ANNUAL REPORT 2007

Christchurch Ōtautahi

  

MAKING CHRISTCHURCH A WORLD-CLASS BOUTIQUE CITY

CHRISTCHURCH
CITY COUNCIL · YOUR PEOPLE · YOUR CITY

The Christchurch City Council

Before 1903, the Christchurch City Council fit neatly within the Four Avenues[1] until amalgamations, starting with the Sydenham, St Albans and Linwood Boroughs pushed out our borders. In March 2006, the latest merger was with Banks Peninsula and that increased the total land area of Christchurch Ōtautahi to 160,850 hectares.

In September 2006, the Christchurch City Council was awarded the Performance Excellence Study Award for Local Government. The award is based on the internationally-recognised Malcolm Baldridge Criteria which specify exacting standards of performance in the areas of leadership, strategic planning, customer and market, knowledge management, human resources, process management and business results.

Our Council used the assessment from the award's 2006 evaluation process as a guide to undertake a range of projects targeting areas for improvement. The Council intends to continue with regular external independent assessments to review its progress towards world-class status.

In June 2007, the Greater Christchurch Urban Development Strategy was launched. Our Council is now in partnership with our neighbours Selwyn and Waimakariri District Councils and key allies Environment Canterbury and Transit New Zealand to manage future growth and development.

The Performance Excellence programme and the Urban Development Strategy now define the Christchurch City Council. They will guide our long-term and annual plans, our day-to-day operations and how we report our results.

[1]Back then the Four Avenues were known as the North, East and South Town Belts and Antigua Street (Rolleston Avenue).

CHRISTCHURCH
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Making Christchurch World Class

Inspired by the local government award from Business Excellence New Zealand in September 2006, the Christchurch City Council set its sights on the very top tier of international business excellence.

Its mission is to raise its performance and improve its results to make Christchurch world class and a place where people enjoy living.

Making Christchurch World Class

The vision of our Councillors is of a "future Christchurch that is a world-class boutique city, where people enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and peninsula".

Long-Term Council Community Plan 2006-16.

Making Christchurch World Class

Our community wants Christchurch Ōtautahi to be a safe city, a city of inclusive and diverse communities, a city of people who value and protect their natural environment, a well-governed city, a prosperous city, a healthy city, a city of recreation, fun and creativity, a city of lifelong learning and an attractive and well-designed city.

The Māori Name For Christchurch Is Ōtautahi

Our name Ōtautahi evolved from Te Whenua o Te Potiki-Tautahi, literally the "place of Te Potiki Tautahi". Te Potiki Tautahi was a Māori Chief and what once was his special territory is now present day Christchurch.

Our home, Christchurch Ōtautahi, is the largest city in New Zealand's South Island Te Waipounamu. It is a land of swamps, estuaries, lakes, rivers, hills, flood plains and beaches.

We are bounded by natural features: in the North the Waimakariri River, in the South the Port Hills, in the East by the Pacific Ocean and Banks Peninsula, in the West, the beginnings of the Canterbury Plains, with the Avon River Ōtākaro running through the metropolitan area.

Ōtautahi is the home of the tribe or iwi, Ngāi Tahu. This iwi have their origins in the three main migration streams to the South Island, the Waitaha, the Ngati Mamoe and the Ngāi Tahu peoples. Ngāi Tahu claim traditional rights and tribal authority over the vast majority of the South Island Te Waipounamu and Christchurch Ōtautahi is the center of the iwi's activities.

Christchurch Ōtautahi is also the home of a growing cultural diversity with 160 ethnicities, 104 languages and more than seven main religious groups. Our Māori, Pacific, and Asian populations are increasing at a faster rate than the total population though 85 percent of Christchurch residents consider themselves part of the European ethnic group.

New Zealand is one of only 17 countries in the world that offers a permanent home to refugees in need of resettlement. The four main ethnic groups making their home in Christchurch Ōtautahi are the Kurds, Somalis, Ethiopians, and Afghans.

The European influence, especially British, can be seen in the Gothic Revival architecture of our Central City's heritage buildings, our relaxed pedestrian malls and the many gardens and parks with the Avon River meandering through. Our city is also known as the Garden City because of the Christchurch Botanic Gardens, Hagley Park, 13 major metropolitan parks, 89 major district parks, approximately 300 local and neighbourhood reserves, and thousands of private residential gardens.

Christchurch Ōtautahi has a population of 348,435 according to the 2006 Census, and though 30,000 of us work in the Central City, only about 7,000 of us live there.

Our workers drive, cycle, walk or take the bus. We have an extensive bus network run from a state-of-the-art exchange in the Central City which includes a free circular service that runs through the city and suburbs. On average, it takes no more than 30 minutes to cross the metropolitan area.

We have over 2,000 kilometres of roads and more than 2,300 kilometres of footpaths. We have 58 kilometres of on-road cycleways and 65 kilometres of shared-use and dedicated mountain bike tracks, more than any other large metropolitan centre in New Zealand.

We have 339 playgrounds, 100 sports parks, 37 garden and heritage parks, and 81 riverbank and conservation park areas totaling approximately 6,326 hectares.

Christchurch Ōtautahi is the gateway to the South Island Te Waipounamu. More than 1,000 ships carrying passengers, coal, fuel, logs, fish, fertiliser, cement, motor vehicles and other bulk cargo came to our shores through Lyttelton Port last year. In the same period, the Christchurch International Airport saw almost 5.5 million travelers and handled an average of 5,600 plane arrivals and departures per month.

We are also the gateway to Antarctica. The International Antarctic Centre is home to the New Zealand, American and Italian Antarctic Programmes as well as 18 Little Blue penguins, the Centre's latest addition to its education programme.

We have 164 schools that provide education and training to about 60,000 students. We have nine major hospitals, including Christchurch Hospital, the largest tertiary, teaching and research hospital in the South Island, the Christchurch School of Medicine (part of the University of Otago) and two major tertiary institutions, the University of Canterbury and the Christchurch Polytechnic Institute. We have one central library, one mobile library and eighteen community libraries provided by the Christchurch City Council.

In the heart of our city, in an area of one square kilometre, heritage, history, religion, education, art, science, and government are represented by institutions like:

- The Christchurch Art Gallery Te Puna o Waiwhetu (the largest art institution in the South Island).
- The ChristChurch Cathedral (the best-known and most visited church building in the country).
- Our City O-Tautahi (the original Municipal Building).
- The Canterbury Provincial Council Buildings (the only purpose-built provincial government building still in existence).
- The Arts Centre (former site of the University of Canterbury).
- The Christchurch Botanic Gardens (a world-class collection of over 10,000 exotic and indigenous plants).
- The Canterbury Museum (a collection of two million pieces housed in one of the country's finest historical buildings).
- Christ's College (the country's oldest independent school boasting some of the finest examples of New Zealand architecture).
- The Central Library Te Kete Wānanga o Ōtākaro (the flagship public library of the South Island Te Waipounamu).
- The Southern Opera.
- The Christchurch Symphony.
- The Court Theatre.

Our economy revolves around the traditional farming and industry sectors with increasing activity in high technology manufacturing, biotechnology, information and communications technology, education and research, and tourism.

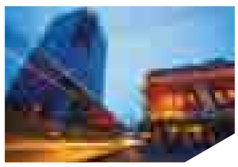
We are within two hours of whale and dolphin watching, ski fields, golf courses, wind surfing, hot-air ballooning, rafting, bungee jumping, wineries, gardens and wild-life reserves.

Christchurch Ōtautahi is a great place to live, work and play.

Introduction

The Christchurch City Council produces an Annual Report each year to account for the money provided to it by its ratepayers and by financial institutions and government agencies. It shows how the Council is delivering on the outcomes its community wants.

This report makes reference to the Council's strategies and plans, particularly the Annual Plan 2006/07 and the Long-Term Council Community Plan 2006-16, adopted in June 2006 after consultation with ratepayers and other key stakeholders.



The annual report and audited financial statements of the Christchurch City Council, together with the report of the Audit Office, were adopted by the Council on 11 October 2007.

Published on 1 November 2007 by the Office of the Chief Executive, Christchurch City Council, in compliance with s98(4) of the Local Government Act 2002.

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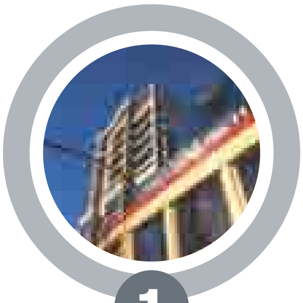
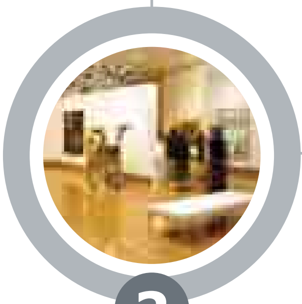
Community Boards
Fendalton-Waimairi Ward
Riccarton-Wigram Ward
Spreydon-Heathcote Ward
Shirley-Papanui Ward
Burwood-Pegasus Ward
Hagley-Ferrymead Ward
Banks Peninsula Ward



1

Introduction



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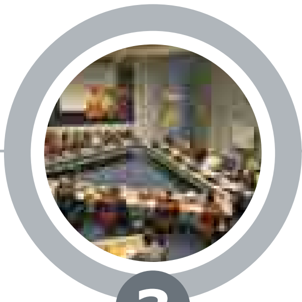
Highlights



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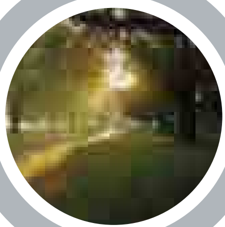

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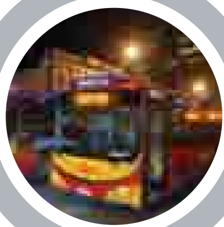

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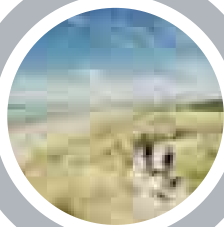


7 Monitoring

World-class Standards

The Council has implemented a programme of Performance Excellence based on the internationally-recognised Baldridge Criteria which specify exacting standards of performance in the areas of leadership, strategic planning, customer and market, knowledge management, human resources, process management and business results.

HIGHLIGHTS

A Culture of Continuous Improvement

The Council used the assessment from its 2006 award evaluation process as a guide to undertake a range of projects targeting areas for improvement. The Council intends to continue with regular external independent assessments to review its progress towards world-class status.

Building the Best Business Environment

In August 2006, with the support of Christchurch City Holdings Ltd (CCHL), the Canterbury Development Corporation successfully applied for funds from the Ministry of Economic Development for a city-wide, fibre optic, broadband network.

The total cost for the high-speed network is $10.6 million with no impact on rates. The Ministry will contribute $3.75 million (plus GST) and CCHL will add $6.82 million. The network will be owned and managed by a new CCHL subsidiary company, Christchurch City Networks Ltd (CCNL).

The project is estimated to take around two years and initially about 80 kilometres of fibre optic cabling will be installed under the city. The new high-speed network will be more than 200 percent faster than existing services.

The network will be commercially accessible to public and private end users and telecommunications providers. The Council has also decided to make telecommunications ducting mandatory and standard for all new building work and subdivision developments in the city.

Sustainable Solutions and Healthy Environment

Greater Christchurch Urban Development Strategy: Model for the Nation. The Council entered into a partnership on 22 June 2007 with its neighbours the Selwyn and Waimakariri District Councils, and key collaborators, Environment Canterbury and Transit New Zealand. The five partners have agreed how they will plan and work together to manage growth and development in the next 35 years.

Prime Minister Helen Clark attended the launch and hailed the alliance as an ideal means to achieve common goals. It would allow the partnership to speak to Central Government with a single, united voice.

Landfill Gas Pipeline. For the next 20 years, the Council will heat its QEII Park swimming pools using gas generated by its Burwood Landfill. By destroying the harmful methane gas, the Council converts energy consumption into a renewable energy source, replaces 1 million litres of LPG and electricity at the pool complex, and improves the chances that the landfill can later sustain vegetation. The project was made possible in part by the Government's Projects to Reduce Emissions Programme.

In less than 5 years, the cost savings will pay for the entire $4.2 million project. Every year from now on, the Council will save $0.9 million a year in energy costs specifically to heat and power the swimming pools at QEII.

Did you know?

Fifty busloads of rubbish are landfilled everyday and 263,000 tons of solid waste are generated in Canterbury every year after recycling, composting and waste minimisation – that would fill the WestpacTrust Centre arena about three and a half times each year.

Conservation of Natural Habitats and Protection of Ecological Heritage. One-tenth of New Zealand's native flowering plants occur within the Christchurch boundaries and the number of birds and the variety of bird species are increasing every year. Such facts motivate the Council to conserve and protect the diverse habitats of Christchurch.

2

Highlights

Strong Economic Base

The Council continues to own its main utilities and services through its trading company, CCHL. Christchurch ratepayers benefit in the form of a sustainable revenue stream equivalent to 15 percent of rates.

In the early 1990s, when other local authorities sold off their assets, the Council retained ownership, remained a shareholder and entrusted the business side of things to well-chosen governance boards. Over the years, the general and special dividends from the Council-controlled companies infused cash into the Council's finances to help pay for major capital projects and soften the impact of rising operational costs on rates. By retaining ownership of these companies, the Council is essentially protecting the 'bones' of the city through good governance and best business practices.

Civil Defence and Emergency Management (CDEM)

In October 2005, the Council resolved not to renew the Civil Defence and Emergency Management service level agreement with Environment Canterbury (ECan) that had been in place since 1989. From 1 July 2006 CDEM functions were to be delivered in-house.

The transfer of the CDEM functions from ECan to the Council was successful and our staff have already participated in a Canterbury region civil defence exercise. Training for the various roles required by the Emergency Operations Centre continues to be a priority.

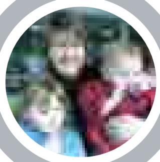
Inclusive Communities

The Council's programme of cultural diversity projects has received major recognition in 2006/07. The Human Rights Commission recognised how the Council celebrates diversity in New Zealand in the form of its 'New to Christchurch? Useful Tips for Migrants Guide' second edition in 2006.

The booklet is in eight languages, Arabic, Chinese, English, Farsi, Korean, Japanese, Russian and Samoan, and is a resource for migrants settling in Christchurch.

The New Zealand Diversity Action Programme through its annual signature event, the New Zealand Diversity Forum, acknowledged the Council's major projects to promote cultural diversity. The Council's projects include the "Diversity Season" of events leading up to Race Relations Day in March; the Culture Galore festival, the Ethnic Football festival, the Pacific Pathways World Heritage Week, an Outward Bound multi-ethnic course for young people, activities for Māori New Year Matariki, Māori Language Week, and Around the World Workshops at the Christchurch Art Gallery. The Council also supports the Intercultural Assembly and a range of other community initiatives for cultural diversity and community development.

Highlights



Successful Partnerships

With the New Zealand Police

The Council Civil Defence and Emergency Management Unit has teamed up with the New Zealand Police to produce the Christchurch Coastal Evacuation Plan. This plan targets the 23,000 residents that live along the Pegasus Bay coastline between the Waimakariri River mouth and Sumner, Okains Bay and Le Bons Bay and includes arrangements for a welfare centre, school children, hospital patients and the elderly, and a comprehensive traffic management plan.

With the Community

In June 2007, three Community Boards were awarded best practice awards by the New Zealand Community Boards Conference National.

The Shirley/Papanui Community Board won the supreme significant project award for its "Working with Children" portfolio. The board's projects which include the Papanui Youth Facility, the North West Youth Forum and assistance with the Casebrook Intermediate School, were also the winner of the UNICEF-sponsored Working with Children category.

The Spreydon/Heathcote Community Board won the partnership category for its "Mothers at Home Programme". The programme, which started in 2006, provides learning opportunities for mothers with guest speakers from different agencies and services.

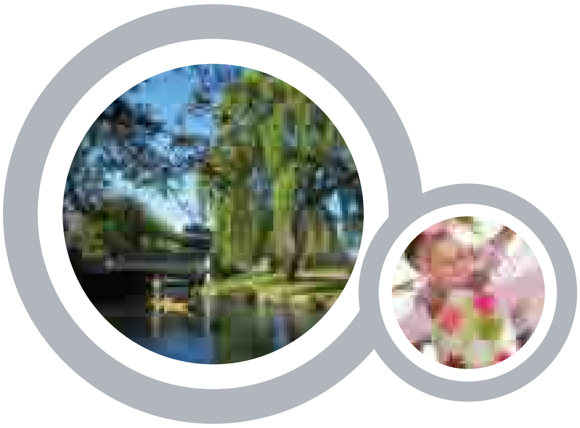
The Fendalton/Waimairi Community Board won the Harmonious Relations Award sponsored by the Human Rights Commission. The Commission's Race Relations Principal Adviser Samuelu Sefuiva said that the board had recognised the growing diversity in its area and had introduced a number of initiatives including the "Culture Galore" event with its neighbouring board, Riccarton/Wigram.

Sporting excellence

The Council's Queen Elizabeth II (QEII) Sports Complex is host to hundreds of recreational, competitive and elite athletes every day. Partners SPARC (Sport and Recreation New Zealand), Academy of Sport South Island and the Council made a strategic move to house the Christchurch service centre of the New Zealand Academy of Sport at the facility.

As a result, the multi-purpose sport and leisure complex is now a place where the average person can rub elbows with New Zealand's best athletes. QEII provides the elite competitors with the superior facilities and support services needed to be world class, and yet remains the city's most popular recreational sport facility for the general public. At QEII, both groups can support and inspire each other.

Highlights



Value and Protect Our Environment

Ocean Outfall

In June 2007, construction commenced on the Council's biggest capital project to-date, the $87 million Ocean Outfall project. The project, together with other improvements to the sewerage system already underway, will improve the water quality in the Estuary.

Did you know?

The Council imported a German drill that weighs as much as seven low-floor red buses to dig the ocean outfall tunnel.

Misty Peaks

The Council purchased the Misty Peaks 489-hectare farm above Akaroa ensuring protection of the Aylmers Valley town water supply and creating a continuous 1,693 hectare conservation area from McLeans Island through to the Akaroa Heads.

Misty Peaks has six plant species on the New Zealand threatened plant list and six species rare to the area. The larger conservation area will extend the habitat for 21 native bird species and five lizard species. Native bush will be allowed to regenerate.

Local groups are already doing great work on predator control and promoting biodiversity such as penguin protection. The Department of Conservation and Environment Canterbury also have a presence in the area and now the Council is the third major player ensuring the preservation and protection of the area.

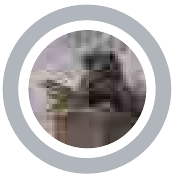
Endangered Brown Teal

A small endangered duck, the Brown Teal Pateke is getting some help from the Council. In June 2007, the Council participated in a trial release introducing twenty Pateke to the Travis Wetland.

The Pateke is found only in New Zealand. It is rarely seen in the North Island (there are less than 1,000 living wild) and is technically extinct in the South Island. Luckily they are breeding in captivity.

Though Travis Wetland rangers will do what they can, the trial will test the survival skills of the hand-reared Pateke against stoats, hedgehogs, cats, dogs and humans. The project which is part of the Department of Conservation's Brown Teal Recovery Plan will monitor the ducks for 12 months and the information from both survivors and casualties will be used to help the national recovery programme.

Highlights



Safer Christchurch

Christchurch has had a successful first year operating under the Safer Christchurch Strategy.

It will also host the 17th International Safe Communities Conference in 2008 and will seek designation as a World Health Organisation Safe Community.

Alcohol Accord. In an attempt to reduce alcohol-related violence and disorder in the Central City, licensed premises, the Council, the New Zealand Police and the Canterbury District Health Board have entered into a partnership to create a safe and prosperous night-time economy in the Central Business District.

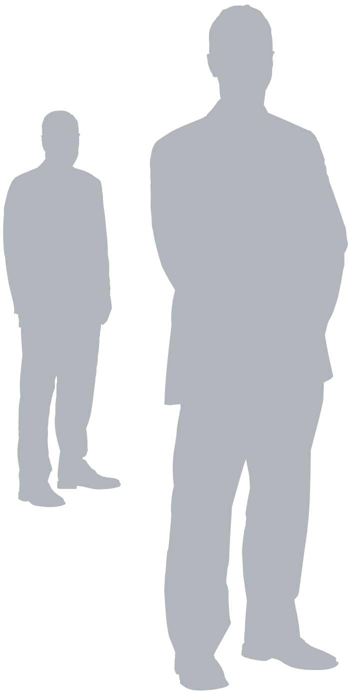
The first initiative under the Accord is the introduction of a one-way door policy from 4am on Thursday, Friday and Saturday nights. Under this policy, no new patrons are admitted to licensed premises or re-admitted after this time.

Putting Customers First

The Council's Regulation and Democracy Services Group have changed the way building consent and other applications are submitted for approval. The Council provides information packs that provide clear instructions and a complete set of updated forms for each specific type of consent. Though the official launch of the new forms was on 1 August 2007, the information packs were already in use in June and resulted in a higher quality of applications. That in turn reduced the processing time.

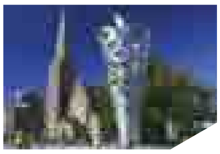
The information packs are available from the Council's internet site and eventually customers will be able to submit applications online.





It is always satisfying to talk about success and the Christchurch City Council has many good things to report on its achievements from 1 July 2006 to 30 June 2007.

MESSAGE FROM THE CHIEF EXECUTIVE AND THE MAYOR



Message from the Chief Executive and the Mayor

This year, I am presenting the Annual Report with the organisation's Chief Executive, Tony Marryatt, who joined the Council in May this year.

Last year the Council set high but realistic goals when it signed off on its Long-Term Council Community Plan (LTCCP) 2006-2016. We want to be the best we can be at delivering services to our residents. The vision set by our Councillors is simple - that Christchurch be a world-class boutique city where residents enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and the peninsula. The 2,300 Council staff work together as one team to achieve this goal. This annual report shows that we are on track to delivering our services effectively and efficiently.

We can be proud that as an organisation we have achieved 80 percent of our targets - an increase of 5 percent on last year's business result when we delivered on 75 percent of our targets. This is a good result given the challenging environment we are in with huge increases in costs associated with building and maintaining our capital assets such as roading contracts, fuel costs and manual labour costs. The Council remains in a strong financial position, assisted by the dividends from its Council-controlled organisations.

The average ratepayer in Christchurch pays $3.44 a day for their rates and for that they get services which range from the essential, such as infrastructure for sewerage and water, to the entertaining, such as festivals and events, and the enlightening such as the art gallery and libraries that enhance the quality of life. Our residents continue to give us a very clear signal that they do not want a reduction in their services.

The results of the national 2006 Quality of Life survey, which measures the impacts of urbanisation on the well-being of residents in 12 New Zealand cities, shows more than nine out of 10 (91 percent) residents say their overall quality of life is good or extremely good. The majority (68 percent) have pride in the look and feel of their city. What came through yet again was our residents' pride in their parks and gardens. The Council is committed to its Garden City image.

When the Council prepares its next LTCCP (due for adoption in 2009) it will be based on the direction set in the Greater Christchurch Urban Development Strategy (UDS). The Council, Environment Canterbury, Selwyn and Waimakariri District Councils and Transit New Zealand are the five strategic partners in the UDS drawn up over the last three years to guide growth in the region over the next 34 years. The Greater Christchurch population is set to grow from 414,000 to 501,000 by 2026. The ambitious plan could change the face of Christchurch and will underpin the future capital works programmes of the Council.

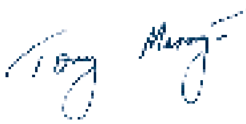
Many of our current projects, for example planning a new bus exchange to cater for increased numbers using public transport, are part of the Council's big picture for the city.

The UDS strategy is designed so that growth and development in Christchurch is managed professionally and successfully in an integrated and consistent way.

An important challenge to our society is our approach to the environment. We have an impressive success story as a Council with our energy conservation measures. We have reduced our energy usage by 30 percent over the past 10 years and our CO_2 emissions by 50 percent.

Now, our Council has to translate this best practice for all of the ratepayers in Christchurch. We have a strategic energy reduction plan for the city because we want to lead New Zealand with our achievements in this field. Every challenge in front of our Council must be viewed as an environmental one.

This is my final annual report as Mayor of this city, while for Tony it is his first as the incoming Chief Executive. I would like to thank everyone for the support they have given me in my role as Mayor. It has been a privilege to serve this wonderful city of ours. The Council is a fantastic organisation and I am confident that I am leaving it in a strong position for continued growth and progress in the years ahead.



Tony Marryatt

Chief Executive

Garry Moore

Mayor of Christchurch

Statement of Compliance and Responsibilty

Compliance

The Council and management of the Christchurch City Council confirm that all the statutory requirements of section 98 of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of Christchurch City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Christchurch City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Christchurch City Council, the annual Financial Statements for the year ended 30 June 2007 fairly reflect the financial position and operations.

Garry Moore - Mayor

11 October 2007

Tony Marryatt - Chief Executive

11 October 2007

Elected Members

The Council and Community Boards

The Council

The Mayor and 13 councillors represent the people of Christchurch Ōtautahi. These 14 elected members make up the Christchurch City Council. The Council determines its strategic directions based on feedback from our community and makes decisions on the delivery of activities and services on behalf of our community.

Community Outcomes

Community Outcomes. These are the things a community has identified as necessary for its cultural, economic, environmental and social well being.

The Council monitors and helps its community identify its community outcomes.

Planning, Decision-Making and Accountability. The Council prepares a long-term plan that shows:

- the level of activities and services it will deliver;
- the capital projects it will deliver;
- how it will pay for the activities, services and capital projects; and
- how it intends to borrow and invest funds.

The long-term plan covers a 10-year period but is reviewed every three years to allow the Council to adjust to changing needs and circumstances.

The Council prepares budgets every year to update the forecasts it makes in its long-term plans.

The Council also writes and manages plans for developing the natural and urban environment, participates in community partnerships to reduce crime and increase jobs, makes bylaws (local laws) where they are needed, and enforces them.

Public Consultation. The Council is required to consult its community when producing a new long-term plan or making significant changes to a current one, and when updating its budgets in an annual plan. The Council, realising the value of community consultation, does so on a regular basis.

Community Boards

Representation at a more local level is provided by community boards that advocate on behalf of the interests of their communities, deal with issues sent to them by the Council, and are responsible for decisions on some funding and projects within their areas.

Community board members are also elected members, though the community boards are not decision-making bodies except within the authority the Council delegates to them.

The Boards' main roles are:

- Represent and act as advocate for the interests of their communities.
- Consider and report on all matters referred to them by the Council, or any matter of interest to the Board.
- Maintain an overview of services provided by the Council within the community.
- Prepare an annual submission to the Council for expenditure within the community.
- Communicate with community organisations and special interest groups within the community.
- Allocate community board discretionary and project funds.

Selecting Elected Members

Local body elections are held every three years. The entire electorate selects a mayor, and the residents of the seven wards select their councillors and community board members.

The Christchurch City Council, community board and district health board elections are conducted by postal ballot.

Elected Members

Christchurch Ōtautahi Wards and Communities

There are seven wards but eight communities in Christchurch Ōtautahi. Each community is represented at the local level by a community board made up of five elected members and two appointed councillors. In the case of the two Banks Peninsula boards, one councillor is appointed to both boards.

Wards	Communities
Banks Peninsula ward	Akaroa/Wairewa
	Lyttelton/Mt Herbert
(metropolitan wards)	
Burwood/Pegasus	Burwood/Pegasus
Fendalton/Waimairi	Fendalton/Waimairi
Hagley/Ferrymead	Hagley/Ferrymead
Riccarton/Wigram	Riccarton/Wigram
Shirley/Papanui	Shirley/Papanui
Spreydon/Heathcote	Spreydon/Heathcote

There are between 20,000 and 30,000 people in each of the metropolitan wards, and about 8,000 in the Banks Peninsula ward.

Elected Member Meetings

The Council meets weekly. The timetable of Council meetings is available on the Council website at:

www.ccc.govt.nz/Council/Members/Meetings/ScheduleOfMeetings.pdf

The Community Boards meet either fortnightly or monthly. The dates and venues of community board meetings are available on the Council website at:

www.ccc.govt.nz/Council/CommunityBoards/Meetings/CommunityBoardMeetings2007.pdf

The Council and Community Board meetings are generally open to the public.

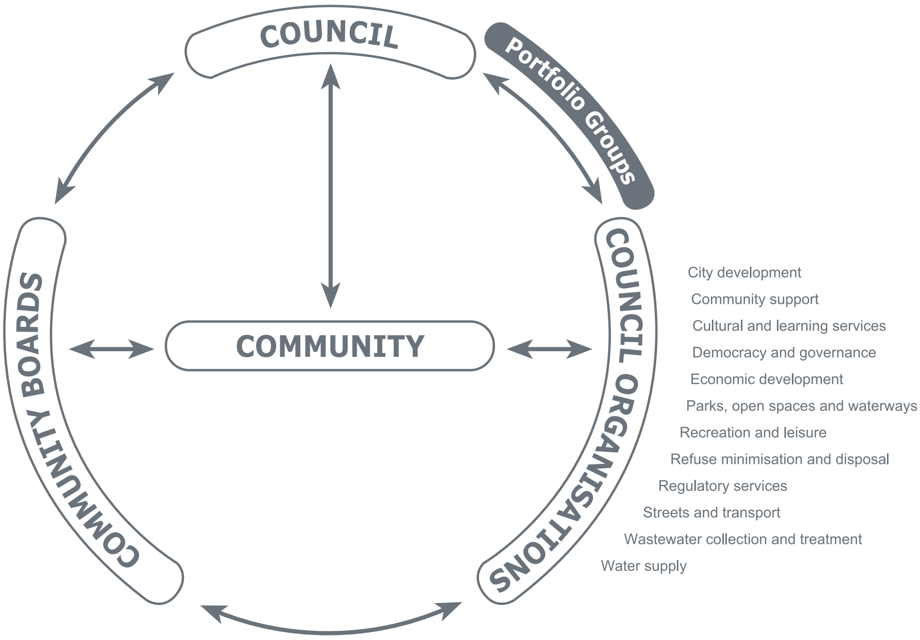
Each of the 13 City Councillors is also a member of one or more of three Portfolio Groups. The responsibilities of these groups correspond with and seek to further the Council's Strategic Directions. The Portfolio Groups are:

- Creating Strong Communities;
- Environmental Diversity; and
- Liveable City.

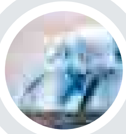
The Portfolio Groups monitor the progress of work as it is being prepared for presentation to full Council meetings. These are not decision-making meetings and are generally for elected members and Council staff.

The Council also regularly holds seminars for elected members. At seminars, staff and others present material to inform the elected members. These are not decision-making meetings and are generally open to the public.

How the Council Works



Did you know?



Christchurch is the international gateway to the Antarctic continent.

The Elected Council

Mayor and Councillors 2006/07

Carole Evans
Deputy Mayor
QSO JP

Graham Condon (deceased)
QSM JP
11 Feb 1949 - 8 Sep 2007

Bob Parker

Garry Moore
Mayor

Helen Broughton
MA (Hons) DipEd (GC)

Sally Buck
MEd (Dist)

The Elected Council

Anna Crighton
QSO JP MA (Hons)

Sue Wells
BA

Gail Sheriff
JP

Norm Withers

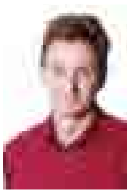
David Cox
FNZIM

Barry Corbett

Bob Shearing

Community Board Members

(Cr = City Councillor)

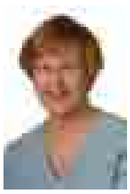
Akaroa-Wairewa

Stewart Miller	Steve Lowndes	Winston McKean	Bryan Morgan	Bob Parker	Eric Ryder
(Chair)	(Deputy Chair) BA Dip Post Graduate	MB ChB DPH DHA FACPHM JP		(Cr)	

Burwood-Pegasus

Glenda Burt	Carmen Hammond	Carole Evans	Caroline Kellaway	Tina Lomax	Don Rowlands	Gail Sheriff
(Chair)	(Deputy Chair)	QSO JP (Cr)	JP	Dip Tchg B.Ed PGChAd (Dist)	MA MEd	JP (Cr)

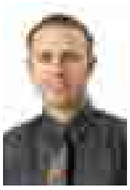
      

Fendalton-Waimairi

Mike Wall	Val Carter	Sally Buck	Faimeh Burke	Cheryl Colley	Pat Harrow	Andrew Yoon
(Chair)	(Deputy Chair)	MEd (Dist) (Cr)	MA	JP MA (Hons) BBS Dip Tchg	DipHort (Cr)	JP

Community Board Members

(Cr = City Councillor)




Hagley-Ferrymead

Bob Todd OBE JP (Chair)	Yani Johanson (Deputy Chair)	David Cox FNZIM (Cr)	Anna Crighton QSO JP MA (Hons) (Cr)	John Freeman JP MA	Brenda Lowe-Johnson JP	Dr Brendan Smith MB ChB






Lyttelton-Mt Herbert

Claudia Reid (Chair)	Jeremy Agar MA (Deputy Chair)	Stuart Bould C Eng	Ann Jolliffe	Bob Parker (Cr)	Dawn Te-Riaki Kottier QSM





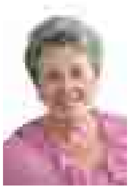


Riccarton-Wigram

Peter Laloli (Chair)	Dr Neville Bennett JP BSc (Hons) PhD (Deputy Chair)	Lesley Keast QSM JP	Helen Broughton MA (Hons) DipEd (GC) (Cr)	Mike Mora	Bob Shearing (Cr)	Tony Sutcliffe JP ABINZ DipBus DipMgmt

Community Board Members

Community Board Members (Cr = City Councillor)

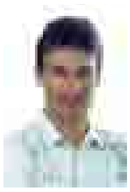



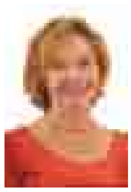
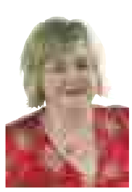



Shirley-Papanui

Yvonne Palmer QSM JP (Chair)	Myra Barry QSO JP (Deputy Chair)	Bill Bush MNZM	Ngāire Button	Graham Condon (deceased) QSM JP (Cr) 11 Feb 1949 - 8 Sep 2007	Megan Evans	Norm Withers (Cr)



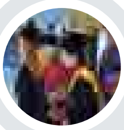



Spreydon-Heathcote

Phil Clearwater MA (Hons) (Chair)	Oscar Alpers LLB Notary Public (Deputy Chair)	Barry Corbett (Cr)	Paul de Spa BA Dip Tchg	Chris Mene	Sue Wells BA (Cr)	Megan Woods BA (Hons) MZ PhD

Community Board Members

Did you know?



Sixteen thousand students graduate at various ceremonies at the Christchurch Town Hall from the city's local colleges and universities.

The Council Organisation

Chief Executive and Executive Team

The Chief Executive employs all of the other staff in the Council.

Dr Lesley McTurk was the Chief Executive of the Christchurch City Council for part of the 2006/07 financial year from 1 July to 31 December 2006. Upon her resignation, Stephen McArthur, General Manager Community Services was designated the Acting Chief Executive from 1 January 2007. The current Chief Executive, Tony Marryatt started his term on 14 May 2007.

The Executive Team:

Tony Marryatt - Chief Executive

Regulatory and Democracy Services provides a secretariat for the elected Council and community boards, as well as monitoring and enforcing the Council's regulatory responsibilities.

General Manager - Regulatory and Democracy Services

Peter Mitchell

City Environment is responsible for planning and delivery of the Council's primary infrastructural responsibilities: water, wastewater treatment, solid waste, transport, parks and other public open spaces.

General Manager - City Environment

Jane Parfitt

Roy Baker

General Manager - Corporate Services
Corporate services supports the organisation through the provision of accounting, information technology, procurement and a variety of administrative services.

Michael Theelen

General Manager - Strategy and Planning
Strategy and Planning leads and co-ordinates the Council's long-term planning and policy development, and ensures that this is aligned to Council's strategic directions and integrated across all Council functions and activities.

The Council Organisation

Human resources develops workforce strategy and policy to support the achievement of Council goals. This includes leadership development, employment relations, recruitment and selection, and health and safety.

General Manager - Human Resources

Philippa Jones

Community Services delivers a range of social, cultural and recreational services, including the libraries network, the Christchurch Art Gallery, recreation facilities, social housing and community support functions.

General Manager - Community Services

Stephen McArthur

Alison Mackenzie

(started 6 August 2007*)

General Manager - Public Affairs

Public Affairs builds relationships with its external customers through customer services, media liaison, public consultation, events and festivals, civic functions and international relations. It provides communcation and marketing advice and services for its internal customers.

*Stephen Hill was the General Manager Public Affairs from 1 July to 14 November 2006. David Dally was Acting General Manager Public Affairs from 14 December 2006 to 3 August 2007.

Kevin Mara

General Manager - Capital Programme

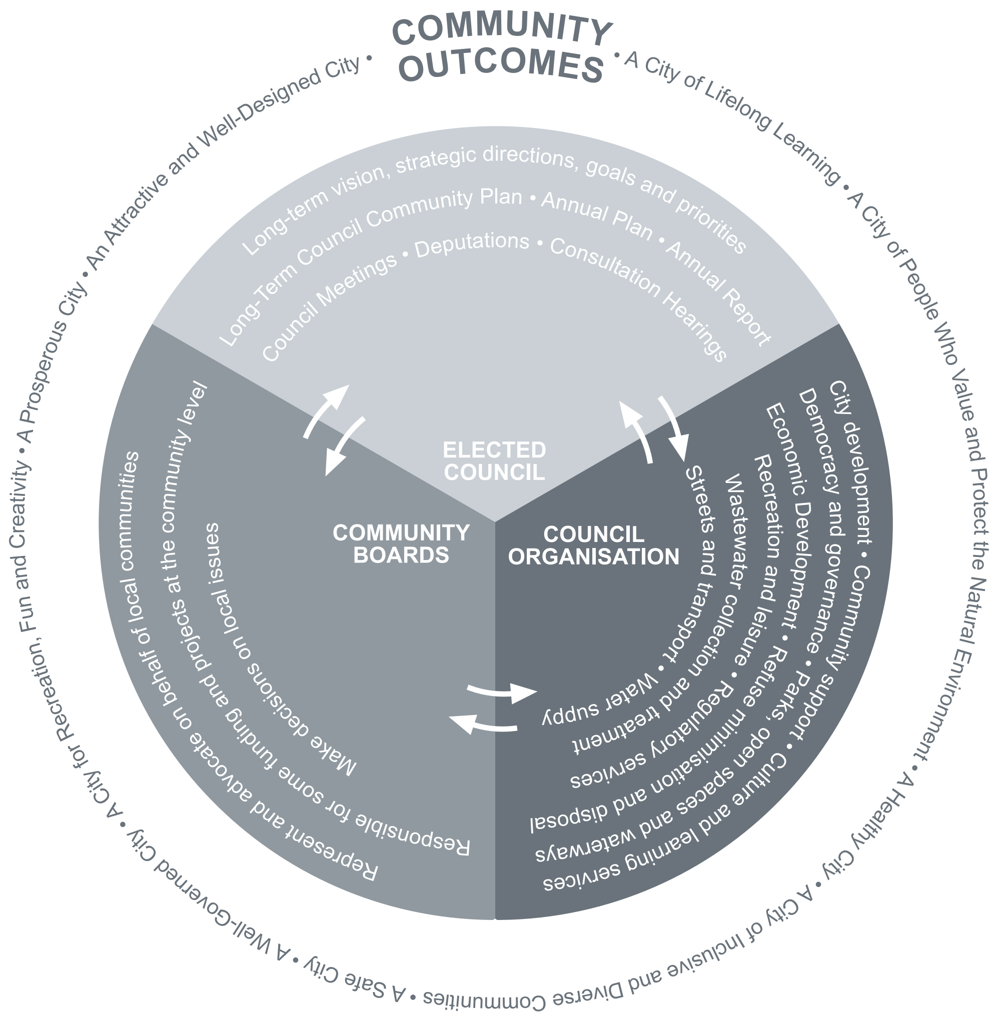
This Group delivers the Capital Programme as a whole and provides professional services over a range of disciplines as well as project management services for the entire organisation.

The Council Organisation

Structure

The Council's organisational structure is designed to ensure its services are provided as effectively as possible. To achieve this, the Council is divided into a number of groups. Within each group there are units which focus on providing specific service(s). These groups and units provide services to the public or other groups within the Council.

How the Council works



The Council Organisation

Planning Framework

The Council's purpose is to deliver its community's desired outcomes and to promote the cultural, economic, environmental and social well-being of its community. These goals guide the development of our strategies, plans and budgets and keep our activities and priorities relevant to our residents and business community.

Activities and Services

The Council provides a wide variety of services and facilities that include roads, water, rubbish collection, swimming pools, libraries, the Christchurch Art Gallery, parks and the Botanic Gardens, as well as community events. The Council also funds some services like early-learning and leisure centres that are provided by other organisations. These activities and services are grouped into the following categories, which we call 'Groups of Activities'; City development, Community support, Cultural and learning services, Democracy and governance, Economic development, Parks, open spaces and waterways, Recreation and leisure, Refuse minimization and disposal, Regulatory services, Streets and transport, Wastewater collection and treatment, and Water supply, each of which is explained in more detail below.

See pages 27 to 81 for the Council's performance reports for all of its Groups of Activities.

City development

The City Development group of activities aims to help improve the urban environment and revitalise the Central City through:

Urban renewal

The Council undertakes projects and initiatives to improve the Christchurch urban environment.

Central City revitalisation

The Council promotes, markets and is involved in projects that aim to revitalise the Central City.

Heritage protection

The Council provides leadership, advocacy, resources, grants and conservation covenants to conserve and rehabilitate heritage items.

In September 2006, the Council adopted Stage II of the Central City Revitalisation Strategy, confirming its commitment to the 25-year programme to reinvigorate the heart of Christchurch.

The Stage II Strategy still reflects the input received at the initial public consultation and now provides an update on the actions the Council will pursue to revitalise the Central City.

The key priorities for the Central City are:

- Increasing the residential population by 30,000 by 2026
- Growing our business and commercial sector
- Enhancing vital public spaces
- Redeveloping under-utilised sites
- Improving our transport network

By addressing these priorities and enhancing those features which make Christchurch enjoyable and distinctive the Council has the opportunity to transform the Central City into one of the Southern Hemisphere's premier urban environments.

The Stage II activity is largely about encouraging residential development in the Central City South around a network of lanes and in the area of the stadium (formerly Jade) / Roman Catholic Cathedral / Christchurch Polytechnic Institute of Technology through roading and street improvements.

See pages 33 to 35 for the Council's performance report on the City development group of activities.

The Council Organisation

Community support

The Community Support group of activities helps build strong, active communities by providing residents and residents' groups with services and support such as halls and conveniences, early learning centres, grants, housing and civil defence and rural fire fighting.

The Council achieves all that through community engagement and development, the provision of innovative solutions that respond to community needs, creating a safe environment and celebrating diversity whether it is age, ethnicity, disability or social status.

See pages 37 to 39 for the Council's performance report on the Community support group of activities.

Cultural and learning services

The Christchurch City Libraries develop the knowledge, literacy and cultural well-being of the city's residents by providing access to information through its network of 20 community libraries. These facilities contain an extensive collection of books, audio visual resources and on-line services.

The Christchurch Art Gallery Te Puna o Waiwhetu collects, presents, interprets and conserves quality works of art to educate, inspire discovery and preserve the legacy of artistic achievement for today's and future generations. Through its exhibitions, programmes and events, the Gallery aims to contribute to the cultural development of the city and make its Cultural Precinct centred around Worcester Boulevard the most visited cultural tourism site in New Zealand.

See pages 41 to 43 for the Council's performance report on the Cultural and learning services group of activities.

Democracy and governance

The Christchurch community is represented at the local government level by the Mayor, 13 Councillors and 40 community board members. Council staff provide support to all elected members to carry out their responsibilities and functions by co-ordinating arrangements for elections, undertaking arrangements for meetings and seminars, and co-ordinating the provision of advice.

The Council provides opportunities for the community to participate in decision-making that contribute to a well-governed city, by providing information, undertaking consultation, and processing the community's input.

The Council communicates with residents through a variety of means including providing information on Council activities in metropolitan and local newspapers, use of the internet and providing information to local media.

See pages 45 to 47 for the Council's performance report on the Democracy and governance group of activities.

Economic development

The Council actively supports the growth and development of local businesses by means of grants to the Canterbury Development Corporation (CDC) and through its own trading organisations. These include Christchurch City Holdings Limited, Orion Group Limited, Red Bus Limited, Christchurch International Airport Limited and Lyttelton Port Company Limited.

The Council has made significant investments to bring the city's business environment to world class levels and to national prominence.

Examples of the current focus areas include:

- Increasing the exposure of Christchurch city in the tourism market, both locally and internationally, and
- Enhancing the technology infrastructure in the city thereby bringing reduced costs and increased capacity to local businesses and institutions.

See pages 49 to 51 for the Council's performance report on the Economic development group of activities.

The Council Organisation

Parks, open spaces and waterways

The Council manages the city's parks, waterways and drainage infrastructure. Maintaining Christchurch's image as the 'Garden City' requires being sensitive to the needs of the community and visitors while continuing to develop the extensive parks network and maintain and enhance our waterways and drainage infrastructure. Christchurch has approximately 568 community parks, 37 garden and heritage parks, 99 sports parks, 81 riverbank and conservation areas, 60 regional parks, 20 cemeteries and the Botanic Gardens and Hagley Park. All this covers a total area of around 6,300 hectares. Our drainage and waterways infrastructure consists of approximately 124 kilometres of rivers, 158 kilometres of waterways, 53 springs, 721 kilometres storm water pipes, 10,097 manholes, 104 basins and swales, 6 floodgates, 3 weirs and 32 storm water pumping stations.

See pages 53 to 55 for the Council's performance report on the Parks, open spaces and waterways group of activities.

Recreation and leisure

Through Recreation and leisure, the Council works to provide residents with easy access to world-class facilities for a healthy and active lifestyle. Accessible pools and leisure centres, stadia, sporting facilities and recreational and sporting programmes allow residents to participate in sport and physical activity at a recreational and local, national and international competitive level.

Assistance is also given to clubs, associations and event organisers to promote Christchurch as a national and international sports destination.

See pages 57 to 59 for the Council's performance report on the Recreation and leisure group of activities.

Refuse minimisation and disposal

The Council provides solid waste collection treatment and disposal services in order to protect the community and environment. It owns three transfer stations which are operated by Meta NZ Limited. Waste minimisation is encouraged through the kerbside collection of recyclable products and paper. A number of initiatives and education programmes are run to reduce the amount of material residents and businesses send to the Kate Valley landfill.

See pages 61 to 63 for the Council's performance report on the Refuse minimisation and disposal group of activities.

Regulatory services

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

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

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

See pages 65 to 67 for the Council's performance report on the Regulatory services group of activities.

The Council Organisation

Streets and transport

The Council manages the city's land transport infrastructure. This includes 2,268 kilometres of roads (364 kilometres of which are unsealed), 331 bridges, 2,968 kilometres of kerbs and channels, 2,371 kilometres of sealed footpaths, 206 sets of traffic signals, street markings, signs and street lighting. There are also 14 off-street parking sites (providing approximately 3,500 spaces), paid on-street parking spaces, bus shelters and the Bus Exchange, and the free shuttle bus in the Central City. The Council also monitors and manages traffic patterns, undertakes research and devises plans to meet the city's future access and parking needs.

See pages 69 to 73 for the Council's performance report on the Streets and transport group of activities.

Wastewater collection and treatment

The Council provides liquid waste transport, treatment and disposal services in a manner that enhances the health, safety and convenience of the Christchurch community, meets the needs of a growing city, conforms to the intentions of district and regional plans and the Greater Christchurch Urban Development Strategy (UDS).

The wastewater collection system services all of the Christchurch city urban area as well as Prebbleton, Lincoln, Tai Tapu and Springston in the Selwyn District. It comprises 1,668 kilometres of sewer mains, 114 pumping stations, approximately 24,300 manholes and 1,071 kilometres of sewer laterals. Treatment works in the metropolitan area are located at Bromley and Belfast, with seven plants in the Banks Peninsula area.

See pages 75 to 77 for the Council's performance report on the Wastewater collection and treatment group of activities.

Water supply

The Council plans and operates the city's water supply and distribution system. It provides high quality water to residents and businesses as well as for fire fighting purposes.

Christchurch gets its drinking water mainly from groundwater aquifers. The water is of such high quality treatment is not required before it can be used. However, the Council monitors water quality on a daily basis.

The water supply network comprises 1,722 kilometres of water mains, 1,600 kilometres of sub-mains, 95 pumping stations and 78 reservoirs that supply approximately 52 million cubic metres of water annually to 123,000 connections.

See pages 79 to 81 for the Council's performance report on the Water supply group of activities.

Council-controlled organisations (CCOs)

Through its wholly owned subsidiary Christchurch City Holdings Limited (CCHL), the Council owns shares in a number of major local companies, including Orion Group Limited, Christchurch International Airport Limited, Lyttelton Port Company Limited and Red Bus Limited.

These and the other companies owned by the Council are investments which both serve the strategic objectives of the Council and pay dividends which are applied against the operating costs thereby helping to reduce rates. Each company operates as a commercial business in a competitive environment and each is managed by an independent board of directors.

See pages 166 to 178 for descriptions of each organisation.

Corporate Governance

Corporate Governance

Council complies with the laws of New Zealand and adheres to good business practice by relying on the processes and systems which are in place. Stakeholders rely on these processes to obtain information on Council operations, and to obtain assurance that Council is working in the best interest of the community. This section identifies the parameters within which the business of Council is run.

Division of responsibility between Council and management

A key to the efficient running of the Council is the clear division between the role of Council and that of management. The Council concentrates on setting policy and strategy, then reviews progress. Management is concerned with implementing the polices and strategies.

While many of the Council's functions have been delegated, the overall responsibility for achieving the vision and goals of the city ultimately rests with the Council. The Council discharges this responsibility by maintaining effective systems of internal control. Internal control includes the policies, systems and procedures established to provide measurable assurance that specific objectives of the Council will be achieved. The Council has acknowledged their responsibility by signing the Statement of Compliance and Responsibility.

Training elected representatives

After each election the Council holds training sessions for all councillors to review their responsibilities as elected members. These sessions include meeting procedures, and an overview of the legislative parameters within which local authorities operate.

Legislative compliance

Being a regulatory body, the Council administers various regulations and laws. As such, it is vital the Council also complies with all relevant legislation. The Council makes use of an internal legal department and external consultants to ensure this happens.

Audit

The Local Government Act 2002 (LGA) requires the Council to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council is required to report on the achievement of non-financial objectives, set three-yearly as part of the Long-Term Council Community Plan process.

Section 15 of the Public Audit Act 2001 requires the Auditor-General to audit both financial and non-financial statements. Audit New Zealand is contracted to perform the audit on behalf of the Auditor-General.

Internal audit

The Council has an internal audit function which is responsible for monitoring the Council's systems of internal control and the quality and reliability of financial information reported to the Council. The work programme is developed and overseen by PricewaterhouseCoopers who report on a quarterly basis to the CEO and the Audit and Risk Management Sub-committee. Internal audit staff help deliver the programme. The Council liaises closely with the external auditors who review the internal control systems to support their audit opinion.

Risk management

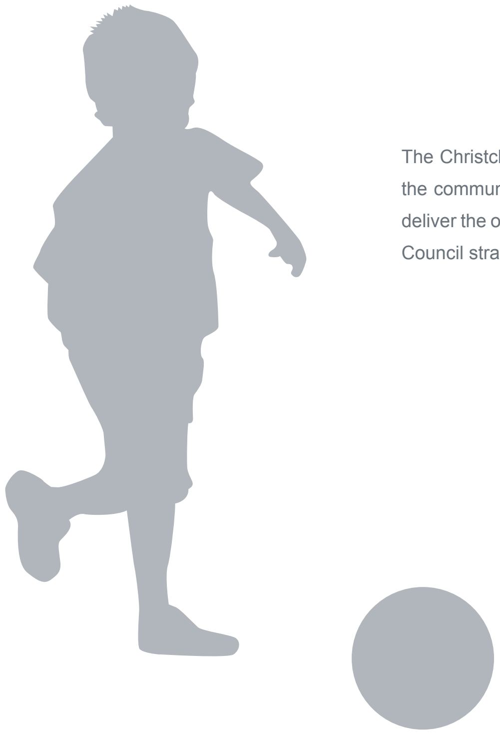
The Council's Audit and Risk Management Sub-committee is made up of representatives of the Council and staff, along with two external members who are experienced in financial and risk management.

Risk management is organisation wide. In 2007 senior management carried out a high level risk assessment and have put in place processes to ensure that risk exposures are being managed to acceptable levels.

The Council manages its infrastructure assets in accordance with New Zealand Standard 4360.

Monitoring Council-controlled organisations

The Council has interests in other organisations. The most important of these is Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Council. CCHL was established to group the Council's trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its Council-controlled trading organisations (CCTOs). CCHL also borrows in the capital markets to provide a cost-efficient source of funding for the Council. CCHL's key subsidiaries are Orion Group Ltd, Christchurch International Airport Ltd, Lyttelton Port Company Ltd, Red Bus Ltd and City Care Ltd. Other subsidiaries of the Council are Christchurch City Facilities Ltd, Vbase No.2 Ltd (trading as AMI Stadium Ltd) and Tuam Ltd. Each CCTO is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the organisation's objectives, the nature and scope of its activities, its performance targets and the measures by which these can be judged. CCTOs are required to report quarterly and annually.



The Christchurch City Council has a contract with the community in the form of its long-term plan to deliver the outcomes the community wants through Council strategies, plans, activities and budgets.

PERFORMANCE REPORTS FOR GROUPS OF ACTIVITIES

Council's Role in the Community

The Four Well-beings and the Community Outcomes

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

In Christchurch Ōtautahi, these four well-beings are expressed by nine Community Outcomes which describe the kind of city our residents want.

- A Safe City
- A City of Inclusive and Diverse Communities
- A City of People who Value and Protect the Natural Environment
- A Well-Governed City
- A Prosperous City
- A Healthy City
- A City for Recreation, Fun and Creativity
- A City of Lifelong Learning
- An Attractive and Well-Designed City

By delivering activities and services that contribute to achieving the Community Outcomes, the Council supports the well-being of Christchurch.

Vision and Strategic Directions

"Making Christchurch A World-Class Boutique City" is the vision of the Council organisation. Everything the Council does is guided by its vision and its four Strategic Directions: to have strong communities, a healthy environment, a liveable city, and economic prosperity.

The Strategic Directions guide what and how the Council delivers activities and services that contribute to achieving the Community Outcomes and support the four well-beings.

Strong Communities give people a sense of belonging, and encourage them to take part in social, cultural, economic and political life. This participation, and the support that such communities can offer in times of stress, promotes the well-being of individuals and families. Because they make good use of the skills of their members, strong communities are also better able to attract and generate the resources they need, to adapt to change, and to manage their social, cultural, economic and natural assets for the long-term benefit of everyone. Strong communities are dynamic and fun and make Christchurch a great place to live.

The natural environment sustains all human activity, and thus a **Healthy Environment** is essential to achieving our social, cultural and economic goals. The residents of Christchurch are proud of the beauty of our natural environment. But we face some major challenges if we are to protect that environment for our children and future generations to enjoy, including limiting or reducing the amount of natural resources we use, such as water and fossil fuels; reducing pollution and waste; and protecting and restoring our city's ecosystems.

What are the elements that will make Christchurch a **Liveable City**? A good built-environment improves people's quality of life in a number of ways. It ensures that people have the mix of houses, other buildings and spaces they need; makes it easier and safer for them to get around; provides them with a range of leisure activities; and sustains and enhances their sense of cultural identity, both through the protection of heritage buildings and through the integration of the arts into their urban surroundings. A good built-environment also has economic benefits, by facilitating the more efficient movement of people and goods; reducing management, energy and maintenance costs for buildings; creating safer and more productive workplaces; and attracting skilled workers and dynamic entrepreneurs and companies.

The quality of the city's utilities (water supply, waste and waste water), its transport system and other infrastructure, and its buildings, streets and public spaces, have a major effect on our quality of life. The Council contributes to the creation of a liveable city by providing utilities and other services, through planning and regulation, and by practicing and promoting good urban design.

Our social, cultural and environmental goals cannot be achieved without a **Prosperous Economy**, and our city's attractiveness as a place to live, work and play is vital to our ongoing economic development. The Council acts as a facilitator/catalyst of economic development. It also has a responsibility to ensure that economic development is sustainable, provides all people with the opportunity for improved standards of living and that all citizens share in the city's prosperity.

Results of Measures Undertaken

The Council is required by the Local Government Act 2002 to monitor progress toward achieving the Community Outcomes stated in its long-term plan.

To view the most up-to-date information on the headline and key indicators identified for each of the nine Community Outcomes for Christchurch and their associated Standards for Success go to:

www.ccc.govt.nz/LTCCP/CommunityOutcomes/Monitoring/

The Standards for Success tell us what we would expect to see if progress is being made in each outcome area. These have been identified through research and consultation on the Community Outcomes.

To see the first baseline report on Community Outcomes go to:

www.ccc.govt.nz/LTCCP/CommunityOutcomes/BaselineReport/

Council's Role in the Community

Impact of Council Activities on Well-beings

The Council is working on a monitoring and evaluation framework which will be used to monitor the effectiveness of our strategies, especially in relation to the progress made on Community Outcomes. The framework should allow the Council to identify the effects of the Council's activities on the four well-beings.

Economic • Social

The Council co-ordinates the Safer Christchurch Interagency Group which aims to enhance safety, prevent crime, and support injury prevention through the framework of the Safer Christchurch Strategy. An outcome of the Strategy is New Zealand's first Alcohol Accord, launched in October 2006. It is a partnership between the central business district licensees, the Council, New Zealand Police, the Hospitality Association of New Zealand and Community and Public Health designed to help reduce alcohol-related crime and violence and create a Central City where residents and tourists feel safe at night and businesses can prosper. The first initiative under the Accord was a trial of a one-way door policy at 4am to stop alcohol-affected patrons migrating between bars and areas within the Central City. Because of its success the business licensees are continuing with the policy. The Council is expecting a monitoring report that will support this perception with actual statistics.

Economic • Social

The Council has one of the highest social housing portfolios in the country, second only to Housing New Zealand. In 2006/07, the Council experienced high occupancy and low vacancy rates of its social housing portfolio as it continues to provide low-income residents with affordable, warm and comfortable homes.

Environmental • Cultural • Social

Two of the Council's newest facilities, the Upper Riccarton Community and School Library and the Parklands Community Library received awards recognising the functional merits, environmentally-friendly building design, community focus and in the case of Parklands, the heritage value of recycling a 1970s church building. The Upper Riccarton facility is a shared library for the neighbouring school and the community. Both facilities provide community meeting space.

Cultural • Social

A partnership between the Christchurch City Libraries and the Crusaders Rugby Team attracted over 11,000 Year 1 to 8 students who read 64,000 books in six weeks. It was the third year that the Reading Crusade has been held.

Cultural • Social

The Council's Paradigm Shift (strategic plan) gave its Christchurch Art Gallery Te Puna O Waiwhetu a dynamic new focus. In 2006/07, with the strength of its world-class collection and exhibitions it drew 340,927 visitors, up 53,000 from the previous year.

Economic

The Council staged high-profile events that brought direct economic benefits to Christchurch and the Canterbury region such as the World Buskers Festival ($3.1 million, 93 percent from non-local visitors), the ING New Zealand PGA Golf Championship (over $12 million), and New Zealand Cup and Show Week ($21 million from non-local visitors, $27.3 million total including direct, indirect and induced contributions to the Canterbury economy). The golf event also provided international television coverage (to more than 120 million households) with an approximate value of $5.7 million.

Economic • Environmental • Social

The Council purchased 489 hectares of an area named Misty Peaks behind the town of Akaroa which will link existing reserves and create a significant conservation and recreation area. The purchase protects the Akaroa landscape backdrop and increases public access to the outdoors for recreation and exercise. It broadens the visitor appeal of Akaroa by providing a wider range of potential activities and destinations and therefore raises the economic viability of the area. It protects the biodiversity values of remnant native bush and snow tussock areas, rare species and old growth forest and one of Akaroa's supplementary water supply catchments which is important for the influx of tourists in the summer season.

Social

The Council provided its residents with customer-focused, world-class leisure centres, pools, recreation facilities and programmes and saw four million users in the 2006/07 financial year. This included the Kiwiable programme which was recognised for inclusive recreation value. The user numbers exceeded the long-term plan target by 1.5 million.

Environmental

The Council has achieved a 50 percent reduction in CO_2 emissions over the last 10 years and a 30 percent reduction in energy consumption over the last 10 years through the following measures.

- It builds new facilities that have state-of-the-art energy efficiency through sustainable energy design.
- It uses water supply pumps and electric motors that are the most energy-efficient in the country, saving ratepayers $1 million every year.
- It has street lights and traffic lights that use the best lighting technology available, consuming just 5 watts per light compared to 35 watts in the past.
- It uses ground-source heat pumps - no fossil fuel, boilers or chimneys, that produce minimal carbon emissions for its major swimming complexes.
- It has arranged that Whisper Tech transfer heat from their engine testing rooms on Armagh Street across the road from Centennial Pool, allowing use of a neighbour's waste heat.
- It uses the electricity produced by the waste water treatment plant to light every second street light in the city.
- It powers the Civic Offices with wind energy from turbines on the Port Hills.

Economic

Christchurch has been in a period of high growth with $1 billion of building development applications submitted to the Council in 2006/07. There were 9,329 building consents, 1,800 resource consents and 635 subdivision consents approved during the year. In 78 percent of the cases, these were processed within statutory timeframes allowing developments to proceed in a timely fashion.

Council's Role in the Community

Organisational Performance

In developing the Long-Term Council Community Plan (LTCCP) 2006-16, Councillors and staff worked through levels of service and targets for all activities. This was a thorough process and one which resulted in better key performance indicators and targets than previous years. The community also provided feedback on these levels of service during the LTCCP consultation period.

The Council, in conjunction with the community, has set its performance goals based on the Community Outcomes. Key Performance Indicators or KPIs are one way the Council measures its progress towards these goals. KPI results are summarised in a bar graph on page 30, and expanded throughout the Groups of Activities from pages 33 to 81.

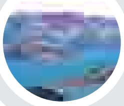
The Council achieved 80 percent of its service delivery targets in 2006/07, which is an improvement over the previous year's 75 percent. This is an excellent improvement given that the standard of work required had, on the whole, also increased at the same time.

Residents' surveys are a vital method the Council uses to gauge its performance. Starting in 2007, a new Biannual Survey of Residents replaced the annual surveys of previous years. The Biannual Survey was redesigned around the activities and services the Council delivers as stated in its LTCCP 2006-16 using industry standards, a consistent questioning methodology and best practice. It will be conducted twice each year (rather than once) so that the Council can keep a finger on the community pulse and manage any service that may not be meeting expectations.

The survey will be conducted in March and September of each year by an independent survey organisation. It not only measures past performance, but also provides a basis for setting any new standards of service delivery.

The new survey is the result of one of the LTCCP 2006-16 decisions by the Council to redesign certain questions in the old Annual Council Residents Survey. This change was endorsed by the Office of the Auditor General in their audit of the Council's long-term plan (see footnote on page 95 of the LTCCP 2006-16).

Did you know?



The purchase of Misty Peaks farm above Akaroa in May 2007 added another 489 hectares of Regional park land to the Council's park portfolio

Council's Role in the Community

Biannual Residents Survey Results

The biannual survey conducted in March 2007 appraised the Council's performance for the financial year 2006/07. Almost 80 percent of the residents surveyed were either satisfied or very satisfied with the Council's overall performance in the delivery of activities and services to its community.

Nearly everyone surveyed (96 percent) was satisfied or very satisfied with the taste of drinking water and with the water pressure (91 percent) in Christchurch.

Most of those surveyed were either satisfied or very satisfied with Council leisure facilities and parks: swimming pools (87 percent), leisure centres (87 percent), sports facilities (90 percent) like Jade Stadium (see page 175), Westpac Complex and QEII Stadium, their local or district parks (89 percent), the Botanic Gardens (90 percent) and the larger reserves (80 percent) such as Bottle Lake Forest Park or the Port Hills. In 2006, 84 percent of the respondents were satisfied that the city's parks and open spaces were well cared for.

Many respondents were also positive about the Council's cultural and educational services: libraries (85 percent), and the Art Gallery (68 percent). However, not many may have known of the Mobile Library or Our City O-Tautahi.

A majority of respondents (75 percent) were happy with rubbish collection though 14 percent thought there was room for improvement in the way this service was delivered.

Most of those surveyed (96 percent) were aware that the Council encourages recycling to reduce solid waste to landfill sites and a large number (69 percent) thought the programme was effective.

A majority of respondents (85 percent) were happy with the amount of off-street parking at shopping malls, though less than half (43 percent) were content with the off-street parking in the Central City. Of those surveyed 8 percent thought the Council could improve on Central City and hospital parking.

The residents surveyed thought the Council could do better in its delivery of the following services: Road congestion and traffic control (18 percent) were the top issues for improvement with 87 percent of the respondents satisfied with off-peak traffic flow and 43 percent with traffic flow at peak hours.

Less than a tenth of respondents (8 percent) wanted more and safer cycle lanes with 64 percent saying they were happy with off-road cycle ways, including mountain bike trails, and 60 percent satisfied with on-road cycle ways.

Another area those surveyed thought could use improvement was revitalisation of the Central City, though more than half (53 percent) were either satisfied or very satisfied with its look and feel and 41 percent were content with planning and growth management of that area.

Other areas indicated for improvement are:

Parking at the hospital (8 percent)

Condition of roads, footpaths, street lighting, trees (7 percent)

Resource consents/building permits (7 percent)

Gutters, storm drains, flooding (7 percent)

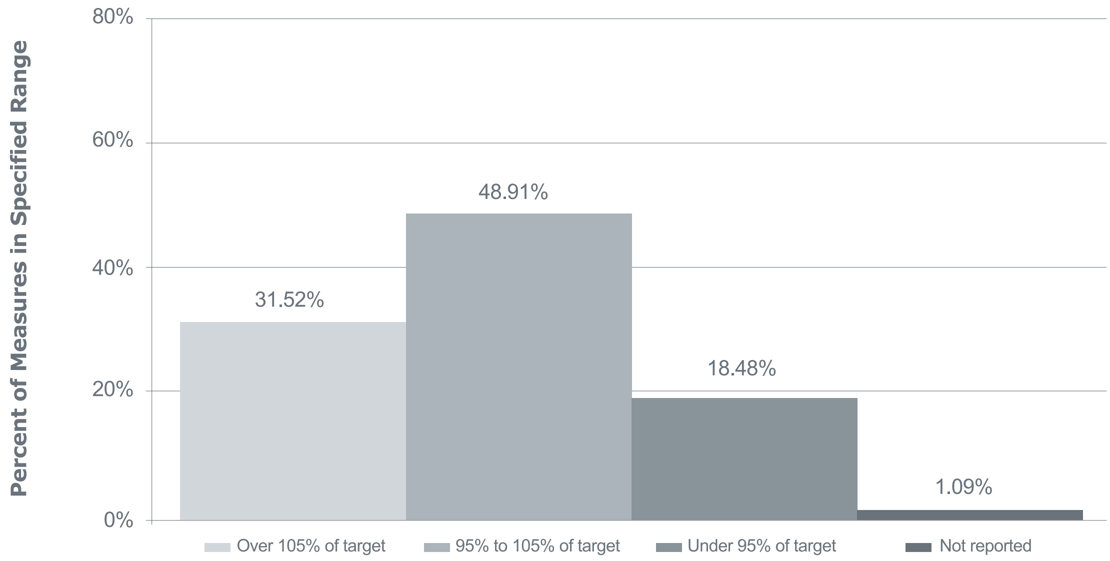
Development of parks, recreational areas, waterways (7 percent).

The complete report is available on the Council website.

www.ccc.govt.nz/ResidentsSurvey/BiannualSurveyOfResidents2007Part2.pdf

Key Performance Indicators (KPIs)

The Council achieved 80 percent of its targets in 2006/07, improving upon the previous year's result of 75 percent.



Summary Financial Chart

The Christchurch City Council ('Council') has allocated its service delivery activities into groups, to facilitate management and reporting. The following pages contain information on the Groups of Activities listed below.

Cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
City development	14,068	1,475	12,593	15,186	11,097
Community support	32,205	14,721	17,484	19,645	20,079
Cultural and learning services	41,681	3,844	37,837	38,803	38,448
Democracy and governance	9,099	7	9,092	9,814	9,653
Economic development	9,774	213	9,561	10,551	10,604
Parks, open spaces and waterways	41,404	13,058	28,346	36,572	25,666
Recreation and leisure	29,399	10,324	19,075	18,011	17,129
Refuse minimisation and disposal	16,550	4,888	11,662	14,892	14,387
Regulatory services	27,743	20,253	7,490	6,043	6,661
Streets and transport	77,875	31,736	46,139	42,310	40,781
Wastewater collection and treatment	30,588	6,365	24,223	26,034	20,166
Water supply	18,899	4,704	14,195	13,568	12,204
Total Cost of Service Delivery	**349,285**	**111,588**	**237,697**	**251,429**	**226,875**
Deduct service provider cost	-		-		(422)
Activity Results represented in the Income Statement	**349,285**	**111,588**	**237,697**	**251,429**	**226,453**

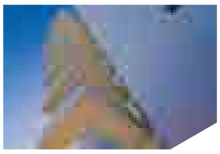
(i) Net cost in 2006 has been restated by $2.8m, to reflect landfill aftercare costs previously reported as sundry corporate expenditure, which should have been included in the Refuse minimisation and disposal group of activities.

Capital summary

For the year ended 30 June

	2007		2006
	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
City development	895	1,224	1,203
Community support	3,923	8,868	2,756
Cultural and learning services	5,859	6,836	9,928
Democracy and governance	29	16	58
Economic development	313	343	137
Parks, open spaces and waterways	25,621	29,268	12,969
Recreation and leisure	4,620	5,958	1,472
Refuse minimisation and disposal	4,673	4,728	4,847
Regulatory services	72	199	80
Streets and transport	47,969	45,910	46,741
Wastewater collection and treatment	53,569	53,820	27,531
Water supply	7,100	8,037	6,151
Total Cost of Service Delivery	**154,643**	**165,207**	**113,873**

CITY DEVELOPMENT



City development

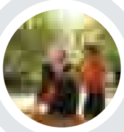
What the Council achieved

In 2006/07, the Council made considerable progress completing its policies on Central City Revitalisation Stage 2 and Development Contributions and Gaming Venues.

Consultation on the draft Visitor Strategy is completed and it is anticipated it will be adopted early in 2007/08. The Visitor Strategy addresses the community well-beings through the LTCCP and by 1) supporting a prosperous tourism industry in a manner that helps to build a vibrant city, 2) fostering community understanding of other cultures through the visitors, 3) protecting and enhancing the environment through monitoring the impacts of visitors, 4) ensuring that the Garden City reputation is second to none, and 5) putting Christchurch on the map, as an attractive, vibrant city in which to locate business.

The Greater Christchurch Urban Development Strategy (UDS) was adopted by the Christchurch City Council, Selwyn and Waimakariri District Councils, Environment Canterbury and Transit New Zealand. The UDS provides a 35-year framework for managing growth across parts of Selwyn and Waimakariri Districts and parts of Christchurch.

Did you know?



We have 9,911 hectares of public open space providing 27.5 hectares for every 1,000 people in Christchurch Ōtautahi.

City development

How the Council measured up

Activity	Level of Service	Actual	Target
Central City Revitalisation	Rate of growth in the number of businesses in the central city compared to city-wide (per year)	54%	Central City Growth is 40% of city-wide
	Percent change in the number of pedestrians in the central city compared to base in 1993	Survey is biennial- next survey 2008	1% decrease in pedestrian activity since 1993
City and Community Forward Planning and Urban Renewal	Residents' survey results: Satisfaction with "look and feel" of the city.	76%	95%
	Percent of residents who agree that building or land development has not made their area worse (question to be re-designed in next survey)	80%	80%
	Satisfaction with overall city and environmental planning	45%	65%
Heritage Protection	Percent increase in awareness of heritage issues	89%	72%

Where is the Council heading?

Work will commence in the Central City South area, between Lichfield Street and Moorhouse Avenue and east of Colombo Street, to identify Council-led and private mechanisms to increase the opportunity for mixed use development, amenity and street enhancements.

Work to implement the UDS will continue including identifying areas of the city where intensification could occur, working through transport funding issues and developing and anchoring business land approaches.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
Operational service result	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
Central City revitalisation	1,937	305	1,632	2,468	2,525
City and community forward planning and urban renewal	7,275	345	6,930	7,667	4,921
Heritage protection	4,856	825	4,031	5,051	3,651
Cost of service	**14,068**	**1,475**	**12,593**	**15,186**	**11,097**
Capital expenditure					
Renewals and replacements			244	18	273
Improved service levels			651	1,206	930
Increased demand			-	-	-
Total capital expenditure			**895**	**1,224**	**1,203**

Explanation of significant Cost of Service Variances

Central City revitalisation

The cost was lower than both the LTCCP and prior year due primarily to a reprioritisation from the Council on the delivery of strategies ($0.4m), and a decrease in tram operations costs ($0.3m) due to a change in the method of allocating interest across Council activities.

City and community forward planning and urban renewal

It is difficult to compare this activity from year to year as there have been a number of movements re-aligning this service from planning functions held within other activities. However, when compared to the budget there has been an under-spend which relates to a change in the timing of strategy delivery.

Heritage protection

Heritage Grants were under spent compared to the LTCCP ($1.0m), however the balance of these funds are committed to projects that are still in progress but have not reached a funding milestone and/or have not achieved final approval.

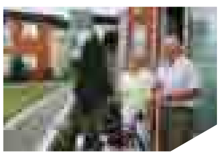
Significant Capital Expenditure

The redevelopment of Wainoni Park, a significant urban renewal project, was the major capital expenditure during the year which totalled $0.6m. The expenditure in the current year related to general improvements to Wainoni Park by upgrading amenities and facilities, and installing artwork.

Explanation of Significant Capital Expenditure Variances

The classification of some of the capital expenditure was altered between Improved Service level and Renewals this year, however the costs of the overall projects were not significantly under spent.

COMMUNITY SUPPORT



Community support

What the Council achieved

Throughout 2006/07, two key strategies were developed to guide future work: Strengthening Communities Strategy, including the Community Grants Review and Community Facilities Plan, and Social Housing Strategy.

The Council signed the contract for its first jointly funded social housing development with Housing New Zealand at Gowerton Place. Partnerships were identified in the Social Housing Strategy as important for the future development of social housing in Christchurch. Twenty units are being built and are expected to be fully tenanted by the end of November 2007. Through the provision of additional social housing, the Council is able to provide more low-income residents with warm, comfortable and affordable homes.

The first Community Grants Mayoral Reception was held to celebrate the Council's significant financial commitment to support its community and the strong partnerships it had formed with various organisations to help deliver essential services which promote grassroots infrastructure to build strong communities.

Christchurch won the bid to host the 17th International Safe Communities Conference in 2008 – the year the city will seek accreditation as a World Health Organisation Safe Community. This capped off a successful first year's operation under the Safer Christchurch Strategy – the framework for the Safer Christchurch Interagency Group to achieve its goals of reducing the incidence of injury in our community, enhancing safety on our roads, safety from crime through prevention and supportive actions, and supporting safety and injury prevention through collaboration and co-ordination.

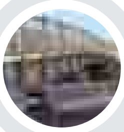
The second edition of the "New to Christchurch? Useful Tips for Migrants" guide was launched and translated into eight other languages – Arabic, Chinese (simplified and traditional), Korean, Japanese, Russian, Samoan and Farsi. The guides received an accolade from the Human Rights Commission, which recognised the contribution these made to diversity in New Zealand. The guides provide migrants with easy access, in a single publication, with all the basic information they need to establish a new life in Christchurch. Written in their own language, the information is even more accessible, enabling a quicker transition.

The Human Rights Commission, Outward Bound and the Council launched a joint project to take a multi-ethnic group of young people from Christchurch to Anakiwa (in the Marlborough Sounds) to build strong relationships and celebrate our community's diversity.

Info Tap South – a new community information service in South Christchurch – was launched to provide people with better and easier access to information within their community.

Christchurch launched New Zealand's first Alcohol Accord in October 2006 – an outcome of the Safer Christchurch Strategy – designed to help reduce alcohol-related crime and violence in the inner city. The Accord is a partnership between the central business district licensees, the Council, New Zealand Police, the Hospitality Association of New Zealand (HANZ) and Community and Public Health. Its first initiative was a one-way door policy at 4am to stop alcohol-affected patrons migrating between bars and areas within the Central City. The Accord helps to create a Central City where residents and tourists feel safe at night and as a result, business prospers.

Did you know?



There are over 70 walking groups in Christchurch.

Community support

How the Council measured up

Activity	Level of Service	Actual	Target
Community Support	Percent satisfaction with quality of support provided to target community groups	95%	Satisfaction with quality of support in 80 - 85% range
Early Childhood Education	Satisfaction with child education and environment provided by the Council	97%	90%
	Occupancy rates of Council owned and operated early learning centres	83%	Maintain 75 - 85% occupancy across centres
Social Housing	Christchurch housing rental stock provided by Council	2,655 units provided	2,641 units provided
	Occupancy rates of housing units	97 - 98%	Maintain occupancy at 90 - 97% range
	Tenant satisfaction with management service	86%	Satisfaction in range of 75 - 80%

Where is the Council heading?

Throughout 2007/08, the Council will work on the effective implementation of both the Strengthening Communities Strategy and Social Housing Strategy. These are key documents to guide the future direction of these important areas of development for the Council.

The Council has a proud history of supporting its community through such initiatives as community grants funding and during the first six months of 2007/08 will meet with community groups to ensure they are fully informed of the changes to the Community Grants scheme - the new schemes, criteria and funding requirements.

Community facilities will become a focus, as the Council works to develop a network of Metropolitan, Suburban, Neighbourhood and Rural facilities to provide the community with places to meet, play and learn.

Planning will continue for the 17th International Safe Communities Conference in October 2008 and at all levels, work will continue to build stronger communities.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$000's	$000's	$000's	$000's	$000's
Civil defence and rural fire	1,678	126	1,552	1,445	1,575
Community grants	4,980	1	4,979	5,442	5,387
Community support	7,815	398	7,417	8,061	6,702
Early learning centres	2,057	1,758	299	383	355
Halls and conveniences	1,721	267	1,454	2,336	2,550
Housing	13,954	12,171	1,783	1,978	3,510
Cost of service	**32,205**	**14,721**	**17,484**	**19,645**	**20,079**
Capital expenditure					
Renewals and replacements			1,497	2,767	2,395
Improved service levels			74	761	204
Increased demand			2,352	5,340	157
Total capital expenditure			**3,923**	**8,868**	**2,756**

Explanation of significant Cost of Service Variances

Community grants

Lower actual expenditure in the current year (both against plan and the prior year) is due to the unallocated portion of the Capital Endowment Fund (Civic and Community portion) being unspent and carried forward to 2007/08 for allocation.

Community support

Costs for this activity were $0.7m higher than last year due to an additional $1.0m spent to fully integrate the Banks Peninsula Service Centre into the Council's activities, offset by Māori liaison costs which were $0.3m lower due to the 2006/07 budget being carried forward. Costs for this activity were lower than planned this year, due to efficiencies surrounding the Banks Peninsula Service Centre integration ($0.4m) and Targeted Group costs being $0.2m lower than plan as a result of work not proceeding whilst the Strengthening Communities Strategy was developed.

Halls and conveniences

Since the LTCCP 2006-16 was prepared, the costs of property management have been reallocated across the Council to the activities for which the property is primarily used, which has resulted in expenditure being removed from certain activities and added to others. This has resulted in a $0.4m favourable variance against plan and a $0.7m favourable variance against 2006 actual expenditure. In addition, the LTCCP 2006-16 assumed that Community Engagement staff would spend a higher amount of time on Community Facilities than actually happened which led to under expenditure of $0.3m against plan and 2006 actual expenditure.

Housing

Housing rental income generated in the current year was $0.6m higher than last year, due to the 3.2% increase approved by the Council in the level of rental charges for 2006/07. In addition, occupancy rates have been very high resulting in few untenanted units.

During the prior year, there was a significant Asset Management programme of expenditure on building maintenance and redecoration. During 2006/07 expenditure returned to normal levels.

Significant Capital Expenditure

The Gowerton Place Housing Development Agreement commenced during the year with $2.4m spent. Gowerton Place is a significant development in the future provision of social housing in the city. An ageing population, falling home ownership and continually increasing market rents are expected to significantly contribute to a greater need for future social housing in the city.

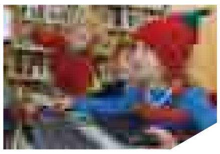
Explanation of Significant Capital Expenditure Variances

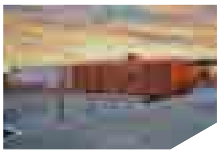
The LTCCP 2006-16 assumed that the Gowerton Place housing project would be fully completed during the year; however, $2.4m has been carried forward to 2007/08. In addition planned expenditure of $0.5m for Housing New Partnerships has been carried forward to 2007/08 along with $0.7m for community facilities. Since the LTCCP 2006-16 was approved, $0.6m has been transferred to the Recreation and Leisure Group of Activities for work associated with the Avon River Safety Project.

Current year actual expenditure was significantly higher than the prior year due to the $2.4m spent to date for the Gowerton Place development. (There were no new housing developments in 2005/06.) Offsetting this variance is $0.5m lower expenditure on improvements and upgrades to the housing portfolio as compared to 2005/06.

CULTURAL AND

LEARNING SERVICES





Cultural and learning services

What the Council achieved

The Upper Riccarton Community and School Library celebrated its first birthday and was awarded a Christchurch Civic Trust Award for "an integrated community and school library that continues a strong emphasis on environmental building design".

Parklands Community Library received three awards – a Civic Trust Award for "recycling a 1970s church building and its transformation into a community resource and vibrant meeting place" – and two New Zealand Architecture Institute Resene Awards.

Work began on a Content Development Plan. A magazine-style experience – *Monthly Edition* – was launched containing the best of the library's online content. The Central Library joined the Cultural Precinct and added a collection of 450 Arabic books to its stock. And a new 13-metre long artwork, *Knowledge*, by Phil Price was unveiled at the Upper Riccarton Library.

The third Reading Crusade – a joint promotion between Christchurch City Libraries and the Crusaders rugby team – attracted more than 11,000 entries with Year 1 to 8 pupils reading almost 64,000 books during the promotion. The Reading Crusade aims to inspire children, especially boys, into a life long habit of reading.

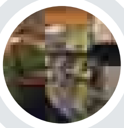
The Library celebrated children's author Margaret Mahy's 70th birthday with a symposium and launched "What's Your Favourite" – to find Canterbury's favourite book. The winner was C. S. Lewis' *The Lion, The Witch and The Wardrobe*.

The Christchurch Art Gallery Te Puna O Waiwhetu celebrated a successful first year under the Paradigm Shift with 340,927 visitors.

The Summer 2006/07 Schedule – the first developed under the Paradigm Shift – was a huge success, appealing to the Gallery's strong arts community and connecting with new and enlarged audiences. The exclusive summer exhibition *Giacometti: sculptures, prints and drawings from the Maeght Foundation* drew an audience of almost 19,000 – only 10,000 fewer than in Sydney. Another highlight was the *A & P Show – Art Goes to Country* exhibition which celebrated the Royal New Zealand Show. It included a live sheep installation – 12 sheep dressed in brightly coloured woollen body suits.

The Gallery hosted the homecoming of *Toi Maori: The Eternal Thread* after an acclaimed international tour, and art spilled out of the galleries into the foyer, forecourt and gardens.

Did you know?



The Central Library Access and Distribution Team handles, on average, 5,000 books, magazines, DVDs and CDs a day.

Cultural and learning services

How the Council measured up

Activity	Level of Service	Actual	Target
Art Gallery	Number of visits to the Christchurch Art Gallery and the net cost of providing the service	340,927 visits with the cost per visit of $21.00	350,000 / < $23.00
	Visitor satisfaction with quality and quantity of programmes at the Christchurch Art Gallery	89% of visitors indicate Christchurch Art Gallery (CAG) is a friendly and welcoming place; 94% of visitors think CAG is something residents should be proud of	80 - 85%
Libraries	Customer satisfaction with the library service	85%.	85 - 90%
	Size of general library collection (items per capita of city population).	3.17 items per capita	3 - 3.5 items per capita
	Number of library items issued, per capita of city population, per year.	17.5 issues per capita vs. 13.74 average	Achieve national average or better
Our City O-Tautahi	Number of visitors to Our City O-Tautahi	24,777	14,000

Where is the Council heading?

The Christchurch City Libraries will begin work this financial year on the Libraries 2025 Facilities Plan. This project will plan library developments for the next 20 years to ensure the best allocation of resources and facilities within the community. Spreydon Library will be closed for three months to undergo a major refurbishment and work will begin to form partnerships with other libraries and cultural institutions to collaborate for digitialisation/content creation on-line.

The Christchurch Art Gallery Te Puna o Waiwhetu will continue to work towards its goal of achieving 400,000 visitors by 2009/10 by embracing new audiences through fresh and innovative ideas. The focus for exhibitions and public programmes will be to create a public art institution where the visitor experience educates, entertains, provokes and challenges.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
Operational service result	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
Art gallery	8,265	1,360	6,905	6,762	6,943
Libraries	27,845	2,361	25,484	25,354	25,464
Museums	5,181	79	5,102	6,201	5,557
Our City O-Tautahi	390	44	346	486	484
Cost of service	**41,681**	**3,844**	**37,837**	**38,803**	**38,448**
Capital expenditure					
Renewals and replacements			5,607	6,011	6,508
Improved service levels			252	325	197
Increased demand			-	500	3,223
Total capital expenditure			**5,859**	**6,836**	**9,928**

Explanation of significant Cost of Service Variances

Museums

Following the abandonment of the proposed Canterbury Museum revitalisation project, amounts totalling $1.0m were not spent during this financial year and were carried forward to 2007/08. This will allow the Museum time to amend its development plans.

Significant Capital Expenditure

Other than library book purchases and Art Gallery acquisitions there was no other significant capital expenditure during the current financial year.

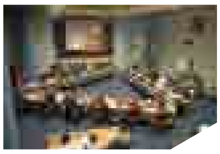
Capital expenditure in this area enables the Art Gallery, museum and libraries to continue to add to and improve their collections as suitable when required as items become available.

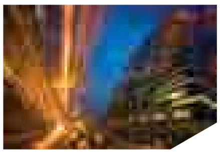
Explanation of Significant Capital Expenditure Variances

The LTCCP 2006-16 assumed that work on Spreydon Library would be completed during the year. However, the project will not commence until 2007/08 and $0.5m has been carried forward. In addition, $0.5m for the Halswell land purchase has also been carried forward to 2007/08.

Included in the 2005/06 actual results was $3.2m spent on the Upper Riccarton Library.

DEMOCRACY AND GOVERNANCE





What the Council achieved

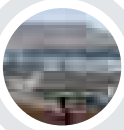
The Council continued to hold weekly meetings for its decision-making, and to use portfolio groups instead of committees. Seminars for elected members were held on a weekly basis, providing an opportunity for preliminary consideration of issues before decisions were required.

Residents made use of the opportunity to provide feedback to the Council on the draft Annual Plan 2007/08 and the 2007 Amendments to the LTCCP 2006-16, including the draft Development Contributions Policy. A total of 161 submissions were made, with 95 submitters wishing to speak to the Council on their submissions.

The process of providing advice to the Council was reviewed to ensure ongoing alignment of decision-making with the LTCCP 2006-16.

The two community boards in the Banks Peninsula ward, incorporated into the Council during 2006, developed objectives to align with the Community Outcomes. The six other community boards monitored progress in achieving their own objectives. In addition, the eight boards continued to fund and support community organisations and community development projects.

Did you know?



Over 100 million bananas arrive at Lyttelton Port each year.

Democracy and governance

How the Council measured up

Activity	Level of Service	Actual	Target
Democracy and Governance Support	Percent of residents satisfied that the Council makes decisions in the best interests of Christchurch	48%	75%
	Council meetings are notified to all at least 10 working days prior to the meeting	100%	100%
	Percent of agendas and reports are with Council 2 clear working days prior to each meeting	99%	100%
	Percent of residents satisfied with the way the Council involves the public in decision making	34%	75%

Where is the Council heading?

The Council will make arrangements for the local body elections to be held in October 2007. A comprehensive programme around the elections – to include briefing of potential candidates, and induction and training for newly elected members – will be co-ordinated.

To achieve the community's desired outcome of a well-governed city, the Council will continue work on key projects such as e-democracy, electronic voting and electronic agendas and minutes. The use of information kiosks to educate the community on local government and the role of Council will continue to be explored.

Democracy and governance

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
Operational service result	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
Democracy and governance support	5,627	2	5,625	5,652	5,806
Elected member representation	3,472	5	3,467	4,162	3,847
Cost of service	**9,099**	**7**	**9,092**	**9,814**	**9,653**
Capital expenditure					
Renewals and replacements			29	16	58
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**29**	**16**	**58**

Explanation of significant Cost of Service Variances

Elected member representation

The LTCCP 2006-16 includes the Community Board Discretionary and SCAP (Strengthening Communities Action Plans) funding. During the year, these amounts are allocated to specific projects or external groups by each Community Board and the actual expenditure is allocated into the specific Group of Activities to which it relates. For this reason, actual is always less than plan.

Significant Capital Expenditure

There was no significant capital expenditure.

Explanation of Significant Capital Expenditure Variances

There were no material variances.

ECONOMIC
DEVELOPMENT

Economic development

What the Council achieved

The Council successfully facilitated a range of economic development initiatives and projects contributing towards the economy of Christchurch. A key milestone achieved was the completion of the Visitor Strategy. Implementation of the high priority work streams flowing from this strategy is underway with particular focus on the marketing components – nationally and internationally. The rationale for focusing on these components is to build on the successes of 2006 ie to increase the exposure of Christchurch, as a venue for international events, while generating positive economic impacts. The impacts of the events on the economy were significant and varied according to the events:

- World Buskers Festival:
  - $3.1 million – direct expenditure impacts of which 93% was from non-local visitors.
- ING New Zealand PGA Championship:
  - In excess of $12 million - direct expenditure impacts.
  - International exposure to more than 120 million households (approximate value - $5.7 million).
- New Zealand Cup and Show Week:
  - $21 million - direct expenditure impacts (from non-local visitors).
  - $27.3 million total (including direct, indirect and induced contributions) impact to the Canterbury economy.

Source: Independent research undertaken for the Christchurch City Council by IER Pty. Ltd and APR Consultants Limited.

In addition to the tourism based activities, the Council also targets industry development through its economic development arm – The Canterbury Development Corporation (CDC). The CDC continued to implement measures to address the challenges and issues expressed in Canterbury Regional Economic Development Strategy (CREDS) and the Christchurch focused economic strategy, Prosperous Christchurch. Significant inroads have been made regarding the delivery of the Broadband Challenge. Christchurch is one of the pilot cities to test the impact of broadband availability on the community through the construction of a metropolitan fibre optic ring. A $3.75 million grant was approved by Central Government and the city will invest a further $6.8 million through Christchurch City Holdings Limited (CCHL) to implement this pilot project. Other highlights include:

- Securing $3.5 million for local companies from various government programmes,
- Ongoing direct support to Canterbury Innovation Incubator (CII) which is a top performing NZ incubator as part of New Zealand Trade & Enterprise's "Business Incubator" programme
- Ongoing support for seven industry development groups.

Numerous other programmes have been delivered focusing on Small and Medium Enterprises (SME) development, skills enhancements and technology commercialisation.

Did you know?

International passengers made up only 28 percent of the arrivals and departures at the Christchurch International Airport. Most of the traffic (72 percent) was from domestic travel.

Economic development

How the Council measured up

Activity	Level of Service	Actual	Target
Economic Development	Number of business start-ups per year	500	500 per year
	Business mentoring and coaching	400 matches / 850 hours	400 mentor matches / 1000 hours of coaching
	Number of skilled migrants relocated per year	80	40
Visitor Promotions	Growth in international visitor numbers	Achieved. Canterbury achieved +3.8% against +2.4% nationally year ended May 07 as recorded in international visitor arrivals	Achieve National growth rate at all times. Exceed year end national growth percentage by 10%
	Increase in international visitor length of stay and spend	Length of stay in Canterbury increased by 7.1% compared to the national average of 4.9%. Visitor spend in Canterbury was 15.25% of the national total	Regional Tourism Organisational spend is not less than 15.4% of national total
	Increase in domestic visitor numbers	Exceeded value set by Strategy	To be developed

Where is the Council heading?

The continued delivery of the community outcomes will remain a core objective of the Council. The delivery of the programmes and projects will be re-aligned with Central Governments' Economic Transformation Agenda. Through collaboration the Council will ensure that the changes in the regional economic policy are embedded into its own activities as well as the actions of CDC and Christchurch Canterbury Tourism (CCT). Moreover, the Council will also undertake activities that contribute towards enhanced urban competitiveness (through the UDS), facilitating the release of adequate land for business expansion and support catalyst and transformational projects, financially and otherwise. Projects and programmes will be delivered in accordance with the city's economic development agenda in a manner that is consistent with the LTCCP, CREDS and the Prosperous Christchurch strategy. These services will be explicitly designed to transform the city and regional economy in areas such as infrastructure services, technology commercialisation and investment and corporate attraction. An ongoing focus is the formalisation and enhancement of engagement between the Council, CDC and CCHL to deliver major catalyst projects.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
Operational service result	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
City promotion and international relations	990	83	907	1,148	982
Economic development	4,787	100	4,687	5,396	5,414
Employment development	2,013	-	2,013	2,020	2,363
Visitor promotions	1,984	30	1,954	1,987	1,845
Cost of service	**9,774**	**213**	**9,561**	**10,551**	**10,604**
Capital expenditure					
Renewals and replacements			313	343	137
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**313**	**343**	**137**

Explanation of significant Cost of Service Variances

Economic Development

To allow funding of new Economic development initiatives, $0.8m from the Capital Endowment Fund has been carried forward to the 2007/08 year. This has meant both an under spend according to budget and in comparison to last year.

Significant Capital Expenditure

There was no significant capital expenditure.

Explanation of Significant Capital Expenditure Variances

There were no material variances.

PARKS, OPEN SPACES
AND WATERWAYS

Parks, open spaces and waterways

What the Council achieved

During the year the Council completed the new sports fields and a pavilion at Ferrymead Park, car parking and dog parks at Horseshoe Lake Reserve and at the Groynes Reserve. A number of new and renewal playground projects were completed including Barnett Park, Grampian Reserve, Halswell Domain, Talbot Reserve and Linwood Park. Major development has begun at Nepal Reserve and Styx Mill Basin Reserve.

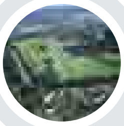
Five hundred hectares of land were purchased behind Akaroa. This land, known as Misty Peaks, has high recreation and conservation value.

The release of the rare endemic duck, Brown Teal Pateke, into Travis Wetland is a significant achievement for the Council and Travis Wetland Trust, who continue to rehabilitate the wetland.

The Hagley Park and Botanic Gardens Master Plan and Management Plans went out for consultation with over 600 submissions being received. These plans include provision for new staff and visitor facilities within the Botanic Gardens.

The World Peace Bell was unveiled in the Botanic Gardens in October, originally gifted to the people of Christchurch in 2004 by the World Peace Bell Association.

Did you know?



The largest park in the metropolitan area is Hagley Park with 161 hectares.

Parks, open spaces and waterways

How the Council measured up

Activity	Level of Service	Actual	Target
Cemeteries	Capacity of Council cemeteries	17,862 full plots incl Banks Peninsula District Council (BP), 3,519 ash plots not inc BP	14,000 full plots / 3,500 ash plots
Regional Parks	Area of Regional Park per 1,000 population.	14.92 ha per 1,000 BP incl	13.1 ha / 1,000 BP incl
The Botanic Gardens	Number of visitors to the Botanic Gardens per year.	1.6m	1.2m
Urban Parks	Area of Urban Park per 1,000 population.	6.37 ha per 1,000 BP incl	4.7 ha / 1,623
	Percent of urban residences within 400 metres of a park.	93.96%	90%
	Customer satisfaction with the appearance of parks.	92%	>90%
	Provision of recreation facilities.	5.1per 1,000 children inc BP / 1.13 per 1,000 youth inc BP	>4 playgrounds per 1,000 children / >1 youth recreation facilities per 1,000 youth
	Playing fields per 1,000 sports participants	14 winter / 9 summer	14 winter fields per 1000 / 7 summer fields per 1,000
	Customers' satisfaction with range of recreation opportunities available in parks.	85%	85%
Waterways and Land Drainage	Residents' satisfaction with the appearance of waterways and wetlands	77%	75%
	Properties with no flooding during normal rain event.	99%	99%

Where is the Council heading?

The development of a network of integrated catchment plans is underway for large areas of the city. The first is for South West Christchurch, to manage and control the discharge of surface water into the receiving waters of the upper Heathcote. Work will continue on the Avon River, Styx River corridor, mid Heathcote and Central City Strategy Master Plans which are designed to improve the landscape and environment and to protect the riparian margins. The year will also see the beginning of some exciting development projects at Diamond Harbour, Corsair Bay, Birdlings Flat and Akaroa.

The Council will provide park management plans for sports parks and a selection of major district parks in the city and Banks Peninsula. Additional open space will be acquired to meet current levels of service for a growing population. Esplanade land will also be acquired for the protection of waterways and to provide wetlands and retention basins for the waterways networks.

Parks, open spaces and waterways

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Cemeteries	1,250	716	534	643	544
Regional parks	5,533	602	4,931	5,047	3,424
The Botanic Gardens	2,960	145	2,815	3,011	2,509
Urban parks	19,175	511	18,664	19,559	18,180
Waterways and land drainage	12,465	92	12,373	13,821	11,599
Capital Revenues	21	10,992	(10,971)	(5,509)	(10,590)
Cost of service	**41,404**	**13,058**	**28,346**	**36,572**	**25,666**
Capital expenditure					
Renewals and replacements			8,329	8,250	4,378
Improved service levels			391	558	765
Increased demand			16,901	20,460	7,826
Total capital expenditure			**25,621**	**29,268**	**12,969**

Explanation of significant Cost of Service Variances

Regional parks, The Botanic Gardens, Urban parks

Due to a restructure between these operational outputs, these results need to be considered as one.

The combined net costs were $1.2m below plan for the 6,300 hectares of parks that we manage. This included some under-spend in maintenance as well as expenditure not incurred due to the Lyttelton Marina development being delayed.

The $2.2m increase over the 2006 net cost reflects the large increase in land purchased for parks and open spaces, the increased number of development projects completed in this area, and the ongoing maintenance costs flowing from them.

Waterways and land drainage

Waterways and land drainage net costs were $1.4m below plan mainly as a result of the delay in hydraulic modelling being completed for the Belfast and Wilderness drain areas. There were also savings in emergency repairs, general waterways maintenance, and planned enhancements.

Capital revenues

While cash development contributions significantly exceeded plan, vested land contributions (reported in the income statement) were $4.3m less than plan, giving a net result of $1.2m better than plan.

Significant Capital Expenditure

Waterways and wetlands strategic land purchases totalling $4.9m were made during the year along with $3.6m of new reserves. The Council has continued a programme of acquisition of land around the Styx River to protect the river corridor for future generations.

This Group of Activites includes the strategic land purchases which the Council makes to meet its objectives for the development of open space, conservation, storm water management and urban regeneration.

Capital expenditure in this area also includes renewals and replacements of Christchurch's playgrounds, structures, and car parks. These are renewed when the assets reach the end of their useful lives. Additional assets are built to meet the city's growth and to respond to local needs.

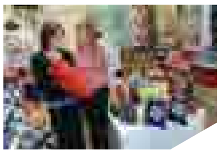
The Council also provides and operates the city's storm water system, manages the waterways into which it discharges, and it protects and enhances the life-supporting capacity of the city's waterways and wetlands. The Council has continued its programme of renewal of the city's stormwater drains as they are needed and in doing so try, wherever possible, to open up and naturalise the drains thus providing an improved stormwater system and ecological and environmental gains.

Explanation of Significant Capital Expenditure Variances

The LTCCP 2006-16 provided for $9.9m to be spent on Parks, open spaces and waterways strategic land purchases. Of this $5.0m was specifically targeted to be spent on the purchase of a block of land at Henderson's Basin. Due to options not becoming available during the year, $5.0m of the total fund remained unspent and has been carried forward to 2007/08.

The higher expenditure in the current financial year compared to 2005/06 mainly relates to additional expenditure for strategic land purchases. This includes $4.2m more spent on waterways and wetlands, and $3.0m more spent on strategic reserves, neighbourhood reserves and sports parks. The increase in the amount spent between financial years is also a reflection in the increased number of projects being completed in the Parks, open spaces and waterways Group of Activities area as well as the size and scope of such projects.

RECREATION
AND LEISURE



What the Council achieved

Attendances at Council-owned leisure centres, pools and recreation facilities reached 4m in the 2006/07 financial year – exceeding LTCCP expectations by around 1.5m. This was a result of providing the city with customer-focused and world-class programmes. Increased attendances at these facilities helps Council to promote a healthy, active city.

The Aquatic Facilities Plan was launched at Jellie Park in September – the $12m redevelopment of which is the first project under the city-wide Plan. The Plan will establish a network of indoor aquatic facilities to provide year-round access to recreational aquatic facilities.

Lyttelton Pool was redeveloped – one of the first major projects to be completed on Banks Peninsula since amalgamation with Christchurch City in March 2006. The redeveloped facility includes a new paddling pool, park-like surroundings and facilities for disabled persons.

The world's top golfers came to Christchurch in February for the Council-funded HSBC New Zealand PGA Championship at Clearwater Resort. This resulted in live televised coverage of the event and Christchurch to a world-wide audience of millions. Support for such an event has a huge economic benefit for the city.

SwimSmart classes – designed to teach children how to swim, at the same time giving them the confidence to enjoy their time in the water – received a record 4,000 enrolments. Operational at QEII, Pioneer and Centennial, the classes were this year introduced at Lyttelton.

The world-class Southern Centre Multi Sensory unit at QEII recorded a doubling in attendance numbers since 2004, of which 73% were people with disabilities.

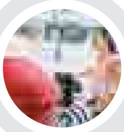
The Kiwiable programme received two accolades: recognised as a winner in international research on Inclusive Recreation Practices and for its achievements at an international conference in the United States.

A new website for sports associations/clubs and the public to access information on the closure of Council sports grounds because of bad weather, maintenance work or other activities was launched at www.ccc.govt.nz/sportsgroundclosures/

Christchurch hosted the World Wheelchair Rugby Championships in September and Christchurch hosted for the first time the Ocean Swim Series which attracted a record number of swimmers.

The Children and Family Day in Shirley/Papanui, Heathcote River Day and Push Play Day were key partnership community events that attracted large number of residents to enjoy some recreation events.

Did you know?



Christchurch has more retail space per capita than anywhere in Australasia.

Recreation and leisure

How the Council measured up

Activity	Level of Service	Actual	Target	
(Performance measures for Recreation and Leisure as a whole)	Percent of customers satisfied with the range and quality of recreation, arts and sporting programmes	94%	90%	
Events and Festivals	Percent satisfaction with the quality of major festivals and events provided	2 surveys during the year show overall resident satisfaction at 91% and 89% respectively	At least 90%	
Pools and Leisure Centres, Stadia and Sporting Facilities	Facilities meet legislative requirements measured by WSNZ Poolsafe accreditation	Achieved	All indoor pools are Pool Safe accredited	
	Number of customer visits to leisure centres per year	4.1m	2.6m	1
	Provision of mult-use leisure centres per 50,000 population	5 centres are operational	5 centres	
	Area of pool provided per capita	1 sq m of pool per 105 persons	1 sq m per 105 persons	
	Number of customer visits per year to Council - operated stadia and sporting facilities	628,820	410,000	2
Recreation Programmes	Attendance numbers at Council recreation, arts and sporting programmes and events	822,211	570,000 programme visits p.a.	3
Sports Support and Promotion	Number of national or international events hosted in Christchurch per year	11 International, 41 National events	6 international events hosted p.a / 12 national events hosted p.a	
	Dollar value of economic benefits delivered to the city per year, through the hosting of sporting events	$20m	At least $18m benefit per annum	

Notes:

1. The increase in admissions reflects efforts to get more people to use the facilities, significant new attractions coming on stream such as QE11 hydro slide, and major national campaigns encouraging participation such as Push Play and Swim for Life.

2. The increase in admissions reflects better programming, better use by sporting organisations and the increasing number of events held.

3. The increase in recreation programmes is mainly the increase in swim education following widespread promotion and two major national campaigns, Under Five Water Wise and Swim for Life

Where is the Council heading?

In 2007/08, work will be focused on the implementation of the Council's Aquatic Facilities Plan. This will centre on the work to develop a new facility at Papanui and the construction and commissioning of the redeveloped Jellie Park aquatic facility.

The Council will develop the Metropolitan Sports Facilities Plan, a framework for Council to plan its role in and contribution to the provision of metropolitan sports facilities during the next 20 years.

Under the Strengthening Communities Strategy, Recreation and Sports has a role in the on-going development of community recreation. With the implementation of this Strategy in 2007/08, Recreation and Sports will place a greater focus on this area for alignment of its programmes and events.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$000's	$000's	$000's	$000's	$000's
Pools and leisure centres, stadia and sporting facilities	20,669	9,115	11,554	10,180	8,990
Recreation and leisure	3,520	473	3,047	2,716	2,400
Recreation programmes	3,145	726	2,419	3,278	2,419
Sports support and promotion	2,065	10	2,055	1,837	3,320
Cost of service	**29,399**	**10,324**	**19,075**	**18,011**	**17,129**
Capital expenditure					
Renewals and replacements			4,241	5,561	1,441
Improved service levels			379	397	31
Increased demand			-	-	-
Total capital expenditure			**4,620**	**5,958**	**1,472**

Explanation of significant Cost of Service Variances

Pools and leisure centres, stadia and sporting facilities

Due to increased membership renewals, together with large numbers registered for learn to swim classes and increased numbers through the facilities $0.7m in additional revenue was received through the Pools and Leisure Centres. The numbers through the facilities were 60% higher than target.

Offsetting this, Jellie Park was closed from 5 April 2007 for a $12.0m redevelopment. As part of this redevelopment, there was a $2.3m loss on disposal following the demolition of the old buildings at Jellie Park.

Recreation and leisure

The Council experienced $0.2m additional costs to plan surrounding the 150th Celebration and also elected to trial a one quarter domestic Be there Campaign and a four seasons marketing campaign, which has been quite successful and is now expanded in 2007/08 to a full year programme. Additional costs in the 2006/07 year compared to the 2005/06 year for the two campaigns worked out to be approximately $0.3m.

Recreation programmes

Since the LTCCP 2006-16 was prepared, an internal realignment of teams meant a reallocation of overhead expenses across activities. Social Housing received $0.3m of overhead which was budgeted to be included in Recreation Programmes. In addition, $0.3m of other internal costs were allocated directly to activities. This did not affect the overall cost or quality of the service delivered.

Sports support and promotion

The 2005/06 actual results included one-off payments to the Bishopdale YMCA of $1m and $0.4m to the Christchurch School of Gymnastics as Grants - both were to assist new building programmes. There were no similar one-off grants in 2006/07.

Significant Capital Expenditure

The redevelopment of Jellie Park incurred $1.3m. This redevelopment confirms the Council's commitment to providing world-class outdoor recreation facilities to the community. Once completed the facility will have four indoor pools, an outdoor pool, new gymnasium, an aerobics suite and new changing facilities.

During 2006/07 other significant projects included QE11 Southside $1.1m, QE11 Outdoor $0.6m, Lyttelton Pool $0.5m and the Avon River Project $0.4m.

Explanation of Significant Capital Expenditure Variances

The LTCCP 2006-16 assumed a certain level of expenditure on Jellie Park, however the revised Jellie Park concept plan has delayed the original commencement date of this project and the balance of funds have been carried forward to 2007/08. Jellie Park was closed on 5 April 2007 with a 56 week construction programme due for completion June 2008.

In 2005/06 there was a relatively minor capital programme in place.

REFUSE MINIMISATION AND DISPOSAL

Refuse minimisation and disposal

What the Council achieved

During the year, wells, pipelines and a treatment plant were installed to reticulate landfill gas from the Burwood Landfill to QEII, where it is used to produce electricity and heat the pool, saving nearly $0.9m a year in LPG costs. The project converts methane into energy which would otherwise equate to 40,000 tonnes of CO_2 equivalent discharges.

The Council signed a four year agreement to sell carbon credits from the landfill gas project to British Gas. This will earn the Council approximately $3.6m in revenue between 2008 and 2012.

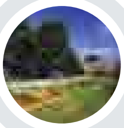
The Solid and Hazardous Waste Management Plan 2006 was approved, and the development of proposals and tenders for new kerbside collection services was commenced.

The Canterbury Waste Joint Committee contributed $0.1m towards regional waste minimisation projects in Canterbury, including initiatives to reduce paper and cardboard in the business sector, researching potential use of compost in agriculture, developing an interactive web based waste minimisation tool for schools, trial processing of polyprop bags, sacks and twine, and advancing national guidelines for reducing waste in the local construction sector.

Substantial contributions were made towards national debate and policy on waste levies, as well as towards the Parliamentary Select Committee process on the Solid Waste (Minimisation) Bill which is likely to become the new directive on solid waste management.

A review of three solid waste related bylaws was commenced.

Did you know?



The Christchurch Botanic Gardens produces and uses 22.5 tons of leaf mulch each year; that weighs more than seven of Orana Park's white rhinos.

Refuse minimisation and disposal

How the Council measured up

Activity	Level of Service	Actual	Target
Black Bag Collection and Disposal	Percentage of black rubbish bags and recycling crates collected weekly.	Achieved for both rubbish bags and recycling crates	>99% / >99%
Refuse Transfer and Disposal	Opening hours of refuse stations - 8.5 hours per day, 7 days per week (excluding public holidays)	Refuse Stations were open 8.5 hours a day, 7 days per week (excluding public holidays)	Refuse Stations are open 8.5 hours a day, 7 days per week (excluding public holidays)
	Zero breaches of resource consents by the Council's solid waste facilities	Nil	Nil
	Total amount of waste sent to landfill each year (tonnes)	253,984 tonnes	260,000+/-5%
Waste Minimisation	Kilogrammes of waste sent to landfill per capita, per year - Commercial	395 kg	430 kg
	Kilogrammes of waste sent to landfill per capita, per year - Domestic	309 kg	310 kg

Where is the Council heading?

The Council is preparing tender documents for the implementation of new kerbside services. It is planned that these new services will see the introduction of wheelie bins for recyclables and kitchen/garden waste and residual waste will be collected in "User Pays" black bags. Integral to these new services will be the construction of a new composting plant and material recovery facility in the city to enable the processing of kerbside materials. It is planned to introduce these services in early 2009.

The Council is continuing its work with its business units and the business community to reduce and reuse valuable materials such as paper, plastics, metals and glass. The waste minimisation work is also linked with initiatives associated with water and energy efficiency in the business community. These initiatives link strongly to Christchurch's community outcomes of promoting a healthy and safe community and environment.

Refuse minimisation and disposal

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Black bag collection and disposal	7,322	2,545	4,777	5,162	4,935
Refuse transfer and disposal	2,169	1,994	175	1,909	4,737
Waste minimisation	7,059	349	6,710	7,821	4,715
Cost of service	**16,550**	**4,888**	**11,662**	**14,892**	**14,387**
Capital expenditure					
Renewals and replacements			1,715	1,735	2,415
Improved service levels			2,907	2,951	2,186
Increased demand			51	42	246
Total capital expenditure			**4,673**	**4,728**	**4,847**

Explanation of significant Cost of Service Variances

Black bag collection and disposal

Refuse bag sales improved during the year. In 2005/06 many residents had stocks of previously issued refuse bags and when the Council reduced free bags to 26 from 52. These surplus stocks were utilised resulting in lower sales than expected. Now that these stocks have been largely cleared, residents are starting to increase purchases resulting in this increase in sales.

Offsetting these revenues were higher black bag collection and disposal costs than the prior year due to an increase in tonnage collected, which led to increased collection and disposal costs totalling $0.2m, plus the costs for Banks Peninsula collections and disposal now being met by the Council ($0.2m).

Refuse transfer and disposal

Several factors combine to produce this result. Transfer Operations generated $0.4m of savings, related mainly to lower depreciation costs, while improved cost control in Inner City Collection Operations generated a further $0.5m. In addition costs for internal supervision of Council contracts were $0.1m lower than projected, with a further $0.1m saving from the improved hazardous waste operations.

The variance between actual expenditure in the current and prior year relates principally to the closure of Burwood landfill.

Waste minimisation

The savings in the waste minimisation activity are due to several factors. The kerbside collection contract costs came within budget despite the collection increasing by 870 tonnes. Commercial Waste Reduction programmes came within budget by $0.3m mainly due to staffing constraints in the early part of the year delaying the planning and implementation of the programme. Contract renegotiations resulted in savings to the Council of $0.4m.

Compared to the prior year, a decrease in revenue occurred because of a court ruling that it was illegal for the Council to charge a Waste Minimisation Levy.

Significant Capital Expenditure

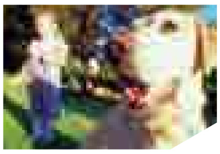
During the year, the Landfill Gas Extraction Pipeline project incurred $26m which opened during the year.

The Landfill Gas Extraction Pipeline captures and destroys the methane created by the Burwood landfill by beneficially using it to heat and power the swimming pools at QEII Park. This is saving the Council significant electricity and LPG costs each year as well as providing income from the sale of carbon credits.

Explanation of Significant Capital Expenditure Variances

There were no material variances.

REGULATORY SERVICES



Regulatory services

What the Council achieved

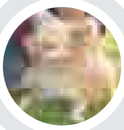
Christchurch is in a period of high growth with annual applications of $1 billion for building development. The associated subdivision, resource management and building consents to enable this work to proceed are managed by the Council. There is also a process of monitoring and inspecting the work to ensure it complies with statutes, regulations and the City Plan.

There were 9,329 building consents, 1,800 resource consents and 635 subdivision consents approved during the year. In 78% of cases, these were processed within statutory timeframes allowing developments to proceed in a timely fashion. The pressure of record numbers of consents, coupled with shortages of skilled staff, delayed some consents. The issuing of LIMs, inspection of 30,000 buildings under construction and issue of code compliance certificates was accomplished, meeting customer requirements in significantly less than the statutory timeframes. Associated with that was the collection of development contribution levies under the new 2006 Development Contributions Policy.

Considerable work has gone into preparing a Quality Management system and changing processes to meet Building Consent Authority Accreditation standards outlined in The Building (Accreditation of Building Consent Authorities) Regulations 2006 and to apply for accreditation by the Department of Building and Housing.

The Council resolved to offer free micro-chipping for dogs. There have been 3,838 dogs micro-chipped since the service was offered in July 2006.

Did you know?



There are 31,500 dogs registered in Christchurch. If you lined them all up nose-to-tail, they would stretch from Cathedral Square to the Kaiapoi Working Men's Club.

Regulatory services

How the Council measured up

Activity	Level of Service	Actual	Target	
Enforcement and Inspection Activities	Percent of priority 1 complaints (wandering stock and aggressive behaviour by dogs) responded to within 2 hours	95% (2,877) of priority one complaints were responded to within two hours	100%	
	Percent of priority 2 complaints (all other complaints about dogs) commenced within 24 hours	71.6% (9,019) of priority two complaints were responded to within 24 hours.	100%	1
	Percent of responses to complaints or requests for investigations completed: within 10 working days (simple request); 60 working days (complex request)	86% (2,813) of the Complex category were dealt with within 60 days and 76% (561) of the Simple category dealt with within 10 days.	simple: 100% / complex: 80%	2
	Percent of responses to complaints of excessive noise within an average of 30 minutes.	Responded within an average of 21 minutes	100%	
	Percent of potentially higher risk food premises inspected at least once per year.	98% (797) of premises identified as high risk in terms of food safety inspected.	100%	
Regulatory Approvals	Percent of walk-in customers satisfied with service received	89% 70,558 walk in customers	80%	
	Percent of all regulatory applications processed with statutory time frames	78% 11,764 consents with 9,173 in the statutory timeframe	100%	3

Notes:

1. Shortfall is primarily a result of complaints made between 5.00 pm Friday and 7.00 pm Sunday when only two staff are rostered to cover the weekend. Higher priority P1 jobs are attended to first.

2. The reason for under delivery in the simple category is that complex matters typically carry significantly higher risk to Council in terms of publicity, enforcement costs and legal challenges to whatever enforcement action is taken.

3 The current high level of economic activity has seen record numbers of building and resource consents applications received (11,764). In addition, there was a large increase in applications received in anticipation of new Development Contributions Policy. There has also been a substantial increase in processing time required because of new Building Act requirements.

Where is the Council heading?

The Council will ensure that the quality of development and building within the city meets high standards and complies with the City Plan. Further integration between the Urban Design Strategy and City Plan will occur as the City Plan work programme proceeds. The Council is working towards exceeding Building Consent Authority accreditation requirements and ensuring regional consistency by working with a cluster group of 12 other territorial authorities.

Enforcement practices and strategies are in the process of being revised which although not fully implemented has already resulted in a more consistent approach to Resource Management and Building Act enforcement. The focus is now on the quality of service provided, timeliness and delivery mechanisms such as increased use of e-business, electronic reporting, targeted compliance and enforcement activities.

Regulatory services

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$000's	$000's	$000's	$000's	$000's
Enforcement and inspection activities	9,327	8,534	793	855	1,269
Maintaining and reviewing the City Plan	2,241	97	2,144	2,029	1,872
Regulatory approvals	16,175	11,622	4,553	3,159	3,520
Cost of service	**27,743**	**20,253**	**7,490**	**6,043**	**6,661**
Capital expenditure					
Renewals and replacements			72	199	80
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**72**	**199**	**80**

Explanation of significant Cost of Service Variances

Enforcement and inspection activities

Parking Enforcement revenue was $0.7m higher than 2005/06 due to higher court recoveries of $0.2m and higher parking fees received of $0.5m. In addition, Animal Control revenue was $0.3m higher due to higher dog registration fees received following a 5% fee increase in 2006/07. Offsetting these, Animal Control costs were $0.2m higher and Enforcement costs $0.2m higher due to an increase in operational expenditure in 2006/07.

Regulatory approvals

A continuation of the bouyant building industry has led to high numbers of building consents processed which has resulted in Building Consent revenue being $0.7m higher than budgeted. Correspondingly, Building Consent expenditure was $1.0m over budget as a result of additional staff costs, Building Act accreditation costs and other operational costs required to cope with the increased work volumes and to undertake this work within statutory deadlines.

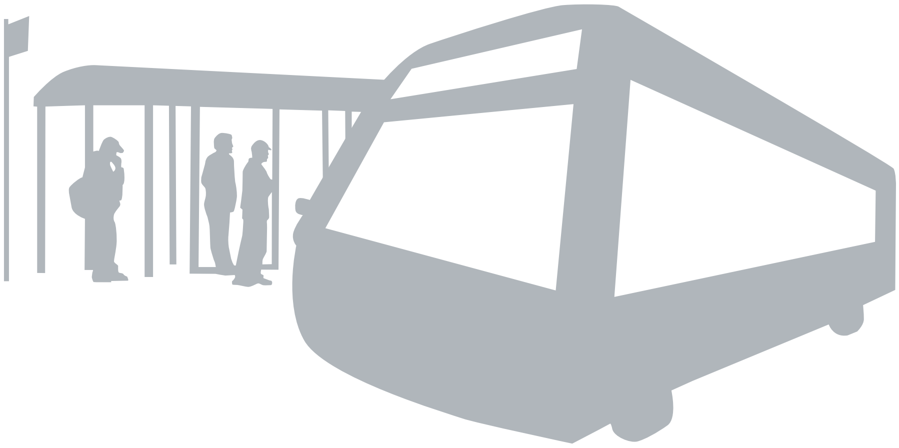
The bouyant housing market has led to Land Information Memoranda revenue being $0.2m higher than anticipated. This revenue is offset by higher processing costs for Resource Consents ($0.5m above plan) as a result of the high workload; consultants were contracted to ensure that statutory timeframes are met. In addition to this, $0.8m has been provided for costs associated with known leaky home claims.

Significant Capital Expenditure

There was no significant capital expenditure.

Explanation of Significant Capital Expenditure Variances

There were no material variances.



STREETS AND TRANSPORT

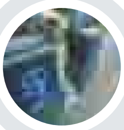
What the Council achieved

In 2006/07, the introduction of new ‘pay and display’ parking units across the city was successfully implemented and is now fully operational. The Southern Area Network Maintenance Contract was re-tendered and let for a value of approximately $16m over a three year period, and pedestrian improvements were carried out in Tuam Street (outside Civic Offices) and in Hereford Street (at Westpac Lane).

Major projects completed under the capital programme include the Blenheim Road deviation including a new bridge and installation of traffic lights. In Banks Peninsula the Okains Bay bridge and the Puahaha Valley Road bridge were renewed. Significant progress has also been made on planning for the renewals of the bridges at Ferrymead, Fitzgerald/Avonside and Marshland Road, which are programmed for construction in 2008/09 and 2009/10.

While the kerb and channel programme has been cut by 25% from previous levels, significant progress has still been made. Some of the larger renewals completed include Hamilton Avenue, Lyttelton Street, Fairfield Ave, Sullivan Ave, as well as several projects in East Papanui, Addington, Charleston, and Beresford and Union Streets in New Brighton. This is a continuation of the Council’s drive to remove deep dish channel across the city with works being undertaken in conjunction with other roading upgrades.

Did you know?



Parking metres are less obtrusive having been reduced from 1,700 to fewer than 400.

Streets and transport

How the Council measured up

Activity	Level of Service	Actual	Target
Cycle and Pedestrian Linkages - Off-Street	Percent resident satisfaction with quality of cycle ways	61%	>65%
	Percent resident satisfaction with quality of pedestrian malls	70%	>65%
Off-Street Parking	Percent satisfaction with the Council's Off-street parking facilities	91%	New measure. - Baseline measures to be established.
	Percent user satisfaction that cars are safer in off-streeet parking facilities than parked on the street	89.5%	>66%
Public Passenger Transport	Number of shuttle passenger trips per year.	886,431	>850,000
	Percent resident satisfaction with the quality of bus signs, shelters and seats	60%	>65%
Streets	Percent resident dissatisfaction with general road congestion	49%	(not set)
	Number of vehicle crashes per 10,000 people - 5 year rolling average	23	Less than 22
	Percent of vehicle travel on smooth roads (using LTNZ Smooth Travel Exposure measure)	82%	STE >87%
	Number of cyclist casualties - 5-year rolling average	109	Less than 112
	Number of pedestrian casualties - 5-year rolling average	96	Less than 95
	Kerb and dished channel renewal (remove dished channels by 2023)	13.6 km	15 km
	Percent of resident satisfaction with safety of streets	Day 95% night 44%	Results will be reported as they come available
	Average travel time for a 10 km trip (minutes:seconds), based on average speeds for monitored portion of network	17.10 (am peak); 14.00 (inter peak); 17.10 (pm peak); 16.10 (average)	17:15 / 13:23 / 15:41

Streets and transport

Where is the Council heading?

Major projects planned for the coming year include refurbishment of the current Bus Exchange to accomodate the anticipated increase in bus passengers, planning for the Southern Motorway and the City Mall upgrade. The Council will also be looking at bus priority lanes in order to keep buses moving and to time, and the development of Urban Interchanges to support public transport. Efforts are being made to decrease the dependency on private motor vehicles so there is less traffic congestion and impact on the environment.

In Banks Peninsula the beginning of the financial year will see the upgrade of the Lyttelton Town Centre and further planning work on the roading infrastructure in and around Lyttelton. The Council will continue to enhance the road network to ensure it is safe, sustainable, integrated and economically viable. Research will continue to improve safety, provide choice of travel and identify better construction techniques.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
Operational service result	Costs (After Internal Recoveries) $000's	Income $000's	Net Cost $000's	Plan Net Cost $000's	Net Cost $000's
Cycle and pedestrian linkages - off-street	505	66	439	668	467
Off-street parking	5,010	6,476	(1,466)	(1,020)	384
Pedestrian malls - off-street	2,738	2	2,736	2,635	2,667
Public passenger transport	3,635	786	2,849	3,720	3,618
Streets	65,985	15,629	50,356	45,719	43,574
Capital Revenues	2	8,777	(8,775)	(9,412)	(9,929)
Cost of service	**77,875**	**31,736**	**46,139**	**42,310**	**40,781**
Capital expenditure					
Renewals and replacements			34,478	31,708	32,275
Improved service levels			10,239	10,735	10,633
Increased demand			3,252	3,467	3,833
Total capital expenditure			**47,969**	**45,910**	**46,741**

Streets and transport

Explanation of significant Cost of Service Variances

Off-street parking

The net result was better than plan by $0.4m, with hourly rate increases from July 2006 being the main driver.

The net result was better by $1.9m from 2006 due to higher revenues of $0.5m, and lower allocation of internal costs.

Public passenger transport

Net costs were down by $0.9m from plan, and $0.8m from 2006. This is due to savings in the maintenance of the City Bus Interchange, as well as an increase in LTNZ subsidies.

Streets

Costs were $5.6m over plan mainly due to maintenance, cleaning, and litter collection on streets exceeding plan by $5m due to the Council's enhanced level of service required of the contractors. On Street Parking incurred $0.6m of unbudgeted expenses relating to replacement of the old parking meters and management of the new ones.

Revenue exceeded plan by $1m, primarily due to increased LTNZ subsidies on the increased maintenance costs. This more than offset the shortfall in On Street Parking revenues which were over-estimated in the plan by $2.1m.

Compared to 2006, On Street Parking expenses were $1.1m higher due to the replacement of old parking meters and the management of the new meters. The maintenance, cleaning, and litter collection costs for streets were $5.7m higher, and depreciation and the write-off of replaced carriageways and kerbs was $3m more than last year.

The $3.1m increase in Streets revenues over 2006 was mainly due to increased LTNZ subsidies.

Capital revenues

LTNZ subsidy received on the capital programme was slightly less than planned and less than 2006.

Significant Capital Expenditure

The Council spent $6.1m on carriageway sealing and surfacing and another $3.9m resurfacing footpaths, $5.7m on the Blenheim Road Deviation, and $2.6m on upgrading the city's parking meters.

The balance of capital expenditure was spent on a range of kerb and channel renewals, road network improvements, bridge renewals, bus shelters, lighting upgrades, traffic management and parking meter replacements.

Capital expenditure in the current year consists of a package of improvements that is driven by and supports the Metropolitan Christchurch Transport Strategy (MCTS) and other related strategies. It covers all improvements to (as opposed to replacements of) main roads, cycleways and public transport infrastructure, as well as safety improvement projects. These works are needed to cater for our growing city and increasing travel needs. They also aim to address increasing traffic congestion and improve safety on our roads.

Due to the change in coinage that took effect on 31 July 2006, the Council approved the new pay and display parking meters ahead of the staged renewal over the next six financial years.

The Blenheim Road Deviation was constructed during the current year. This project has greatly improved traffic flow in the area, reduced pressure on Riccarton Road and resulted in an easier passage in and out of the city.

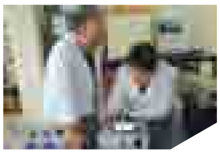
Explanation of Significant Capital Expenditure Variances

Upgrading the city's parking meters was initially aimed to be completed by 30 June 2006 and was therefore budgeted in 2005/06. The Blenheim Road Deviation had $1.5m planned for the 2007/08 year, however $1.4m of this budget was brought forward and spent in the 2006/07 year due to the project running ahead of schedule ($1.0m of the 2006/07 budget was spent in 2005/06).

These increases were offset by several key projects planned for 2006/07 which were not delivered. The Council planned to spend $0.7m for the Ferrymead Bridge but due to resource consent issues only $0.1m was spent in the current year with the remainder being carried forward to 2007/08. The Council planned to spend $0.4m for Inner Harbour Road improvements but resource consent issues again meant that only $0.1m was spent in the current year and the remainder carried forward to 2007/08. There were also various smaller projects that were planned for 2006/07 but had budget carried forward to 2007/08.

The increased expenditure in the 2006/07 financial year compared to 2005/06 mainly relates to upgrading the parking meters. The increase was partly offset by lower property purchases due to a one-off purchase of $1.3m in 2005/06.

WASTEWATER COLLECTION
AND TREATMENT



Wastewater collection and treatment

What the Council achieved

Asset renewal works progressed well over the year at the treatment plant with the painting of the trickling filter covers, repairs to the concrete channels and Pump Station A and gas compressor refurbishment projects moving ahead. Work continued on the construction of two new digesters and the Ocean Outfall pipeline and pump station. Both projects were on track at the end of the financial year with the digesters due for commissioning in February 2008 and the Ocean Outfall in December 2008.

The automation of the treatment plant has progressed with improvements in plant operability and process control. Design of improvements to the network monitoring systems has been completed with installation work to progress in 2008. The Council amalgamated its two control rooms to Pages Road and this has resulted in operational efficiencies.

Options for the collection of waste vegetable oils and greases and their disposal at the treatment plant have been undertaken. The purpose of this study is to remove fats and oils from being flushed into the wastewater network where they cause blockages, unconsented overflows and unnecessary maintenance. Detailed design and programme structure will be developed over the next two years.

The Council has completed an overall plant odour strategy to improve odour containment at the boundary of the Christchurch wastewater treatment plant. This strategy will be implemented over the next two to three years in a phased manner.

The biosolids drying project feasibility study identified thermal belt drying as the preferred solution. This solution was approved to go to tender in late 2007. The project is planned for commissioning in 2009. This project will divert approximately 22,000 tonnes of waste from Kate Valley landfill and beneficially destroy methane generated at the disused landfill at Burwood.

The Council commissioned its largest wastewater pump station (Pump Station 11) and associated new pressure main in May 2007. Restoration of Bass and Randolph Streets and landscaping of the old pump station site will be completed in 2007/08.

The sewer renewal programme was completed in terms of replacement distance to programme budget.

The Lyttelton and Akaroa treatment plants had upgrades to their wastewater disinfection systems. Two new odour containment units were commissioned on the wastewater networks in Church Bay and Diamond Harbour.

A lot of work has been completed in planning for major wastewater reticulation initiatives including completion of the trunk sewer model for the urban city area, planning for the Wainui and Little River sewer reticulation systems and short term renewal of the Akaroa wastewater discharge consent.

The Council has been working with the Lyttelton Harbour Working Party on feasibility studies for options to manage harbour discharges into the Lyttelton Harbour.

A review of the Trade Waste Bylaw was completed in 2006 with the new Bylaw coming into effect from 1 January 2007.

Did you know?

There are 1,668 kilometres of sewer mains that remove 150 million litres of wastewater from Christchurch each day.

Wastewater collection and treatment

How the Council measured up

Activity	Level of Service	Actual	Target	
Waste water system as a whole	Number of public health issues attributable to the wastewater system	None	Zero reported by the Ministry of Health	
Wastewater Collection	Percent of mains blockages and non-consented overflows are responded to within one hour of Council notification	98%	90%	
	Number of wet weather sewer overflows into rivers and waterways, per year (10 year rolling average)	7	4 or fewer	1
Wastewater Treatment and Disposal	Number of major or persistent breaches of the resource consent by the wastewater treatment plant (e.g. for pathogen control, nutrients and odour)	Nil	One breach (due to ammonia)	
	Number of widespread and/or ongoing incidents of objectionable odour originating from the treatment plant per year.	One event in 2006/07	No more than 5	
	Each year the ocean outfall project proceeds within the council's approved budget and time frame	On schedule and budget	On budget and on time	

Notes:

1. Caused by wet weather in 2006 and delays in commissioning a new pumping station

Where is the Council heading?

The 2007/08 year will see a number of key wastewater infrastructural projects come on line including the commissioning of digester 5 and 6, completion of Stage 1 of the Western Interceptor (from Aldwins Road to Tuam Street), and completion of the Pump Station 11 restoration works.

It is planned to have the Wainui Sewerage Scheme consented, designed and tendered by the end of 2007/08 with construction completed in the following financial year.

The Council plans to complete feasibility studies for the Little River sewerage scheme in 2007/08. Construction is currently planned for 2009/10.

It is planned to complete work with the Lyttelton harbour working group in 2007/08 on a preferred solution for harbour discharges. This will then go to Council for consideration and design development.

Planning and design for major components of the Major Sewer Project will be progressed in the next year to provide capacity for the growth of the city and to reduce overflows to the city's waterways and thereby enhancing the environmental well being of the city.

The biosolids project will be tendered in 2007/08 with construction planned to start in May 2008.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$000's	$000's	$000's	$000's	$000's
Wastewater collection	18,941	19	18,922	20,043	15,230
Wastewater treatment and disposal	11,645	4,420	7,225	8,670	6,792
Capital Revenues	2	1,926	(1,924)	(2,679)	(1,856)
Cost of service	**30,588**	**6,365**	**24,223**	**26,034**	**20,166**
Capital expenditure					
Renewals and replacements			9,343	15,128	10,662
Improved service levels			27,162	23,625	11,732
Increased demand			17,064	15,067	5,137
Total capital expenditure			**53,569**	**53,820**	**27,531**

Explanation of significant Cost of Service Variances

Wastewater collection

The main contributing factors to the savings compared to plan in this activity were the lower than average costs in maintaining the reticulation network over the last 12 months ($0.5m), lower than anticipated depreciation ($0.2m), and lower overheads ($0.3m).

The main increases over last year are maintenance costs of the reticulation network ($0.9m), rates ($0.2m), electricity costs at the pumping stations ($0.2m), and depreciation ($2.1m). This includes a new depreciation charge of $0.9m now that the Council has taken over ownership of the sewer laterals.

Wastewater treatment and disposal

The main variances to plan relate to additional revenue in the areas of laboratory revenue ($0.1m), energy sales by the treatment plant ($0.3m), rental revenue at the treatment plant ($0.2m), and Trade Waste revenue ($0.4m). Overheads were also down by $0.4m.

The main variances compared to last year are expenditure increases of $1.3m offset by revenue increases of $0.9m. Expenditure increases of $0.7m are due to the cost of operating the Banks Peninsula treatment plants for a full 12 months (only four months of costs are in the 2005/06 actual results), and depreciation was $0.5m higher. Revenue increases came from energy sales ($0.3m), Tanker Waste charges ($0.1m), rental revenue ($0.2m), Trade Waste revenue ($0.2m), and cross boundary usage of the treatment plant ($0.1m).

Capital revenues

While revenues are similar to last year, Wastewater Collection development contributions were less than plan. This is mainly a timing issue relating to invoicing under the new Development Contributions policy.

Significant Capital Expenditure

The Council spent $30.7m during the year on the Ocean Outfall pipeline. Instead of discharging the city's treated wastewater into the Avon-Heathcote Estuary, the Ocean Outfall will transport it underground from the oxidation ponds at the Wastewater Treatment Plant three kilometres out into Pegasus Bay. Together with other improvements to the sewerage system already underway, the Ocean Outfall will improve the water quality in the Estuary enhancing the well being of the city and its environs.

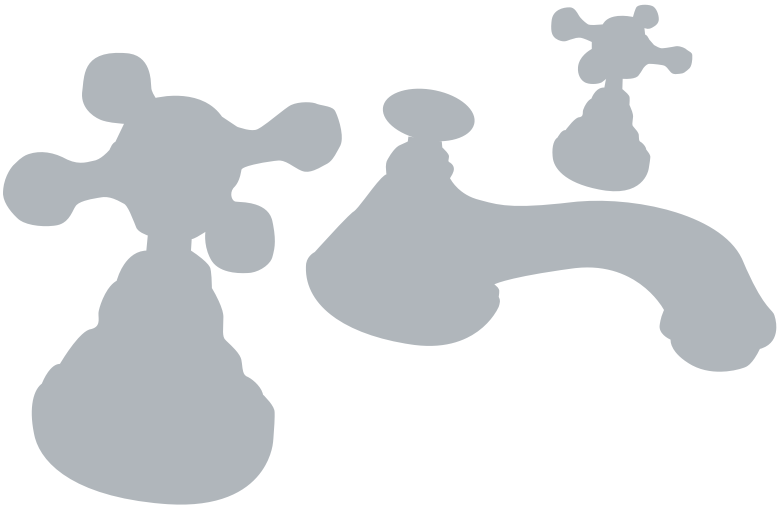
The Council incurred $10.4m during the construction of the Fifth and Sixth digesters at the treatment plant. This relates to two new sludge digesters to reduce odour release and provide for future growth.

The Council spent $3.9m on the upgrade of Pump Station 11. The upgrade of Pump Station 11 began in the previous year. The upgrade provides additional capacity to allow for growth and to meet the requirements of the resource consent for wet weather wastewater overflows.

The Council spent $1.0m on a control room upgrade at the treatment plant, which consisted of constructing a new building as well as upgrading the new computers and software at the site.

Explanation of Significant Capital Expenditure Variances

The increased expenditure compared to the prior year mainly relates to the significant expenditure in the current year ($30.7m) for the construction of the Ocean Outfall, compared to $2.3m in 2005/06. There was also $10.4m spent in the current year on the construction of the 5th and 6th Digesters, compared to $5.6m in 2005/06, and the spend on projects undertaken in the Waste Water Reticulation programme in the current year increased by $1.7m. Offsetting these increases, only $0.2m was spent on the Belfast Pressure Main compared to $6.3m last year, and only $3.9m on the construction of Pump Station 11 in the current year compared to $5.5m spent in 2005/06.



WATER SUPPLY

Water supply

What the Council achieved

A new well was commissioned at Dunbar's pump station in February 2007. Another well was commenced at Spreydon pump station. These refurbishments and new wells are integral to maintaining the reliability and quality of the water supply.

A new well has been purchased at Akaroa and this will help meet peak load requirements in Akaroa in summer conditions. Planning for the construction of the Grehan and Balguerie raw water pipelines is nearing completion and construction should commence before the end of 2007. These pipelines are essential elements in providing a secure water supply to Akaroa.

Planning and consenting work for Cashmere Reservoir was completed during the year and construction will commence in the later half of 2007.

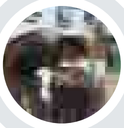
The water mains and submain replacement programmes were completed on time for 2006/07 with renewal key performance indicators being met.

Public Health Risk Management Plans (PHRMP) were completed for all public water supplies in the city and on the peninsula. These risk documents provide input to the future capital works programme.

Significant advances in modelling the city's water networks was made in 2006/07 and this will continue in 2007/08 with a contract being let for model development for all of the Lyttelton basin. Work is progressing on reviewing the Water Services Related Bylaw. This work will be completed in 2008. This work is progressing alongside the development of a water strategy for the city.

Operational savings were achieved in bringing the city's two operational control rooms together at Pages Road.

Did you know?



The City's drinking water comes mainly from groundwater aquifers and is of such high quality no treatment is needed before use. There are over 1,722 kilometres of water mains pipes.

Water supply

How the Council measured up

Activity	Level of Service	Actual	Target
Water Conservation	Domestic consumption of water per capita (litres per day). To ensure the long term availability of water, domestic consumption should remain below 300 litres per person per day by 2020, on a 5 year-rolling average).	333 litres per person per day	<319 litres per person per day
	Total water used by the city per year (million cubic metres, 5 year rolling average)	52.9 M cu	53 M cu +/-6
	Commercial consumption of water per capita (litres per day). To ensure the long term availability of water,commercial consumption should remain below 94 litres per person per day by 2020, on a 5 year rolling average	105 litres per person per day	<101 litres per person per day
Water Supply	Number of unplanned shutdowns over 4 hours with loss of water due to reticulation, pumps or reservoirs.	Achieved	No more than 1 uplanned shut-down on average per week
	Achieve the highest Ministry of Health water supply grade possible without treatment of water.	6 of 7 zones achieved the highest grade possible for supplies without treatment	Maintain the highest grade possible without treatment
	Percent of properties where an ordinary water connection at the boundary can supply 25 litres per minute (based on complaints received and corrective action taken).	99.90%	at least 98%
	Major/urgent leaks contractor on site within one hour of the leak being reported	93.9%	At least 95% of the time
	Medium magnitude leaks repaired within one working day	96.8%	At least 95% of the time
	Minor leaks and faults repaired within three working days	96.6%	At least 95% of the time
	Percent customer satisfaction with water quality and taste	96%	>90%

Where is the Council heading?

The Council will progress the Water Strategy and Water Services Bylaw initiatives in 2007/08 aiming to complete these works in the next financial year.

Modelling of Lyttelton basin and other catchments will be progressed in 2007/08 as part of an ongoing modelling programme.

The PHRMP will be implemented through integration into the capital programme and changes to operational procedures where required.

The Council will commence a major study of the Akaroa water supply including water, wastewater and storm water issues. The aim of the study is to look at developing an integrated water catchment plan which will meet the three water needs of the community.

What did it cost?

Statement of cost of services for the year ending 30 June 2007

	2007				2006
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$000's	$000's	$000's	$000's	$000's
Water conservation	110	-	110	228	-
Water supply	18,680	2,899	15,781	15,983	14,249
Capital Revenues	109	1,805	(1,696)	(2,643)	(2,045)
Cost of service	**18,899**	**4,704**	**14,195**	**13,568**	**12,204**
Capital expenditure					
Renewals and replacements			4,903	5,319	3,988
Improved service levels			383	696	615
Increased demand			1,814	2,022	1,548
Total capital expenditure			**7,100**	**8,037**	**6,151**

Explanation of significant Cost of Service Variances

Water supply

This year water billing revenue was $0.3m over plan mainly due to improved identification of commercial and industrial consumers.

Compared to the prior year, cost increases occurred in the areas of network maintenance ($0.2m), maintaining the Banks Peninsula network ($0.6m as in 2005/06 only four months costs was incurred), depreciation ($0.5m), write off on disposal costs ($0.4m), and electricity costs of $0.2m. These cost increases were offset by increased water billing revenue of $0.5m.

Capital revenues

There was a reduced income stream from Water Supply development contributions this year mainly due to a timing issue relating to invoicing under the new policy.

Significant Capital Expenditure

Expenditure on numerous projects in this area provides new additions to Christchurch's water supply network to allow for growth of the city and provides renewals and replacements to maintain and improve Christchurch's existing water supply network.

Explanation of Significant Capital Expenditure Variances

Cashmere Reservoir expenditure of $0.7m was planned for this year. Due to resource consent issues $0.5m of this budget has been carry forward to 2007/08. There was less work done on Reticulation Submains projects in the 2006/07 year than planned ($0.4m).

The increased expenditure in the current year compared to 2005/06 mainly relates to an increase in the number projects undertaken in the Renewals and Replacements of Reticulation Mains as well as the size and scope of such projects. $2.6m was spent in this area during the current financial year compared to $1.7m in the previous period.

FINANCIAL
STATEMENTS

Financial Highlights

Parent result

The Council's operating surplus for the year, after vested asset contributions was $38.9m, $8.7m ahead of plan. This variance was mainly driven by reduced expenses as the $11m additional revenue was offset by a shortfall in vested asset receipts of $10.6m. Contributions to this variance are outlined in Note 27 (on page 135) of the detailed accounts and include;

- higher than budgeted development contributions of $4.2m. This needs to be considered along with the shortfall in vested asset receipts. This net revenue shortfall is a timing difference. The Council's new development contributions policy was scheduled to come into effect on 1 July 2006 and many developers brought forward their applications in order to avoid the increased fees,
- higher than budgeted rates of $1.6m,
- interest received of $1.4m. This is due to higher interest rates,
- higher than budgeted LTNZ subsidy of $1.5m.

The main cost savings were;

- lower than budgeted personnel costs of $2.2m,
- lower than budgeted professional and contract fees of $3.2m,
- lower than budgeted interest expense of $2.0m due to lower intergroup loans.

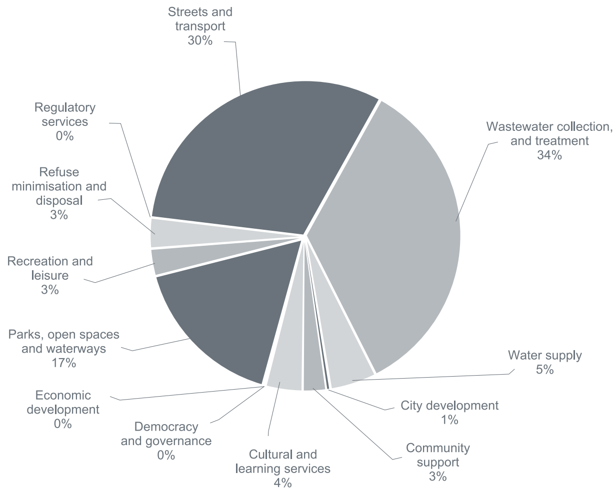
Unlike the case for traditional corporate entities, the budgeted surplus is not what is left over after deducting costs from revenue. It is a calculated figure and reflects the fact that included within the operating revenue are monies from organisations such as LTNZ and from developers (development contributions) which are to be applied against future capital expenditure. In addition, there are activities that the Council operates that are not rates funded, for example, housing and dog control. These activities, particularly housing, are budgeted to make a cash surplus which is subsequently applied against future capital needs.

As mentioned above the net surplus for the year, after vested assets, is $38.9m, $8.7m over plan. After adjusting for variances against plan primarily in capital revenues and for non cash items such as vested assets and depreciation, the cash surplus for the year is $13.0m. The Council has elected to apply this to the debt payment reserve.

Much of the focus for the year was on cost control and efficiencies, and for nine of the 12 Groups of Activities actual expenditure was less than plan. These savings were largely achieved through better contract management, although in some areas a difficulty in recruiting skilled staff led to projects being postponed. Of the remaining three groups, two were affected by unbudgeted costs including a $2.3m write-off for Jellie Park buildings, and a $0.8m provision for weathertight home claims. In the Streets activity, expenses were $5.6m over budget due to increased maintenance costs and unbudgeted costs associated with the replacement of the old parking meters.

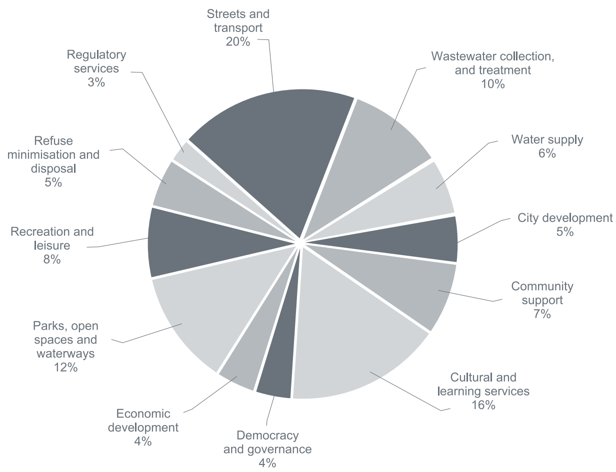
The $204.6m of rates collected was allocated across activities as detailed in the pie chart below.

Capital expenditure by group of activities



The Balance Sheet reflects Council's strong position with a growth in equity of over $462m, $423m of which results from asset revaluations. This strength supported the Council's ability to deliver $165m of new capital expenditure (see pie chart below).

How your rates dollars were spent



Amongst the many capital projects completed for the year are the Blenheim Road deviation, ($5.7m), upgrade of the parking meters, ($2.6m) and strategic land purchases of $8.5m.

Projects progressed include the Ocean Outfall pipeline at South New Brighton ($30.7m), Gowerton Place housing development ($2.4m), the Burwood Landfill gas project ($2.6m), construction of the 5th and 6th digesters, ($10.4m), the upgrade of Pump Station 11 ($3.9m), and the redevelopment of the Jellie Park swimming complex, ($1.3m).

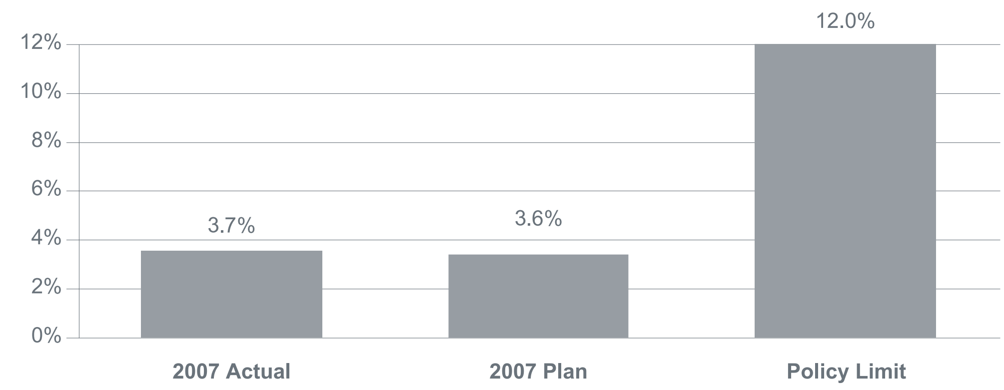
Of the balance, most went on providing the Council's basic services including $6.1m on carriageway resurfacing, $3.9m on footpath resurfacing, $14.3m on kerb and channel, $6.3m on road networks $4.9m on renewals and replacements of water reticulation, $16.5m on parks and $4.3m on library books.

Financial Highlights

Financial Ratios

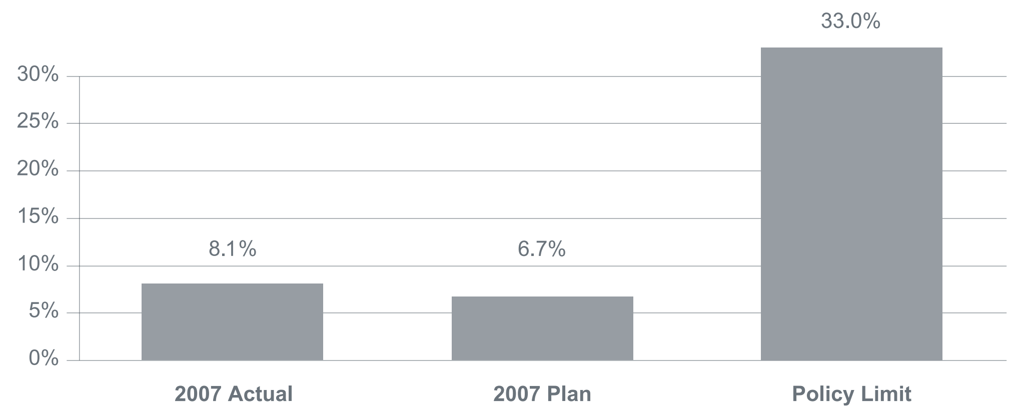
The Council has four financial ratios which form a key part of its financial risk management strategy. These ratios relate to the Council and CCHL combined and define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in detail on the pages which follow and in all cases fall well within policy limits.

External Council Debt to Total Assets Ratio Policy Limit 12%



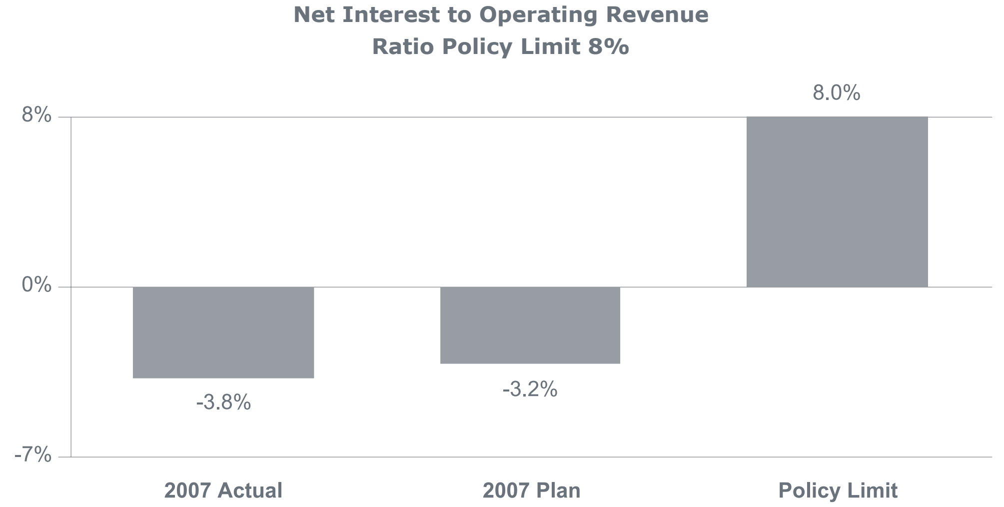
This graph compares the total external debt of the Council with the total assets of the Council (including CCHL). It is the equivalent of measuring your mortgage against all of your assets.

External Debt to Realisable Assets Ratio Policy Limit 33%

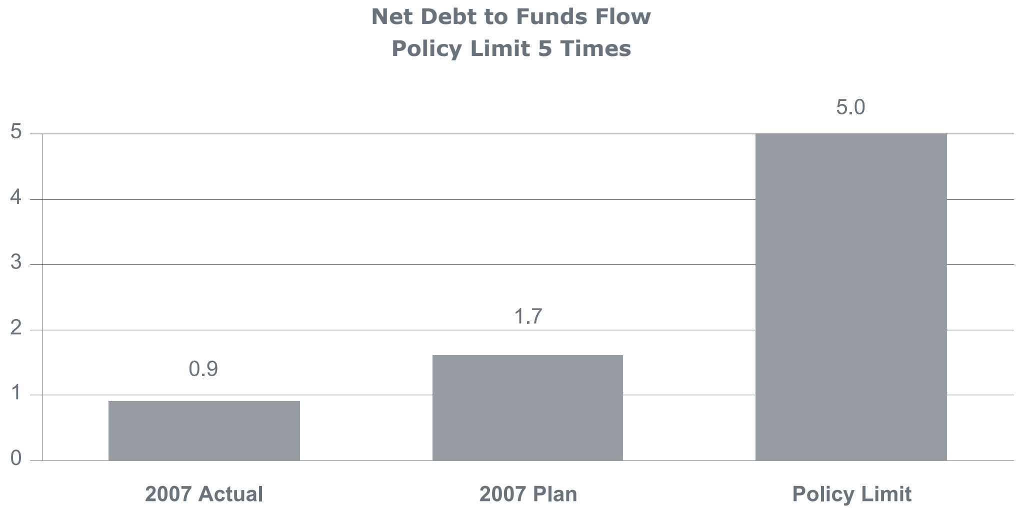


This graph compares the total external debt of the Council and CCHL with a significantly reduce category of assets. The assets excluded from the calculation are those which are basic to the needs of the city, such as roads, sewers, parks and water supply; the assets included are property, vehicles and trading investments.

Financial Highlights



This graph measures how much of the Council's income is spent on interest. It is like comparing how much of your income goes toward servicing your mortgage.



Net debt is total external debt less all cash reserve funds which the Council holds. The graph compares net debt to the annual cash flow of the Council (including CCHL). It is like checking how many years' total income it would take to repay your mortgage.

Financial Highlights

Group Results

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

	$'000
Turnover	783,969
Operating surplus (before tax)	117,468
Total assets	6,646,519
Total liabilities	905,769
Total equity	5,740,750

This result continues a positive trend in results for the Group, and the increasing value of the assets held by the city.

Standard and Poor's affirmed the Council's and Christchurch City Holdings Limited long-term rating of AA+ and short-term rating of A-1+, but have placed the combined entities on negative outlook.

Did you know?

Christchurch Ōtatutahi has two taxidermy firms, one supplier of cardboard coffins and a historic ghost walk guided by one of the Council's reference librarians.

Audit NZ Report

AUDIT REPORT

TO THE READERS OF CHRISTCHURCH CITY COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 31 to 81 and 90 to 178:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the City Council and group's financial position as at 30 June 2007; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 31 to 81 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 11 October 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Audit NZ Report

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

Independence

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

In addition to the audit, we conducted the audit of the City Council's amendment to its Long Term Council Community Plan. For the subsidiaries, we carried out six assignments. These involved an assurance review of a payroll system, audits of 2006 summary financial statements and 2007 interim financial statements, and issuing audit certificates pursuant to the Commerce Act (Electricity Information Disclosure Requirements) Notice 2004, the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999. These assignments are compatible with those independence requirements.

Other than the audits and these assignments, we have no relationship with or interests in the City Council or any of its subsidiaries.

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

Matters relating to the electronic presentation of the audited financial statements, performance information and the other requirements

This audit report relates to the financial statements, performance information and the other requirements of Christchurch City Council and group for the year ended 30 June 2007 included on Christchurch City Council's web-site. Christchurch City Council is responsible for the maintenance and integrity of Christchurch City Council's web site. We have not been engaged to report on the integrity of Christchurch City Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the web site.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 11 October 2007 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Summary of Consolidating CCTO's

Christchurch City Council Group

The following pages report the financial results of Christchurch City Council and its subsidiaries and associates for the year ended 30 June 2007.

Christchurch City Council Parent Statements include:

Christchurch City Council
Various Bequest and Special Funds
Mayor's Welfare Fund

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

Subsidiaries and Associates are:

Christchurch City Holdings Limited (CCHL)

The company is a wholly owned company formed to hold Christchurch City Council's investments in subsidiaries and associates.

The financial statements consolidated are for the year ended 30 June 2007. Major subsidiaries and associates of this company are:

- **Orion Group Limited**

This company owns Orion New Zealand Limited and subsidiaries and is an energy network management company. Christchurch City Holdings Limited has an 89.3% interest in Orion Group Limited. The financial statements consolidated are for the year ended 31 March 2007.

- **Christchurch International Airport Limited**

This company is 75% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2007.

- **Red Bus Limited**

Red Bus Limited is a public transport company and is wholly owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2007.

- **Lyttelton Port Company Limited**

This company is 74.1% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2007.

Summary of Consolidating CCTO's

- **City Care Limited**

This wholly owned Company provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2007.

- **Christchurch City Networks Limited**

This wholly owned company was established to make an investment in fibre optic networks and ducting in the city.

The financial statements consolidated are for the year ended 30 June 2007.

- **Selwyn Plantation Board Limited**

This associate company is 39.3% owned by Christchurch City Holdings Limited. The financial statements for the year ended 31 March 2007 are equity accounted.

Christchurch City Facilities Limited (CCFL)

This company is wholly owned by Christchurch City Council. It owns the Christchurch Convention Centre and the Westpac Centre and leases the Town Hall from the Christchurch City Council.

The financial statements consolidated are for the year ended 30 June 2007.

This company owns 100% of Jet Engine Facility Limited, a company which has been set up to construct, own and lease an aero engine testing facility. The company also owns 100% of Vbase Limited, specialists in facility management.

Vbase No.2 Limited

This company is wholly owned by Christchurch City Council. It manages AMI (formerly Jade) Stadium under contract to the Victory Park Board. It owns assets constructed or purchased since June 1998 and will operate all of AMI Stadium in its own right once the necessary legislation has been passed to transfer ownership from the Victory Park Board to the Council and the company.

The financial statements consolidated are for the year ended 30 June 2007.

Transwaste Canterbury Limited

This Company has the principal purpose of operating a non-hazardous landfill in Canterbury. The Council has 38.9% of the shareholding.

The financial statements for the year ended 30 June 2007 are equity accounted.

Tuam Limited

This company is wholly owned by Christchurch City Council. It owns and manages the existing civic building and related Tuam Street properties and leases them to the Council. The financial statements consolidated are for the year ended 30 June 2007. In June 2007 the Council authorized the establishment of an additional wholly owned subsidiary, Tuam 2 Limited which will assume Tuam Ltd's obligations to purchase a site for the new civic building, construct it and lease the land and building back to the Council.

Financial Statements

Income Statement

For the year ended 30 June 2007

		Parent			Group	
		2007	**2007**	**2006**	**2007**	**2006**
		Actual	**Plan**	**Actual**	**Actual**	**Actual**
	Notes	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Rates revenue		204,578	202,952	178,684	201,276	176,268
Other revenue	2a	182,599	173,092	196,168	582,693	556,933
Revenue from operations		**387,177**	**376,044**	**374,852**	**783,969**	**733,201**
Other gains	2b	1,287	-	2,465	10,954	18,896
Share of profits of associates	11	-	-	-	2,173	6,916
Total revenue		**388,464**	**376,044**	**377,317**	**797,096**	**759,013**
Depreciation and amortisation		78,386	79,844	72,266	141,453	132,731
Finance costs		6,399	8,443	6,125	30,893	27,813
Other expenses		267,505	277,053	260,335	509,828	499,069
Expenses from operations	**2c**	**352,290**	**365,340**	**338,726**	**682,174**	**659,613**
Other losses	2b	9,266	3,136	11,369	9,494	5,087
Total expenses		**361,556**	**368,476**	**350,095**	**691,668**	**664,700**
Profit (loss) before asset contributions		**26,908**	**7,568**	**27,222**	**105,428**	**94,313**
Vested assets	28	12,040	22,672	23,826	12,040	23,826
Profit (loss) before income tax expense		**38,948**	**30,240**	**51,048**	**117,468**	**118,139**
Income tax expense	3	-	-	-	21,770	29,121
Profit from continuing operations		38,948	30,240	51,048	95,698	89,018
Profit from discontinued operations (after tax)	40	-	-	-	11,454	(3,033)
Profit for the period		**38,948**	**30,240**	**51,048**	**107,152**	**85,985**
Profit attributable to:						
Minority interest		-	-	-	15,991	14,871
Parent entity		38,948	30,240	51,048	91,161	71,114
		38,948	**30,240**	**51,048**	**107,152**	**85,985**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial Statements

Balance Sheet

As at 30 June 2007

		Parent			Group	
		2007	**2007**	**2006**	**2007**	**2006**
		Actual	**Plan**	**Actual**	**Actual**	**Actual**
	Notes	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Current assets						
Cash and cash equivalents	37	101,929	152,976	98,702	118,316	113,435
Trade and other receivables	4	22,678	35,100	28,010	56,645	52,976
Other financial assets	5	103,529	71,988	165,926	120,118	180,272
Inventories	6	1,316	1,783	1,573	10,587	13,057
Current tax assets	3	-	-	-	3,244	6,242
Other	7	-	-	-	3,808	4,283
		229,452	**261,847**	**294,211**	**312,718**	**370,265**
Non-current assets classified as held for sale	8	188	-	800	873	800
Total current assets		**229,640**	**261,847**	**295,011**	**313,591**	**371,065**
Non-current assets						
Trade and other receivables	9	3,000	-	-	28,514	23,928
Inventories	10	-	-	-	725	262
Investments in associates	11	6,196	6,081	6,196	37,688	44,053
Other financial assets	12	1,382,496	1,049,781	1,344,500	141,342	135,810
Property, plant and equipment	13	4,043,988	3,786,179	3,585,238	6,019,198	5,010,308
Investment property	14	-	-	-	77,689	70,187
Deferred tax assets	3	852	-	1,126	8,470	8,374
Goodwill	15	-	-	-	9,843	9,268
Other intangible assets	16	4,020	5,476	4,615	9,459	10,262
Total non-current assets		**5,440,552**	**4,847,517**	**4,941,675**	**6,332,928**	**5,312,452**
Total assets		**5,670,192**	**5,109,364**	**5,236,686**	**6,646,519**	**5,683,517**
Current liabilities						
Trade and other payables	17	48,968	51,563	50,486	99,151	90,353
Borrowings	18	2,458	4,140	25,289	93,460	113,936
Other financial liabilities	19	-	-	-	3,378	1,776
Provisions	20	13,712	12,745	14,807	26,844	26,732
Other	21	-	-	-	3,939	3,670
Total current liabilities		**65,138**	**68,448**	**90,582**	**226,772**	**236,467**

Financial Statements

Balance Sheet (continued)

As at 30 June 2007

		Parent			Group	
		2007	2007	2006	2007	2006
		Actual	Plan	Actual	Actual	Actual
	Notes	$000's	$000's	$000's	$000's	$000's
Non-current liabilities						
Borrowings	22	85,220	91,608	87,005	338,088	380,601
Other financial liabilities	23	411	-	24	1,135	375
Deferred tax liabilities	3	7,730	12,385	8,467	307,980	227,380
Provisions	24	21,411	19,922	23,619	22,780	25,148
Other	25	-	-	-	9,014	10,156
Total non-current liabilities		**114,772**	**123,915**	**119,115**	**678,997**	**643,660**
Total liabilities		**179,910**	**192,363**	**209,697**	**905,769**	**880,127**
Net assets		**5,490,282**	**4,917,001**	**5,026,989**	**5,740,750**	**4,803,390**
Equity						
Reserves	29	3,817,408	4,088,443	3,471,833	3,183,754	2,514,860
Retained earnings		1,672,874	828,558	1,555,156	2,312,273	2,142,068
Parent entity interest		**5,490,282**	**4,917,001**	**5,026,989**	**5,496,027**	**4,656,928**
Minority interest	30	-	-	-	244,723	146,462
Total equity		**5,490,282**	**4,917,001**	**5,026,989**	**5,740,750**	**4,803,390**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Changes in Equity

For the year ended 30 June 2007

Parent	Retained earnings $'000	Other reserves $'000	Total equity $'000
Balance at 1 July 2005	**1,442,274**	**2,874,004**	**4,316,278**
Gain/(loss) on PPE	-	278,366	278,366
Investments valuation gain/(loss)	-	137,985	137,985
Income tax on items taken directly to equity	477	(2,220)	(1,743)
Other		(503)	(503)
Net income recognised directly in equity	**477**	**413,628**	**414,105**
Transfers:			
Profit for the period	51,048	-	51,048
	51,048	**-**	**51,048**
Total recognised income and expense for the period	51,525	413,628	465,153
BPDC ratepayers equity	99,113	146,445	245,558
Transfer to/from retained earnings	(42,559)	42,559	-
Realised assets revaluation reserve	4,803	(4,803)	-
	61,357	**184,201**	**245,558**
Balance at 30 June 2006	**1,555,156**	**3,471,833**	**5,026,989**
Gain/(loss) on PPE	-	379,423	379,423
Investments valuation gain/(loss)	-	44,409	44,409
Income tax on items taken directly to or transferred from equity	(274)	737	463
Net income recognised directly in equity	**(274)**	**424,569**	**424,295**
Transfers:			
Profit for the period	38,948	-	38,948
	38,948	**-**	**38,948**
Total recognised income and expense for the period	38,674	424,569	463,243
BPDC ratepayers equity	50	-	50
Transfer to/from retained earnings	78,994	(78,994)	-
	79,044	**(78,994)**	**50**
Balance at 30 June 2007	**1,672,874**	**3,817,408**	**5,490,282**
Balance in LTCCP 2006-16 as at 30 June 2007	**828,558**	**4,088,443**	**4,917,001**

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Financial Statements

Statement of Changes in Equity (continued)

For the year ended 30 June 2007

Group	Retained earnings $'000	Other reserves $'000	Minority interest $'000	Total equity $'000
Balance at 1 July 2005	**2,012,385**	**2,059,905**	**160,215**	**4,232,505**
Gain/(loss) on PPE	-	275,545	-	275,545
Investments valuation gain/(loss)	-	(149)	(17)	(166)
Cash flow hedges gain/(loss) taken to equity		1,621	332	1,953
Share of increments in reserves attributable to associates	-	633	-	633
Income tax on items taken directly to or transferred from equity	-	(2,687)	(71)	(2,758)
Other		(835)	(9)	(844)
Net income recognised directly in equity	**-**	**274,128**	**235**	**274,363**
Transfers:				
Investments:				
Transferred to profit or loss on sale	-	(4,709)	(586)	(5,295)
Profit for the period	71,114		14,871	85,985
	71,114	**(4,709)**	**14,285**	**80,690**
Total recognised income and expense for the period	71,114	269,419	14,520	355,053
Adjustments from share acquisition	-	-	(10,345)	(10,345)
Transfer of minority interest on merger	8,240	87	(8,327)	-
BPDC ratepayers' equity	92,711	143,067	-	235,778
Dividends	-	-	(9,601)	(9,601)
Transfer to/from retained earnings	(42,559)	42,559	-	-
Realized assets revaluation reserve	177	(177)	-	-
	58,569	**185,536**	**(28,273)**	**215,832**
Balance at 30 June 2006	**2,142,068**	**2,514,860**	**146,462**	**4,803,390**
Gain/(loss) on PPE	-	816,567	101,356	917,923
Investments valuation gain/(loss)	-	2,903	258	3,161
Cash flow hedges gain/(loss) taken to equity	-	7,576	815	8,391
Share of increments in reserves attributable to associates	-	2,121	-	2,121
Income tax on items taken directly to or transferred from equity	-	(77,825)	(11,347)	(89,172)
Other	-	(3,454)	(552)	(4,006)
Net income recognised directly in equity	**-**	**747,888**	**90,530**	**838,418**
Transfers:				
Profit for the period	91,161	-	15,991	107,152
	91,161	**-**	**15,991**	**107,152**
Total recognised income and expense for the period	91,161	747,888	106,521	945,570
BPDC ratepayers' equity	50	-	-	50
Dividends	-	-	(8,260)	(8,260)
Transfer to/from retained earnings	78,994	(78,994)	-	-
	79,044	**(78,994)**	**(8,260)**	**(8,210)**
Balance at 30 June 2007	**2,312,273**	**3,183,754**	**244,723**	**5,740,750**

Cash Flow Statement

For the year ended 30 June 2007

		Parent			Group	
		2007	2007	2006	2007	2006
		Actual	Plan*	Actual	Actual	Actual
	Notes	$000's	$000's	$000's	$000's	$000's
Cash flows from operating activities						
Rates, grants, subsidies, receipts from customers and other sources		333,246	315,061	290,396	752,495	699,638
Interest received		29,193	27,766	28,104	28,182	26,234
Dividends received		30,336	33,019	54,271	1,357	724
Payments to suppliers and employees		(273,364)	(278,768)	(248,283)	(512,704)	(494,511)
Interest and other finance costs paid		(6,611)	(8,443)	(6,076)	(30,766)	(27,709)
Income tax paid		-	-	-	(22,840)	(22,717)
Net GST movement		793	-	111	2,590	213
Other		-	-	-	(4,526)	(2,789)
Net cash provided by/(used in) operating activities	37	**113,593**	**88,635**	**118,523**	**213,788**	**179,083**
Cash flows from investing activities						
Payment for investment securities		(2,750)	(24,207)	(3,750)	(3,396)	(20,617)
Proceeds on sale of investment securities		71,759	15,721	38,097	75,798	49,712
Proceeds from repayment of related party loans		1,700	-	1,600	36	237
Amounts advanced to related parties		(1,700)	-	(13,750)	(1,656)	(16,060)
Payment for property, plant and equipment		(158,934)	(180,140)	(117,830)	(232,710)	(215,032)
Proceeds from sale of property, plant and equipment		4,684	-	16,967	5,563	4,949
Payment for intangible assets		(523)	-	(1,751)	(1,778)	(5,995)
Proceeds from sale of businesses		-	-	-	13,391	372
Payment for investment properties		-	-	-	(3,279)	(8,038)
Cash from BPDC		-	-	4,632	-	4,632
Other		-	-	-	(540)	-
Net cash (used in)/provided by investing activities		**(85,764)**	**(188,626)**	**(75,785)**	**(148,571)**	**(205,840)**
Cash flows from financing activities						
Proceeds from issues of debt securities		-	-	-	-	71,775
Proceeds from borrowing		750	24,648	17,450	81,270	57,705
Repayment of borrowings		(25,352)	(21,738)	(6,225)	(133,188)	(31,233)
Dividends paid:						
- minority interests		-	-	-	(8,260)	(9,122)
Net cash provided by/(used in) financing activities		**(24,602)**	**2,910**	**11,225**	**(60,178)**	**89,125**
Net increase in cash and cash equivalents		3,227	(97,081)	53,963	5,039	62,368
Cash and cash equivalents at beginning of year		98,702	250,057	44,739	113,241	50,799
Exchange rate changes on cash held in foreign currencies		-	-	-	-	74
Cash and cash equivalents at end of year (**)		101,929	152,976	98,702	118,280	113,241
Cash and cash equivalents at end of year		**101,929**	**152,976**	**98,702**	**118,280**	**113,241**

*Plan cash position includes investments with maturities of 91-365 days.

**Includes bank overdrafts, for further detail see Note 37.

The accompanying notes form part of and are to be read in conjunction with these financial statements.

Notes to Financial Statements

1. Statement of Accounting Policies

Reporting entity

Christchurch City Council ("Council") is a territorial authority under the Local Government Act 2002. The consolidated entity consists of the entities listed on pages 90 to 91.

The primary objective of Council is to provide goods or services for the community or social benefit rather than to make a financial return. Accordingly, Council has designated itself a public benefit entity ("PBE") for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). Council is therefore subject to policies and exemptions that may not apply to other entities in the group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of Council are for the year ended 30 June 2007. The financial statements were approved by Council on 11 October 2007. Council does not have the power to amend the financial statements after this date.

Basis of preparation

The financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand ("NZ GAAP").

The financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The consolidated entity changed its accounting policies on 1 July 2006 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 'First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards' with 1 July 2005 as the date of transition. An explanation of how the transition from superseded policies to NZ IFRS has affected the parent's and consolidated entity's financial position, financial performance and cash flows is discussed in Note 41.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of Council is New Zealand dollars.

New standards and interpretations issued and not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 30 June 2007, and have not been applied in preparing these consolidated financial statements:

	Effective for annual reporting periods commencing on or after
NZ IFRS 7 Financial Instruments - Disclosures	1 January 2007
Amendments to NZ IFRS 7	1 January 2007
NZ IFRS 8 Operating Segments	1 January 2009
Amendments to NZ IAS 23 Borrowing Costs	1 January 2009
NZ IFRIC 8 Scope of NZ IFRS 2 Share-based Payment	1 January 2007
NZ IFRIC 9 Reassessment of Embedded Derivatives	1 January 2007
NZ IFRIC 10 Interim Financial Reporting and Impairment	1 January 2007
NZ IFRIC 11 NZ IFRS 2 – Group Treasury Share Transactions	1 March 2007
NZ IFRIC 12 Service Concession Arrangements	1 January 2008
NZ IFRIC 13 Customer Loyalty Programmes	1 January 2008
NZ IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction	1 January 2008

The group has not yet determined the potential impact of the new standards, interpretations and amendments.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

Principles of consolidation

(i) Subsidiaries

Subsidiaries include special purpose entities and are those over which the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Council controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet.

(ii) Associates

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20% and 50% 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 income statement, 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 income statement, 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.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy on page 100).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

Hedging

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or cancelled, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

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 income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

Property, plant and equipment

The following assets (except for investment properties) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

- Land (other than land under roads)
- Buildings
- Electricity distribution network
- Airport sealed surfaces
- Harbour structures
- 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 the income statement during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

1. Statement of Accounting Policies (continued)

Assets to be depreciated include:

Operational Assets:	
Buildings	1-100 yrs
Office and computer equipment	4-10 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
Electricity distribution system	60 yrs
Electricity load control equipment	60 yrs
Leasehold land improvements	5-100 yrs
Library books	3-8 yrs
Vessels	5-25 yrs
Resource consents and easements	5-10 yrs
Infrastructure Assets:	
Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	2-25 yrs
Streetlights and signs	6-50 yrs
Kerb, channel, sumps and berms	80 yrs
Landscape/medians	15-80 yrs
Drain pipes/culverts/retaining walls	25-100 yrs
Bridges	70-120 yrs
Bus shelters and furniture	30 yrs
Water supply	55-130 yrs
Water meters	20-25 yrs
Stormwater	20-150 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment plant	15-100 yrs
Pump stations	10-100 yrs
Restricted Assets:	
Planted areas	5-110 yrs
Reserves – sealed areas	10-40 yrs
Reserves – structures	25-150 yrs
Historic buildings	100 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. In respect of business acquisitions that have occurred since 1 July 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2005 has not been reconsidered in preparing the Council's opening IFRS balance sheet at 1 July 2005.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see Impairment policy on page 104). 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 the income statement.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (3 years).

Costs associated with developing or maintaining computer software programmes 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 probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(iii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment policy).

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are:

Software	1-10 yrs
Resource consents and easements	5-10 yrs
Patents, trademarks and licenses	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.

1. Statement of Accounting Policies (continued)

Investments

The Council classifies its investments in the following categories:

(a) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(c) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(d) Financial assets at fair value through equity
Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Parent company investment in subsidiaries

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are held in a revaluation reserve.

(ii) Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

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.

Other financial instruments held by the Council are classified as being fair value through equity and are stated at fair value. The valuation changes are held in a revaluation reserve until the instrument is sold.

Financial instruments classified as held-for-trading or fair value through equity investments are recognised / derecognised by the Council on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Council.

(iii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cashflow largely independent of other assets held by the entity. 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 in the income statement.

Rental income from investment property is accounted for as described in the Revenue policy below.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to 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 the income statement.

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.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Council holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. Lease payments are accounted for as described in the Expenses policy below.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

Trade and other receivables

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue policy on page 106) 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 the Council's contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the balance sheet.

Impairment

The carrying amounts of the Council's assets, other than biological assets, investment property (see Investments policy on page 103), inventories (see Inventories policy above) and deferred tax assets (see Income Tax policy on page 107), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a public benefit entity, Council uses depreciated replacement cost to asses 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.

The value in use for cash-generating assets is the present value of expected future cash flows.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 the income statement over the period of the borrowings on an effective interest basis.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Landfill aftercare provision

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure.

The provision is calculated based on:

- The estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- The estimated costs have been discounted to their present value using a discount rate of 6.8%.
- The estimated length of time needed for post-closure care is 35 years.
- The Council also has a legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

Employee entitlements

Provision is made in respect of the Council's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g., sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

Did you know?

There are 19 locations in Christchurch Ōtautahi where wintering monarch butterflies can be observed.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

(ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Superannuation is provided as a percentage of remuneration.

(iii) National Provident Fund's Defined Benefit Plan Scheme (the 'Scheme')

Council participates in the Scheme, which is a multi-employer defined benefit plan. However, because it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers the Council participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

(iv) Super Trust of New Zealand ('Super Trust')

Council participates in Super Trust, a multi-employer master trust, where money invested in separate schemes is pooled for investment purposes. Super Trust is a defined contribution plan, and contributions to the plan are expensed as incurred. (see Contingencies, Note 32 on page 138)

Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognized as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Revenue

(i) Rates, goods sold and services rendered

Revenue from rates is recognised in the income statement at the time of invoicing. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contact. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately in the income statement.

(iii) Rental income

Rental income from investment and other property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(iv) Government grants

Grants from the government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

(v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(vi) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

(vii) Development Contributions

Development contributions are recognised in the income statement in the year in which they are received.

Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares (which are redeemable at the option of the holder), interest receivable on funds invested, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see Hedging policy on page 100).

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method. All interest payable on borrowings is recognised as an expense in the income statement as it accrues.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

Third party transfer payment agencies

The Council collects monies for many organizations. Where collections are processed through the Council's books, any monies held are shown as Accounts Payable in the Balance Sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Donated goods and services

The Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms, and for this reason are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the user of a service can be identified, for example City Solutions, the cost recovery is made by way of a direct charge. Where this has not been possible, the costs are allocated by way of corporate overhead.

The basis of the corporate overhead allocation is reviewed each year and every attempt is made to relate the allocation made with the service utilised. Internal service costs which are allocated out as corporate overhead include Corporate Services, Human Resources, and Public Affairs.

Plan values disclosed

The plan values shown in the financial statements represent the 2006/07 budget included in the Long Term Council Community Plan 2006-16.

Notes to Financial Statements

1. Statement of Accounting Policies (continued)

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognized in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying the company's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognized in these financial statements:

- The physical deterioration and condition of an asset, for example the Council could be carrying at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a combination of physical assessments and condition modelling of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or underestimating the annual depreciation charge recognised as an expense in the income statement. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions and past experience. Asset inspections, depreciation and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further reassurance over its useful life estimates. Finally, Council's assets are also periodically revalued by experienced independent valuers who provide assurance that Council's useful life estimates are valid.
- 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.
- Orion Group Ltd's electricity distribution network comprises large numbers of relatively minor individual network asset components which are replaced on a regular basis. The costs of recording and tracking such components substantially outweigh the benefits of doing so. Management use estimates of the quantities and carrying values of these components. Any errors in the estimates are corrected at the next asset revaluation and are not considered to be material.
- Orion Group Ltd invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest washed-up data available from the electricity wholesale market and certain metering data from electricity retailers. Management has made an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.
- Management of Christchurch International Airport Ltd use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. The company has developed a predetermined method of classification for this purpose.
- Management of Christchurch International Airport Ltd have assessed the life of the existing domestic terminal as being equal to the estimated build time for the new terminal for valuation purposes.
- Management of Lyttelton Port Company Ltd are required to exercise judgement in determining the carrying value of land, buildings and harbour structures.
- The Non-current Provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare provision.
- In respect of the parent entity, the valuation of its investments in subsidiary and associated companies at fair value has a material impact on the amounts recognized 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.

Notes to Financial Statements

2. Profit From Operations

(a) Revenue

		Parent			Group	
		2007	2007	2006	2007	2006
		Actual	Plan	Actual	Actual	Actual
	Notes	$000's	$000's	$000's	$000's	$000's
Rates revenue		204,578	202,952	178,684	201,276	176,268
Total rates revenue (excluding rates penalties)		**204,578**	**202,952**	**178,684**	**201,276**	**176,268**
Sale of goods		13,809	12,679	12,888	22,539	19,684
Rendering of services		19,681	20,993	19,630	374,779	355,419
		33,490	**33,672**	**32,518**	**397,318**	**375,103**
Rental revenue:						
Operating lease rental revenue:						
Investment properties		-		-	30,339	29,045
Other operating lease rental revenue		21,331	20,032	20,060	21,564	20,234
		21,331	**20,032**	**20,060**	**51,903**	**49,279**
Interest revenue:						
Finance lease interest revenue		-	-	-	1,825	1,990
Investments		24,485	21,115	24,147	28,752	26,031
Related parties		4,912	6,849	3,957	-	-
Other		48	-	-	-	-
		29,445	**27,964**	**28,104**	**30,577**	**28,021**
Dividends:						
Subsidiaries		29,484	31,500	47,275	-	-
Associates		739	1,519	54	-	-
Other entities		-	-	55	-	133
		30,223	**33,019**	**47,384**	**-**	**133**
Construction contract revenue		**-**	**-**	**-**	**28,365**	**29,147**
Other:						
Petroleum Tax		2,283	2,282	2,237	2,283	2,237
Development Contributions		13,256	9,093	13,579	13,256	13,579
Subvention Payments Received/(Paid)		3,211	-	2,425	-	-
Land Transport New Zealand subsidies		19,701	18,212	18,211	19,701	14,917
Subsidies (excl LTNZ)		526	616	642	526	644
Sundry (incl rates penalties) (i)		29,133	28,202	31,008	38,764	43,873
		68,110	**58,405**	**68,102**	**74,530**	**75,250**
Total other revenue		**182,599**	**173,092**	**196,168**	**582,693**	**556,933**
Total revenue		**387,177**	**376,044**	**374,852**	**783,969**	**733,201**

(i) This includes subsidies from the Ministry of Education of $0.9m (2006 $0.8m).

Notes to Financial Statements

2. Profit From Operations (continued)

(b) Other gains and losses		Parent			Group	
		2007	2007	2006	2007	2006
		Actual	Plan	Actual	Actual	Actual
	Notes	$000's	$000's	$000's	$000's	$000's
Loss on disposal of property, plant and equipment		2,149	3,136	9,144	2,377	2,441
(Gain) on disposal of property, plant and equipment		(1,287)	-	(2,465)	(5,296)	(2,465)
(Gain) on disposal of investments						(1,694)
Loss / (gain) on assets written off		7,117	-	2,225	7,117	2,225
Loss/(gain) on sale of business		-	-	-	-	(5,025)
		7,979	3,136	8,904	4,198	(4,518)
Government grants received		-	-	-	(539)	(139)
Net foreign exchange (gains)/losses		-	-	-	-	30
Hedging (gains)/losses		-	-	-	(467)	(358)
Change in fair value of assets classified as fair value through profit or loss		-	-	-	(386)	391
Investment property revaluation gain		-	-	-	(4,223)	(9,195)
Other gains		-	-	-	(43)	(20)
		7,979	3,136	8,904	(1,460)	(13,809)
Other gains		(1,287)	-	(2,465)	(10,954)	(18,896)
Other losses		9,266	3,136	11,369	9,494	5,087

2. Profit From Operations (continued)

(c) Expense disclosures:

		Parent			Group	
		2007	2007	2006	2007	2006
		Actual	Plan	Actual	Actual	Actual
	Notes	$000's	$000's	$000's	$000's	$000's
Depreciation and amortisation:						
Depreciation of non-current assets	13	77,267	79,844	71,222	138,286	130,056
Amortisation of non-current assets	16	1,119	-	1,044	3,167	2,675
		78,386	79,844	72,266	141,453	132,731
Finance costs:						
Interest on loans		6,399	8,443	6,125	30,861	27,813
Other interest expense		-	-	-	32	-
		6,399	8,443	6,125	30,893	27,813
Other expenses:						
Inventory:						
Write-down of inventory to net realisable value		-	-	-	15	32
		-	-	-	15	32
Net bad and doubtful debts arising from:						
Parent entity		-	-	-	-	107
Other related parties		-	-	-	148	894
		-	-	-	148	1,001
Donations		20,044	23,156	23,346	20,112	23,404
Impairment of non-current assets		-	-	-	1,119	2,488
Provision expenses		(1,320)	-	3,174	(181)	5,491
Operating lease expenses:						
Minimum lease payments		2,488	-	859	5,603	4,663
		21,212	23,156	27,379	26,653	36,046
Employee benefit expense:						
Short-term benefits:						
Remuneration and other expenses		98,104	100,203	92,942	226,744	215,785
Post employment benefits:						
Defined contribution plans		5,163	5,274	4,892	5,535	9,452
Defined benefit plans		-	-	-	168	270
		103,267	105,477	97,834	232,447	225,507
Other:						
General operating expenses		143,026	148,420	135,122	250,565	236,483
		143,026	148,420	135,122	250,565	236,483
Total other expenses		**267,505**	**277,053**	**260,335**	**509,828**	**499,069**
Total expenses		**352,290**	**365,340**	**338,726**	**682,174**	**659,613**

Notes to Financial Statements

2. Profit From Operations (continued)

(d) Disclosure of Group of Activities results

	Notes	Parent 2007 Actual $000's	2007 Plan $000's	2006 Actual $000's
Groups of activities revenue		111,588	101,900	103,964
Rates revenue		204,578	202,952	178,684
Other revenue (primarily interest and dividends)		72,298	71,192	94,669
		388,464	**376,044**	**377,317**
Groups of activities expenditure		349,285	353,330	330,417
Other expenditure		12,271	15,146	19,678
		361,556	**368,476**	**350,095**

Notes to Financial Statements

3. Income Taxes

(a) Income tax recognised in profit or loss

	Group	
	2007 Actual $000's	2006 Actual $000's
Current tax expense/(income)	30,377	26,968
Adjustments recognised in current year in relation to the current tax of prior years	61	(794)
Deferred tax expense/(income) relating to the inception and reversal of temporary differences	959	2,947
Deferred tax expense/(income) relating to changes in tax rates or imposition of new taxes	(9,627)	-
Total tax expense/(income)	**21,770**	**29,121**

Reconciliation of prima facie income tax

		Parent		Group	
	Notes	2007 Plan $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
(Profit)/loss before tax from continuing operations		**38,948**	**51,048**	**117,468**	**118,139**
Income tax expense calculated at 33%		12,853	16,846	38,764	38,986
Non-deductible expenses		-	-	590	846
Non-assessable income		-	-	(9,229)	(9,980)
Unused tax losses and tax offsets not recognised as deferred tax assets		-	-	893	893
Effect on deferred tax balances due to a change in income tax rate from 33% to 30% with effect from the 2008 tax year		-	-	(9,627)	-
Imputation credit adjustment		(14,522)	(23,340)		-
Other temporary differences		1,669	6,494	297	(567)
		-	**-**	**21,688**	**30,178**
(Over)/under provision of income tax in previous year				82	(1,057)
		-	**-**	**21,770**	**29,121**

Last year's losses were subsequently utilised through subvention payments within the consolidated entity. Similarly, the current year losses will be used to reduce group tax payments in the 2007/08 year.

(b) Current tax assets and liabilities

	Group	
	2007 Actual $000's	2006 Actual $000's
Current tax assets:		
Tax refund receivable	3,244	6,242

Notes to Financial Statements

3. Income Taxes (continued)

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:	Parent		
	Opening balance $000's	Charged to equity $000's	Closing balance $000's
Year ended 30 June 2007			
Deferred tax liabilities:			
Deferred tax liability on Town Hall	8,467	(737)	7,730
	8,467	**(737)**	**7,730**
Deferred tax assets:			
Tax losses	1,126	(274)	852
	1,126	**(274)**	**852**
Net deferred tax balance	**7,341**	**(463)**	**6,878**

Taxable and deductible temporary differences arise from the following:	Parent		
	Opening balance $000's	Charged to equity $000's	Closing balance $000's
Year ended 30 June 2006			
Deferred tax liabilities:			
Deferred tax liability on Town Hall	6,247	2,220	8,467
	6,247	**2,220**	**8,467**
Deferred tax assets:			
Tax losses	649	477	1,126
	649	**477**	**1,126**
Net deferred tax balance	**5,598**	**1,743**	**7,341**

3. Income Taxes (continued)

(c) Deferred tax balances (continued)

Taxable and deductible temporary differences arise from the following:	Group			
	Opening balance $'000s	Charged to income $'000 s	Charged to equity $'000s	Closing balance $'000s
Year ended 30 June 2007				
Deferred tax liabilities:				
Cash flow hedges	1,117	846	1,475	3,438
Property, plant and equipment	220,288	(9,876)	87,325	297,737
Intangible assets	233	(10)	-	223
Other	5,742	462	378	6,582
	227,380	(8,578)	89,178	307,980
Deferred tax assets:				
Provisions	2,856	(80)	6	2,782
Doubtful debts and impairment losses	57	8	-	65
Other	3,536	126	-	3,662
Tax losses	1,925	36	-	1,961
	8,374	90	6	8,470
Net deferred tax balance	**219,006**	**(8,668)**	**89,172**	**299,510**

Taxable and deductible temporary differences arise from the following:	Group			
	Opening balance $'000s	Charged to income $'000 s	Charged to equity $'000s	Closing balance $'000s
Year ended 30 June 2006				
Deferred tax liabilities:				
Cash flow hedges	436	143	538	1,117
Investment in associates	-	-	-	-
Property, plant and equipment	216,398	1,670	2,220	220,288
Intangible assets	204	29	-	233
Other	3,305	2,437	-	5,742
	220,343	4,279	2,758	227,380
Deferred tax assets:				
Provisions	2,639	217	-	2,856
Doubtful debts and impairment losses	50	7	-	57
Tax losses	2,411	1,125	-	3,536
Other	1,942	(17)	-	1,925
	7,042	1,332	-	8,374
Net deferred tax balance	**213,301**	**2,947**	**2,758**	**219,006**

Notes to Financial Statements

3. Income Taxes (continued)

(c) Deferred tax balances (continued)

Unrecognised deferred tax balances	Group	
	2007 Actual $000's	2006 Actual $000's
The following deferred tax assets have not been brought to account as assets:		
Tax losses	893	893

(d) Imputation credit account balances

	Group	
	2007 Actual $000's	2006 Actual $000's
Christchurch City Holdings Ltd	60,521	47,583
Christchurch City Facilities Ltd	105	-
Tuam Ltd	2	-
	60,628	**47,583**

Notes to Financial Statements

4. Current trade and other receivables

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Rates debtors	**6,274**	**6,090**	**6,274**	**6,090**
Trade receivables	4,605	6,331	35,180	28,151
Allowance for doubtful debts (i)	(339)	(1,481)	(650)	(1,881)
	4,266	**4,850**	**34,530**	**26,270**
Finance lease receivable	**-**	**-**	**227**	**28**
Amounts due from customers under construction contracts	-	-	4,468	4,366
GST receivable	2,242	1,862	-	2,188
Amounts owing by subsidiaries	472	2,701	-	-
Interest receivable	**9,424**	**12,507**	**11,146**	**14,034**
	12,138	17,070	15,614	20,588
	22,678	**28,010**	**56,645**	**52,976**

(i) An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. $1.0m of the reduction in the provision is due to the write-off of bad debts which were fully provided for in prior years. The balance of the movement was recognised in the profit or loss for the current financial year.

Did you know?

The 14.7 million passengers that ride Christchurch's public buses would fill AMI Stadium every day for a year.

Notes to Financial Statements

5. Other current financial assets

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
At fair value:				
Interest rate swaps	256	-	292	574
Currency swaps	-	-	-	526
Interest bearing loans to other related parties	-	-	3,270	-
	256	-	3,562	1,100
At amortised cost:				
Interest-bearing loans advanced to:				
Subsidiaries	1,800	1,700	-	-
Current portion of term investments	21,491	14,912	21,491	14,912
Short term deposits with maturities of 91 to 365 days	79,982	149,314	95,065	164,260
	103,273	165,926	116,556	179,172
	103,529	165,926	120,118	180,272

6. Current inventories

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Raw materials at cost	-	-	3,789	2,798
Work in progress at cost	-	-	2,996	6,595
Finished goods:				
At cost	1,316	1,573	3,915	4,140
Less: impairment	-	-	(113)	(476)
	1,316	1,573	10,587	13,057

7. Other current assets

	Group	
	2007 Actual $000's	2006 Actual $000's
Prepayments	2,878	3,009
Contract retentions	930	1,274
	3,808	4,283

8. Non-current assets held for sale

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Land held for sale	188	608	873	608
Buildings	-	192	-	192
	188	**800**	**873**	**800**

These include assets which have been declared surplus, and are being actively marketed for sale.

9. Non-current trade and other receivables

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Finance lease receivable	-	-	25,514	23,928
Deferred sale proceeds	3,000	-	3,000	-
	3,000	**-**	**28,514**	**23,928**

Further information on finance lease receivables is provided in Note 33(d).

10. Non-current inventories

	Group	
	2007 Actual $000's	2006 Actual $000's
Raw materials at cost	618	-
Work in progress at cost	-	-
Finished goods:		
At cost	107	262
At net realisable value	-	-
	725	**262**

Notes to Financial Statements

11. Investments in associates

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Balance at start of year	6,196	6,028	44,053	40,382
Share of total recognised revenues and expenses		-	2,173	6,916
Dividends from associates	-	-	(1,211)	(703)
Share of revaluations - land and buildings	-	-	2,121	633
Disposal	-	-	(9,448)	(1,837)
Impairment	-	-	-	(1,506)
Shares received due to BPDC merger	-	168	-	168
Investments in associates	**6,196**	**6,196**	**37,688**	**44,053**

There is no goodwill included in the carrying value of associates (2006:Nil).

Name of entity	Country of incorporation	2007	2006
Associates:		%	%
Transwaste Canterbury Ltd	NZ	39%	39%
Selwyn Plantation Board Ltd	NZ	39%	39%
Whisper Tech Ltd	NZ	5%	49%
4rf Communications Ltd	NZ	26%	26%
Energetics Pty Ltd	AU	0%	34%

No public price quotations exist for these investments.

Summarised financial information of associates:

	Group	
	2007 Actual $000's	2006 Actual $000's
Current assets	27,801	36,049
Non-current assets	118,294	122,340
	146,095	**158,389**
Current liabilities	12,858	13,912
Non-current liabilities	41,064	37,567
	53,922	**51,479**
Net assets	**92,173**	**106,910**
Revenue	58,635	82,049
Net profit	3,148	8,275

The group has not recognised its 26% share of the accumulated losses relating to 4rf Communications Ltd amounting to $8.7m. The group has no obligation in respect of these losses. This total includes $0.7m for 2007 and $1.2m for 2006. The group's carrying value for this investment was nil in 2007 (2006: nil). Energetics Pty Ltd and Whisper Tech Ltd were associates in the 2006 year only.

12. Other non-current financial assets

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
At fair value:				
Shares in controlled entities (i)	1,210,610	1,164,510	-	-
Interest rate swaps	131	-	15,519	3,643
Shares (ii)	-	-	9,291	6,177
	131	-	24,810	9,820
At amortised cost:				
Interest-bearing loans advanced to:				
Entities with joint control or significant influence over the entity	-	-	-	57
Subsidiaries (iii)	55,223	57,023	-	-
Other related parties	-	-	-	2,966
Other entities (iv)	3,125	4,445	3,125	4,445
	58,348	61,468	3,125	7,468
Investment in NZLGIC	1,617	1,166	1,617	1,166
Theatre Royal	2,300	2,300	2,300	2,300
Stocks and bonds with over 1 year to maturity	109,490	107,348	109,490	107,348
Sinking funds (v)	-	7,708	-	7,708
	1,382,496	1,344,500	141,342	135,810

(i) For the purposes of the conversion to international financial reporting standards, the fair value of Council's investments in its subsidiary companies as at 1 July 2005 was assessed by independent valuers KPMG, based on full discounted cash flow or future maintainable earnings valuations that had already been performed by KPMG as at 30 June 2006 for the purposes of the 30 June 2006 GAAP financial statements.

The subsidiary investments were therefore revalued in the NZ IFRS financial statements both at 1 July 2005 and 30 June 2006.

For the purposes of the 2007 balance sheet, it was considered appropriate to use the fair values brought forward from the previous year, other than in respect of Christchurch City Holdings Ltd, (CCHL), Christchurch City Facilities Ltd and Tuam Ltd. CCHL's value is based on the value of its equity investments, which increased by $43m during the year. This increase was caused by revaluations of CCHL's investments in Lyttelton Port Company Ltd ($31m) and City Care Ltd ($12m).

Additional capital of $2m was advanced to Tuam Ltd, and $0.8m to Christchurch City Facilities Ltd, during the year.

Notes to Financial Statements

12. Other non-current financial assets (continued)

The carrying values of Council's subsidiary companies are as follows:	Parent	
	2007	**2006**
	Actual	**Actual**
	$000's	**$000's**
Christchurch City Holdings Limited	1,137,350	1,094,000
Christchurch City Facilities Limited	50,650	49,900
Vbase No.2 Limited	20,100	20,100
Tuam Limited	2,510	510
	1,210,610	**1,164,510**

(ii) Available for sale shares

These amounts relate to Orion Groups Ltd's investments in Enertech Capital Partners (an offshore venture capital limited liability partnership) and HumanWare Ltd. The Enertech investment has a carrying value of $5.1m (2006: $4.7m), and invests in individual high technology and start up type entities. Individual investments remain in the name of the venture capital partnership. The investment held is not publicly traded and is recorded at the directors' estimate of fair value and is revalued annually.

(iii) Loans advanced to subsidiaries included:	Parent	
	2007	**2006**
	Actual	**Actual**
	$000's	**$000's**
Vbase No.2 Limited (*)	30,723	32,423
Jet Engine Facility Limited	12,550	12,550
Tuam Limited	13,750	13,750
	57,023	**58,723**

*This includes the current portion of this loan of $1.8m (2006: $1.7m), as reported in Note 5.

(iv) The fair value of loans to community organizations such as sports clubs and service organizations is $1.1m (2006 $1.3m). These loans are initially recognized at fair value, and subsequently carried at cost. Community loans have been valued at the net present value of expected future repayments, using market interest rates for instruments with a similar maturity profile as the discount factor. The effect of this has been a reduction in the receivable carrying value.

The face value of community loans is $1.5m (2006 $1.7m).

Other loans, totalling $2.0m (2006 $3.1m), have been advanced to other organizations as bridging finance on conferences, and for other community service purposes.

(v) Sinking fund investments are restricted in use to the repayment of associated borrowings and are administered by the Christchurch City Council Sinking Fund Commissioners entity. This entity ceased trading during the year. The investments were liquidated and used as a partial repayment of Council's works development loans.

Notes to Financial Statements

13. Property, plant and equipment

	Parent		Group	
	2007 Actual $000's	2006 Actual $000's	2007 Actual $000's	2006 Actual $000's
Operational assets	756,513	764,369	2,731,723	2,189,439
Infrastructural assets	2,806,664	2,358,346	2,806,664	2,358,346
Restricted assets	480,811	462,523	480,811	462,523
	4,043,988	**3,585,238**	**6,019,198**	**5,010,308**

(a) Reconciliation of movement in property, plant and equipment

Parent Operational assets	Land & Land improvements at fair value $000's	Buildings at fair value $000's	Landfill at cost $000's	Library books at cost $000's	Plant & equipment at cost $000's	Work in progress at cost $000's	Total $000's
Gross carrying amount:							
Balance at 1 July 2005	174,472	347,381	8,217	67,490	77,832	9,185	684,577
Additions	9,507	12,311	-	4,770	9,148	-	35,736
Disposals	(9,799)	(15,887)	-	-	(2,841)	-	(28,527)
Net revaluation increments/(decrements)	89,112	83,034	-	-	-	-	172,146
BPDC assets	16,867	11,679	-	461	277	-	29,284
Transfers between asset classes	10,491	(603)	-	61	(1,374)	-	8,575
Movement in WIP	-	-	-	-	-	(3,690)	(3,690)
Assets held for resale	(800)	-	-	-	-	-	(800)
Balance at 30 June 2006	**289,850**	**437,915**	**8,217**	**72,782**	**83,042**	**5,495**	**897,301**
Additions	3,610	6,045	-	4,315	5,941	-	19,911
Disposals	(6,809)	(3,206)	-	(95)	(4,591)	-	(14,701)
Transfers between asset classes	(850)	1,092	-	-	(321)	-	(79)
Movement in WIP	-	-	-	-	-	9,660	9,660
Assets held for resale	(188)	-	-	-	-	-	(188)
Balance at 30 June 2007	**285,613**	**441,846**	**8,217**	**77,002**	**84,071**	**15,155**	**911,904**
Accumulated depreciation, amortisation and impairment:							
Balance at 1 July 2005	-	(25,426)	(8,217)	(52,087)	(50,534)	-	(136,264)
Disposals	3	322	-	-	2,335	-	2,660
Net adjustments from revaluation increments/(decrements)	-	25,426	-	-	-	-	25,426
Depreciation expense	(928)	(13,020)	-	(4,604)	(6,518)	-	(25,070)
Transfers between asset classes	(68)	280	-	(49)	153	-	316
Balance at 30 June 2006	**(993)**	**(12,418)**	**(8,217)**	**(56,740)**	**(54,564)**	**-**	**(132,932)**
Disposals	-	394	-	95	3,440	-	3,929
Depreciation expense	(1,070)	(12,961)	-	(4,884)	(7,234)	-	(26,149)
Transfers between asset classes	-	(275)	-	-	36	-	(239)
Balance at 30 June 2007	**(2,063)**	**(25,260)**	**(8,217)**	**(61,529)**	**(58,322)**	**-**	**(155,391)**
Net book value as at 30 June 2006	**288,857**	**425,497**	**-**	**16,042**	**28,478**	**5,495**	**764,369**
Net book value as at 30 June 2007	**283,550**	**416,586**	**-**	**15,473**	**25,749**	**15,155**	**756,513**

Notes to Financial Statements

13. Property, plant and equipment (continued)

(a) Reconciliation of movement in property, plant and equipment

Group Operational assets	Land & land improvments at fair value $000's	Buildings at fair value $000's	Plant & equipment at cost $000's	Electricity distribution system at fair value $000's	Specialised assets at cost $000's	Landfill at cost $000's	Work in progress at cost $000's	Total $000's
Gross carrying amount:								
Balance at 1 July 2005	383,916	618,073	356,314	694,876	137,674	8,217	17,345	2,216,415
Additions	9,616	19,383	45,190	34,083	7,721	-	-	115,993
Disposals	(1,226)	(2,823)	(8,975)	(1,299)	(47)	-	-	(14,370)
Acquisitions through business combinations	10,244	1,430	4,404	-	353	-	-	16,431
Net revaluation increments/(decrements)	93,967	75,358	-	-	-	-	-	169,325
Transfers	8,517	(603)	(1,313)	-	(654)	-	-	5,947
Movement in WIP	-	-	-	-	-	-	7,717	7,717
BPDC assets	16,867	11,679	738	-	-	-	-	29,284
Part disposal of acquired business	-	-	(2,537)	-	-	-	-	(2,537)
Asset held for resale	(800)	-	-	-	-	-	-	(800)
Balance at 30 June 2006	**521,101**	**722,497**	**393,821**	**727,660**	**145,047**	**8,217**	**25,062**	**2,543,405**
Additions	3,733	23,361	30,846	32,160	5,194	-	-	95,294
Disposals	(6,809)	(3,206)	(9,610)	(1,065)	-	-	-	(20,690)
Movement in WIP	-	-	-	-	-	-	11,283	11,283
Net revaluation increments/(decrements)	201,094	22,821	-	104,348	58,633	-	-	386,896
Transfers	(8,583)	(12,483)	(6,851)	-	27,838	-	-	(79)
Asset held for resale	(188)	-	-	-	-	-	-	(188)
Balance at 30 June 2007	**710,348**	**752,990**	**408,206**	**863,103**	**236,712**	**8,217**	**36,345**	**3,015,921**
Accumulated depreciation, amortisation and impairment:								
Balance at 1 July 2005	-	(77,280)	(190,068)	(22,371)	(4,204)	(8,217)	-	(302,140)
Disposals	-	231	5,856	101	6	-	-	6,194
Net adjustments from revaluation increments/(decrements)	-	25,426	-	-	-	-	-	25,426
Depreciation expense	(928)	(28,304)	(26,927)	(22,926)	(4,819)	-	-	(83,904)
Transfer between asset classes	(68)	280	104	-	-	-	-	316
Part disposal of acquired business	-	-	142	-	-	-	-	142
Balance at 30 June 2006	**(996)**	**(79,647)**	**(210,893)**	**(45,196)**	**(9,017)**	**(8,217)**	**-**	**(353,966)**
Disposals	-	394	6,335	82	-	-	-	6,811
Net adjustments from revaluation increments/(decrements)	-	70,158	-	68,672	12,606	-	-	151,436
Impairment losses charged to profit	(10)	(385)	(669)	(8)	-	-	-	(1,072)
Depreciation expense	(1,070)	(28,223)	(25,480)	(23,596)	(8,799)	-	-	(87,168)
Transfer between asset classes	-	264	3,260	-	(3,763)	-	-	(239)
Balance at 30 June 2007	**(2,076)**	**(37,439)**	**(227,447)**	**(46)**	**(8,973)**	**(8,217)**	**-**	**(284,198)**
Net book value as at 30 June 2006	**520,105**	**642,850**	**182,928**	**682,464**	**136,030**	**-**	**25,062**	**2,189,439**
Net book value as at 30 June 2007	**708,272**	**715,551**	**180,759**	**863,057**	**227,739**	**-**	**36,345**	**2,731,723**

13. Property, plant and equipment (continued)

(a) Reconciliation of movement in property, plant and equipment

Parent and group Infrastructural assets	Roading network at fair value $000's	Sewerage system at fair value $000's	Water system at fair value $000's	Stormwater system at fair value $000's	Work in progress at cost $000's	Total $000's
Gross carrying amount:						
Balance at 1 July 2005	1,115,340	535,522	246,453	241,774	29,389	2,168,478
Additions	46,693	22,102	8,746	6,964	-	84,505
Disposals	(2,720)	(69)	(619)	(18)	-	(3,426)
Net revaluation increments/(decrements)	-	-	-	5,468	-	5,468
BPDC assets	140,177	15,612	15,962	1,779	-	173,530
Transfers between asset classes	1,447	681	1,036	1,066	-	4,230
Movement in WIP	-	-	-	-	13,671	13,671
Balance at 30 June 2006	**1,300,937**	**573,848**	**271,578**	**257,033**	**43,060**	**2,446,456**
Additions	44,593	11,083	7,919	8,080	-	71,675
Disposals	(4,867)	(563)	(1,110)	-	-	(6,540)
Net revaluation increments/(decrements)	168,037	42,724	50,375	-	-	261,136
Transfers between asset classes	1,004	72	105	-	-	1,181
Movement in WIP	-	-	-	-	50,983	50,983
Balance at 30 June 2007	**1,509,704**	**627,164**	**328,867**	**265,113**	**94,043**	**2,824,891**
Accumulated depreciation, amortisation and impairment:						
Balance at 1 July 2005	(21,747)	(16,942)	(5,394)	(7,573)	-	(51,656)
Disposals	900	4	142	1	-	1,047
Net adjustments from revaluation increments/(decrements)	-	-	-	7,573	-	7,573
Depreciation expense	(23,982)	(9,136)	(5,698)	(3,300)	-	(42,116)
Transfers between asset classes	(1,343)	(680)	(821)	(114)	-	(2,958)
Balance at 30 June 2006	**(46,172)**	**(26,754)**	**(11,771)**	**(3,413)**	**-**	**(88,110)**
Disposals	1,429	42	160	-	-	1,631
Net adjustments from revaluation increments/(decrements)	71,535	26,754	17,761	-	-	116,050
Depreciation expense	(25,922)	(11,403)	(6,090)	(3,407)	-	(46,822)
Transfers between asset classes	(870)	(46)	(60)	-	-	(976)
Balance at 30 June 2007	**-**	**(11,407)**	**-**	**(6,820)**	**-**	**(18,227)**
Net book value as at 30 June 2006	**1,254,765**	**547,094**	**259,807**	**253,620**	**43,060**	**2,358,346**
Net book value as at 30 June 2007	**1,509,704**	**615,757**	**328,867**	**258,293**	**94,043**	**2,806,664**

Notes to Financial Statements

13. Property, plant and equipment (continued)

(a) Reconciliation of movement in property, plant and equipment

Parent and group Restricted assets	Restricted land & buildings at fair value $000's	Artworks at fair value $000's	Heritage assets at fair value $000's	Library books at cost $000's	Work in progress at cost $000's	Total $000's
Gross carrying amount:						
Balance at 1 July 2005	303,375	48,665	15,322	5,088	3,867	376,317
Additions	17,259	261	361	132	-	18,013
Disposals	(641)	-	(13)	-	-	(654)
Net revaluation increments/(decrements)	65,813	-	-	-	-	65,813
BPDC assets	18,884	-	165	-	-	19,049
Transfers between asset classes	(8,774)	(64)	3	-		(8,835)
Movement in WIP	-	-	-	-	(2,743)	(2,743)
Balance at 30 June 2006	**395,916**	**48,862**	**15,838**	**5,220**	**1,124**	**466,960**
Additions	18,088	354	97	138	-	18,677
Disposals	(20)	-	-	-	-	(20)
Net revaluation increments/(decrements)	-	-	2,334	-	-	2,334
Transfers between asset classes	290	(1)	-	-		289
Movement in WIP	-	-	-	-	1,268	1,268
Balance at 30 June 2007	**414,274**	**49,215**	**18,268**	**5,358**	**2,392**	**489,507**
Accumulated depreciation, amortisation and impairment:						
Balance at 1 July 2005	(1,940)	(95)	(48)	-	-	(2,083)
Net adjustments from revaluation increments/(decrements)	1,940	-	-	-	-	1,940
Depreciation expense	(3,966)	(49)	(21)	-	-	(4,036)
Transfers between asset classes	(258)	-	-	-	-	(258)
Balance at 30 June 2006	**(4,224)**	**(144)**	**(69)**	**-**	**-**	**(4,437)**
Net adjustments from revaluation increments/(decrements)	-	-	71	-	-	71
Depreciation expense	(4,211)	(50)	(35)	-	-	(4,296)
Transfers between asset classes	(35)	-	-	-	-	(35)
Balance at 30 June 2007	**(8,470)**	**(194)**	**(33)**	**-**	**-**	**(8,696)**
Net book value as at 30 June 2006	**391,692**	**48,718**	**15,769**	**5,220**	**1,124**	**462,523**
Net book value as at 30 June 2007	**405,804**	**49,021**	**18,236**	**5,358**	**2,392**	**480,811**

13. Property, Plant and Equipment (continued)

Deemed cost approach on NZ IFRS Adoption

The consolidated entity elected to take the deemed cost approach on adoption of NZ IFRS, in accordance with NZ IFRS 1. This approach has utilised the fair value determined for each asset category at its most recent valuation and then adjusted for subsequent additions at cost, disposals and depreciation to determine deemed cost at the date of IFRS adoption.

Revaluations and impairment review

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Parent

Land and buildings were revalued by Good Earth Matters Consulting Limited at 1 July 2005 to a fair value of $659.9m by reference to their highest and best use.

Roading assets were revalued by Maunsell Limited at 30 June 2007 to a fair value of $1.1b using the optimised depreciated replacement cost method. In addition, the roading class of assets includes $404m of land under roads which has not been revalued. Counci's policy is not to revalue these assets.

Sewerage infrastructure assets were revalued by GHD Limited at 1 July 2006 to a fair value of $617.8m using the optimised depreciated replacement cost method.

Stormwater infrastructure assets were revalued by Maunsell Limited at 1 July 2005 to a fair value of $246.3m using the optimised depreciated replacement cost method

Water reticulation infrastructure assets were revalued by Maunsell Limited at 30 June 2007 to a fair value of $310m using the optimised depreciated replacement cost method.

Heritage assets were valued at depreciated reproduction cost at 1 July 06 by Plant and Machinery Valuers Ltd.

Works of art have been valued at a market value of $50.0m at 30 June 2003 by Neil Roberts, Senior Curator of the Christchurch Art Gallery Te Puna O Waiwetu, with a peer review performed by Marshall Seiffert, an experienced valuer of New Zealand art works.

Other restricted assets, (Land and buildings with restrictions on sale e.g. parks and reserves), were valued by Good Earth Matters Consulting Limited at 1 July 2005 to a fair value of $360.8m by reference to their highest and best use.

Group

Each member of the group has revalued their assets in accordance with group policy. The material revaluations are detailed below.

Orion Group Ltd's electricity distribution network and substation buildings were revalued at 31 March 2007 to a fair value of $854m by Ms Lynne Taylor, a former director, and Mr Craig Rice, a partner of independent valuers, PricewaterhouseCoopers. The valuations were undertaken on an optimised depreciated replacement cost basis. The company's land and other buildings, were revalued to $51.5m as at 31 March 2007 by independent valuer Mr Marius Ogg of CB Richard Ellis Limited.

Christchurch International Airport Ltd adopted the fair value of land, buildings and sealed surfaces as the deemed cost on 1 July 2005. On 30 June 2007 land, terminal facilities, buildings, sealed surfaces, infrastructure and car parking assets were revalued by independent valuers Seagar and Partners (land, buildings and car park) and Opus International Limited (terminal facilities, sealed surfaces and infrastructure assets).

Lyttelton Port Company Ltd revalued their land, certain buildings and certain harbour structures as at 30 June 2005 in preparation for the transition to NZ IFRS. The valuation was determined by HG Livingstone Ltd, in conjunction with DTZ New Zealand Ltd, both registered valuers, and was based on highest and best use or, where this could not be established, depreciated replacement cost.

Notes to Financial Statements

14. Investment Property

	Group	
	2007 Actual $000's	2006 Actual $000's
Balance at beginning of financial year	70,187	54,848
Additions from subsequent expenditure	3,279	3,516
Net gain/(loss) from fair value adjustments	4,223	9,195
Transfers to and from inventory	-	2,628
Balance at end of financial year	**77,689**	**70,187**

Orion Group Ltd

The company's investment property was valued by independent registered valuer Mr John Schellekens, a director of CB Richard Ellis Limited, as a contractor to Ernst & Young Corporate Finance Limited as at 31 March 2005 (for IFRS adoption) and 31 March 2006. Mr Schellekens has 15 years experience in property valuation and is a senior member of the Property Institute of New Zealand.

The company's investment property was valued by independent registered valuer Mr Marius Ogg of CB Richard Ellis Limited as at 31 March 2007. Mr Ogg is a senior member of the Property Institute of New Zealand and is a director of CB Richard Ellis Limited.

The valuations were performed to assess fair value in accordance with NZ IAS 40. Various valuation approaches were undertaken relating closely to appropriate market evidence.

Christchurch International Airport Ltd

Investment properties were valued with effective dates of 1 July 2005, 30 June 2006 by Creighton Anderson Property and Infrastructure Limited, registered valuers and member of the New Zealand Property Institute. The valuation as at 30 June 2007 was completed by Seagar and Partners, registered valuers and member of the New Zealand Property Institute. 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.

15. Goodwill

	Group	
	2007 Actual $000's	2006 Actual $000's
Gross carrying amount:		
Balance at beginning of financial year	9,748	-
Additional amounts recognised from business combinations	575	10,212
Derecognised on disposal of a subsidiary	-	(464)
Balance at end of financial year	**10,323**	**9,748**
Accumulated impairment losses:		
Balance at beginning of financial year	(480)	-
Impairment losses for the period	-	(506)
Eliminated on disposal of a subsidiary	-	26
Balance at end of financial year	**(480)**	**(480)**
Net book value:		
At the beginning of the financial year	**9,268**	**-**
At the end of the financial year	**9,843**	**9,268**

During the year, the group assessed the recoverable amount of goodwill which arises from consolidation of the group's results and position, and determined that there had been no impairment of goodwill.

The carrying amount of goodwill allocated to Council's subsidiaries (each of which is considered a cash-generating unit for the purposes of goodwill impairment testing) is as follows:

Amount of goodwill allocated to cash-generating units	Group	
	2007 Actual $000's	2006 Actual $000's
Christchurch City Holdings Ltd	8,942	8,367
Christchurch City Facilities Ltd	901	901
	9,843	**9,268**

Goodwill on consolidation in respect of the above companies is not considered to be impaired for the following reasons:

- A report was commissioned from independent valuers, KPMG, confirmed that there were no factors indicating any material impairment in the carrying values brought forward from the previous year (disclosed in Note 12). The brought forward values were based on fair value assessments by KPMG at 30 June 2006, using discounted cash flows with discount rates appropriate to the nature of each business, or on a future maintainable earnings basis in the case of one subsidiary, City Care Ltd. This resulted in an upward movement of $12m for City Care Ltd.
- The investment in Lyttelton Port Company Ltd was revalued at 30 June 2007 on the basis of its quoted NZX price, resulting in a value uplift of some $30m.

Notes to Financial Statements

16. Other intangible assets

Parent	Software $000's
Gross carrying amount:	
Balance at 1 July 2005	6,872
Additions	1,751
Balance at 30 June 2006	**8,623**
Additions	524
Balance at 30 June 2007	**9,147**
Accumulated amortisation and impairment:	
Balance at 1 July 2005	(2,964)
Amortisation expense	(1,044)
Balance at 30 June 2006	**(4,008)**
Amortisation expense	(1,119)
Balance at 30 June 2007	**(5,127)**
Net book value:	
At the beginning of the financial year	**4,615**
At the end of the financial year	**4,020**

Group	Software $000's	Other $000's	Total $000's
Gross carrying amount:			
Balance at 1 July 2005	18,494	2,569	21,063
Additions	4,408	28	4,436
Additions from internal developments	145	-	145
Acquisitions through business combinations	-	73	73
Disposals or classified as held for sale	(25)	-	(25)
Balance at 30 June 2006	**23,022**	**2,670**	**25,692**
Additions	2,313	2	2,315
Additions from internal developments	109	-	109
Disposals or classified as held for sale	(138)	-	(138)
Balance at 30 June 2007	**25,306**	**2,672**	**27,978**
Accumulated amortisation and impairment:			
Balance at 1 July 2005	(11,492)	(1,276)	(12,768)
Amortisation expense	(2,442)	(233)	(2,675)
Disposals or classified as held for sale	13	-	13
Balance at 30 June 2006	**(13,921)**	**(1,509)**	**(15,430)**
Amortisation expense	(2,943)	(224)	(3,167)
Disposals or classified as held for sale	78	-	78
Balance at 30 June 2007	**(16,786)**	**(1,733)**	**(18,519)**
Net book value:			
At the beginning of the financial year	**9,101**	**1,161**	**10,262**
At the end of the financial year	**8,520**	**939**	**9,459**

Notes to Financial Statements

17. Current Trade and Other Payables

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Trade payables	47,503	43,297	84,810	77,936
Amounts due to customers under construction contracts	-	-	1,343	1,196
GST payable	-	-	1,012	-
Owing to subsidiaries	1,465	7,189	-	-
Other	-	-	11,986	11,221
	48,968	**50,486**	**99,151**	**90,353**

18. Current Borrowings

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Unsecured:				
Other loans	658	23,589	65,658	79,355
Loans from:				
Subsidiaries	1,800	1,700	-	-
Commercial paper	-	-	26,472	31,260
	2,458	25,289	92,130	110,615
Secured:				
Bank overdrafts	-	-	36	194
Bank loans	-	-	1,053	2,890
Finance lease liabilities	-	-	241	237
	-	-	1,330	3,321
	2,458	**25,289**	**93,460**	**113,936**

19. Other Current Financial Liabilities

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
At fair value:				
Foreign currency forward contracts	-	-	3,294	-
Interest rate swaps	-	-	84	70
Other	-	-	-	1,706
	-	**-**	**3,378**	**1,776**

Notes to Financial Statements

20. Current Provisions

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Employee benefits	11,748	12,544	24,704	23,619
Warranty	-	-	-	720
Restructuring and termination costs	-	-	47	-
Landfill aftercare	1,964	2,263	1,963	2,263
Purchase provision	-	-	130	130
	13,712	14,807	26,844	26,732

21. Other Current Liabilities

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Revenue in advance	-	-	2,933	2,664
Deferred income	-	-	1,006	1,006
	-	-	3,939	3,670

22. Non-Current Borrowings

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Unsecured:				
Loans from:				
Subsidiaries	85,220	85,773	-	-
Other related parties	-	-	-	11,508
Other	-	-	135,011	210,260
Bonds	-	-	193,766	144,000
Other non-current assets			-	32
	85,220	85,773	328,777	365,800
Secured:				
Bank loans	-	-	7,955	12,643
Finance lease liabilities	-	-	1,356	926
Loans	-	1,232	-	1,232
	-	1,232	9,311	14,801
Total non-current borrowings	85,220	87,005	338,088	380,601

22. Non-Current Borrowings (continued)

Parent

The Council's term loans are secured over the city's rates. The average effective interest rate on borrowings was 6.48% (2006: 6.73%).

Group

Details of the material borrowings are as follows:

CCHL's non-current borrowings at 30 June 2007 comprised bonds in five tranches ranging from $7m to $70m. These borrowings mature at various intervals until June 2016. Coupon rates are between 6.21% and 8.27%. The borrowings were put in place under a $350m debt issuance programme. The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations. The borrowings are unsecured but the loan documentation imposes certain covenants and restrictions on CCHL.

Orion Group Ltd's bank debt of $38.3m (2006: $59.3m) is unsecured against the company but a deed of negative pledge requires the company to comply with certain covenants. The facility matured on 27 August 2007 and has since been extended for a further 12 months. Interest rates are floating based on bank bill rates plus a margin. The average rate for the year to March was 7.93%, (2006: 7.47%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations. All borrowings are in $NZ.

Christchurch International Airport Ltd has a $250m funding facility with four banks to fund the ongoing business and the proposed terminal development, plus an overdraft facility of $1m. All borrowings are unsecured and supported by a negative pledge. Interest rates ranged from 7.02% to 7.64%.

Lyttelton Port Company Ltd has raised term advances under a multi-currency facility agreement. The facility is in two tranches of $55m each with renewal dates of 30 June 2008 and 30 June 2009. All borrowings are unsecured and supported by a negative pledge.

23. Other Non-Current Financial Liabilities

	Parent		Group	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
At fair value:				
Interest rate swaps	411	24	1,135	355
Other	-	-	-	20
	411	**24**	**1,135**	**375**

24. Non-Current Provisions

	Parent		Group	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Employee benefits	6,485	6,757	7,513	7,846
Landfill aftercare	14,126	16,862	14,126	16,862
Weathertight homes	800	-	800	-
Purchase provision	-	-	341	440
	21,411	**23,619**	**22,780**	**25,148**

Employee benefits

The provision for long service leave is an actuarial assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next 5 years.

Notes to Financial Statements

24. Non-Current Provisions (continued)

Landfill aftercare

In previous years Council operated several landfills. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills after the sites are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation
- incremental drainage control features
- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring
- 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
- ongoing site maintenance for drainage systems, final cover, and vegetation.

Closed Landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is $16.1m.

The Council participates in the regional waste disposal joint venture run by Transwaste Canterbury Limited through its Kate Valley landfill site. This site has been granted resource consent for 35 years from opening date which was 8 June 2005. The Council's ownership share of Transwaste Canterbury Limited is 38.9%.

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Balance at beginning of financial year	19,125	18,277	19,125	18,277
Additional (reduction of) provision made	(1,320)	3,174	(1,320)	3,174
Amount utilised	(1,715)	(2,326)	(1,715)	(2,326)
	16,090	**19,125**	**16,090**	**19,125**
Non-current portion				
Current portion	14,126	16,862	14,126	16,862
	1,964	2,263	1,964	2,263
	16,090	**19,125**	**16,090**	**19,125**

Weathertight Homes

The Council through its insurers is processing a number of weathertight (leaky) home claims. Provision has been made for the estimated cost of known claims based on average actual settlement costs. A contingent liability also exists for future claims which may be made through to the cut-off date in 2015.

25. Other Non-Current Liabilities

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Deferred government grants	-	-	219	357
Deferred income	-	-	7,969	8,836
Other	-	-	826	963
	-	**-**	**9,014**	**10,156**

Notes to Financial Statements

26. Rates Remissions

	Parent		Group	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Sports bodies	759	568	759	568
Churches	112	54	112	54
Other social and cultural organisations	1,325	1,039	1,325	1,039
Other	46	73	46	73
	2,242	**1,734**	**2,242**	**1,734**

Rates remissions are expensed when granted.

27. Major Budget Variations

Income Statement

	2007 $000's	
Explanations for major variations from the Council's Plan figures are as follows:		
Revenue:		
Higher than budgeted Rates income	1,626	Net
Lower than budgeted Dividends, principally from Christchurch City Holdings Limited	(2,796)	415*
Unbudgeted income from Subvention receipts from subsidiary companies (primarily CCHL)	3,211	
Higher than budgeted interest	1,433	
Revenue from reserves development contributions was greater than budget	4,163	
Lower than budgeted vested asset receipts	(10,632)	
Higher than budgeted LTNZ subsidy revenue	1,489	
Gain on sale of assets higher than budgeted	1,287	
Rental revenue higher than budgeted	1,299	
Other variances	708	
Expenditure:		
Lower than budgeted depreciation due to capital works programme carried forward, and amortisation of intangible assets	1,458	
Lower than budgeted interest expense due to loans to Tuam Ltd not occurring	2,044	
Higher than budgeted loss on disposal of assets	(6,130)	
Lower than budgeted grants and levies paid	3,112	
Lower than budgeted personnel costs	2,210	
Lower than budgeted professional fees, contract, and asset maintenance costs	3,175	
Higher than budgeted internal service provider recoveries	827	
Other variances	224	
Total Net Surplus variance to Plan	**8,708**	

*The net benefit from dividends and tax loss offsets from subsidiaries and associates was $0.4m higher than planned. Dividends from CCHL were as planned ($31.5m), but were received as cash dividends $29.5m and tax subvention credits $2.0m.

Statement of Changes in Equity

Apart from the unbudgeted income referred to above, there was a higher than expected increase due to revaluations of property, plant and equipment and investments in subsidiaries.

Balance Sheet

Net assets were $573.3m higher than budgeted, primarily due to the revaluations noted above.

Notes to Financial Statements

28. Vested Assets

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
Restricted land and buildings	3,685	10,833	3,685	10,833
Infrastructure assets	8,189	12,993	8,189	12,993
Other	166	-	166	-
	12,040	23,826	12,040	23,826

29. Reserves

Parent

	Reserve funds $000's	Asset revaluation $000's	Hedging $000's	Capital reserve $000's	Total $000's
Balance at 1 July 2005	272,953	867,198	-	1,733,853	2,874,004
Gain/(loss) on property revaluation	-	278,366	-	-	278,366
Investments valuation gain/(loss)	-	137,985	-	-	137,985
Cash flow hedges gain/(loss) taken to equity	-	-	(24)	-	(24)
Income tax on items taken directly to or transferred from equity	-	(2,220)	-	-	(2,220)
Other	-	(479)	-	-	(479)
Total recognised income and expense for the period	-	413,652	(24)	-	413,628
Total recognised income and expense for the period	-	413,652	(24)	-	413,628
BPDC assets acquired	3,378	143,067			146,445
Transfer to/from retained earnings	42,559	-			42,559
Realized assets revaluation reserve	-	(4,803)			(4,803)
Balance at 30 June 2006	318,890	1,419,114	(24)	1,733,853	3,471,833
Gain/(loss) on property revaluation	-	379,423	-	-	379,423
Investments valuation gain/(loss)	-	44,409	-	-	44,409
Income tax on items taken directly to or transferred from equity	-	737	-	-	737
Net income recognised directly in equity	-	424,569	-	-	424,569
Total recognised income and expense for the period	-	424,569	-	-	424,569
Transfer to/from retained earnings	(78,994)	-	-	-	(78,994)
Balance at 30 June 2007	239,896	1,843,683	(24)	1,733,853	3,817,408

Reserve Funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution.

Asset Revaluation Reserves

These include revaluations of property, plant and equipment and investments in subsidiary companies.

29. Reserves (continued)

Capital Reserve

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989.

Hedging Reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Group	Reserve funds $000's	Foreign currency translation $000's	Asset revaluation $000's	Available for sale revaluation $000's	Hedging $000's	Capital reserve $000's	Total $000's
Balance at 1 July 2005	**273,905**	**-**	**46,702**	**4,767**	**678**	**1,733,853**	**2,059,905**
Gain/(loss) on property revaluation	-	-	275,545	-	-	-	275,545
Investments valuation gain/(loss)	-	-	-	(149)	-	-	(149)
Cash flow hedges gain/(loss) taken to equity	-	-	-	-	1,621	-	1,621
Share of increments in reserves attributable to associates	-	-	633	-	-	-	633
Net gain/(loss) on hedge of net investment in foreign operation taken to equity	-	120	-	-	-	-	120
Income tax on items taken directly to or transferred from equity	-	-	(2,687)	-	-	-	(2,687)
Other	-	-	(955)	-	-	-	(955)
Net income recognised directly in equity	**-**	**120**	**272,536**	**(149)**	**1,621**	**-**	**274,128**
Transfers:							
Available for sale investments:							
Transferred to profit or loss on sale	-	-	-	(4,709)	-	-	(4,709)
Total recognised income and expense for the period	-	120	272,536	(4,858)	1,621	-	269,419
BPDC assets acquired	3,378	-	139,689	-	-	-	143,067
Transfer of minority interest on merger	-	-	87	-	-	-	87
Transfer to/from retained earnings	42,559	-	(177)	-	-	-	42,382
Balance at 30 June 2006	**319,842**	**120**	**458,837**	**(91)**	**2,299**	**1,733,853**	**2,514,860**
Gain/(loss) on property revaluation	-	-	816,567	-	-	-	816,567
Investments valuation gain/(loss)	-	-		2,903	-	-	2,903
Cash flow hedges gain/(loss) taken to equity	-	-	-	-	7,576	-	7,576
Share of increments in reserves attributable to associates	-	-	2,121	-	-	-	2,121
Translation of foreign operations exchange differences taken to equity	-	(3,454)	-	-	-	-	(3,454)
Income tax on items taken directly to or transferred from equity	-	-	(76,350)	-	(1,475)	-	(77,825)
Net income recognised directly in equity	**-**	**(3,454)**	**742,338**	**2,903**	**6,101**	**-**	**747,888**
Transfers:							
Transfer to retained earnings	(78,994)	-	-	-	-	-	(78,994)
Total recognised income and expense for the period	(78,994)	(3,454)	742,338	2,903	6,101	-	668,894
Balance at 30 June 2007	**240,848**	**(3,334)**	**1,201,175**	**2,812**	**8,400**	**1,733,853**	**3,183,754**

Notes to Financial Statements

30. Minority Interests

	Group	
	2007 Actual $000's	2006 Actual $000's
Orion Group Limited	72,824	56,009
Christchurch International Airport Limited	140,049	60,071
Lyttelton Port Company Limited	31,850	30,382
	244,723	**146,462**

31. Commitments for Expenditure

	Parent		Group	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Capital expenditure commitments:				
Plant and equipment	99,029	42,564	122,496	74,866
Electricity distribution network	-	-	10,831	7,267
Other	-	-	490	1,990
Lease commitments:				
See Note 33				
Other expenditure commitments:				
Other operating commitments	10,036	-	10,036	-

32. Contingent Liabilities and Contingent Assets

		Parent		Group	
	Notes	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Contingent liabilities:					
Uncalled capital in Christchurch City Holdings Limited		488,999	488,999	-	-
Uncalled capital in Tuam Limited		15,000	15,000	-	-
Uncalled capital in Transwaste Canterbury Limited		1,514	1,514	1,514	1,514
Adjudication proceedings (IRD)	1	12,789	-	12,789	-
Professional Indemnity insurance claims lodged with FAI (NZ) General Insurance Company Limited		-	452	-	452
Professional Indemnity Weathertight Homes insurance claims	2	1,764	794	1,764	794
Other Professional Indemnity insurance claims		200	-	200	-
Performance bonds - City Care Limited		-	-	5,790	3,800
Performance bonds - Red Bus Limited		-	-	1,130	1,130
Performance bonds - Orion Group Limited		-	-	290	240
Loan Guarantees		-	160	-	160
Guarantees to sporting and community organizations		-	100	-	100
Contingent assets:					
Vested assets - Nurses Chapel (at valuation)		440	400	440	400

32. Contingent Liabilities and Contingent Assets (continued)

1. The Council is currently in dispute with Inland Revenue Department concerning the availability of income tax deductions for donations. Companies are entitled to deduct up to 5% of net assessable income for donations made to charitable organisations. The Council has been claiming this deduction since 1994 with the knowledge of the IRD. IRD are now denying this deduction on the basis that the grants made cannot be classified as gifts. The matter is scheduled to go to adjudication. The amount in dispute with the IRD is $6.8m; the balance relates to the 2006 and 2007 income years.

2. The Council through its insurers is processing a number of weathertight home claims, and provision has been made within the accounts for the estimated cost of known claims. A further liability exists for future claims which may be made through to the cut-off date in 2015. This liability is estimated at $1.7m, and was not calculated in 2006.

The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the 'Scheme'), which is a multi-employer defined benefit scheme. As at 31 March 2006, the Scheme had an estimated past service surplus of $16.5m (5% of the estimated liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the Scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. The actuary to the Scheme has recommended the employer contribution continues at 2.0 times contributors' contributions at present. The 2.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2007 is not available at the date of preparation of these financial statements.

33. Leases

(a) Finance lease liabilities

	Group		Group	
Group	**Minimum future Lease payments**		**Present value of minimum Future lease payments**	
	2007	**2007**	**2007**	**2007**
	$000's	**$000's**	**$000's**	**$000's**
No later than one year	415	388	241	237
Later than one year and not later than five years	1,171	944	714	661
Later than five years	878	322	642	265
Minimum lease payments*	**2,464**	**1,654**	**1,597**	**1,163**
Less future finance charges	(867)	(491)	-	-
Present value of minimum lease payments	**1,597**	**1,163**	**1,597**	**1,163**
Included in the financial statements as:				
Current borrowings			241	237
Non-current borrowings			1,356	926
			1,597	**1,163**

*Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	2007	**2006**	**2007**	**2006**
	$000's	**$000's**	**$000's**	**$000's**
No later than one year	2,701	2,488	5,064	5,030
Later than one year and not later than five years	6,749	4,066	10,312	7,537
Later than five years	4,137	16	1,263	637
	13,587	**6,570**	**16,639**	**13,204**

Notes to Financial Statements

33. Leases (continued)

Parent

The Council leases computer equipment, property and motor vehicles.

Group

Within the group, City Care Ltd lease a number of motor vehicles, including executive cars, vans and trucks. Commitments total $4.0m, (2006: $3.1m). Orion Group Ltd lease sites for electrical kiosks and substations. One member of the group leases property. Orion group commitments total $2.1m, (2006: $1.4m).

(c) Sale and leaseback transactions

On 30 June 2006 Council sold the Civic offices and associated properties to Tuam Limited. Council currently leases these properties from Tuam Limited.

(d) Finance lease receivables

	Group		Group	
Group	Minimum future Lease payments		Present value of minimum Future lease payments	
	2007	2007	2007	2007
	$000's	$000's	$000's	$000's
No later than one year	248	43	227	28
Later than one year and not later than five years	9,140	5,532	6,931	4,086
Later than five years	37,170	41,026	18,583	19,842
Minimum lease payments	**46,558**	**46,601**	**25,741**	**23,956**
Gross finance lease receivables	46,558	46,601	25,741	23,956
Less unearned finance income	(20,817)	(22,614)	-	-
Present value of minimum lease payments	**25,741**	**23,987**	**25,741**	**23,956**
Included in the financial statements as:				
Current trade and other receivables			227	28
Non-current trade and other receivables			25,514	23,928
			25,741	**23,956**

(e) Non-cancellable operating lease receivables

	Parent		Group	
	2007	2006	2007	2006
	$000's	$000's	$000's	$000's
No later than one year	6,205	5,467	9,534	8,966
Later than one year and not later than five years	20,584	18,133	34,238	31,818
Later than five years	46,803	53,741	59,904	69,071
	73,592	**77,341**	**103,676**	**109,855**

Parent

The Council leases properties to various parties.

Group

Lyttelton Port Company Ltd leases land, buildings and equipment to a number of customers, with some of the leases including rights of renewal for periods of up to 12 years. Receivables for the company total $32.9m, (2006: $35.0m). Orion group leases land and buildings at its head office site and some land at substation sites. Receivables total $1.6m, (2006: $1.9m).

34. Related Party Disclosures

Council is the ultimate parent of the group. For details of subsidiaries, and associates over which Council has significant influence, see pages 90 to 91.

(a) Receipts from related parties

	2007	2006
	$000's	**$000's**
Transactions		
Interest received:		
- Vbase No.2 Ltd	2,280	2,373
- Christchurch City Facilities Ltd	1,644	1,584
- Tuam Ltd	988	-
Dividends received:		
- Christchurch City Holdings Ltd	29,484	47,275
- Transwaste Canterbury Ltd	739	54
Share sales:		
- Sale of BPDC Orion shares to Christchurch City Holdings Ltd	-	10,725
Sales of goods/services:		
- Christchurch City Facilities Ltd	119	616
- Christchurch City Holdings Ltd	1,010	514
- Vbase No.2 Ltd	9	-
- Transwaste Canterbury Ltd	2	-
Subvention receipts:		
- Christchurch City Holdings Ltd	3,211	2,425
Rates received:		
- Christchurch City Facilities Ltd	309	110
- Christchurch City Holdings Ltd	2,863	2,267
- Vbase No.2 Ltd	35	39
- Tuam Ltd	95	-
Asset sales:		
- Sale of land and equipment to City Care Ltd	-	2,390
- Sale of Civic offices to Tuam Ltd	-	14,250
Other receipts:		
- Debt issued by Christchurch City Holdings Ltd	1,144	-
- Loan repayment from Vbase No.2 Ltd	1,700	1,600

Notes to Financial Statements

34. Related Party Disclosures (continued)

(b) Payments to related parties

	2007	2006
	$000's	**$000's**
Transactions		
Interest paid:		
- Christchurch City Holdings Ltd	5,643	4,629
Purchases of goods/services:		
- Christchurch City Holdings Ltd	68,161	66,857
- Christchurch City Facilities Ltd	197	616
- Vbase No.2 Ltd	72	95
- Transwaste Canterbury Ltd	-	-
- Tuam Ltd	1,204	-
Share purchases:		
- Christchurch City Facilities Ltd	750	3,200
- Tuam Ltd	2,000	500
Asset purchases:		
- Purchase of transfer station for resale to City Care Ltd	-	558
Other payments:		
- loan repayment to Christchurch City Holdings Ltd	1,700	1,600

(c) Year-end balances arising from transactions

	2007	2006
	$000's	**$000's**
Receivables from related parties:		
Christchurch City Facilities Ltd	100	-
Christchurch City Holdings Ltd	302	918
Vbase No.2 Ltd	-	2
Tuam Ltd	70	1,781
Payables to related parties:		
Christchurch City Holdings Ltd	1,465	7,177
Transwaste Canterbury Ltd	-	12
Loans from related parties:		
Christchurch City Holdings Ltd	87,020	87,473
Loans to related parties:		
Vbase No.2 Ltd	30,723	32,423
Christchurch City Holdings Ltd	12,550	12,550
Tuam Ltd	13,750	13,750

34. Related Party Disclosures (continued)

(d) Key management personnel and elected members of the Council

The following transactions were entered into between the Council and entities in which the Councillors have an interest:

	2007 Actual $000's
Funding to Canterbury Development Corporation	3,759
Sales to Canterbury Development Corporation	139
- Pat Harrow, Garry Moore and Bob Shearing are directors	
Funding to CEDF Trustee Ltd	1,200
- Pat Harrow, Garry Moore and Bob Shearing are directors	
Loan repayment by Theatre Royal Charitable Foundation	4
- Barry Corbett and Anna Crighton are directors	
Funding to Christchurch and Canterbury Marketing Ltd	1,814
Sales to Christchurch and Canterbury Marketing Limited	210
- Anna Crighton and Norm Withers are directors	
Purchases from R A Shearing Contractors Ltd	2
- Bob Shearing is a director	

During the year Councillors and key management personnel, as part of a normal customer relationship, engaged in minor transactions with Council (such as payment of rates, purchase of rubbish bags, etc.) Except for these transactions, the transactions listed above, and items of a trivial nature, no other Councillors or key management personnel entered into any related party transactions within the Group.

Remuneration of elected members and key management personnel is detailed in Note 35 Remuneration on page 144.

Notes to Financial Statements

35. Remuneration

(a) Chief Executive

The Chief Executive of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

During the year the previous Chief Executive resigned with effect 12 January 2007 and was paid $291,625, including performance payments of $24,205 for 2005/06 and $12,805 for 2006/07, and accrued leave.

An Acting Chief Executive was appointed and paid $132,329 pending the commencement of the current Chief Executive.

The current Chief Executive commenced on 14 May 2007 on an annual remuneration package of $370,000 and was paid $48,658 for the year ending 30 June 2007.

The combined total cost of the role for the year to 30 June 2007 was $472,612 - this compares with $350,965 (plus provision for up to 10% performance pay) for the year ending 30 June 2006.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002 Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ending 30 June 2007 Council made three payments ($21,000, $15,000, $10,000) that require disclosure (2006: $24,000, $5,000, $3,000, $3,000, $3,000).

(c) Key management personnel

Elected members

	2007			2006		
	Council Remuneration $	Director's Fees $	Total $	Council Remuneration $	Director's Fees $	Total $
Helen Broughton	79,256	-	79,256	78,797	-	78,797
Sally Buck	78,293	-	78,293	79,597	-	79,597
Graham Condon	78,712	28,500	107,212	79,313	28,500	107,813
Barry Corbett	77,981	28,500	106,481	77,982	28,500	106,482
David Cox	82,166	20,000	102,166	81,802	22,917	104,719
Anna Crighton	79,379	-	79,379	78,230	-	78,230
Carole Evans	90,065	-	90,065	89,715	-	89,715
Pat Harrow	78,712	-	78,712	79,259	-	79,259
Bob Parker	77,981	-	77,981	22,494	-	22,494
Garry Moore	151,123	28,500	179,623	146,052	28,500	174,552
Bob Shearing	77,981	-	77,981	77,946	-	77,946
Gail Sheriff	77,981	34,000	111,981	77,932	31,000	108,932
Sue Wells	78,753	28,500	107,253	81,867	28,500	110,367
Norm Withers	77,981	-	77,981	77,982	-	77,982
	1,186,364	**168,000**	**1,354,364**	**1,128,968**	**167,917**	**1,296,885**

Executive team

	Parent		Group	
	Actual 2007 $000's	Actual 2006 $000's	Actual 2007 $000's	Actual 2006 $000's
The compensation of the directors and executives, being the key management personnel of the entity is set out below:				
Short term employee benefits	1,722	1,515	1,722	1,515
Termination payments	15	-	15	-
	1,737	**1,515**	**1,737**	**1,515**

See Note 34 Related Parties for detail on transactions between Council and elected members and key management personnel.

Notes to Financial Statements

36. Remuneration of Auditors

	Parent		Group	
	Actual 2007 $000's	Actual 2006 $000's	Actual 2007 $000's	Actual 2006 $000's
Auditor of the parent entity:				
Audit of the financial statements	216	205	637	594
Audit related services or review of the financial statements not reported above - Transition to NZ IFRS	45	-	193	19
Audit services in relation to the LTCCP	15	115	15	115
Other			65	-
	276	**320**	**910**	**728**
Auditor(s) of entities in the group (not including the parent entity):				
Audit of the financial statements	-	-	45	57
Other non-audit services	-	-	35	9
	-	**-**	**80**	**66**

The auditor of Christchurch City Council is Audit New Zealand, and the auditor of Lyttelton Port Company Limited is KPMG. Both are appointed by the Office of the Auditor-General.

Did you know?

More people travel up and down Colombo Street in buses than cars on any given day.

Notes to Financial Statements

37. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Parent		Group	
	Actual 2007 $000's	Actual 2006 $000's	Actual 2007 $000's	Actual 2006 $000's
Cash and cash equivalents	101,929	98,702	118,316	113,435
Bank overdraft	-	-	(36)	(194)
	101,929	**98,702**	**118,280**	**113,241**

(b) Financing facilities

	Parent		Group	
	2007 $000's	2006 $000's	2007 $000's	2006 $000's
Unsecured bank overdraft facility, reviewed anually, and payable at call:				
Amount used	-	-	36	-
Amount unused	-	-	1,500	1,500
Secured bank overdraft facility, reviewed anually, and payable at call:				
Amount used	-	-	-	194
Amount unused	-	-	500	306
Secured bank loan facilities:				
Amount used	-	-	7,955	12,643
Amount unused	5,000	-	11,600	6,600

Notes to Financial Statements

37. Notes to the Cash Flow Statement (continued)

Reconciliation of profit for the period to net cash flows from operating activities

	Parent		Group	
	Actual 2007 $000's	Actual 2006 $000's	Actual 2007 $000's	Actual 2006 $000's
Net profit for the period	**38,948**	**51,048**	**107,152**	**85,985**
(Gain)/loss on disposal of non-current assets	862	6,679	(2,919)	(24)
(Gain)/loss on revaluation of investment property	-	-	(4,223)	(9,195)
(Gain)/loss on disposal of business	-	-	-	(5,025)
(Gain)/loss on sale of investments	-	-	(13,998)	(4,278)
Share of associates' profit (less dividends)	-	-	(2,173)	(6,916)
Depreciation and amortisation of non-current assets	78,386	72,266	141,453	132,731
Impairment of non-current assets	-	-	1,119	2,448
Change in fair value of assets classified as fair value through profit and loss	-	-	(386)	391
Finance lease income	-	-	(1,825)	(1,990)
Assets written off	7,117	2,225	7,117	2,225
Vested assets	(12,040)	(23,826)	(12,040)	(23,826)
Hedging gains and losses	-	-	(467)	(358)
Other	(1,162)		(2,364)	4,133
	73,163	**57,344**	**109,294**	**90,316**
Changes in net assets and liabilities:				
Increase/decrease in current tax balances	-	-	2,998	(3,294)
Increase/decrease in deferred tax balances	-	-	(8,668)	2,947
(Increase)/decrease in assets				
Current receivables	5,301	6,885	(3,669)	4,222
Current inventories	257	182	2,470	(1,215)
Other current assets	-	-	475	(2,523)
Non-current receivables	(3,000)	-	(4,586)	(1,951)
Non-current inventories	-	-	(463)	(262)
Increase/(decrease) in liabilities				
Current payables	(888)	1,676	8,798	1,962
Current provisions	(1,096)	758	112	3,328
Other current liabilities	-	-	269	(254)
Non-current payables	(2,208)	-	-	(45)
Non-current provisions	-	1,250	(2,368)	1,680
Other non-current liabilities	-	-	(1,142)	(1,193)
Less: items re-classified as investing activities	3,116	(620)	3,116	(620)
Net changes in net assets and liabilities	**1,482**	**10,131**	**(2,658)**	**2,782**
Net cash from operating activities	**113,593**	**118,523**	**213,788**	**179,083**

Notes to Financial Statements

38. Financial Instrument Risks

Financial risk management objectives

Council has a series of policies to manage the risk associated with financial instruments. These include the Investment Policy and Liability Management Policy as set out in the Long-Term Council Community Plan 2006-16.

Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Council's policies, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 on page 98 to the financial statements.

(a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Financial instruments which potentially subject Christchurch City Council and its subsidiaries to credit risk consist principally of cash and short term investments, accounts and long term receivables, and loans.

For financial instruments, the consolidated entity limits its exposure by restricting the amount placed with any single entity, and requiring counterparties to maintain specific credit ratings established by the rating agency Standard and Poor's.

Council does not have any material concentration of credit risk.

(b) Interest rate risk management

The consolidated entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps contracts and forward interest rate contracts.

Interest rate swap contracts

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

From 1 July 2005, interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated and effective as cash flow hedges. Interest rate swaps outstanding at 30 June 2005 were recognised as financial assets on adoption of the accounting policies specified in Note 1 on page 98.

38. Financial Instrument Risks (continued)

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Interest rate swap contracts outstanding at balance date:

Parent	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2007	2006	2007	2006	2007	2006
	%	%	$000's	$000's	$000's	$000's
Outstanding floating for fixed contracts:						
Less than 1 year	7.09%	-	5,000	-	256	-
1 to 2 years	7.69%	7.09%	25,000	5,000	(313)	(15)
2 to 5 years	7.02%	6.96%	10,000	25,000	33	(9)
			40,000	**30,000**	**(24)**	**(24)**

Group	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2007	2006	2007	2006	2007	2006
	%	%	$000's	$000's	$000's	$000's
Outstanding floating for fixed contracts:						
Less than 1 year	6.81%	6.53%	6,800	48,700	292	574
1 to 2 years	7.20%	6.81%	46,900	6,800	151	15
2 to 5 years	6.39%	6.43%	156,000	166,900	10,264	2,933
5 years plus	6.44%	5.69%	50,000	15,000	4,693	671
			259,700	**237,400**	**15,400**	**4,193**

Group	Average contracted floating interest rate		Notional principal amount		Fair value	
	2007	2006	2007	2006	2007	2006
	%	%	$000's	$000's	$000's	$000's
Outstanding fixed for floating contracts:						
Less than 1 year	7.75%	7.23%	12,000	10,000	(84)	(70)
1 to 2 years	-	6.70%	-	24,000	-	(199)
2 to 5 years	8.03%	7.56%	17,000	17,000	(724)	(132)
5 years plus	-	-	-	-	-	-
			29,000	**51,000**	**(808)**	**(401)**

(c) Liquidity risk

Liquidity risk is the risk that Council 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, Council manages it investments and borrowings in accordance with its Investment and Liability Management policies. These policies were adopted as part of Council's Long-Term Council Community Plan 2006-16.

Notes to Financial Statements

39. Capital Management

Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires 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. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayer's to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations.

Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long-Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of Council's LTCCP 2006-16.

40. Discontinued Operations

	Group	
	2007	**2006**
	$'000s	**$'000s**
Profit from discontinued operations:		
Revenue	396	7,398
Expenses	(4,188)	(17,290)
Profit / (loss) before income tax expense	**(3,792)**	**(9,892)**
Tax benefit (expense)	1,248	4,275
Gain / (loss) on disposal of operation	13,998	2,584
Profit / (loss) from discontinued operations after tax	**11,454**	**(3,033)**
Cash flows from discontinued operations:		
Net cash flows from operating activities	(1,791)	(6,206)
Net cash flows from investing activities	(185)	438
Net cash flows from financing activities	13,391	-
Net cash flows	**11,415**	**(5,768)**

Group

On 1 July 2006 the Orion group sold all but 5% of its investment in Whisper Tech Ltd and all of its shares in Orion (Whisper Tech) Ltd (effectively being its 60% interest in the Whisper Tech Joint Venture) to Meridian Energy Ltd for $12m. The disposal of this business interest is consistent with the Orion group's intention to focus on the electricity distribution network. This operation was not classified as held for sale at 30 June 2006. The comparative income statement has been restated to show the discontinued operation separately from the continuing operations.

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards

Council's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. Council has applied NZ IFRS 1 in preparing these financial statements.

Council's transition date is 1 July 2005. Council prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. Council's adoption date is 1 July 2006.

Exemptions from full retrospective application elected by Council

Council has elected to apply the following optional exemptions from full retrospective application:

a. Business combinations exemption
Council has applied the business combination exemption in NZ IFRS 1. It has not restated business combinations that took place prior to the 1 July 2005 transition date.

b. Fair value as deemed cost exemption
Council has elected to measure its assets at fair value at 1 July 2005 and use that fair value as the deemed cost at that date.

c. Designation of financial instruments at fair value through profit or loss, or available for sale.

Council has elected to recognize some financial instruments at fair value through profit or loss, or available for sale.

Council is required to make the following mandatory exception from retrospective application:

a. Estimates exception
Estimates under NZ IFRS 1 at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

An explanation of how the transition from superseded policies to NZ IFRS has affected the Council and consolidated entity's financial position, financial performance and cashflows is set out in the following tables and the notes that accompany the tables.

Notes to Financial Statements

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

Effect of NZ IFRS on the balance sheet as at 1 July 2005

		Parent			Group		
	Notes	Superseded Polices $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $000's	Superseded policies $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $'000s
Current assets							
Cash and cash equivalents	a	299,440	(254,701)	44,739	336,202	(285,157)	51,045
Trade and other receivables		35,010	-	35,010	59,752	(2,554)	57,198
Other financial assets	a, r	-	254,701	254,701	-	284,992	284,992
Inventories		1,755	-	1,755	11,846	(4)	11,842
Current tax assets		-	-	-	-	2,948	2,948
Other		-	-	-	-	1,760	1,760
		336,205	-	336,205	407,800	1,985	409,785
Non-current assets classified as held for sale	r	-	452	452	17,437	(16,985)	452
Total current assets		336,205	452	336,657	425,237	(15,000)	410,237
Non-current assets							
Trade and other receivables		-	-	-	21,927	50	21,977
Investments in associates	b	5,406	622	6,028	41,112	(730)	40,382
Other financial assets	c, d, e	953,833	159,759	1,113,592	57,564	(1,373)	56,191
Property, plant and equipment	f	3,043,729	(4,360)	3,039,369	4,390,356	14,975	4,405,331
Investment property	g	-	-	-	-	54,848	54,848
Deferred tax assets	h	-	649	649	-	7,042	7,042
Other intangible assets	i	-	3,907	3,907	-	8,295	8,295
Total non-current assets		4,002,968	160,577	4,163,545	4,510,959	83,107	4,594,066
Total assets		4,339,173	161,029	4,500,202	4,936,196	68,107	5,004,303
Current liabilities							
Trade and other payables	j	48,757	-	48,757	87,922	469	88,391
Borrowings		1,683	-	1,683	30,865	(280)	30,585
Other financial liabilities		-	-	-	-	1,947	1,947
Current tax payables		-	-	-	-	-	
Provisions	j, k	13,792	257	14,049	25,263	(1,859)	23,404
Other	a	-	-	-	22,203	(18,279)	3,924
Total current liabilities		64,232	257	64,489	166,253	(18,002)	148,251
Non-current liabilities							
Trade and other payables		-	-	-	-	45	45
Borrowings		90,819	-	90,819	367,654	230	367,884
Other financial liabilities		-	-	-	-	458	458
Deferred tax liabilities	h	-	6,247	6,247	64,039	156,304	220,343
Provisions		22,369	-	22,369	22,369	1,099	23,468
Other		-	-	-	11,824	(475)	11,349
Total non-current liabilities		113,188	6,247	119,435	465,886	157,661	623,547
Total liabilities		177,420	6,504	183,924	632,139	139,659	771,798
Net assets		4,161,753	154,525	4,316,278	4,304,057	(71,552)	4,232,505

Notes to Financial Statements

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

Effect of NZ IFRS on the balance sheet as at 1 July 2005 (Continued)

		Parent			Group		
	Notes	Superseded Polices $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $000's	Superseded policies $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $'000s
Equity							
Reserves	c, f, m	3,464,376	(590,372)	2,874,004	3,075,946	(1,016,041)	2,059,905
Retained earnings	f, m	697,377	744,897	1,442,274	1,049,895	962,490	2,012,385
Parent entity interest		4,161,753	154,525	4,316,278	4,125,841	(53,551)	4,072,290
Minority interest		-	-	-	178,216	(18,001)	160,215
Total equity		**4,161,753**	**154,525**	**4,316,278**	**4,304,057**	**(71,552)**	**4,232,505**

Effect of NZ IFRS on the income statement for the year ended 30 June 2006

		Parent			Group		
	Notes	Superseded Polices $000's	Effect of transition to NZ IFRS (1) $000's	NZ IFRS $000's	Superseded policies $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $'000s
Rates revenue		178,684	-	178,684	177,853	(1,585)	176,268
Other revenue	n	191,055	5,113	196,168	569,897	(12,964)	556,933
Revenue from operations		**369,739**	**5,113**	**374,852**	**747,750**	**(14,549)**	**733,201**
Other gains	g, n	2,465	-	2,465	-	18,896	18,896
Share of profits of associates	b		-	-	6,916	-	6,916
Total revenue		**372,204**	**5,113**	**377,317**	**754,666**	**4,347**	**759,013**
Depreciation and amortisation	o, i	72,266	-	72,266	135,173	(2,442)	132,731
Finance costs		6,125	-	6,125	28,387	(574)	27,813
Other expenses	p	255,222	5,113	260,335	514,946	(15,877)	499,069
Expenses from operations		**333,613**	**5,113**	**338,726**	**678,506**	**(18,893)**	**659,613**
Other losses		11,369	-	11,369	5,087	-	5,087
Total expenses		**344,982**	**5,113**	**350,095**	**683,593**	**(18,893)**	**664,700**
Profit (loss) before asset contributions		**27,222**	**-**	**27,222**	**71,073**	**23,240**	**94,313**
Vested assets		23,826	-	23,826	23,826	-	23,826
Profit (loss) before income tax expense		**51,048**	**-**	**51,048**	**94,899**	**23,240**	**118,139**
Income tax expense		-	-	-	(33,150)	4,029	(29,121)
Profit from continuing operations		51,048	-	51,048	61,749	27,269	89,018
Profit from discontinued operations (after tax)		-	-	-	-	(3,033)	(3,033)
Profit for the period	q	**51,048**	**-**	**51,048**	**61,749**	**24,236**	**85,985**
Profit attributable to:							
Minority interest		-	-	-	10,532	4,339	14,871
Parent entity		51,048	-	51,048	51,217	19,897	71,114
		51,048	**-**	**51,048**	**61,749**	**24,236**	**85,985**

(1) This adjustment is a restatement of revenues and expenses on a gross, as opposed to net, basis.

Notes to Financial Statements

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

Effect of NZ IFRS on the balance sheet as at 30 June 2006

		Parent			Group		
	Notes	Superseded Polices $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $000's	Superseded policies $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $'000s
Current assets							
Cash and cash equivalents	a	248,016	(149,314)	98,702	283,984	(170,549)	113,435
Trade and other receivables		28,125	(115)	28,010	59,153	(6,177)	52,976
Other financial assets	a	16,612	149,314	165,926	16,541	163,731	180,272
Inventories		1,573	-	1,573	13,320	(263)	13,057
Current tax assets		-	-	-	4,003	2,239	6,242
Other		-	-	-	-	4,283	4,283
		294,326	(115)	294,211	377,001	(6,736)	370,265
Non-current assets classified as held for sale		800	-	800	800	-	800
Total current assets		295,126	(115)	295,011	377,801	(6,736)	371,065
Non-current assets							
Trade and other receivables		-	-	-	23,816	112	23,928
Inventories		-	-	-	-	262	262
Investments in associates	b	6,081	115	6,196	45,286	(1,233)	44,053
Other financial assets	d, e	1,344,701	(201)	1,344,500	133,673	2,137	135,810
Property, plant and equipment	f	3,589,851	(4,613)	3,585,238	5,002,599	7,709	5,010,308
Investment property	g	-	-	-	-	70,187	70,187
Deferred tax assets	h	-	1,126	1,126	-	8,374	8,374
Goodwill	i	-	-	-	7,252	2,016	9,268
Other intangible assets	i	-	4,615	4,615	-	10,262	10,262
Total non-current assets		4,940,633	1,042	4,941,675	5,212,626	99,826	5,312,452
Total assets		5,235,759	927	5,236,686	5,590,427	93,090	5,683,517
Current liabilities							
Trade and other payables	j	50,433	53	50,486	86,373	3,980	90,353
Borrowings	l	25,289	-	25,289	125,207	(11,271)	113,936
Other financial liabilities		-	-	-	-	1,776	1,776
Provisions	j, k	14,551	256	14,807	29,745	(3,013)	26,732
Other	a	-	-	-	15,921	(12,251)	3,670
Total current liabilities		90,273	309	90,582	257,246	(20,779)	236,467
Non-current liabilities							
Borrowings	l	87,005	-	87,005	368,135	12,466	380,601
Other financial liabilities	d	-	24	24	-	375	375
Deferred tax liabilities	h	-	8,467	8,467	72,995	154,385	227,380
Provisions		23,619	-	23,619	23,619	1,529	25,148
Other		-	-	-	11,936	(1,780)	10,156
Total non-current liabilities		110,624	8,491	119,115	476,685	166,975	643,660
Total liabilities		200,897	8,800	209,697	733,931	146,196	880,127
Net assets		5,034,862	(7,873)	5,026,989	4,856,496	(53,106)	4,803,390

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

Effect of NZ IFRS on the balance sheet as at 30 June 2006

		Parent			Group		
	Notes	Superseded Polices $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $000's	Superseded policies $000's	Effect of transition to NZ IFRS $000's	NZ IFRS $'000s
Equity							
Reserves	f, m	4,228,688	(756,855)	3,471,833	3,548,626	(1,033,766)	2,514,860
Retained earnings	f, m	806,174	748,982	1,555,156	1,151,363	990,705	2,142,068
Parent entity interest		5,034,862	(7,873)	5,026,989	4,699,989	(43,061)	4,656,928
Minority interest		-	-	-	156,507	(10,045)	146,462
Total equity		**5,034,862**	**(7,873)**	**5,026,989**	**4,856,496**	**(53,106)**	**4,803,390**

Effect of NZ IFRS on the cashflow statement for the financial year ended 30 June 2006

Short-term deposits with maturities of 91 to 365 days were reclassified from cash and cash equivalents to other financial assets. This change impacted on the Cashflow Statement for the year ended 30 June 2006 by decreasing cash and cash equivalents in the parent by $149m and the group by $163m.

Notes to the reconciliations of income and equity

(a) Cash and cash equivalents

Term deposits with maturities within 91 and 365 days of balance date have been reclassified from Cash and cash equivalents to Other current financial assets. This resulted in a reclassification of Council's cash balances of $254.7m at transition date and $149.1m at 30 June 2006.

In addition to the above re-classification, group cash balances and other current liabilities have been reduced by $17.5m at transition (CCC parent: nil) and $8.0m at 30 June 2006 (CCC Parent: nil) to reflect a change in accounting treatment. Under previous NZ GAAP, dividends paid by Orion Group Ltd to CCHL in the period between Orion's balance date (31 March) and CCHL's balance date (30 June) were credited to a current provision in the group balance sheet, and reversed in the subsequent period. Following adoption of NZ IFRS, cash balances are now reduced by the amount of such dividends rather than a provision being established. This change has no impact on group profits or equity.

(b) Investment in associates

Council has elected to measure its investment in associates at cost in the parent accounts under NZ IFRS. The investment will continue to be equity accounted in the Group.

(c) Investment in subsidiaries

Council's investments in its subsidiaries Christchurch City Holdings Limited, Christchurch City Facilities Limited and Jade Stadium Limited (see page 175) were revalued upon transition to NZ IFRS. The revaluation led to a restatement of the carrying values of these investments from $866.0m to $1,025.8m. Increases in value are recognised in equity.

(d) Financial derivatives

Derivative financial instruments were not recognized in the Balance Sheet under previous NZ GAAP. NZ IFRS requires financial derivatives to be recognized in the Balance Sheet at their fair value. This recognition commenced at transition date. Changes in fair value are made either in the Income Statement or directly to Equity. In Council's case the changes are recognised in equity through the use of reserves.

(e) Community loans

Under previous NZ GAAP community loans had been valued at the original loan principal amount, less any loan repayments made. NZ IAS 39 requires receivables to be initially recognized at fair value, and subsequently measured at amortised cost. In accordance with NZ IAS 39 community loans have been valued at the net present value of expected future repayments, using market interest rates for instruments with a similar maturity profile as the discount factor. The reduction of this has been a reduction in the receivable carrying value in CCC parent.

(f) Property, plant and equipment

On transition to NZ IFRS, NZ IFRS 1 gives an entity the option to elect to measure items of its property, plant and equipment at a previous valuation and use that valuation as at the transition date. The group has elected to follow the deemed cost option to measure land, buildings and infrastructure assets. The effect of this is a reclassification of $685m in CCC parent from the asset revaluation reserve associated with these items to retained earnings. The effect on the group was a transfer of $1,045m. The group has also reclassified certain items of property, plant and equipment as investment property (see (g) below) and intangible assets (see (i) below).

Notes to Financial Statements

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

(g) Investment properties

Under NZ IFRS investment properties are valued at fair value annually and are not depreciated. Under previous GAAP, the group did not classify any property as investment property. The impact of revaluing investment property on transition to NZ IFRS was $15.1m.

For the financial year ended 30 June 2006, an amount of $9.2m, being the increase in fair value, was recognised in the group income statement for the year.

(h) Deferred tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under NZ IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

This has resulted in an increase in group deferred tax balances on transition of $149.2m (CCC parent: $5.6m).

(i) Goodwill and intangible assets

The group has elected not to restate business combinations that occurred prior to the date of transition of NZ IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed, other than for the minor impact of writing back miscellaneous negative goodwill balances to retained earnings.

However, goodwill, which was amortised under superseded policies, is not amortised under NZ IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by $2.0m (CCC parent: Nil) and an increase in net profit before tax of $2.0m (CCC parent: Nil) for the financial year ended 30 June 2006. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

Intangible assets were reclassified from property, plant and equipment on transition to NZ IFRS.

(j) Current trade and other payables/provisions

Some items previously classified in the consolidated financial statements as current trade payables are now separately disclosed under provisions. Current provisions are analysed in Note 20 on page 132.

(k) Sick leave

Sick leave was not recognized as a liability under previous NZ GAAP. NZ IAS 19 requires recognition of employees' unused sick leave entitlement that can be carried forward at balance date, to the extent it is anticipated it will be used by staff to cover future absences.

(l) Borrowings

The movement between group current and non-current borrowings as at June 2006 largely reflects a re-classification of debt.

(m) Reserves and retained earnings

The principal movements in reserves and retained earnings relate to the use of the deemed cost option for property, plant and equipment as described in (f) above, the reclassification of investment properties (see (g) above), the adjustments to deferred tax balances referred to in (h) above, and, for the parent at transition date, the revaluation of its investment in its subsidiaries (see (c) above).

41. Impacts of the Adoption of New Zealand Equivalents to International Financial Reporting Standards (continued)

(n) Revenue
CCC parent revenue was restated by $5.1m in 2006, to present revenues and expenses on a gross basis.

Group revenue for the year ended 30 June 2006 increased by $14.5 million following the adoption of NZ IFRS, as a result of the movement of a gain on sale on investment from the revaluation reserve (see (q) below), and investment property revaluation gains being reflected in the income statement. This increase was largely offset by a re-classification of revenue from discontinued activities of $7.4m (see Note 40) and other minor adjustments.

(o) Depreciation and amortisation
The group depreciation and amortisation expense has reduced as a result of the different treatment of investment properties on transition to NZ IFRS (see (g) above) and because goodwill is no longer amortised (see (i) above).

(p) Other expenses
CCC parent expense was restated by $5.1m in 2006, to present revenues and expenses on a gross basis.

The reduction in group other expenses is principally due to the re-classification of $17.3m of expenses attributable to discontinued operations (see Note 40).

(q) Profit for the period
The group profit for the year ended 30 June 2006 increased by $24.3m (CCC parent: nil) on transition to NZ IFRS. The principal reasons for the increase in group profit are:

- Recognition of investment property revaluation gains of $9.2m (see (g) above);
- Recognition of a gain on sale on investment of $5.3m through transferring the balance of the available-for-sale revaluation reserve to the income statement (under previous GAAP, the realisation of a revaluation reserve on sale of an investment was transferred directly to equity);
- The reversal of $2.4m of goodwill amortisation and depreciation charges, as a result of changes in accounting treatment (see (i) and (o)).
- Recognition of deferred tax credits of $6.2m following the implementation of the balance sheet liability method of accounting for deferred tax under NZ IFRS (see (h) above), and the recognition of tax losses that are considered probable to be utilised ($1.1m).

(r) Reclassification of assets
The group reclassified $17m of Non-current assets held for sale to Other current financial assets, as the investment previously held for sale did not meet the definition of a held for sale asset under NZ IFRS.

42. Subsequent Events

There were no known subsequent balance date events in relation to the Council or its subsidiaries that materially affect the financial statements.

Did you know?

You could travel the 415 kilometres from Christchurch to Wanaka by water if you laid all the rivers, streams and open drains in Christchurch end to end.

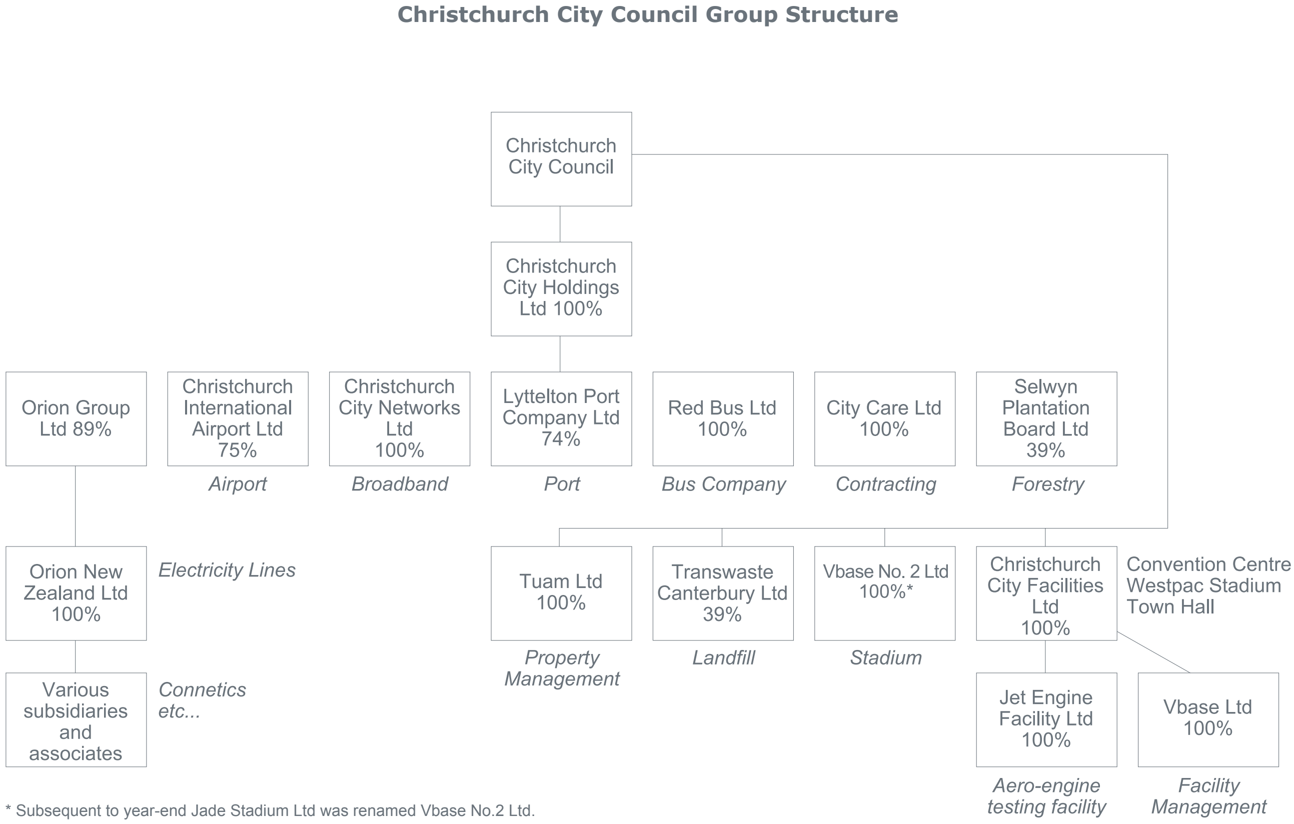
Notes

Notes

The Council holds controlling stakes in a number of trading companies which form part of the city's key infrastructure. These Council-controlled organisations are managed for the long-term benefit of the community and aim to help ensure a healthy regional economy. The dividends from these companies help the Council reduce its reliance on rates to fund its activities. The trading companies are run commercially, at arms length from the Council.

CONSOLIDATING AND ASSOCIATED ORGANISATIONS

Organisation Chart



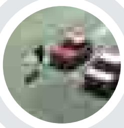
* Subsequent to year-end Jade Stadium Ltd was renamed Vbase No.2 Ltd.

Summary Financial Chart

	Income	Net Result (After Tax and Minority Interest)	
	2007	2007	2006
	$000's	$000's	$000's
Christchurch City Facilities Limited	15,507	(2,164)	(1,436)
Christchurch City Holdings Limited (parent)	64,178	47,015	29,511
Christchurch City Networks Limited	-	(319)	-
Christchurch International Airport Limited	83,702	24,003	23,496
City Care Limited	101,756	2,124	3,459
Vbase No.2 Limited	9,533	369	(331)
Lyttelton Port Company Limited	76,374	9,641	10,465
Orion Group Limited	198,295	60,601	46,308
Red Bus Limited	31,532	1,935	887
Selwyn Plantation Board Limited	15,531	2,308	3,778
Transwaste Canterbury Limited	24,731	3,255	2,319
Tuam Limited	1,229	(451)	(2)

Prior year figures differ from those previously reported because of IFRS adjustments. For more detail please refer to the Individual company reports.

Did you know?



Based on the number of registered vehicles, each person in Christchurch has an average of 1.16 vehicles.

Individual Organisation Descriptions

cchl CHRISTCHURCH CITY HOLDINGS LIMITED
A wholly-owned subsidiary of Christchurch City Council

Christchurch City Holdings Limited

Christchurch City Holdings Limited (CCHL) is the wholly owned investment arm of the Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on the Council's behalf.

Subsidiary companies

- Orion Group Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Christchurch City Networks Limited
- Red Bus Ltd
- City Care Ltd

Associate Companies

- Selwyn Plantation Board Ltd

Nature and scope of activities

CCHL manages the Council's portfolio of shares in key regional infrastructural trading companies. Its activities include:

- Advising the Council on strategic issues relating to its investments;
- Monitoring the governance and performance procedures of its subsidiary companies and other council-controlled trading organizations owned by the Council; and
- Encouraging subsidiary companies to increase shareholder value through growth and investment.

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its council-controlled trading organisations.

Key Performance Targets

	Actual	Target
Pay ordinary dividends to the Council totalling $31.5m for the 2006/07 fiscal year. (i)	$29.5m	$31.5m
Retain at least an "AA" credit rating from the international credit rating agency Standard and Poor's.	Achieved	"AA"

(i) Dividends received were $2m lower than planned, due to the tax loss offset credit provided to Council by CCHL.

Financial summary - Parent

Statement of Financial Performance for the year ended 30 June 2007	2007	2006
	Actual	Actual
	$000's	$000's
Operating revenue	64,178	43,013
Operating and other expenses	17,175	13,468
Operating profit before tax	**47,003**	**29,545**
Tax expense (benefit)	(12)	34
Net profit for the year	**47,015**	**29,511**

Individual Organisation Descriptions

Christchurch International Airport Limited

International passenger numbers at Christchurch International Airport reached a record high for April, with a 4% overall increase compared to the same period last year, and a 10% increase in international arrivals. Some key markets also reached record arrival levels, such as a 17% increase on 2005 from Sydney, a 24% increase from Melbourne, and a 30% increase from Brisbane.

A company jointly owned by Christchurch City Holdings Limited (75%) and the New Zealand Government (25%). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of the aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

Nature and scope of activities

Christchurch International Airport Limited operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

In addition to its primary business of serving the aviation industry and its customers, the company will actively market Christchurch, Canterbury and the South Island as a major destination for overseas visitors.

Policies and objectives relating to ownership and control

Christchurch International Airport Limited is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key Performance Targets

	Actual	Target
Pay ordinary dividends to the Council totalling $6.5m for the 2006/07 fiscal year.	$7.5m	$6.5m
Handle 4.4m domestic passengers in the 2006/07 year.	3.93m	4.1m
Handle 1.7m international passengers in the 2006/07 year.	1.56m	1.56m

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Actual $000's	2006 Actual $000's
Operating revenue	83,702	83,786
Operating and other expenses	52,741	50,822
Operating profit before tax	**30,961**	**32,964**
Tax expense (benefit)	6,958	9,468
Net profit for the year	**24,003**	**23,496**

Individual Organisation Descriptions

City Care Limited

City Care won two significant contracts within the Auckland region this year. To meet the operational requirements of these contracts, the company has established two new depots within the Auckland region and employed a total of 75 new staff.

City Care Limited is a council controlled trading organisation, 100% owned by the Christchurch City Council through Christchurch City Holdings Limited.

Nature and scope of activities

City Care Limited is in the business of management, construction and maintenance of New Zealand's infrastructure and amenity assets. The company operates in four key market segments – parks, underground services, roading and facilities management.

City Care Limited operates a profitable, sustainable and innovative business. It maintains a strong market presence in all areas of construction and maintenance of the infrastructure and amenity assets owned by its shareholder, the Council.

City Care ensures that there is capacity in the market to meet the Council's emergency obligations. It is therefore an important contractor to the Council.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no current plans to sell down or relinquish control of this company. The company has an important role in the city as a quality contractor. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key Performance Targets

	Actual	Target
Achieve a net operating profit after taxation of $2.0m for the 2006/07 fiscal year.	$2.12m	$2.0m
Provide a quality service as attested by maintaining accreditation to quality standards:		
ISO 9000 Quality Management	Maintained	Maintained
ISO 14001 Environmental Management	Maintained	Maintained

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Actual $000's	2006 Actual $000's
Operating revenue	101,756	98,790
Operating and other expenses	98,570	97,399
Operating surplus before non-recurring items and tax	**3,186**	**1,391**
Non-recurring capital gain on sale of business	-	2,574
Operating profit before tax	**3,186**	**3,965**
Tax expense (benefit)	1,062	506
Profit for the year	**2,124**	**3,459**

Individual Organisation Descriptions

Lyttelton Port Company Limited

Lyttelton Port is the gateway to the South Island of New Zealand and a world-class supplier of port services.

As the major deep-water port in the South Island, Lyttelton is at the hub of trade and plays a vital role in the global transport network.

Lyttelton's container terminal provides specialised cargo handling and stevedoring services for containers and plant hire.

On the water, full marine services are provided including the provision of tugs, pilots to escort ships into and out of the port, staff to assist with ships' lines when ships are berthing, and security.

The coal facility is the largest in New Zealand and over two million tonnes are exported each year. Coal is received from the West Coast, aggregated in the coal yard then loaded onto vessels by port staff.

Facilities for loading and unloading bulk products such as petroleum, fertiliser, gypsum, cement, logs, conventional break-bulk, imported vehicles and fishing are also provided.

Today the company employs almost 400 full time staff in operational, management and administration roles. It has approximately 1,700 shareholders with majority ownership being held by Christchurch City Holdings Limited.

This company was established under the Port Companies Act 1988 operating the Port of Lyttelton. Through Christchurch City Holdings Limited, the Christchurch City Council has a 74.1% shareholding in this company.

Nature and scope of activities

This company provides the land, facilities, plant and labour for receiving, delivering, stockpiling, stacking and shipping a wide range of products at the port in Lyttelton Harbour. Its activities also include providing facilities associated with the repair and servicing of vessels.

Policies and objectives relating to ownership and control

Lyttelton Port Company is considered a regional strategic asset and as such the Council wants it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key Performance Targets

	Actual	Target
Containers (TEUs)	199,351	180,000
Fuel - import (tonnes)	1,077,921	1,100,000
Coal - export (tonnes)	2,170,773	2,400,000
Cars - import (units)	30,600	50,000

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Actual $000's	2006 Actual $000's
Operating revenue	76,374	79,257
Operating and other expenses	63,102	63,354
Operating profit before tax	**13,272**	**15,903**
Tax expense (benefit)	3,631	5,438
Net profit for the year	**9,641**	**10,465**

Individual Organisation Descriptions

Orion Group Limited

In 2006, Orion New Zealand Ltd's asset management plan received the highest rating for regulatory compliance and overall asset management planning best practice from the Commerce Commission.

Orion Group Limited is an energy network management company in which the Christchurch City Council has an 89.3% shareholding through Christchurch City Holdings Limited.

Subsidiary companies

- Connetics Ltd
- Orion New Zealand Ltd

Associate companies

- 4RF Communications Ltd
- HumanWare Limited

Nature and scope of activities

Orion plans, constructs and maintains a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region. The network's capacity is matched as closely as possible to actual and forecast market demand for electricity.

Orion's network consists of approximately: 175,000 connections, 12,000 km of lines and cables, and 9,500 distribution substations and pole-mounted transformers.

Policies and objectives relating to ownership and control

As Orion is considered a regional strategic asset, the Council wants it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Orion Group without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key Performance Targets

	Actual	Target
Duration of supply interruptions in minutes per year per connected customer (SAIDI) (i)	154	<68
Number of supply interruptions per year per connected customer (SAIFI)	0.7	<0.9

(i) Severe snowstorms in June 2006 contributed to this result.

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Group Actual $000's	2006 Group Actual $000's
Operating revenue	198,295	195,773
Operating and other expenses	127,824	124,407
Operating profit before non-recurring items and tax	**70,471**	**71,366**
Non-recurring capital gain / (loss) on sale of business	11,454	**(5,602)**
Operating profit before tax	**81,925**	**65,764**
Tax expense (benefit)	21,324	19,456
Net profit for the year	**60,601**	**46,308**

Individual Organisation Descriptions

Red Bus Limited

In March 2007, Red Bus introduced a special 'After Midnight Express' service catering specially for Canterbury University students for travel to and from the City.

The $5 service operates on Friday mornings after midnight during school terms. The safer and cost-effective alternative to driving resulted from student feedback and has been quite successful.

Red Bus also operates a similar service every Saturday and Sunday morning to Sumner, New Brighton, Ilam and Redwood.

This company is a Council-controlled trading enterprise, 100% owned by Christchurch City Holdings Limited. It provides public passenger transport, freighting and ancillary services to domestic and commercial users, including the tourist market.

Nature and scope of activities

Red Bus Limited provides scheduled urban public passenger transport services in Christchurch. It also operates bus charter and leasing services.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. It has no plans to sell down or relinquish control of this company. The company has an important role in the city as a provider of quality bus services. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key Performance Targets

	Actual	Target
Provide economic contributions to the community through taxes paid, dividends and payments to suppliers and employees.	Achieved	Achieved
Operate over 50% of the current fleet with engines complying to Euro-2 emissions standards or better.	Achieved	Achieved

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007	2006
	Group	Group
	Actual	Actual
	$000's	$000's
Operating revenue	31,532	28,297
Operating and other expenses	28,890	27,264
Operating profit before tax	**2,642**	**1,033**
Tax expense (benefit)	707	146
Net profit for the year	**1,935**	**887**

Individual Organisation Descriptions

Christchurch City Networks Limited

This new company was established in January 2007. Funding lines have been established with both the Ministry of Economic Development and CCHL for a three year period.

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Limited.

Nature and scope of activities

Christchurch City Networks was established to make investment in fibre optic networks and ducting in Christchurch.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company will (a) make an investment in telecommunications infrastructure through an open access urban fibre network in metropolitan Christchurch, (b) encourage and support the development of policy and design standards for making telecommunications ducting mandatory for new building and subdivision consents granted by the Council, (c) sponsor the aggregation of demand for telecommunications infrastructure in sectors where a collective approach can bring substantial benefits to consumers, and (d) actively encourage private investment in telecommunications infrastructure in Christchurch.

Key Performance Targets

	Actual	Target
Performance targets are being developed.	n/a	n/a

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Actual $000's	2006 Actual $000's
Operating revenue	-	-
Operating and other expenses	476	-
Operating profit (deficit) before tax	**(476)**	**-**
Tax expense (benefit)	157	-
Net surplus (deficit) for the year	**(319)**	**-**

Individual Organisation Descriptions

SPBL

Selwyn Plantation Board Limited

Selwyn Plantation Board Ltd set a record of 275,518 tonnes of logs sold during the year. This was in addition to the continued growth and development of farming operations as converted land became available.

This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (61.7%) and Christchurch City Holdings Limited (39.3%). Land area is 14,058 hectares.

Nature and scope of activities

The core business of the company is (a) to manage its forests and lands on a commercial basis using environmentally and commercially sustainable methods, and (b) to convert plains and forests to higher value alternate uses.

Policies and objectives relating to ownership and control

The Council, through CCHL, has a minority interest in this company and holds it for investment purposes. It does not regard it as a strategic asset.

Key Performance Targets

	Actual	Target
Harvesting (tonnes)	275,519	220,000
Thinning (hectares)	148	185

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007	2006
	Actual	Actual
	$000's	$000's
Operating revenue	15,531	21,512
Operating and other expenses	12,747	11,312
Operating profit before tax	**2,784**	**10,200**
Land and buildings decrement	423	7,859
Tax expense (benefit)	54	(1,437)
Net profit for the year	**2,308**	**3,778**

Individual Organisation Descriptions

Christchurch City Facilities Limited

Christchurch City Facilities Limited was incorporated on 27 June 1997 and is 100% owned by Christchurch City Council.

Subsidiary companies

- Jet Engine Facility Limited
- Vbase Limited

Nature and scope of activities

CCFL is a property holding and operating company for certain specialist properties or companies that the Council owns. Its responsibilities include:

- The Westpac Trust Centre
- The Christchurch Town Hall
- The Christchurch Convention Centre
- Overseeing the contracted management of the above facilities
- Jet Engine Facility Limited

Policies and objectives relating to ownership and control

The Christchurch Convention Centre, the Christchurch Town Hall and the Westpac Trust Centre, are all managed by Vbase Limited (a 100% owned subsidiary). These facilities are important to the region in terms of economic development, culture and sport. The Council wants them to be managed on a commercial and co-ordinated basis, and to build profitability while maintaining affordable community access.

CCFL may also undertake other property-related projects that have a commercial focus and/or a regional development impact (e.g. Jet Engine Facility Ltd).

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of CCFL, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key Performance Targets

	Actual	Target
Achieve a net operating profit before depreciation and taxation of $0.261m in the 2006/07 fiscal year.	$0.386m	$0.261m

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007	2006
	Actual $000's	Actual $000's
Operating revenue	15,507	13,650
Operating and other expenses	18,858	16,470
Operating deficit before tax	**(3,351)**	**(2,820)**
Tax expense (benefit)	1,187	1,384
Net deficit for the year	**(2,164)**	**(1,436)**

Individual Organisation Descriptions

Vbase No.2 Limited

Vbase No.2 Limited was formed in June 1998. It is a wholly owned subsidiary company of Christchurch City Council.

Nature and scope of activities

This company manages the affairs of AMI Stadium (formerly Jade), a stadium with a fully-seated capacity of 36,000 and a wide range of world-class hospitality facilities. Its activities include active promotion of the stadium as well as its operation and maintenance.

Policies and objectives relating to ownership and control

The Council considers that Vbase No.2 Limited is a regional strategic asset and as such wants it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key Performance Targets

	Actual	Target
Achieve a net operating profit before depreciation and taxation of $2.247m in the 2006/07 fiscal year.	$2.774m	$2.247m

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Actual $000's	2006 Actual $000's
Operating revenue	9,533	8,520
Operating and other expenses	9,093	9,009
Operating profit (deficit) before tax	**440**	**(489)**
Tax expense (benefit)	71	(158)
Net profit (deficit) for the year	**369**	**(331)**

Individual Organisation Descriptions

Tuam Limited

This company is a Council-controlled trading enterprise, 100% owned by the Christchurch City Council. After being dormant for several years, it was reactivated in June 2006. On 28 June 2006, the company changed its name to Tuam Limited, and on 30 June 2006 the company purchased the Civic offices and associated property from the Council. Tuam Limited leases the Civic offices to the Council.

Nature and scope of activities

This company owns and manages the existing Civic building and related Tuam Street properties, and leases them to Council.

The company will construct, own and lease the proposed new civic building to the Council. On 28 June 2007 the Council authorized the establishment of an additional wholly owned subsidiary, Tuam 2 Limited which will assume this obligation from Tuam Ltd in the 2007/08 financial year.

Policies and objectives relating to ownership and control

This company owns former Council property that the Council wants managed on a commercial and co-ordinated basis. Through a Statement of Intent, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key Performance Targets

	Actual	Target
To own and manage the existing Civic building and related Tuam Street properties in an effective manner.	Achieved	Achieved
To construct and lease to the Council a new fit-for-purpose Civic building on appropriate commercial terms.	Ongoing	Achieved

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	**2007 Actual $000's**	**2006 Actual $000's**
Operating revenue	1,229	-
Operating and other expenses	1,772	2
Operating deficit before tax	**(543)**	**(2)**
Tax expense (benefit)	(92)	-
Net deficit for the year	**(451)**	**(2)**

Individual Organisation Descriptions

Transwaste Canterbury Limited

Transwaste Canterbury Limited was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened on 8 June 2005. The company is a joint venture between local authorities in the region and two private companies. The Council's share of the ownership of the company is 38.9%.

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.

The company enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore the Council has a policy of maintaining a controlling interest in partnership with other local authorities in this trading activity.

Key Performance Targets

	Actual	Target
Operate the landfill with no breach of its Resource Management Act consents.	Achieved	Achieved

Financial summary

Statement of Financial Performance for the year ended 30 June 2007	2007 Group Actual $000's	2006 Group Actual $000's
Operating revenue	24,731	22,350
Operating and other expenses	20,067	19,959
Operating profit before tax	**4,664**	**2,391**
Tax expense (benefit)	1,409	72
Net profit for the year	**3,255**	**2,319**

Individual Organisation Descriptions

Central Plains Water Trust

The Central Plains Water Trust was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

It continues the work of the Central Plains Water Enhancement Steering Committee to develop proposals for a large scale community water enhancement scheme providing water for irrigation between the Rakaia and the Waimakariri Rivers.

Trustees of the Central Plains Water Trust were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Rūnanga O Ngāi Tahu.

Nature and scope of activities

- To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

Policies and objectives relating to ownership and control

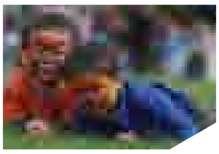
The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the Trust, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key Performance Targets

	Actual	Target
Obtain resource consents for water use and irrigation by 2009.	Ongoing	Achieved

Individual Organisation Descriptions

MONITORING



The Capital Endowment Fund

The Council established this fund to provide an ongoing income stream to be used for economic development, and civic and community projects. The objectives and policies set for it are detailed on page 304 in Volume 1 of the Council's LTCCP 2006-16.

The investment objectives were met. This was achieved by minimising the risk of capital loss by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives as outlined in Council's Investment Policy.

Capital Endowment Fund – Funding Allocations	2007 Actual $000's	2006 Actual $000's
Total Available Income from Fund	4,310	3,039
Economic Development 70%	3,017	2,127
Brought forward from previous year	486	494
Available to allocate	**3,503**	**2,621**
Less allocated:		
Economic Development Projects	(1,364)	(2,135)
PGA Golf	(300)	
Ferrymead Historic Park	(200)	
Marketing initiatives	(100)	-
Balance available for Economic Development Projects	**1,539**	**486**
Civic and Community 30%	1,293	912
Brought forward from previous year	371	793
Available to allocate	**1,664**	**1,705**
Less allocated:		
CHCH School of Gymnastics		(350)
Te Papanui Trust		(250)
Canterbury Museum Trust Board Building and Development Project		(734)
Balance available for Civic and Community Projects	**1,664**	**371**
Total Cash Carried Forward	**3,203**	**857**

The Capital Endowment Fund

Fund Capital	2007 Actual $000's	2006 Actual $000's
Fund Capital at 1 July		
Core Fund	80,791	77,585
Fluctuation Reserve	3,500	3,500
Unallocated Income	857	1,285
Total Fund Balance at 1 July	**85,148**	**82,370**
During the year:		
Total Income Received by the Fund	6,005	6,258
Less Distributed	(1,964)	(3,480)
Less Transferred to Capital for Inflation Provision	(1,695)	(3,206)
Balance to Unallocated Income	**2,346**	**(428)**
Fund Capital at 30 June		
Core Fund	82,486	80,791
Fluctuation Reserve	3,500	3,500
Unallocated Income	3,203	857
Total Fund Balance at 30 June	**89,189**	**85,148**

Māori Involvement in Decision Making

Māori involvement in decision-making

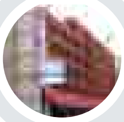
As part of its Strategic Objectives, the Council recognizes an obligation to take into account the principles of the provisions of the Local Government Act 2002 to recognize and provide for the special relationship between and with Māori, their culture, traditions, land and taonga.

Specific interaction and consultation during the past year includes:

- In September 2006, the Christchurch City Council held a formal Council meeting at the Rapaki Marae.
- Very good progress has been made this year towards reaching a service level agreement with Ngāi Tahu. The agreement is schedule to be signed on 29 August 2007. The initial form of this agreement is to establish a relationship at management level with the Council in the resource management and strategy and planning areas, and if adopted, the relationship will be further developed through the coming years.

The Council will continue to develop ways to provide opportunities for Māori to contribute to the decision-making processes of the Council, and to improve communication with local Runanga.

Did you know?



There are 36,000 parking spaces within the Four Avenues. If they were all in the Lichfield Street parking building, it would be 511 floors high.

Members' Interests Register

Listed below are the trading enterprises which the Council has an interest in, together with the directors of the trading enterprises, for the period ended 30 June 2007.

Christchurch City Facilities Limited (100% owned)

Bruce Irvine — David Cox (Cr)

Christopher Doig — Dominique Dowding

W. Hanlin Johnstone — Arthur (Jim) Keegan

Simon Mortlock

Christchurch City Holdings Limited (100% owned)

Julie (Paddy) Austin — Andrew Pearce (1)

Graham Condon (Cr) — Barry Corbett (Cr)

William Dwyer — Bruce Irvine

Garry Moore (Mayor) — Susan Wells (Cr)

Craig Boyce (2)

Christchurch City Networks Limited (100% owned)

Julie (Paddy) Austin — William J. Dwyer (3)

Bruce Irvine (3) — Robert Lineham

Susan Wells (Cr) (3)

Christchurch International Airport Limited (75% owned)

Sydney Bradley — James Boult

Phillip Carter — W. Hanlin Johnstone

Denis O'Rourke — Susan Sheldon

City Care Limited (100% owned)

David Spence — W. Derek Crombie

Anthony King — Trevor Thornton

Hugh Martyn

Vbase No.2 Limited (100% owned)

Bruce Irvine — Christopher Doig

David Cox (Cr) — W. Hanlin Johnstone

Dominique Dowding — Simon Mortlock

Arthur (Jim) Keegan

Lyttelton Port Company Limited (74.1% owned)

Barnaby Sundstrum — William (Bill) Luff

Alan Grant — Roderick M. Carr (4)

Susan McCormack — Rodger Fisher

Donald Stewart (5)

Orion Group Limited (89.3% owned)

Craig Boyce — Linda Constable (6)

Donald Elder (Dr) — Gail Sheriff (Cr)

George Gould — John Dobson

Michael J. Andrews (7) — Peter Rae

William A. Heaps (7)

Members' Interests Register

Red Bus Limited (100% owned)

Peter Rae	Barry McFedries
Evan Frew	Christine Williams
Ross McRobie	

Selwyn Plantation Board Limited (39.3% owned)

Douglas Marsh	Allan Berge
Ian Boyd (8)	Peter Coakley
Graham Heenan	Raymond S.Polson (9)

Tuam Limited (100% owned)

(Formerly called Travis Finance Limited, name changed 28 June 2006)

Roy Baker	Robert Lineham

Transwaste Canterbury Limited (38.9% owned)

Paul Bishop	Gerry Clemens
Sally-Anne Buck (Cr) (10)	Robert J. Brine
Gregory S.Campbell (11)	Raymond Harris
Robert B. McKenzie (11)	Kenneth Bugden (12)
Kimmitt Ellis (12)	Malcolm Hope (12)
W. Gill Cox	Allan W. Jensen (13)
Stephen Kirk (13)	Richard (Jim) Fulton (14)
Guy Pierce	Denis O'Rourke (15)

(1)	appointed 22 November 2006
(2)	resigned 22 November 2006
(3)	appointed 1 March 2007
(4)	appointed 27 November 2006
(5)	resigned 27 November 2006
(6)	resigned 2 August 2006
(7)	appointed 2 August 2006
(8)	resigned 30 June 2007
(9)	appointed 1 January 2007
(10)	appointed 12 February 2007
(11)	appointed 3 July 2006
(12)	resigned 3 July 2006
(13)	appointed 27 April 2007
(14)	resigned 27 April 2007
(15)	resigned 12 February 2007



Notes

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