (2017: \$336 million) have an average interest rate of 4.47 per cent (2017: 4.29 per cent).

Total floating rate borrowings amounted to \$1,389 million (2017: \$1,358 million). The underlying interest rates are based on three-month bank bill reference rate (BKBM) plus a margin. The margin averaged 66 basis points (2017: 68 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 \$99.5 million (2017: \$69 million) from its Capital Endowment Fund with terms ranging between 1 - 8 years. Interest of \$3.0 million (2017: \$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 (parent) financial statements.

Group

Christchurch City Holdings Limited

CCHL's borrowings comprised:

- Floating rate notes of \$90 million (2017: \$90 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 5.85 per cent (2017: 2.64 per cent). CCHL also has an undrawn \$100 million (2017: \$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) as part of the reorganisation of ESL. The face value of the loan is \$150.0 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 \$140.9 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 \$262.7 million (2017: \$236.0 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 2.57% (2017: 2.66%). Orion has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Christchurch International Airport Limited

CIAL has a \$140 million (2017: \$193 million) funding facility with its banks with an additional \$80 million (2017: \$102 million) of undrawn facilities. Total bond funding is \$275 million (2017: \$175 million).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The bond funding constitutes direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

Average interest rate on bank facility is 5.6 per cent, and average interest rate on bond funding is 4.9 per cent.

City Care Limited

Bank loans of \$18.4 million (2017: \$6.9 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 (2017: \$50 million). Average interest rate 3.3 per cent for the year (2017: 3.2 per cent).

Due to the financial performance for the year City Care was in breach of its interest cover covenant at 30 June 2018. As a result the bank borrowings are reclassified to current liabilities. City Care's bankers (BNZ) have subsequently waived this breach on 2 August 2018.

Red Bus Limited

Red Bus has a currently undrawn bank revolving credit facility 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 2018 (2017: 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 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|---|------------------|---------------------|------------------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Derivatives not designated as hedging instruments | - | - | 187 | 642 |
| Derivatives designated as hedging instruments | | | | |
| Interest rate swaps | - | - | 364 | 1,349 |
| Forward exchange rate contracts | - | - | 236 | 134 |
| Total derivative financial instrument assets | - | - | 787 | 2,125 |
| Derivatives not designated as hedging instruments | - | - | (1,532) | (2,289) |
| Derivatives designated as hedging instruments | | | | |
| Interest rate swaps | (153,560) | (139,527) | (182,536) | (167,419) |
| Forward exchange rate contracts | - | - | (8) | (61) |
| Total derivative financial instrument liabilities | (153,560) | (139,527) | (184,076) | (169,769) |
| Net derivative financial instrument assets (liabilities) | (153,560) | (139,527) | (183,289) | (167,644) |
| Total current derivative assets | - | - | 236 | 2,125 |
| Total non-current derivative assets | - | - | 551 | - |
| Total current derivative liabilities | (959) | (2,736) | (6,179) | (5,065) |
| Total non-current derivative liabilities | (152,601) | (136,791) | (177,897) | (164,704) |

The notional values of interest rate swaps are summarised below:

| | 30 Jun 18 | Parent 30 Jun 17 | 30 Jun 18 | Group 30 Jun 17 |
|----------------------------|------------------|---------------------|------------------|--------------------|
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Interest rate swaps | | | | |
| Less than 1 year | 76,200 | 92,000 | 70,980 | 89,732 |
| 1 to 2 years | 70,000 | 76,200 | 64,905 | 62,809 |
| 2 to 5 years | 382,700 | 280,500 | 372,800 | 273,927 |
| More than 5 years | 1,146,000 | 1,114,700 | 1,136,258 | 1,108,742 |
| | 1,674,900 | 1,563,400 | 1,644,943 | 1,535,210 |

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 18 \$000 | 30 Jun 17 \$000 | 30 Jun 18 \$000 | 30 Jun 17 \$000 | 30 Jun 18 \$000 | 30 Jun 17 \$000 | 30 Jun 18 \$000 | 30 Jun 17 \$000 |
| Loans and receivables | | | | | | | | | | |
| Cash and cash equivalents | | Amortised cost | 243,748 | 52,543 | 243,748 | 52,543 | 270,531 | 88,290 | 270,531 | 88,290 |
| Debtors and other receivables | | Amortised cost | 80,208 | 72,228 | 80,208 | 72,228 | 157,174 | 146,868 | 157,174 | 146,868 |
| Loans and advances | | Amortised cost | 564,234 | 557,905 | 564,234 | 557,905 | 27,678 | 146,224 | 27,678 | 146,224 |
| Investment in debt securities | | Amortised cost | 61,608 | 331,085 | 61,608 | 331,085 | 130,497 | 360,747 | 130,497 | 360,747 |
| | | | 949,798 | 1,013,761 | 949,798 | 1,013,761 | 585,880 | 742,129 | 585,880 | 742,129 |
| Financial assets through surplus or deficit | | | | | | | | | | |
| <i>Held for trading:</i> | | | | | | | | | | |
| Derivative assets not designated as hedging instrument | 2 | Fair value | - | - | - | - | 527 | 2,125 | 527 | 2,125 |
| Loans and advances | 2 | Fair value | 6,653 | 4,794 | 6,653 | 4,794 | 6,653 | 4,794 | 6,653 | 4,794 |
| Investment in debt securities | 2 | Fair value | 68 | 68 | 68 | 68 | 68 | 68 | 68 | 68 |
| Investment in equity securities | 2 | Fair value | 378 | 399 | 378 | 399 | 1,753 | 399 | 1,753 | 399 |
| <i>Not held for trading:</i> | | | | | | | | | | |
| Derivative assets designated as hedging instrument | 2 | Fair value | - | - | - | - | 260 | - | 260 | - |
| | | | 7,099 | 5,261 | 7,099 | 5,261 | 9,261 | 7,386 | 9,261 | 7,386 |
| Available for sale | | | | | | | | | | |
| Share investment in subsidiary CCOs | 3 | Fair value | 2,223,630 | 2,233,859 | 2,223,630 | 2,233,859 | - | - | - | - |
| Unlisted shares | 3 | Fair value | 6,515 | 5,654 | 6,515 | 5,654 | 6,515 | 7,654 | 6,515 | 7,654 |
| Available for sale equity securities | | | - | - | - | - | - | 4,800 | - | 4,800 |
| | | | 2,230,145 | 2,239,513 | 2,230,145 | 2,239,513 | 6,515 | 12,454 | 6,515 | 12,454 |
| Financial liabilities through surplus or deficit | | | | | | | | | | |
| <i>Held for trading:</i> | | | | | | | | | | |
| Derivative liabilities not designated as hedging instrument | 2 | Fair value | - | - | - | - | 1,532 | 2,289 | 1,532 | 2,289 |
| Borrowings | 2 | Fair value | - | - | - | - | 191,662 | 90,785 | 191,662 | 90,785 |
| <i>Not held for trading:</i> | | | | | | | | | | |
| Derivative liabilities designated as hedging instrument | 2 | Fair value | 153,560 | 139,527 | 153,560 | 139,527 | 182,544 | 167,480 | 182,544 | 167,480 |
| | | | 153,560 | 139,527 | 153,560 | 139,527 | 375,738 | 260,554 | 375,738 | 260,554 |
| Financial liabilities carried at amortised cost | | | | | | | | | | |
| Creditors and other payables | | Amortised cost | 172,110 | 167,453 | 172,110 | 167,455 | 262,801 | 262,415 | 262,801 | 262,417 |
| Borrowings | | Amortised cost | 1,799,067 | 1,792,945 | 1,730,768 | 1,711,377 | 2,639,108 | 2,446,994 | 2,570,809 | 2,365,426 |
| | | | 1,971,177 | 1,960,398 | 1,902,878 | 1,878,832 | 2,901,909 | 2,709,409 | 2,833,610 | 2,627,843 |

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 (2017: 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 18 \$000 | 30 Jun 17 \$000 |
|---------------------------------|----------------------------|----------------------------|
| Parent | | |
| Opening carrying value | 2,239,513 | 2,217,829 |
| Valuation movements | (9,368) | 21,684 |
| Closing carrying value | <u>2,230,145</u> | <u>2,239,513</u> |
| | 30 Jun 18 \$000 | 30 Jun 17 \$000 |
| Group | | |
| Opening carrying value | 7,654 | 6,932 |
| Shares acquired during the year | - | - |
| Valuation movements | 861 | 722 |
| Transfers | (2,000) | - |

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 35 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 products. A significant decline in commodity prices in 2018 has hit the recycling industry nationwide. A national initiative is being considered to address potential solutions to the marketability of recyclables. 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 18 | | | | | | | | | | |
| Cash and cash equivalents | 243,748 | 243,748 | - | - | - | 270,531 | 270,531 | - | - | - |
| Loans and advances - CCOs | 561,873 | 317,461 | - | 139,500 | 104,912 | - | - | - | - | - |
| Loans and advances | 9,014 | 8 | - | - | 9,006 | 34,331 | 465 | - | - | 33,866 |
| Investment in debt securities | 61,676 | 53,645 | 4,539 | 2,232 | 1,260 | 130,565 | 120,848 | 5,795 | 2,662 | 1,260 |
| Borrowings | (1,696,418) | (337,500) | 25,000 | (279,200) | (1,104,718) | (2,769,493) | (632,640) | (51,104) | (829,959) | (1,255,790) |
| Borrowings - related party | (4,539) | - | (4,539) | - | - | - | - | - | - | - |
| Finance lease liability (net settled) | (98,110) | (8,304) | (8,389) | (22,337) | (59,080) | (61,277) | (4,313) | (4,196) | (23,228) | (29,540) |
| | (922,756) | 269,058 | 16,611 | (159,805) | (1,048,620) | (2,395,343) | (245,109) | (49,505) | (850,525) | (1,250,204) |
| 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) |

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 investments and borrowings affected. With all other variables held constant, the Group's surplus before tax and net asset position are affected through the impact on floating rate investments and borrowings, as follows:

| | Parent | | | | | Group | | |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 June 18 | | 30 June 17 | | 30 June 18 | | 30 June 17 | |
| | 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) | Surplus or deficit (pre-tax) | Net asset / equity (pre-tax) |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 100 basis points increase | 2,858 | 90,116 | 3,374 | 82,349 | 56,789 | 90,116 | 56,838 | 82,349 |
| 100 basis points decrease | (2,858) | (99,289) | (3,374) | (91,297) | (56,789) | (99,289) | (56,838) | (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.

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 which reduces the net currency exposure on this transaction to zero.

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 18 | | | | | | |
| Cash and cash equivalents | 243,748 | 243,748 | 243,748 | - | - | - |
| Debtors and other receivables | 80,208 | 80,208 | 80,208 | - | - | - |
| Loans and advances - CCOs | 561,873 | 669,312 | 170,750 | 72,107 | 251,111 | 175,344 |
| Loans and advances | 9,014 | 9,014 | 8 | - | - | 9,006 |
| Investment in debt securities | 61,676 | 67,670 | 36,109 | 8,658 | 13,892 | 9,011 |
| Creditors and other payables | (172,110) | (172,110) | (172,110) | - | - | - |
| Borrowings - external | (1,696,418) | (1,968,700) | (429,193) | (283,282) | (788,048) | (468,177) |
| Borrowings - related parties | (4,539) | (5,260) | - | (5,260) | - | - |
| Finance lease liability (net settled) | (98,110) | (187,334) | (9,447) | (10,250) | (31,443) | (136,194) |
| Derivative financial instrument | (153,560) | (113,300) | (20,081) | (15,292) | (42,197) | (35,730) |
| Net contractual inflows / (outflows) | (1,168,218) | (1,376,752) | (100,008) | (233,319) | (596,685) | (446,740) |
| 30 June 17 | | | | | | |
| Cash and cash equivalents | 52,543 | 52,543 | 52,543 | - | - | - |
| Debtors and other receivables* | 72,228 | 72,228 | 72,228 | - | - | - |
| 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 instruments | (139,527) | (126,663) | (20,010) | (15,571) | (44,670) | (46,412) |
| Net contractual inflows / (outflows) | (1,079,014) | (1,298,249) | 61,028 | (280,794) | (605,507) | (472,976) |

| | 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 18 | | | | | | |
| Cash and cash equivalents | 270,531 | 270,531 | 270,531 | - | - | - |
| Debtors and other receivables | 157,174 | 158,371 | 166,076 | (444) | (1,363) | (5,898) |
| Other assets | 73 | 73 | 73 | - | - | - |
| Loans and advances | 34,331 | 39,846 | 1,219 | 5,049 | 1,853 | 31,725 |
| Investment in debt securities | 130,565 | 147,237 | 103,377 | 20,492 | 14,357 | 9,011 |
| Creditors and other payables | (262,801) | (262,801) | (262,801) | - | - | - |
| Borrowings -external | (2,769,493) | (3,209,861) | (628,964) | (519,135) | (1,428,395) | (633,367) |
| Finance lease liability (net settled) | (61,277) | (121,567) | (6,806) | (7,203) | (19,885) | (87,673) |
| Derivative financial instruments | (183,289) | (172,799) | (41,395) | (25,365) | (58,954) | (47,085) |
| Net contractual inflows / (outflows) | (2,684,186) | (3,150,970) | (398,690) | (526,606) | (1,492,387) | (733,287) |
| 30 June 17 | | | | | | |
| Cash and cash equivalents | 88,290 | 79,328 | 79,328 | - | - | - |
| Debtors and other receivables* | 146,868 | 144,529 | 152,643 | (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) | (2,218,217) | (2,712,188) | (106,277) | (688,880) | (1,212,911) | (704,120) |

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 \$86.8 million (2017: \$98.1 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 \$127.7 million (2017: \$125.7 million).

19.5(d) Credit risk management (continued)

The following table summarises the Council and Group's counterparty credit risks:

| | Credit rating | 30 Jun 18 \$000 | Parent 30 Jun 17 \$000 | 30 Jun 18 \$000 | Group 30 Jun 17 \$000 |
|--|-----------------|--------------------|------------------------------|--------------------|-----------------------------|
| Cash and cash equivalents | | | | | |
| | AA | 243,748 | 2,543 | 270,531 | 23,790 |
| | A | - | 50,000 | - | 64,500 |
| | < BBB / unrated | - | - | - | - |
| Loans and advances | | | | | |
| | AA | - | - | - | 117,000 |
| | A | 488,500 | 360,785 | - | - |
| | BBB | - | - | - | - |
| | < BBB / unrated | 82,387 | 201,914 | 34,331 | 34,018 |
| Investment in debt securities | | | | | |
| | AA | 55,035 | 273,850 | 123,923 | 301,197 |
| | A | - | 58,473 | 1 | 60,788 |
| | < BBB / unrated | 6,641 | 1,118 | 6,641 | 1,118 |
| Derivative financial instrument assets | | | | | |
| | AA | - | - | 787 | 2,125 |
| | | 876,311 | 948,683 | 436,214 | 604,536 |

20. Finance lease receivables

| | Parent | | Group | |
|--|-----------|-----------|--------------|--------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| No later than one year | - | - | 163 | 163 |
| Later than one year and not later than five years | - | - | 717 | 696 |
| Later than five years | - | - | 624 | 792 |
| Minimum lease receivables | - | - | 1,504 | 1,651 |
| Less future finance charges | - | - | (1,370) | (1,507) |
| Present value of minimum lease receivables | - | - | 134 | 144 |
| Present value of future minimum lease receivables | | | | |
| No later than one year | - | - | 1 | 1 |
| Later than one year and not later than five years | - | - | 46 | 46 |
| Later than five years | - | - | 89 | 97 |
| Present value of future minimum lease receivables | - | - | 136 | 144 |
| Represented by | | | | |
| Current portion | - | - | 1 | 1 |
| Non-current portion | - | - | 134 | 143 |
| Total | - | - | 135 | 144 |

21. Finance lease liabilities

| | Parent | | Group | |
|--|----------------|----------------|----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| No later than one year | 9,448 | 9,447 | 6,810 | 6,810 |
| Later than one year and not later than five years | 41,693 | 40,344 | 27,091 | 27,766 |
| Later than five years | 136,194 | 146,991 | 87,673 | 94,024 |
| Minimum lease payments * | 187,335 | 196,782 | 121,574 | 128,600 |
| Less: future finance charges | (89,225) | (97,110) | (60,297) | (65,525) |
| Present value of minimum lease payments | 98,110 | 99,672 | 61,277 | 63,075 |
| Minimum future lease payments | | | | |
| No later than one year | 8,304 | 8,304 | 5,137 | 5,058 |
| Later than one year and not later than five years | 30,726 | 29,701 | 18,307 | 18,662 |
| Later than five years | 59,080 | 61,667 | 37,833 | 39,355 |
| Total present value of minimum lease payments | 98,110 | 99,672 | 61,277 | 63,075 |
| Represented by: | | | | |
| Current portion | 8,305 | 8,304 | 5,138 | 5,059 |
| Non-current portion | 89,805 | 91,368 | 56,139 | 58,016 |
| Total finance leases | 98,110 | 99,672 | 61,277 | 63,075 |

* 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 two and 30 years (2017: three and 31 years). Orion does not own the assets at the end of the lease term and there is no residual value.

22. Construction contracts

| | Parent | | Group | |
|--|-----------|-----------|-----------|-----------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Contract costs incurred | - | - | 125,729 | 281,572 |
| Progress billings | - | - | 110,987 | 268,491 |
| Gross amounts due from customers | - | - | 15,880 | 16,226 |
| Gross amounts due to customers | - | - | 110 | 362 |
| Retentions included in progress billings | - | - | 285 | - |

23. Employee benefits

23.1 Personnel cost

| | Parent | | Group | |
|--|----------------|----------------|----------------|----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Salaries and wages | 185,077 | 181,261 | 462,632 | 460,055 |
| Defined contribution plan employer contributions | 3,233 | 3,952 | 6,694 | 7,068 |
| Defined benefit plan employer contributions | - | - | 142 | 133 |
| Increase/(decrease) in employee entitlements/liabilities | 697 | 1,822 | 1,774 | 2,317 |
| Other personnel costs | - | - | 1,694 | 1,793 |
| Total personnel costs | 189,007 | 187,035 | 472,936 | 471,366 |

23.2 Employee entitlements

| | Parent | | Group | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Current portion | | | | |
| Accrued pay | 5,881 | 5,462 | 11,211 | 12,885 |
| Annual leave | 14,341 | 13,662 | 37,649 | 38,909 |
| Sick leave | 256 | 256 | 445 | 468 |
| Retirement and long service leave | 1,201 | 1,242 | 2,582 | 2,569 |
| Bonuses and other | - | - | 2,595 | 2,715 |
| | <u>21,679</u> | <u>20,622</u> | <u>54,482</u> | <u>57,546</u> |
| Non-current portion | | | | |
| Retirement and long service leave | 4,590 | 4,950 | 7,018 | 7,081 |
| Bonuses and other | - | - | 322 | 493 |
| | <u>4,590</u> | <u>4,950</u> | <u>7,340</u> | <u>7,574</u> |
| Total employee entitlements | 26,269 | 25,572 | 61,822 | 65,120 |

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 the Ministry of Business, Innovation and Employment, some members of the Group have determined they have obligations to pay entitlements under the Holidays Act 2003 in respect of prior periods. The provision made for this liability in the prior year is sufficient to cover this obligation and amounts due to current and past employees will be paid out in the 2019 financial year.

24. Provisions

| | Parent | | Group | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| (a) Current provisions | | | | |
| Landfill aftercare provision | 2,159 | 2,139 | 2,159 | 2,139 |
| Building related claims provision | 2,222 | 2,222 | 2,222 | 2,222 |
| Other | - | - | 831 | 597 |
| | <u>4,381</u> | <u>4,361</u> | <u>5,212</u> | <u>4,958</u> |
| (b) Non-current provisions | | | | |
| Landfill aftercare provision | 13,120 | 14,567 | 13,120 | 14,567 |
| Building related claims provision | 21,640 | 20,349 | 21,640 | 20,349 |
| | <u>34,760</u> | <u>34,916</u> | <u>34,760</u> | <u>34,916</u> |
| Total provisions | <u>39,141</u> | <u>39,277</u> | <u>39,972</u> | <u>39,874</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 \$15.3 million (2017: \$16.7 million). The discount rate used to calculate this provision is 5.5 per cent (2017: 5.4 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 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 5.5 per cent (2017: 5.4 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 2018 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 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 |
| Additional provisions made | 1,277 | 3,729 | 5,006 | 1,277 | 3,729 | 1,291 | 6,297 |
| Amounts used | (2,704) | (2,438) | (5,142) | (2,704) | (2,438) | (1,057) | (6,199) |
| Balance at 30 June 2018 | 15,279 | 23,862 | 39,141 | 15,279 | 23,862 | 831 | 39,972 |

25. Other liabilities

| | Parent | | Group | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 Jun 18 Actual \$000 | 30 Jun 17 Actual \$000 | 30 Jun 18 Actual \$000 | 30 Jun 17 Actual \$000 |
| (a) Other current liabilities | | | | |
| Income in advance | 33,146 | 13,884 | 41,693 | 18,897 |
| Service concession agreement | 11 736 | 736 | - | - |
| | <u>33,882</u> | <u>14,620</u> | <u>41,693</u> | <u>18,897</u> |
| (b) Other Non-current liabilities | | | | |
| Income in advance | - | 1,920 | 2,181 | 1,712 |
| Service concession agreement | 11 3,372 | 4,108 | - | - |
| | <u>3,372</u> | <u>6,028</u> | <u>2,181</u> | <u>1,712</u> |
| Total other liabilities | <u>37,254</u> | <u>20,648</u> | <u>43,874</u> | <u>20,609</u> |
| Income in advance | | | | |
| Income in advance from non-exchange transactions: | | | | |
| Grants and other revenue subject to condition | 3,598 | 49 | 4,911 | 49 |
| Advanced receipts | 21,435 | 4,699 | 21,435 | 5,295 |
| | <u>25,033</u> | <u>4,748</u> | <u>26,346</u> | <u>5,344</u> |
| Income in advance from exchange transactions | 8,113 | 11,056 | 17,528 | 15,265 |
| Total income in advance | <u>33,146</u> | <u>15,804</u> | <u>43,874</u> | <u>20,609</u> |

Income in advance

The Council's revenue in advance includes prepaid building inspections of \$6.8 million (2017: \$9.5 million) and Lancaster park demolition fees of \$10.2 million received in advance.

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 18 Actual \$000 | 30 Jun 17 Actual \$000 | 30 Jun 18 Actual \$000 | 30 Jun 17 Actual \$000 |
| Contingent liabilities | | | | |
| Performance bonds | - | - | 43,985 | 40,209 |
| Uncalled capital in LGFA | 1,866 | 1,866 | 1,866 | 1,866 |
| Uncalled capital in CCHL | 1,300,139 | 1,300,139 | - | - |
| 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 | 951 | 951 |
| Christchurch Symphony Orchestra guarantee | 200 | 200 | 200 | 200 |
| Rebuild costs | 253,000 | 254,000 | 253,000 | 254,000 |
| Legal disputes | 300 | 1,450 | 300 | 1,450 |
| Total contingent liabilities | 1,574,061 | 1,576,211 | 300,302 | 298,676 |
| 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 (2017: 31). It has uncalled capital of \$1.86 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 2018, LGFA had borrowings totalling \$7.7 billion (2017: \$7.5 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 (2017: \$5.5 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 eleven specific issues and the potential for claims in three 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 Stadium/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. We are unable to reliably determine the value of the future 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. We are unable to reliably determine the value of the future 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. We are unable to reliably determine the value of the future asset.

Other

The Council has provided China Construction Bank (New Zealand) Limited with a guarantee of up to \$5 million of its third party bank loan to Leisure Investment NZ (Limited Partnership) for 5 years expiring in 2020. DCL has a minority interest in Port Hills Leisure Limited the general partner of Leisure Investment NZ (Limited Partnership) which has 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 (2017: \$35 million);
- Red Bus \$0.9 million (2017: \$0.9 million); and
- Orion \$0.8 million (2017: \$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 decreased down to \$25 million as at 1 July 2018, 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 Defined Benefit Scheme (the scheme) which is a multi-employer

defined benefit plan. 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 Crown Infrastructure Partners Limited's loan to CCHL. At 30 June 2018 this amounted to \$150 million (2017: \$120.5 million).

Orion New Zealand Limited

On 13 February 2017, two fires started on the Port Hills near Christchurch. The fires spread over 1,600 hectares on the Port Hills over several days.

On 30 January 2018, Fire and Emergency New Zealand:

- released its investigation reports into the causes of the fires, with an 'undetermined' cause for both
- stated that it believes that both fires were deliberately lit and that the matter is in the hands of the Police
- stated that its investigations are now closed and will only reopen if new evidence comes to light.

IAG Insurance on behalf of a number of its clients affected by the fires, has filed a claim in the High Court alleging that Orion's electricity network caused the fires. Orion has filed a statement of defence denying IAG's allegations and any liability. Orion insures for liability risks, in line with good industry practice.

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.

27. Reconciliation of surplus for the period to net cash flows from operating activities

| | Parent | | Group | |
|--|----------------|-----------------|----------------|-----------------|
| | 30 Jun 18 | 30 Jun 17 | 30 Jun 18 | 30 Jun 17 |
| | Actual | Actual | Actual | Actual |
| | \$000 | \$000 | \$000 | \$000 |
| Surplus for the period | 196,183 | 158,988 | 99,112 | 110,343 |
| Add/(less) non-cash items | | | | |
| Depreciation and amortisation | 213,892 | 205,214 | 342,126 | 330,867 |
| Vested assets | (31,153) | (34,377) | (31,153) | (34,377) |
| Impairment (gains)/losses | - | - | 14,926 | 10,069 |
| (Gains)/losses in fair value of investment property and assets held for sale | - | - | (53,701) | (35,926) |
| (Gains)/losses in fair value of derivative financial instruments | (422) | (708) | (311) | (177) |
| Share of associates' (surplus)/deficit (less dividends) | - | - | 895 | (2,649) |
| Net foreign exchange (gains)/losses | - | - | 107 | (27) |
| Deferred tax charged/(credited) to surplus | (3,605) | (1,355) | 18,277 | (3,802) |
| Finance lease revenue | - | - | - | - |
| Deferred revenue | - | - | - | - |
| (Gains)/losses in fair value of Investments | (340) | 897 | 1,385 | (530) |
| Shares received as consideration for UFB build | - | - | - | - |
| Non-cash asset acquisition | - | (50,505) | - | (50,505) |
| Revaluation of ENL prior to acquisition | - | - | - | - |
| Share of non-controlling interest profit/loss | - | - | - | - |
| Other non cash movements | (360) | (233) | (4,214) | (654) |
| Net changes in non-cash items | 178,012 | 118,933 | 288,337 | 212,289 |
| Add/(less) items classified as investing or financing activities | | | | |
| (Gain)/loss on disposal of non-current assets | 18,614 | 46,093 | 18,464 | 46,109 |
| Movement in capital creditors | 2,900 | (4,855) | 4,164 | (6,581) |
| Recognition of service concession arrangement | (736) | (736) | (736) | (736) |
| Insurance proceeds classified as investing activities | 880 | (60,846) | 880 | (60,846) |
| Vbase insurance advance held as investing | - | - | - | - |
| (Gain)/loss on disposal of investments classified as fair value through equity | - | - | - | (625) |
| Dividend payable at period end | - | - | - | - |
| CEDF Vesting | - | - | - | - |
| Other | - | - | 11,942 | 412 |
| Net changes in investing/financing activities | 21,658 | (20,344) | 34,714 | (22,267) |
| Add/(less) movement in working capital items | | | | |
| Receivable and prepayment | (8,076) | 8,738 | (17,323) | 24,960 |
| Inventories | (236) | (62) | (6,551) | (11,145) |
| Other assets | - | - | 603 | 1,764 |
| Payables | 4,657 | (33,419) | 8,811 | (17,981) |
| Provisions and employee entitlements | 921 | 6,483 | (3,060) | 10,157 |
| Income tax receivable/(payable) | (4) | - | (3,010) | (1,789) |
| Other liabilities | 17,342 | (27,254) | 24,167 | (24,655) |
| Net changes in net assets and liabilities | 14,604 | (45,514) | 3,637 | (18,689) |
| Net cash from operating activities | 410,457 | 212,063 | 425,800 | 281,676 |

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 | 2018 | | 2017 | |
|--------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | Services to CCOs \$000 | 30 June Balance \$000 | Services to CCOs \$000 | 30 June Balance \$000 |
| CCHL | 830 | 67 | 857 | 61 |
| CBL | 20 | - | 20 | - |
| CAfE | 13 | - | 11 | - |
| DCL | 96 | - | 84 | 84 |
| RBT | 38 | - | 38 | - |
| Vbase | 5,781 | 125 | 9,048 | 336 |
| WBFT | 15 | - | 24 | 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 | 2018 \$000 | 2017 \$000 | Reason for non-arm's length |
|--------------|---------------|---------------|---|
| OCHT | 4,038 | 381 | Non-contestable funding |
| RBT | 390 | 306 | In accordance with the Riccarton Bush Act |
| Regenerate | 4,000 | 4,000 | Non-contestable funding |
| WBFT | - | 355 | Non-contestable funding |

No balances were outstanding at year end (2017: nil).

SCIRT

The Council was a party to the SCIRT alliance, which was wound up in 2016/17. 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 \$153.4 million to SCIRT and at year end \$6.4 million was outstanding.

Other commercial contracts

The Council has a contract with EcoCentral for waste collection and management. This contract was not tendered. In 2017/18 the Council paid \$8.7 million (2017: \$8.6 million) to EcoCentral and at year end \$0.6 million (2017: \$0.6 million) was outstanding.

Subventions

The Council expects to transfer losses of \$3.2 million to other members of the Council group (2017: \$7.1 million) by way of subvention payment of \$1.0 million (2017: \$2.0 million).

The final Council tax position for the 2017 tax year resulted in Council transferring losses of \$10 million (2016: \$9.5 million) and receiving a payment of \$3.9 million (2016: \$3.7 million). The total amount of tax losses transferred between group companies was \$35.1 million (2016: \$26.3 million).

29. Major budget variations

Comprehensive revenue and expense

Total revenue is \$62.2million higher than budget.

- Vested assets are \$24.6 million higher than budget due to a combination of more infrastructure assets received from developers than expected and unbudgeted vested assets from the Otakaro projects.
- Subsidies and grants are \$10.8 million higher than budget mainly due to unbudgeted capital grants received for Ngā Puna Wai and Tairora QEII Recreation and Sport Centre.
- Development and financial contributions are \$8.1 million higher than budget due to higher than expected subdivision volume.
- Rates revenue is \$5.4 million higher than budget due to higher than expected rating growth during the year from rebuild work.
- Housing revenue is \$4.9 million higher than budget due to a combination of increased rental received from OCHT on the properties it manages and unplanned earthquake insurance proceeds.
- Interest revenue is \$2.2 million higher than budget mainly due to interim investment of pre funded debt renewals which occurred this year.
- Subvention receipts is \$1.4 million higher than budget due to higher available tax losses to transfer within the Group.

Total expenses are \$45.9 million higher than budget.

- Net gains/losses of \$17.9 million are not budgeted relating to loss on disposal of PPE and assets held for sale, and fair value adjustments for financial instruments.
- Other expenses are \$31.3 million higher than budget mainly due to the following reasons:
 - \$9.5 million higher spend in asset related costs due to a combination of the operating cost components of budgeted capital projects and unplanned cost for demolition of earthquake damaged stands at Lancaster park.
 - \$5.3 million higher grant expenses mainly due to gifted social housing properties and waiver of the loan to OCHT.
 - \$3.7 million unbudgeted increase in the provision for building related claims as a result of the 2018 actuarial assessment.
 - \$5.1 million unbudgeted costs for emergency works and subsequent maintenance costs relating to storm events.
 - \$1.2 million unbudgeted costs relating to SCIRT defect liability.
 - \$1.5 million of additional unplanned Christchurch Transport Operation Centre costs.
- Personnel costs are \$2.5 million lower than budget mainly due to lower than planned vbase staff costs.

Total other comprehensive revenue and expenses are \$29.2 million better than budget.

- Actual revaluation gains of infrastructure assets and investments in subsidiaries are \$52.1 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 \$207.2 million lower than budget.

- Property, plant and equipment and intangible assets are \$652.4 million lower than budget mainly due to the annual plan overstating the 2017 revaluation forecast movement.
- Investments and other financial assets are \$226.4 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 \$204.9 million higher than budget.
- Assets classified as held for sale of \$7.3 million are budgeted as property, plant and equipment.
- Accounts receivables are \$1.6 million higher than budget mainly due to timing of invoicing and payment.

Total liabilities are \$85.9 million higher than budget.

- Borrowing is \$78.9 million higher than budget due to a combination of unplanned borrowing for on-lending to CCHL, and additional borrowing required for prefunding debt renewals.
- Derivative liabilities are \$53.6 million lower than budget due to market movement on interest rates.
- Payables are \$28.1 million lower than budget due to timing of invoicing and payment.
- Other liabilities are \$31.4 million higher than budget mainly due to unbudgeted income in advance for prepaid inspections, Lancaster Park demolition fees, Christchurch housing initiative grant, and prepaid rates by ratepayers.
- Provisions are \$5 million higher than budget mainly due to unplanned increase in building related claims provision resulted from actuarial analysis, partially offset by a higher than planned decrease in landfill aftercare provision.

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 2018 was \$414,987 (2017: \$446,909). The 2017 figure 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.

30.4 Elected members

For the year ended 30 June 2018 the Council made nine severance payments totalling \$199,268 - \$50,822, \$33,305, \$30,327, \$24,302, \$19,600, \$13,500, \$11,258, \$9,505 and \$6,650. This compares with the year ended 30 June 2017 when the Council made six severance payments totalling \$132,501 - \$62,365, \$22,000, \$20,175, \$11,000, \$8,748 and \$8,214.

30.3 Key management personnel

| | 30 Jun 18 | 30 Jun 17 |
|--|--------------|--------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Key management personnel compensation | | |
| Salaries and other short term benefits | 4,099 | 3,961 |
| Total | 4,099 | 3,961 |

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 25 full time equivalents (2017: 25).

| | 30 Jun 18 | 30 Jun 18 | 30 Jun 18 | 30 Jun 17 | 30 Jun 17 | 30 Jun 17 |
|---------------------|------------------|---------------|------------------|------------------|---------------|------------------|
| | Council | Directors | Total | Council | Directors | Total |
| | Remuneration | Fees | Total | Remuneration | Fees | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Lianne Dalziel | 190,245 | - | 190,245 | 187,065 | - | 187,065 |
| Andrew Turner | 118,220 | - | 118,220 | 116,244 | - | 116,244 |
| Vicki Buck | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Jimmy Chen | 102,400 | - | 102,400 | 100,688 | 8,365 | 109,053 |
| Phil Clearwater | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Pauline Cotter | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Mike Davidson | 102,400 | - | 102,400 | 71,637 | - | 71,637 |
| David East | 102,400 | - | 102,400 | 100,688 | 21,189 | 121,877 |
| Anne Galloway | 102,400 | - | 102,400 | 71,637 | - | 71,637 |
| James (Jamie) Gough | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Yani Johanson | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Aaron Keown | 102,400 | - | 102,400 | 71,637 | - | 71,637 |
| Glenn Livingstone | 102,400 | 36,000 | 138,400 | 100,688 | 4,238 | 104,926 |
| Raf Manji | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Tim Scandrett | 102,400 | - | 102,400 | 100,688 | - | 100,688 |
| Deon Swiggs | 102,400 | - | 102,400 | 71,637 | - | 71,637 |
| Sara Templeton | 102,400 | - | 102,400 | 71,637 | - | 71,637 |
| Alison (Ali) Jones | - | - | - | 29,042 | 8,365 | 37,407 |
| Paul Lonsdale | - | - | - | 29,042 | - | 29,042 |
| | <u>1,844,465</u> | <u>36,000</u> | <u>1,880,465</u> | <u>1,726,458</u> | <u>42,157</u> | <u>1,768,615</u> |

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 Livingstone donated his directors' fees to the Mayor's Welfare Fund (MWF) in 2018. In 2017, Councillor Chen, Councillor Jones and Council Livingstone donated their directors' fees to the MWF.

30.5 Council employees

At balance date, the Council employed 2,889 (2017: 3,260) staff members. These comprised 1,749 (2017: 1,779) full time employees with the balance of employees representing 386 (2017: 358) 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 18 |
|------------------------|------------------|
| | Actual |
| Less than \$60,000 | 1,367 |
| \$60,000 - \$79,999 | 592 |
| \$80,000 - \$99,999 | 412 |
| \$100,000 - \$119,999 | 291 |
| \$120,000 - \$139,999 | 144 |
| \$140,000 - \$159,999 | 39 |
| \$160,000 - \$179,999 | 22 |
| \$180,000 - \$199,999 | 6 |
| \$200,000 - \$219,999 | 7 |
| \$220,000 - \$279,999 | 6 |
| \$280,000 - \$419,999 | 3 |
| Total employees | 2,889 |

| | 30 Jun 17 |
|------------------------|------------------|
| | Actual |
| Less than \$60,000 | 1,823 |
| \$60,000 - \$79,999 | 566 |
| \$80,000 - \$99,999 | 398 |
| \$100,000 - \$119,999 | 263 |
| \$120,000 - \$139,999 | 126 |
| \$140,000 - \$159,999 | 40 |
| \$160,000 - \$179,999 | 22 |
| \$180,000 - \$199,999 | 7 |
| \$200,000 - \$219,999 | 6 |
| \$220,000 - \$279,999 | 6 |
| \$280,000 - \$459,999 | 3 |
| Total employees | 3,260 |

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 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 a Statement of Intent to their Boards and to their shareholders within specified timeframes.

For the 2017/18 financial year CAfE was late in submitting their draft and final Statement of Intent, and ChristchurchNZ was late in submitting their half year report. All other CCOs submitted their half year accounts and Statements of Intent within the specified timeframes as set out in the legislation.

33. Subsequent events

On 24 August 2018, Vbase Limited issued 45 million shares to the Council. The proceeds from the issue of shares will enable Vbase to fund the repair and development works for the Christchurch Town Hall and Horncastle arena.

34 Prior year adjustments

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2017 for the correction of three prior period misstatements.

Parent

- 2017 accrual for NZTA subsidy had incorrectly included a number of projects that had not commenced by 30 June 2017. As a result, both NZTA revenue and trade receivables were overstated by \$24.8 million.
- 2017 accrual for DPMC earthquake related receivables were replicated, and therefore were overstated by \$4.9 million.
- Capital grant of \$3.5 million was incorrectly classified as development contribution revenue.

Group

The Board of CCHL have reviewed the carrying value of Goodwill on consolidation for each of their companies and determined that goodwill should have been impaired in the 2016 financial year and prior years. The impairment of goodwill relates primarily to EcoCentral.

The Council and group financial statements include a prior period adjustment of \$9.8 million made in the statement of financial position which impacts the opening balance of Goodwill and Retained earnings in the 2017 comparatives.

The financial statements for 2017, which are presented as comparative information in the 30 June 2018 financial statements, have been restated to amend these misstatements.

The adjustments are shown in the table below:

| | Before adjustments \$000 | Adjustment \$000 | Actual 2017 After adjustments \$000 |
|--|---|-----------------------------|--|
| Council | | | |
| Revenue | | | |
| Subsidies and grants | 212,518 | (26,340) | 186,178 |
| Development and financial contributions | 33,628 | (3,459) | 30,169 |
| Current assets | | | |
| Recoverables from non-exchange transactions | 69,951 | (29,799) | 40,152 |
| Equity | | | |
| Accumulated comprehensive revenue and expense | 10,613,805 | (29,799) | 10,584,006 |
| Funding impact statement (whole of Council) | | | |
| Other dedicated capital funding | 157,258 | (29,799) | 127,459 |
| Increase (decrease) of investments | 97,154 | (29,799) | 67,355 |
| Subsidies and grants for capital expenditure | 37,451 | 3,459 | 40,910 |
| Development and financial contributions | 33,628 | (3,459) | 30,169 |
| Group | | | |
| Revenue | | | |
| Subsidies and grants | 214,601 | (26,340) | 188,261 |
| Development and financial contributions | 33,628 | (3,459) | 30,169 |
| Current assets | | | |
| Recoverables from non-exchange transactions | 67,227 | (29,799) | 37,428 |
| Non-current assets | | | |
| Intangible assets | 106,053 | (9,814) | 96,239 |
| Equity | | | |
| Accumulated comprehensive revenue and expense | 10,344,167 | (39,613) | 10,304,554 |

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 page 162 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 2018.

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 2018. Council has not early adopted these standards and interpretations.

- *2017 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 2019. 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.

- *Amendment to PBE IPSAS 1 Presentation of Financial Statements*

The amendment replaced reference to an “approved budget” to “general purpose prospective financial statement”, and clarifies disclosure requirement for comparison to prospective financial statements. The amendment is effective from the year ending 30 June 2019, and does not have any material impact on the Group.

- *Amendment to PBE IPSAS 21 Impairment of Non-Cash-Generating Assets, and PBE IPSAS 26 Impairment of Cash-Generating Assets.*

The amendment amends the scope of these two standards to include assets measured at revalued amounts under the revaluation model. The amendment is effective from the year ending 30 June 2020, and does not have any material impact on the Group.

- *PBE FRS 48 Service Performance Reporting*

This standard establishes requirements to PBEs to select and present service performance information. This standard is effective from the year ending 30 June 2022, and does not have any material impact on the Group.

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 of 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 in surplus or deficit at the time of invoicing.

Goods sold and services rendered

Revenue from the sale of goods is recognised in surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting 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 in 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 in surplus or deficit.

Finance revenue

Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue, is recognised in surplus or deficit as it accrues, using the effective interest rate method.

Rental revenue

Rental revenue from investment and other property is recognised in 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 major categories of expenditure are outlined below:

Operating lease payments

Payments made under operating leases are recognised in surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised in 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 in surplus or deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense in 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the reporting date.

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 reporting 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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in surplus or deficit in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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.

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 as shown in the following table:

| | 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 | 25-80 yrs |
| Surface | 2-80 yrs |
| Streetlights and signs | 5-50 yrs |
| Kerb, channel, sumps and berms | 80 yrs |
| Tram tracks and wires | 40-100 yrs |
| Parking meters | 10 yrs |
| Railings | 20-50 yrs |
| Landscape/medians | 8-80 yrs |
| Drain pipes/culverts/retaining walls | 20-115 yrs |
| Bridges | 70-100 yrs |
| Bus shelters and furniture | 6-30 yrs |
| Water supply | 50-130 yrs |
| Water meters | 25-40 yrs |
| Stormwater | 20-150 yrs |
| Waterways | 10-100 yrs |
| Sewer | 40-150 yrs |
| Treatment plant | 15-100 yrs |
| Pump stations | 5-100 yrs |

Restricted assets:

| | |
|-------------------------|------------|
| Planted areas | 15-110 yrs |
| Reserves – sealed areas | 10-60 yrs |
| Reserves – structures | 10-80 yrs |
| Historic buildings | 50-125 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 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 disposal are determined by comparing proceeds with the carrying amount. These are included as revenue or expenses. When revalued assets are sold, the amounts included in the revaluation 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 statement of financial position. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. 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.

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).

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 reporting 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 in 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 reporting 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 statement of financial position.

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 in 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 statement of financial position 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 reporting 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 reporting 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 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 statement of financial position 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.

Net Assets / Equity

Net Assets or equity is the community's and ratepayers' interest in the Council. It is measured as the difference between total assets and total liabilities. Net Assets or equity includes the following components:

- Asset revaluation reserve.
- Fair value through other comprehensive revenue and expense reserve.
- Hedging reserve.
- Reserve funds.
- Capital reserves.
- Retained earnings.

Third party transfer payment agencies

The Council collects monies for many organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the statement of financial position. 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.

Corporate overhead is allocated either directly or indirectly to external service activities as follows:

- Property costs: pro rata based on the number of desks held for use for each unit.
- IT costs: pro rata based on the total number of active IT users.

- Human Resources and Payroll Services cost: pro rata based on the total number of planned employee work hours.
- All other costs: pro rata based on the gross cost of external service activities.

Plan values disclosed

The plan values shown in the financial statements represent the 2017/18 budget included in the 2017/18 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 in 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 facilities and CWTP required the Council to assess the level of unrepaired damage and estimate the cost of repair.
- 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

In order to achieve the Council's objectives it has established or invested in a number of companies and trusts. These organisations are managed independently to deliver significant services including the operation of infrastructure assets or to enable administrative efficiencies to be achieved.

Through its wholly owned investment arm CCHL, the Council has invested in a number of infrastructure assets which are considered strategic assets for the City.

The Council also has invested directly in other CCOs; Vbase, CBL and CNZH to enable administrative efficiencies to be achieved.

In addition to these trading organisations the Council has interests in a number of trusts which were set up to deliver specific services, events, facilities or benefits to the city.

This section explains what the organisations do, how their performance is measured and how they performed during 2017/18.

The Group: 2018 year in review

Total assets

\$14.5 billion

↑ 2017 \$13.8 billion

Total revenue

\$1.6 billion

↓ 2017 \$1.7 billion

Total liabilities

\$3.8 billion

↑ 2017 \$3.5 billion

Total operating expenditure

\$1.5 billion

↔ 2017 \$1.5 billion

Total ratepayers funds

\$10.7 billion

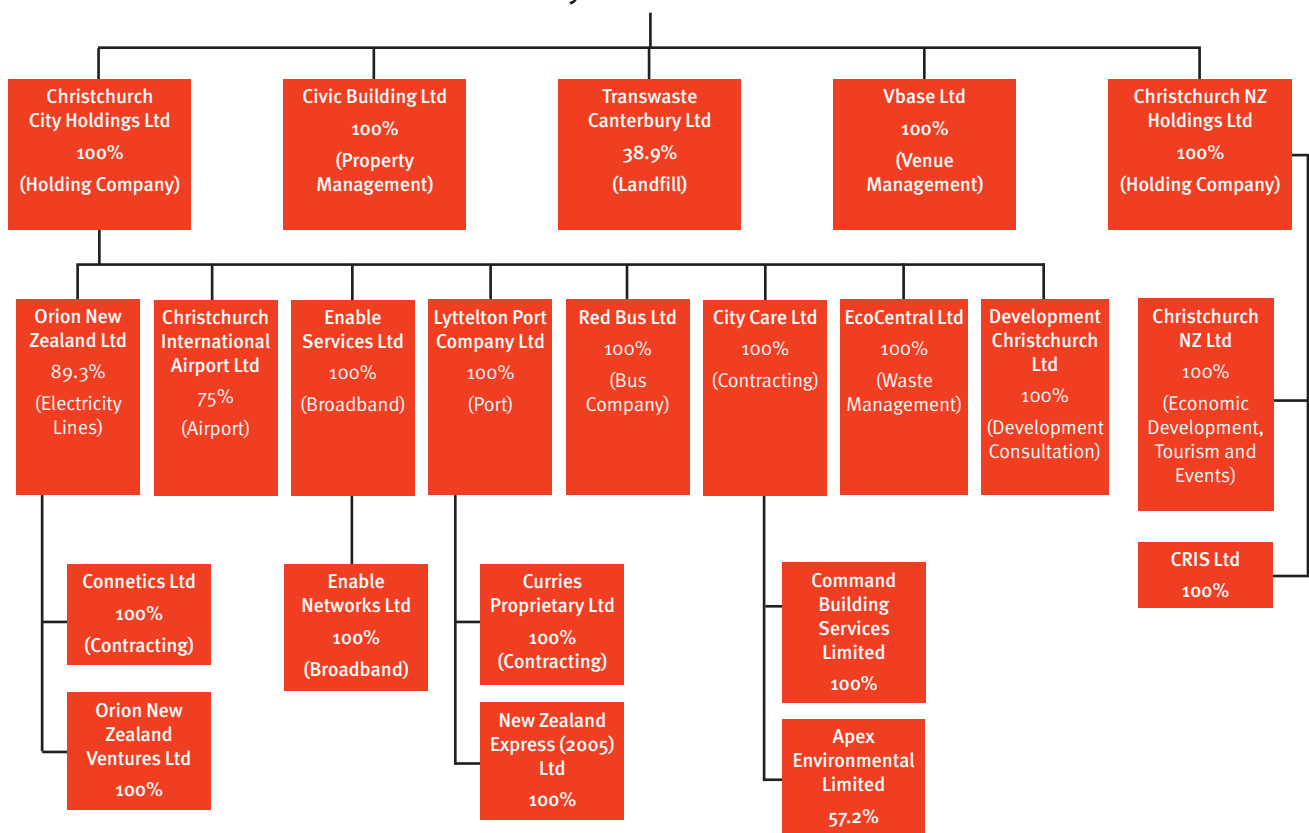
↑ 2017 \$10.3 billion

Total surplus

\$0.1 billion

↔ 2017 \$0.1 billion

Group structure on 30 June 2018



Summary financial table

For more detail refer to individual company reports.

| | Income | Net result (after tax and minority interest) | |
|--|---------------|--|---------------|
| | 2018 \$000 | 2018 \$000 | 2017 \$000 |
| Orion New Zealand Ltd | 322,313 | 53,330 | 51,770 |
| Lyttelton Port Company Ltd | 126,459 | 12,216 | 14,447 |
| Christchurch International Airport Ltd | 236,618 | 64,590 | 64,590 |
| City Care Ltd | 313,939 | (445) | 3,539 |
| Enable Services Ltd | 48,675 | (3,782) | (8,519) |
| EcoCentral Ltd | 34,472 | 381 | 902 |
| Red Bus Ltd | 21,084 | 117 | 207 |
| Development Christchurch Ltd | 9,811 | (303) | (461) |
| Vbase Ltd | 17,668 | (11,381) | (2,315) |
| Civic Building Ltd | 5,992 | 309 | (946) |
| Tuam Ltd | 5 | 1 | 69 |
| ChristchurchNZ Holdings Ltd | 14,595 | (3,602) | (2,068) |
| Transwaste Canterbury Ltd | 50,196 | 13,436 | 29,971 |
| Riccarton Bush Trust | 570 | (142) | (251) |
| The World Buskers' Festival Trust | 949 | (11) | 5 |
| Rod Donald Banks Peninsula Trust | 139 | (325) | (132) |
| Christchurch Agency for Energy Trust | 28 | (815) | (278) |
| Gardens Event Trust | - | - | - |
| Central Plains Water Trust | 58 | - | - |

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 mission is to support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable.

The company's core role is to monitor the Council's existing investment which largely service the region's existing infrastructure needs. The general objective of the CCHL investments is to deliver strong financial returns and dividends to the

Council. CCHL seeks to encourage and facilitate the subsidiary and associated companies to increase shareholder value and regional prosperity through growth, investment and dividend payments.

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.

Section 59 of the Local Government Act 2002 sets out the principal objective of CCTOs. These objectives underpin CCHL's strategic direction and business plans including the achievement of shareholder's commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council does establish broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities

Key performance targets

| | 2018 Target | 2018 Actual |
|---|---|--|
| CCHL financial and distribution performance meets the shareholder's expectations. | CCHL pays a dividend for the 2018 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures. | Achieved – CCHL paid an ordinary dividend of \$55.3million, less a deduction of \$2.6 million agreed with the Council in relation to subvention receipts voluntarily foregone by CCHL. In addition special dividends of \$140 million were 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 in the context of its funding commitments and the requirements of capital from its shareholder. | CCHL issued a 5 year \$150m fixed rate bond in the Debt Capital Markets in December 2017. CCHL continues to monitor its level and composition of debt facilities in line with its financial strategy. Benchmarking review completed with independent advisors in March 2018. |
| 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. | |
| CCHL's treasury management policies and practices are consistent with best practice. | CCHL's treasury management policies are reviewed on an annual basis. | Treasury policy reviewed by Bancorp in February 2018 and minor updates approved by the Audit and Risk Committee. |

Financial summary

CCHL only report on the Group position. The Group's net profit for the year of \$135.7 million is ahead of its statement of intent target of \$80.7million. CCHL paid dividends to the Council of \$192.7million which included special dividends of \$140 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% shareholding through CCHL. Orion owns the electrical contracting business Connectics Ltd. Connectics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

Subsidiary companies

- Connetics Ltd

Nature and scope of activities

Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. It has approximately 200,000 customer connections, and is New Zealand's third largest electricity distribution business based on line revenue, asset size and system length (km).

Key performance targets

| | 2018 Target | 2018 Actual |
|--|------------------------|------------------------|
| Network reliability targets | | |
| Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI). | 82 | 79 |
| Overall network - Number of supply interruptions per year per connected customer (SAIFI). | 1.0 | 1.0 |

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.

Financial summary

Statement of financial performance for the year ended 31 March 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|----------------------------------|----------------------------------|
| Operating revenue | 322,191 | 311,811 |
| Finance income | 122 | 53 |
| Operating and other expenses | 248,279 | 240,682 |
| Operating profit before tax | 74,034 | 71,182 |
| Tax expense | 20,734 | 19,412 |
| Net profit for the year | 53,300 | 51,770 |

Policies and objectives relating to ownership and control

Orion is considered a regional strategic asset, operating in a commercial manner and in a way that benefits the region as a whole.

Through the Statement of Intent process the Council establishes broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

Revenue has increased by \$10.4 million as compared to last year.

Profit is \$1.5 million higher than the previous year's. Debt has increased by \$26m as Orion completes its seven year earthquake recovery programme. Orion made total distributions of \$55 million to shareholders this year, \$3 million above its Statement of Intent target.

Group structure and Council Controlled Organisations Lyttelton Port Company Ltd

www.lpc.co.nz



Lyttelton Port Company Ltd (LPC) operates under the Port Companies Act 1988. As a fully owned subsidiary of CCHL, it manages the Port assets, including land and facilities on a commercial basis.

Lyttelton Port is the South Island's largest port by volume and the third largest container port in New Zealand. It provides a vital link to international trade routes and plays a key role in the global transport network.

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.

| 2018 Target | 2018 Actual |
|----------------|----------------|
|----------------|----------------|

| | |
|-----|-----|
| 6.0 | 3.9 |
| 0 | 1 |

Operational

Crane Rate (containers per hour per crane).
Ship rate (TEU per hour per ship).
Coal load out rate (tonnes per day)

| | |
|--------|--------|
| 32.9 | 29.8 |
| 64.8 | 61.3 |
| 25,000 | 25,155 |

Environmental

Number of fully compliant independent consent audits

| | |
|-----|------|
| 85% | 100% |
|-----|------|

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue | 122,173 | 114,804 |
| Finance income | 4,286 | 5,195 |
| Operating and other expenses | 108,334 | 100,912 |
| Operating profit before tax | 18,125 | 19,087 |
| Tax expense/(credit) | 5,909 | 4,640 |
| Net profit for the year | 12,216 | 14,447 |

Revenue has increased by \$7.4 million as a result of record container volumes.

Net profit after tax is \$12.2 million, a reduction of \$2.2 million against last year's as a result of decisions taken that will set the Port up well for the future. These included hiring additional staff in the container terminal to meet customer demand, and more investment in the health and safety function. As well, there were cost increases for rail transport relating to Midland Port and a rise in fuel prices that were more significant than anticipated.

Midland Port continues to grow with two daily rail services removing 700 trucks off the road each week. Completion of Te Ana Marina, and consents received to commence work on the Cruise Berth were two of the key achievements this year.

LPC made total distributions of \$8.6 million to Council this year, \$3.6 million above its Statement of Intent target.

Group structure and Council Controlled Organisations
Christchurch International Airport Ltd
www.christchurch-airport.co.nz



Christchurch International Airport Ltd (CIAL) is jointly owned by CCHL (75%) and the Crown (25%). The primary activity of the company is to own and operate the Christchurch International Airport efficiently and on sound business principles.

Nature and scope of activities

The company operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence. The airport is located 10 kilometres northwest of Christchurch city centre, on the western city development edge and is a critical piece of national and regional infrastructure.

As the gateway for Christchurch and the South Island, the airport is New Zealand’s second largest airport based on passenger numbers and the busiest and most strategic air connection for the South Island trade and tourism markets.

CIAL is responsible for the efficient and safe operation of the airport, while aiming to provide the airport’s diversity of users with modern, appropriate and efficient facilities and services.

Key performance targets

| | 2018 Target | 2018 Actual |
|--|---|--|
| Domestic passengers. | 5,033,627 | 5,111,454 |
| International passengers. | 1,660,951 | 1,754,509 |
| Lost time injury frequency rate (LTI / million hours worked). | Better than industry standards (8.48), with ultimate target of nil. | 11.59 |
| Commission a new waste compaction weighing system for the passenger terminal | | Review is complete, implementation in FY19 |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|----------------------------------|----------------------------------|
| Operating revenue | 236,372 | 213,129 |
| Finance income | 246 | 272 |
| Operating and other expenses | 125,770 | 127,698 |
| Operating profit before tax | 110,848 | 85,703 |
| Tax expense | 22,111 | 21,113 |
| Net profit for the year | 88,737 | 64,590 |

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors, and delivers airport land for retail, commercial and freight logistics’ businesses.

Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset, operating in a commercial manner, and in a way that benefits the region as a whole.

Section 59 of the Local Government Act 2002 sets out the principal objective of CCOs. These objectives underpin the CCHL group’s strategic direction and business plans including the achievement of shareholder’s commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council establishes broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

Total revenue includes unrealised gains on investment property of \$53.7 million compared to \$35.9 million in 2017. Operating revenue has increased by \$5.4 million, due primarily to growth in the international market which saw a 9.6% increase.

The airport recorded 6.87 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 \$39.3 million to shareholders this year, \$4.8million above its Statement of Intent 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.

Nature and scope of activities

City Care Group is in the business of constructing, maintaining and managing infrastructure and property assets. The company's main service offerings are as follows:

- City Care Water – construction and maintenance for water, wastewater and stormwater networks, with a focus on smarter management and optimisation of water sector infrastructure assets.
- City Care Property – encompassing end-to-end construction and maintenance of public and private building and greenspace facilities.
- City Care Civil – focusing on national construction and maintenance opportunities in roading, landscapes and subdivisions.

Key performance targets

Health & Safety

Total recordable injury rate
NZ4801 Health and Safety management

Environmental, Social and Innovation

Client Satisfaction
ISO14001 Environment Management

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.

Section 59 of the Local Government Act 2002 sets out the principal objective of CCOs. These objectives underpin the CCHL group's strategic direction and business plans including the achievement of shareholder's commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council establishes broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

| 2018 Target | 2018 Actual |
|---|--------------------------|
| 5% reduction. Maintain accreditation. | Not achieved Achieved |
| Net promoter score >5% Maintain accreditation. | Achieved Maintained. |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue | 313,925 | 305,443 |
| Finance Income | 14 | 53 |
| Operating and other expenses | 314,532 | 300,558 |
| Operating profit before tax | (593) | 4,938 |
| Tax expense | (148) | 1,399 |
| Net profit for the year | (445) | 3,539 |

Net profit after tax in 2018 was lower than in 2017 by \$3.9 million as a result of:

- an increasingly competitive market leading to tighter margins.
- Slower than expected timing of significant projects coming to market
- costs association with resizing of company

City Care made total distributions of \$.8 million to shareholders this year, \$.6 million below its Statement of Intent target.

Group structure and Council Controlled Organisations

Enable Services Ltd

www.enable.net.nz

This company is a CCTO, 100 per cent owned by CCHL and trades as Enable Networks.

Nature and scope of activities

ESL was established in February 2007 to investigate the opportunity of developing a fibre optic network covering key public and private business locations throughout greater Christchurch. ESL participated in the Government's partner selection process and, in conjunction with Crown Infrastructure Partners, established Enable Networks Ltd in May 2011. ESL was then awarded the Ultra-Fast Broadband contract to build and operate a fibre optic network for greater Christchurch.

The completed network extends across greater Christchurch and to a number of towns in the Waimakariri and Selwyn Districts.

Associate companies

Enable Networks Ltd (ENL)

Key performance targets

| | 2018 Target | 2018 Actual |
|--|----------------|----------------|
| Number of connections (cumulative) | 72,222 | 77,149 |
| Operational service level agreement achieved | >=90% | >97% |
| Health and Safety | | |
| Total recordable injuries frequency rate/million hours | <3 | 3.7 |
| Serious Harm | 0 | 0 |
| Site audits and safety observations conducted | >5,000 | 7,618 |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue | 48,474 | 36,272 |
| Finance income | 201 | 181 |
| Operating and other expenses | 54,080 | 48,193 |
| Operating (loss) before tax | (5,405) | (11,740) |
| Tax (benefit) expense | (1,623) | (3,221) |
| Net (loss) for the year | (3,782) | (8,519) |

Policies and objectives relating to ownership and control

ESL is considered a regional asset, operating in a commercial manner, and in a way that benefits the region as a whole.

Section 59 of the Local Government Act 2002 sets out the principal objective of CCTOs. These objectives underpin the CCHL group's strategic direction and business plans including the achievement of shareholder's commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council does establish broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

Enable completed building the optic fibre network infrastructure in May 2018, 18 months ahead of plan.

Gross telecommunications revenue grew by 53 per cent in the last financial year.

The Group's focus is now on connections, the costs of connections will mean the company expects to continue to make losses over the next financial year. This year, however the Group did realise an EBITDA of \$25.9 million, exceeding their Statement of Intent target by \$5.3 million. This is largely the result of increasing demand for fibre and an ongoing focus on cost management.

Group structure and Council Controlled Organisations
EcoCentral Ltd
www.ecocentral.co.nz



EcoCentral is a CCTO, 100 per cent owned by CCHL.

Nature and scope of Activities

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and finding ways to ensure Christchurch is a leader in recycling.

EcoCentral manages:

- EcoShop, on Blenheim Road; the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.
- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold either domestically or internationally to be made into new products.

Key performance targets

Operational

EcoSort - Residual waste.

Eco Drop – Recovered tonnes for resale.

EcoShop – number of customer sales.

Lost Time injuries per 200,000 hours worked

2018 Target

No more than 9% of total waste received.

New initiative for diversion from waste.

148,000 per annum.

<6

2018 Actual

Not achieved. 12.9%. Resident contamination of recycling waste with refuse.

Achieved. The addition of pit face operators improve control of customer movements at the EcoDrops and identify reuseable items, redirecting customers to the Recycling Centres thereby minimising waste to landfill.

145,466 per annum.

4.93

- EcoDrop comprises three transfer stations for managing 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

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. Section 59 of the Local Government Act 2002 sets out the principal objective of CCTOs. These objectives underpin the CCHL group's strategic direction and business plans including the achievement of shareholder's commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council establishes broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 | 2017 |
|---------------------------------------|-------------------|-------------------|
| | Actual | Actual |
| | \$000 | \$000 |
| Operating revenue | 34,402 | 37,889 |
| Finance income | 70 | 46 |
| Operating and other expenses | <u>33,955</u> | <u>36,309</u> |
| Operating profit (loss) | 517 | 1,626 |
| Tax expense (benefit) | <u>136</u> | <u>724</u> |
| Net profit (loss) for the year | <u>381</u> | <u>902</u> |

Operating Revenue has reduced by \$3.5 million which is reflective of the impact that the global restrictions on recycling products into China has had on prices. Waste volumes have been impacted by the reduction in post-earthquake activity and increased competition.

The positive net profit after tax has allowed a further reduction in the company's debt level.

EcoCentral paid a dividend of \$250,000 in 2018 in line with expectation.

Group structure and Council Controlled Organisations

Red Bus Ltd

www.redbus.co.nz



Red Bus is a CCTO, 100 per cent owned by CCHL. It provides public passenger transport, freighting and ancillary services to domestic and commercial users, including the tourist market.

Red Bus operates urban and school bus routes within Christchurch city and tourism and coach services across the South Island.

The urban public transport services are predominantly operated under contract to ECAN, the planner and regulator for Canterbury public transport.

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 | 2018 Target | 2018 Actual |
|---|--|--------------|
| Number of urban passengers. | At least 3.5 million. | 3.87 million |
| Percentage of service trips starting on time. | At least 97%. | 98% |
| Percentage of bus fleet with Euro 2 or higher emission compliant engines. | 90%. | 97% |
| Lost time injury (LTI) experience (per million worked hours) | Fewer than 15 LTIs. | 13.6 |
| Customer service (urban) | Achieve at least 85% in annual mystery shopper survey. | 87% |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---|-------------------|-------------------|
| Operating revenue | 21,078 | 20,687 |
| Finance income | 6 | 28 |
| Operating and other expenses | 20,885 | 20,412 |
| Operating (loss) profit before tax | 199 | 303 |
| Tax (benefit) | 82 | 96 |
| Net (loss) profit for the year | 117 | 207 |

Red Bus made an after tax profit of \$117,000 from passenger services in Canterbury.

Revenue increased by \$0.39 million in 2018 as a result of urban revenue growth through contract indexation.

Red Bus continues to lead the way in customer satisfaction in the urban public transport passenger surveys.

Group structure and Council Controlled Organisations Development Christchurch Ltd

www.dcl.org.nz



CCHL established DCL in July 2015 at the request of the Council to deliver on the Council's ambition to drive investment opportunities, encourage urban development, aid regeneration and engage the community in activities that will benefit Christchurch.

Nature and scope of activities

DCL's core role is to provide the Council with increased capacity and capability that arises from its commercial focus and commitment to engage effectively with developers, investors, businesses and other stakeholders. Outside this core activity, there is also a role to add capacity to Council by acting as delivery agent for some nominated capital works.

Key performance targets

2018

Target

Assists Regenerate Chch and the Council in promoting the 'shared value' benefits that arise from successful regeneration activities.

DCL will lead the revitalisation of the New Brighton commercial core and the attraction of new investment.

DCL will continue to progress the development of the Peterborough Quarter.

DCL will work with the Council to progress other development projects which has the potential to deliver on the City's vision, provide value for money and require support from the Council.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objective of CCOs. These objectives underpin the CCHL group's strategic direction and business plans including the achievement of shareholder's commercial and non-commercial objectives and operating in accordance with sound business practice.

Through the Statement of Intent process the Council does establish broad parameters to reflect the public nature of this company without inhibiting the independent/commercial management of these entities.

2018

Actual

Regular meetings with CCC, Otakaro and Regenerate Christchurch to ensure coordination and sharing of information continue with positive relationships.

DCL completed Phase 1A of the New Brighton Hot Salt Water Pools project (playground and water play) in December 2017.

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. Two of those parcels of land were transferred in June 2018.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue | 9,746 | 4,317 |
| Finance income | 65 | 22 |
| Operating and other expenses | 9,677 | 4,808 |
| Operating (loss) before tax | 134 | (469) |
| Tax (benefit) | 437 | (8) |
| Net (loss) for the year | (303) | (461) |

DCL was provided with operating funding of \$9.7 million by the Council for services provided. The increase in Council funding of \$5.4 million relates to the New Brighton Playground and Hot Salt Water Pools of \$5.6 million, and a reduction of \$0.2 million for the New Brighton Regeneration Project.

Group structure and Council Controlled Organisations

Vbase Ltd

www.vbase.co.nz

Vbase is a CCTO, 100 per cent owned by the Council, operating under direct Council governance and management.

A review of Vbase's future ownership structure and operational arrangements is being undertaken to assist the company in its return to being a viable and sustainable trading entity.

Nature and scope of activities

Vbase has two areas of focus – attracting, hosting and managing events and ownership and/or management of facilities. Vbase owns and/or operates the following venues:

- Horncastle Arena (owned and managed);
- AMI Stadium Addington (managed);
- Wigram Air Force Museum (managed); and
- Hagley Cricket Oval Pavilion (managed).

Key performance targets

| Objective and Strategy | 2018 Target | 2018 Actual |
|---|--|---|
| High utilisation of Horncastle Arena. | At least 90 event days. | Achieved. 120 days. |
| 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. | Achieved – Two rugby league world cup matches were held in November 2017 and a NRL match in June 2018. |
| Secure events that will encourage high usage of the venues. Secure conferences and conventions that bring visitors to the city to generate positive economic impact Facilitate access to the venues for local community and charitable organisations. | Visitors to venues exceed 500,000. Utilising Covec data, delegate spends in excess of \$15 million. Total venue discounts equal \$300,000. | Achieved. 566,291 attendees to Vbase venues for the year. Not Achieved. Delegate spends calculated at \$5.7 million due to fewer than required target events held. Not achieved. \$293,507 in discounts provided. |
| Continue to improve health and safety processes. | Annual health and safety audit completed. | Achieved. Audit undertaken by independent consultant. |
| Ensure recycling of waste is undertaken at events | Recycling undertaken at 96% of events. | Achieved. Recycling was undertaken at 100% of events. |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|-------------------|-------------------|
| Operating revenue | 17,668 | 25,793 |
| Operating and other expenses | 34,570 | 28,539 |
| Operating (loss) before tax | (16,902) | (2,746) |
| Tax (benefit) expense | (5,521) | (431) |
| Net (loss) for the period | (11,381) | (2,315) |

The repair of the Christchurch Town Hall commenced in July 2015. The Town hall will re-open in 2019, with a dedicated space for the Christchurch Symphony Orchestra.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of CCTOs. These objectives underpin Vbase's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

The operating loss before tax has increased by \$9.1 million largely reflecting the costs of demolishing Lancaster Park of \$11.8 million, lower revenue from events' attraction hosting and management of \$5.6 million due to fewer high value events (for example conferences that require catering), offset by reduced costs of \$3.2 million as a result of the fewer events, and an increased tax charge of \$5.1 million, relating to prior year asset impairment.

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

Section 59 of the Local Government Act 2002 sets out the principal objectives of CCOs. These objectives underpin CBL's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives and

conducting its affairs in accordance with sound business practice.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key performance targets

| | 2018 Target | 2018 Actual |
|---|--|---|
| Meet the financial targets contained within the Statement of Intent. | Budgeted key performance indicators are met or exceeded. | Net surplus before tax was \$1.25 million higher due to a gain on revaluation of land of \$1.28 million. Shareholder funds to total assets have increased from -16.4% to -14% as a result of the increase in total assets. 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 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---------------------------------------|----------------------------------|----------------------------------|
| Operating revenue | 5,992 | 4,739 |
| Operating and other expenses | 6,060 | 6,053 |
| Operating (loss) before tax | (68) | (1,314) |
| Tax (benefit) | (377) | (368) |
| Net profit/(loss) for the year | 309 | (946) |

Net profit before tax is \$1.25 million higher in 2018 than 2017, the majority of which is a gain on revaluation of land of \$1.28 million.

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 company is no longer trading.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 | 2017 |
|---|----------|-----------|
| | Actual | Actual |
| | \$000 | \$000 |
| Operating revenue | 5 | 106 |
| Operating and other expenses | 4 | 10 |
| Operating profit/(loss) before tax | 1 | 96 |
| Tax expense/(benefit) | - | 27 |
| Net profit for the year | 1 | 69 |

Profit before tax in 2018 of \$1,000 reflects interest of \$5,000 on a small residual cash balance less directors' insurance of \$4,000.

Group structure and Council Controlled Organisations

ChristchurchNZ Holdings Ltd

www.christchurchnz.com

ChristchurchNZ Holdings Ltd (CNZL) is 100 per cent owned by Council. It is the holding company for the Council's investment in ChristchurchNZ and CRIS Ltd and was established in 1 July 2017 from the amalgamation of Canterbury Development Corporation, Christchurch and Canterbury Convention Bureau 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 Partners Limited, a regional vehicle funded by the Ministry of Business, Innovation and Employment to drive increased capability in small to medium sized entities.

Nature and scope of activities

CNZL's overall purpose is to grow the economy to the benefit of all. It does this by leading the development and promotion of the city profile, attracting visitors, migrants, students, new business and investment, and a business environment that supports successful and sustainable enterprise, encouraging creativity and innovation.

CNZL, along with its partners is responsible for developing, monitoring and implementing the Christchurch Economic Development Strategy, Christchurch Visitor Strategy, Christchurch Major Events Strategy and Christchurch Antarctic Gateway Strategy, and for developing the Christchurch City Narrative.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of CCOs. These objectives underpin CNZL's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

Key Performance Targets

| Strategic priority | Outcome | 2018 Target | 2018 Actual |
|--|--|--|-------------|
| Develop a strong positive city profile and promote the city to residents, national and international audiences | Christchurch has a strong profile and reputation aligned with the Christchurch story | Lead Christchurch Narrative Steering Group in further refining and promoting Narrative as a key tool in city promotion and attraction of visitors, students, businesses and investment | Achieved |
| | | Develop Narrative "Toolkit" (images, video, text and other resources) and promote to partners and key stakeholders | Achieved |
| Attract visitors, migrants, new business and investment through integrated marketing, major events & conferences | Christchurch is recognised as a major gateway to South Island and Antarctica | Work with partners to implement the Christchurch Antarctic Gateway Strategy | Achieved |
| | | Deliver scheduled programme of major events on behalf of Council. Work with Tourism Marketing to identify and capitalise on synergies | Achieved |
| | | Develop Major Events Strategy for sign-off by Council | Achieved |
| | | Domestic delegate days to be within the range of 7-10% market share. | Achieved |

| Strategic priority | Outcome | 2018 Target | 2018 Actual |
|---|---|--|-------------|
| Ensure a business environment supports successful and sustainable enterprise and encourages creativity and innovation | The business and government community have a good understanding of economic conditions, trends and growth drivers for the city and region | Deliver economic knowledge and insights regularly to stakeholders, via website, publications and update events, at minimum quarterly | Achieved. |
| | | Review and deliver a research programme that is aligned with scope of ChristchurchNZ's activities | Achieved. |
| | | Review information products and channels to ensure audiences receive the right information through the most effective channels | Achieved. |

Financial Summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---|-------------------|-------------------|
| Operating revenue | 14,983 | 12,501 |
| Operating and other expenses | 18,580 | 14,594 |
| Operating (loss)/profit before tax | (3,597) | (2,093) |
| Tax expense | 5 | (25) |
| Net (loss)/profit for the year | (3,602) | (2,068) |

A one-off gain was recognised in 2017 when the assets of the former Christchurch and Canterbury Marketing Ltd were transferred to CNZL.

A \$4 million increase in revenue in 2018 was offset by an increase in expenditure of \$4 million relating to the Major Events programme taken on by CNZL during the year.

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

| | 2018 Target | 2018 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. |
| 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 7 days for 24 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 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|------------------------------------|----------------------------------|----------------------------------|
| Operating revenue | 50,196 | 75,462 |
| Operating and other expenses | 31,534 | 33,836 |
| Operating profit before tax | 18,662 | 41,626 |
| Tax expense | 5,226 | 11,655 |
| Net profit for the year | 13,436 | 29,971 |

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. Council has a policy of maintaining, together with other local authorities in the region, a 50% interest in residual waste disposal activities.

Through a Statement of Intent, the Council and other shareholders influence the direction of the company, its objectives and its accountability settings.

Net profit in 2018 is lower by \$16.4 million. Revenue was lower by \$25 million reflecting a one-off recognition of deferred income in 2017 of \$22 million and reductions in waste received for processing in the current year.

Operating expenses were lower by \$2.5 million reflecting the reduced waste processed. Tax expense was lower by \$6.4 million as a result of the one-off revenue recognition in 2017 that attracted higher tax payable.

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.

Riccarton Bush Trust was incorporated under a 1914 Act of Parliament, which was followed by a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012. These 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.

Key performance targets

Performance measures

Integrated Development Plan – car park. Develop plan. Progress planning and implementation of car park and bus turn around area.

Evaluate performance of augmented reality options and applications

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.

Monitor Health and Safety practices in accordance with policy to meet the requirements of the Health and Safety at Work Act 2015

Target 2018

Design and appoint building team by Feb 2017.

Begin implementation March 2017 with completion no later than June 2017.

Complete evaluation by 30 September 2017

Uni Cycle Route through the Riccarton Bush site, implemented fully by August 2017.

Report to each Board meeting on:
Serious harm incidents = 0
Accident = 1
Near misses = 3

Actual 2018

The project is not proceeding.

Achieved. Project not proceeding.

This project is now complete but was always outside of the control of the RBT.

Met.
Serious harm incidents = 0
Accident = 0
Near miss = 2.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---|-------------------------|-------------------------|
| Operating revenue | 570 | 491 |
| Operating and other expenses | 712 | 706 |
| Operating profit/(loss) before tax | (142) | (215) |
| Net profit/(loss) for the year | (142) | (215) |

The net loss in 2018 is \$73,000 lower than in 2017 reflecting increased revenue of \$79,000 offset by an increase in expenses of \$6,000.

\$12,000 of revenue increases are from operations, including heritage income rental and commission. Other revenue has increased by \$67,000 mostly

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of CCOs. These objectives underpin RBT's strategic direction and business plans including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the Trust, its objectives and measures of performance for which the Trust will be held accountable.

relating to a capital grant and operating levy from the Council of \$81,000 and rental income of \$17,800 from the newly completed rebuild of the Ranger's House. Offsetting this was a one-off insurance recovery in 2017 of \$17,000 and interest of \$15,000 on an investment that matured during the period.

Expenditure increases include \$30,000 additional employee expenditure for the Ranger some of which relates to wages that were paid by ACC in 2017 and some of which reflects the higher rental on the Ranger's House. Additional costs of \$17,000 were attributable to the writing off of project expenses for projects that are not proceeding.

These increases were offset by costs of \$34,000 that were incurred in 2017 on rebuilding the Ranger's House which was finished in July 2017 and \$8,000 on the historic house.

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 in July 2010. The primary purpose of the Trust was 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.

The World Buskers' Festival Trust was wound up as at 30 June 2018. The Trust's activities have been amalgamated within the Major Events' portfolio held by ChristchurchNZ Ltd from 1 July 2018.

Nature and scope of activities

The Trust was established for charitable objectives that included 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

| 2018 Performance target | 2018 Performance measure | 2018 Actual |
|-------------------------------|--|--|
| Sustained visitor attendance. | At least 250,000 visits. | Achieved. 300,000 visits. |
| Sustained visitor retention. | 90% of visitors would return to festival. | 90% of visitors said they would return to the Festival, based on independent research following the 2018 Festival. |
| Increased training. | 100% of staff complete health and safety and customer service training. | Achieved. |
| Increased Council engagement | Develop festival to complement and evolve with Council events strategy with the view of developing WBF into an iconic Council event. | Achieved. Festival was designed to engage a significant portion of the Christchurch population and to complement other events and activities throughout the city. Additional areas of the central city were used at the Council's request. |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---------------------------------------|-------------------------|-------------------------|
| Operating revenue | 949 | 911 |
| Operating and other expenses | 960 | 906 |
| Operating (loss)/profit | (11) | 5 |
| Net (loss)/profit for the year | (11) | 5 |

WBFT made a net loss for 2018 of \$11,000, compared with a profit of \$5,000 for 2017.

Expenditure increased for artists and marketing and publicity by \$119,000, offset in part by lower Festival management and administration costs of \$63,000. The wind up of the Trust led to the Festival Office closing three months before year end reducing the annual operating cost of the office as well as not incurring costs for the following year's Festival.

Revenue increases are attributable to door donations and food and beverage sales at events of \$198,000 and grants, donations and miscellaneous revenue totalling \$29,000. This increase was partly offset by reduced funding from the Council of \$125,000 reflecting underwrites from the Council of \$160,000 in 2017 compared with \$33,000 in 2018, and reduced sponsorship of \$63,000.

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 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 Peninsula's natural environment.

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 common goals.

Key performance targets

Performance indicator

The Trust has determined four key pillars on which its projects will be based; Access, Biodiversity, Knowledge, and Partnership.

2018 Target

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 priority.

2018 Actual

Achieved. Projects considered and selected for support - Continued support for Banks Peninsula Conservation Trust, Banks Peninsula Conservation Trust-led Predator Free bid to PF2050, Goat eradication, Living Springs planting

Provide leadership and tangible support for the projects achieving Access.

Make submissions to relevant policy documents in support of the pillars.

Achieved. Submissions made for seven policy documents including the Council's LTP and Natural Heritage Strategy, ECAN LTP and Selwyn DC LTP.

Progress Te Ara Pātaka through securing public access and adding user facilities, including continued management of Rod Donald Hut and development of a long-term plan for assets.

Achieved. Public access secured on Manson land along Te Ara Pātaka bordering Montgomery Reserve, new track through remnant forest constructed on this property, Rod Donald Hut managed with increasing usage, long term plan for access included in strategic planning.

In progress – public access discussions with private landowners at the western end of Te Ara Pātaka.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---------------------------------------|-------------------------|-------------------------|
| Operating revenue | 139 | 142 |
| Operating and other expenses | 464 | 274 |
| Operating (loss) profit | (325) | (132) |
| Net (loss) profit for the year | (325) | (132) |

The operating loss is higher by \$193,000 reflecting \$190,000 higher expenditure offset by \$3,000 less revenue.

The increased expenditure is mostly due to \$161,000 incurred to secure public access to land at Te Ara Pātaka and Woodills project costs of \$53,000 and \$5,900 for the Banks Peninsula Walking Festival. These were offset in part by grants committed to partners which were lower in 2018 by \$16,250, a reduction in expenditure on several other projects that together reduce expenditure by \$6,500 and a reduced depreciation and amortisation charge of \$5,800.

Revenue increases included \$8,000 from the Banks Peninsula Walking Festival, \$12,400 contributions made to the Woodills project from the Trust's partners and \$3,500 from other revenue. Offsetting this was reduced interest on Trust funds of \$16,000 reflecting their application to projects, and a contribution made to the Te Ara Pātaka work by partners in 2017 of \$11,800.

Group structure and Council Controlled Organisations Christchurch Agency for Energy Trust

CAfE is a charitable trust established by the Council in 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.

The Trust administers the Christchurch Energy Grant Scheme, which aligns with the Council's Climate Smart and Sustainable Energy Strategies. The scheme provides grants for plant purchase and installation of renewable energy initiatives, district energy scheme, energy efficiency measures that go well beyond the building code minimum in new and/or renovated

Key performance targets

| | 2018 Target | 2018 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 are awarded but unpaid grants of \$818,602, and unallocated funds held of \$64,342. |

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|--------------------------------|----------------------------------|----------------------------------|
| Operating revenue | 28 | 47 |
| Operating and other expenses | 843 | 325 |
| Operating profit | (815) | (278) |
| Net profit for the year | (815) | (278) |

buildings and initiatives that result in the use of electricity instead of fossil fuels.

Policies and objectives relating to ownership and control

Section 59 of the Local Government Act 2002 sets out the principal objectives of CCOs. These objectives underpin CAfE's strategic direction and business plans, including the achievement of the shareholder's commercial and non-commercial objectives.

Through a Statement of Intent, the Council agrees the strategic direction of the company, its objectives and measures of performance for which the company will be held accountable.

The Trust made a loss of \$815,000 in 2018. The \$537,000 increased loss is largely due to an additional \$521,000 of grants and a resulting reduction in interest income of \$19,000. Secretarial, financial and legal costs increased because of the higher number of approved proposals.

Group structure and Council Controlled Organisations Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Council in 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 wound up and de-registration sought in August 2018.

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 2018

| | 2018 Actual \$000 | 2017 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 in 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).

Stage 1 of the scheme has been completed. Stage 2 commenced in 2016 and is expected to be completed in September 2018.

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

2018

Target

Develop methods to effectively monitor the performance of CPWL in constructing, commissioning and operating the Scheme, and communicate the results to the public.

To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund (EMF).

2018

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 publishes its annual Environmental Scheme Performance Report for public information and comment, at www.cpw.org.nz.

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.

CPWT undertakes monitoring of CPWL's activities to ensure compliance with the resource consent conditions, operates a public complaints procedure, and administers the Environmental Management Fund that receives annual contributions from CPWL.

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the central Canterbury Plains, including significant employment creation. The Council, as a 50 per cent Settlor of the CPWT, hopes to mitigate the adverse effects of any proposed scheme on its own water supply. Through a Statement of Intent, the Council influences the direction of the Trust, its objectives and its accountability settings.

Financial summary

Statement of financial performance for the year ended 30 June 2018

| | 2018 Actual \$000 | 2017 Actual \$000 |
|---|-------------------------|-------------------------|
| Operating revenue | 58 | 50 |
| Operating and other expenses | 58 | 50 |
| Operating profit (loss) before tax | - | - |
| Tax expense (benefit) | - | - |
| Net profit (loss) for the year | - | - |

Both revenue and expenses have increased from 2017. The main contributor of these movements is an increase in administration costs of \$19,500 for two sustainability reports – one for 2015/16 and the other for 2016/17. Both were charged to CPWT in the 2017/18 financial year. As Stage 2 of the water scheme is almost complete, there were no legal fees in the current year, against fees of \$9,000 in 2016/17.

Group structure and Council Controlled Organisations Canterbury Economic Development Co. Ltd

Canterbury Economic Development Co. Ltd was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to co-ordinate strategic economic development initiatives.

The Trust was wound up and de-registered in the 2017/18 financial year

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 2018:

| Reserve | Activities to which the reserve relates | Balance 1 July 2017 \$000 | Transfers into fund \$000 | Transfers out of fund \$000 | Balance 30 June 2018 \$000 |
|---|---|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| Trusts and bequests | | | | | |
| ChCh Earthquake Mayoral Relief Fund | Bequests made for Mayoral Earthquake Relief Fund. | 109 | 1 | (100) | 10 |
| Housing Trusts & bequests | Various bequests made for the provision of Social Housing | 93 | 2 | - | 95 |
| Cemetery bequests | Various bequests made for the maintenance of cemeteries. | 67 | 1 | - | 68 |
| CS Thomas Trust - Mona Vale | Funds set aside for restoration work at Mona Vale. | 38 | 1 | - | 39 |
| 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 | - | (6) | 12 |
| 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 | 1 | - | 17 |
| Yaldhurst Hall Crawford Memorial | Funds left by Mr Crawford for capital improvements to the Hall. | 10 | 1 | - | 11 |
| 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. | 887 | 7 | - | 894 |
| | | 1,265 | 14 | (106) | 1,173 |

| Reserve | Activities to which the reserve relates | Balance 1 July 2017 | Transfers into fund | Transfers out of fund | Balance 30 June 2018 |
|--|---|------------------------|------------------------|--------------------------|-------------------------|
| | | \$000 | \$000 | \$000 | \$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. | 104,374 | 3,879 | (3,529) | 104,724 |
| Housing Development Fund | A fund used for funding the Council's Social Housing activity. | 32,995 | 17,363 | (24,727) | 25,631 |
| Wairewa Reserve 3185 | To enable drainage works relative to Lake Forsyth. | 313 | 9 | - | 322 |
| Wairewa Reserve 3586 | To enable drainage of Lake Forsyth into the sea in times of flood. | 69 | 22 | (43) | 48 |
| Development & Financial Contributions - Reserves | Development and financial contributions held for growth related capital expenditure. | 20,639 | 5,334 | (10,793) | 15,180 |
| Development & Financial Contributions - Leisure | Development and financial contributions held for growth related capital expenditure. | - | 354 | (354) | - |
| Development & Financial Contributions - Rooding | Development and financial contributions held for growth related capital expenditure. | 2,337 | 5,429 | (6,729) | 1,037 |
| Development & Financial Contributions - Water supply | Development and financial contributions held for capital expenditure. | 2,496 | 2,962 | (5,458) | - |
| Development & Financial Contributions - Waste water | Development and financial contributions held for capital expenditure. | - | 12,233 | (12,233) | - |
| Development & Financial Contributions - Storm water | Development and financial contributions held for capital expenditure. | 4,624 | 1,593 | (2,154) | 4,063 |
| Development & Financial Contributions - Libraries | Development and financial contributions held for capital expenditure. | - | 188 | (188) | - |
| Development & Financial Contributions - Cemeteries | Development and financial contributions held for capital expenditure. | - | 11 | (11) | - |
| Flood Protection Fund | Funds set aside for flood protection works. | 510 | 262 | - | 772 |
| 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. | 1,224 | 14 | - | 1,238 |
| Community Loans Fund | Fund used to help community organisations carry out capital projects by lending funds at low interest rates. | 3,007 | 80 | - | 3,087 |
| Dog Control Account | Statutory requirement to set aside any Dog Control surpluses. | (33) | 2,331 | (2,222) | 76 |
| 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. | 1,800 | 32 | - | 1,832 |

| Reserve | Activities to which the reserve relates | Balance 1 July 2017 | Transfers into fund | Transfers out of fund | Balance 30 June 2018 |
|---|--|------------------------|------------------------|--------------------------|-------------------------|
| | | \$000 | \$000 | \$000 | \$000 |
| Special Funds & Reserves (continued) | | | | | |
| QEII sale proceeds | For investment in initiatives that promote the most appropriate and productive use of remaining Council land on QEII site. | 4,529 | - | (107) | 4,422 |
| 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. | 617 | 12 | - | 629 |
| Loan Repayment Reserve | Fund used for facilitating repayment of rate funded loans. | - | 47,690 | (47,690) | - |
| Sandilands Contaminated Sites Remediation | Fund used for remediation work at Social Housing sites. | 254 | - | - | 254 |
| Businesscare - Commercial 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. | 362 | 77 | - | 439 |
| 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 | 74 | 264 | (217) | 121 |
| Okains Bay Res Mgmt Committee | Fund used for Okains Bay Reserve | 50 | 716 | (207) | 559 |
| Miscellaneous reserves | Minor or obsolete reserves. | 30 | - | - | 30 |
| | | <u>180,892</u> | <u>100,855</u> | <u>(116,662)</u> | <u>165,085</u> |
| TOTAL RESERVE FUNDS | | <u>182,157</u> | <u>100,869</u> | <u>(116,768)</u> | <u>166,258</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 2017/18. All funds were held as cash investments

| | 2018 Actual \$000 | 2017 Actual \$000 |
|--|----------------------------------|----------------------------------|
| Fund capital at 1 July | 101,416 | 100,723 |
| Plus inflation protection | 1,100 | 1,575 |
| Less distributed | (1,250) | (882) |
| Capital distributions not proceeded with | 198 | - |
| Merge Capital Endowment Fund 2 | 2,699 | - |
| Fund capital at 30 June | 104,163 | 101,416 |
| Unallocated funds at 1 July | 259 | 423 |
| Plus income received by the fund | 3,725 | 3,887 |
| Less inflation protection to capital of the fund | (1,100) | (1,575) |
| Less distributed | (2,323) | (2,476) |
| Unallocated income at 30 June | 561 | 259 |
| | | |
| Total Capital Endowment Fund balance at 30 June | 104,724 | 101,675 |
| | | |
| Distribution details | | |
| Capital distributions | | |
| One off Community projects scheme | - | (7) |
| Partnership Fund and Smart Cities projects | 1,250 | 889 |
| | 1,250 | 882 |
| | | |
| Income distributions | | |
| Economic Development and Innovation | 1,293 | 1,071 |
| Community | 1,030 | 1,405 |
| | 2,323 | 2,476 |

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 2018.

Christchurch City Holdings Ltd (100% owned)

| | |
|--------------------------------|--------------------------|
| Jeremy Smith | Sarah Smith ⁱ |
| Mary Devine | Alex Skinner |
| Lianne Dalziel (Mayor) | Vicki Buck (Cr) |
| Andrew Turner | James (Jamie) Gough (Cr) |
| Gregory Campbell ⁱⁱ | |

Enable Services Ltd (100% owned)

| | |
|----------------------------|--------------------------------|
| Mark Bowman | Katherine Meads ⁱⁱⁱ |
| Owen Scott ^{iv} | Timothy Lusk ^{iv} |
| Craig Elliott ^v | Charlotte Walshe ^{vi} |
| Brett Gamble | William (Bill) Luff |

Christchurch International Airport Ltd (75% owned)

| | |
|----------------------------------|------------------------------------|
| David MacKenzie ^{vii} | Catherine Drayton |
| Kathryn Mitchell ^{viii} | André Lovatt ^{ix} |
| Christopher Paulsen | Laura Palomino Forbes ^x |
| Justin Murray | Paul Reid ^{xi} |

City Care Ltd (100% owned)

| | |
|------------------------------|----------------------------------|
| Graham Darlow ^{xii} | Penny Hoogerwerf ^{xiii} |
| Hugh Martyn ^{xiv} | Margaret Devlin ^{xiv} |
| Craig Price | Mark Todd |
| Gary Leech | Jen Rolfe |

Lyttelton Port Company Ltd (100% owned)

| | |
|----------------------|-------------------------------|
| Trevor Burt | Margaret Devlin ^{xv} |
| William (Bill) Dwyer | Malcolm Johns ^{xvi} |
| Jim Quinn | Grant Gilfillan |
| Don Elder | Brian Wood |

Orion New Zealand Ltd (89.3% owned)

| | |
|--------------------------------------|---------------------------------|
| Jason McDonald ^{xvii} | Deborah Taylor ^{xviii} |
| Nicholas David Miller ^{xix} | Bob Simpson ^{xx} |
| Dr Nicola Crauford | Geoff Vazey |
| John Austin | Bruce Gemmell |

Red Bus Ltd (100% owned)

| | |
|----------------------------|-------------------------------|
| Paul Kieranowski | Pamela Farrell ^{xxi} |
| Sabrina Louise Kunz | Robert (Bob) Lineham |
| Tim Keenan ^{xxii} | |

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 | Raewyn Idoine ^{xxiii} |
| Roland van Bommel ^{xxviii} | Paul Bingham ^{xxviii} |
| Stephen Barclay ^{xxviii} | Andrew Turner (Cr) |
| Louise Edwards ^{xxiv} | Kaila Colbin |
| Grant Ryan ^{xxiv} | Tim Scandrett (Cr) |
| David Hawkey ^{xxiv} | |

Vbase Ltd (100% owned)

| | |
|--------------------|---------------|
| Tim Scandrett (Cr) | Paul Lonsdale |
| Paul Munro | |

Tuam Ltd (100% owned)

| | |
|--------------------|----------------|
| Dr Karleen Edwards | Carol Bellette |
|--------------------|----------------|

Civic Building Ltd (100% owned)

| | |
|--------------------------|-----------------|
| Mike Davidson (Cr) | David East (Cr) |
| James (Jamie) Gough (Cr) | |

EcoCentral Ltd (100% owned)

| | |
|---------------------------------|---------------|
| David Kerr | Sarah Smith |
| Gregory Campbell ^{xxv} | Sinead Horgan |
| Mark Jordan ^{xxvi} | |

Transwaste Canterbury Ltd (38.9% owned)

| | |
|-----------------|------------------------|
| W. Gill Cox | Gareth James |
| Thomas Nickels | Robert McKenzie |
| Richard Davison | Ian Kennedy |
| Trevor McIntyre | Glenn Livingstone (Cr) |

ⁱ Resigned 16 November 2017

ⁱⁱ Appointed 16 November 2017

ⁱⁱⁱ Appointed 1 August 2017

^{iv} Resigned 24 October 2017

^v Appointed 24 October 2017

^{vi} Resigned 13 February 2018

^{vii} Resigned 19 October 2017

^{viii} Appointed 19 October 2017

^{ix} Resigned 14 November 2017

^x Resigned 30 April 2018

^{xi} Appointed 1 May 2018

^{xii} Appointed 27 October 2017

^{xiii} Appointed 2 November 2017

^{xiv} Resigned 27 October 2017

^{xv} Appointed 16 May 2018

^{xvi} Appointed 11 October 2017

^{xvii} Appointed 15 August 2017

^{xviii} Appointed 1 June 2018

^{xix} Resigned 5 April 2018

^{xx} Resigned 15 August 2017

^{xxi} Appointed 26 October 2017

^{xxii} Resigned 26 October 2017

^{xxiii} Resigned 8 August 2017

^{xxiv} Resigned 31 May 2018

^{xxv} Resigned 16 October 2017

^{xxvi} Appointed 16 October 2017

Glossary

| | |
|----------------------|--|
| ANZAC | Australian and New Zealand Army Corps |
| BCA | Building Consent Authority |
| BRRP | Burwood Resource Recovery Park |
| BWOF | Building Warrant of Fitness |
| CAfE | Christchurch Agency for Energy Trust |
| CBD | Central Business District |
| CBL | Civic Building Limited |
| CCBJV | Christchurch Civic Building Joint Venture |
| CCCB | Christchurch and Canterbury Convention Bureau |
| CCDU | Christchurch Central Development Unit |
| CCHL | Christchurch City Holdings Limited |
| CCOs | Council Controlled Organisations |
| CCTOs | Council Controlled Trading Organisations |
| CDEM | Civil Defence Emergency Management |
| CEDS | Christchurch Economic Development Strategy |
| CERM | Centre for Environmental and Recreation Management |
| 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 |
| CWMS | Canterbury Water Management Strategy |
| CWTP | Christchurch Wastewater Treatment Plant |
| DCL | Development Christchurch Limited |
| DWSNZ | Drinking Water Standards New Zealand |
| ECAN | Environment Canterbury |
| EcoCentral | EcoCentral Limited |
| ENL | Enable Networks Limited |
| EOC | Emergency operations centre |
| EQ | Earthquake |
| EQC | Earthquake Commission |
| ESL | Enable Services Limited |
| EV | Electric Vehicle |
| Exchange revenue | Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange |
| FAP | financial assistance package |
| FENZ | Fire and Emergency New Zealand |
| IM&CT | Information Management and Communications Technology |
| IPSAS | International Public Sector Accounting Standards |
| IRRS | Income-Related Rent Subsidised Tenancies |
| ISP | Internal service providers |
| JESP | Justice and Emergency Services Precinct |
| LGFA | New Zealand Local Government Funding Agency Limited |
| LDRP | Land Drainage Recovery Programme |
| LED | Light-Emitting Diode |
| LIMs | Land Information Memorandums |
| LINZ | Land Information New Zealand |
| LOS | Level of service |
| LPC | Lyttelton Port Company Limited |
| LTP | Long Term Plan |
| LURP | Land Use Recovery Plan |
| MBIE | Ministry of Business, Innovation and Employment |
| MKT | Mahaanui Kurataiao Limited |
| NIWA | National Institute of Water and Atmospheric Research |
| Non exchange revenue | Revenue from transactions that are not exchange transactions |

Glossary

| | |
|---------------|--|
| 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 |
| 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 |
| PPE | Property, plant and equipment |
| PVL | Powerhouse Ventures Limited |
| Red Bus | Red Bus Limited |
| RFID | Radio frequency identification |
| RMA | Resource Management Act |
| RSA | Returned Services' Association |
| SAIDI | System Average Interruption Duration Index |
| SAIFI | System Average Interruption Frequency Index |
| SCADA | Supervisory control and data acquisition |
| SCIRT | Stronger Christchurch Infrastructure Rebuild Team |
| 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 |
| WBFT | World Buskers Festival Trust |
| WHRS | Weathertight Homes Resolution Services |
| WIP | Work in progress |
| WW100 | First World War Centenary Commemorations |

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.

