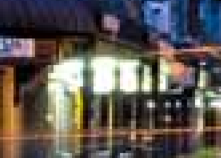
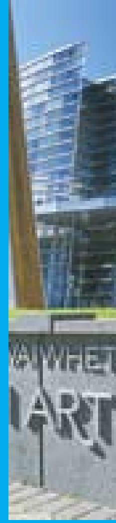
Annual Report 2008

Christchurch Ōtautahi

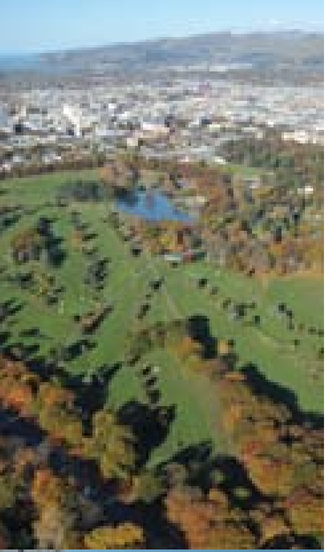


Christchurch City Council



The Christchurch City Council has a vision for this City:

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

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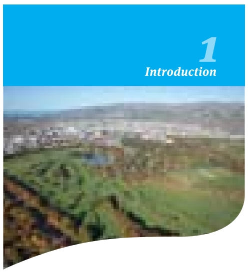

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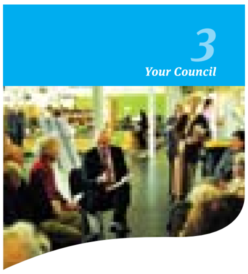

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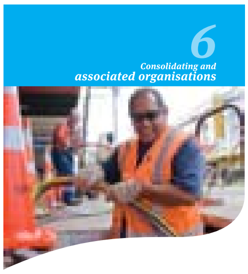

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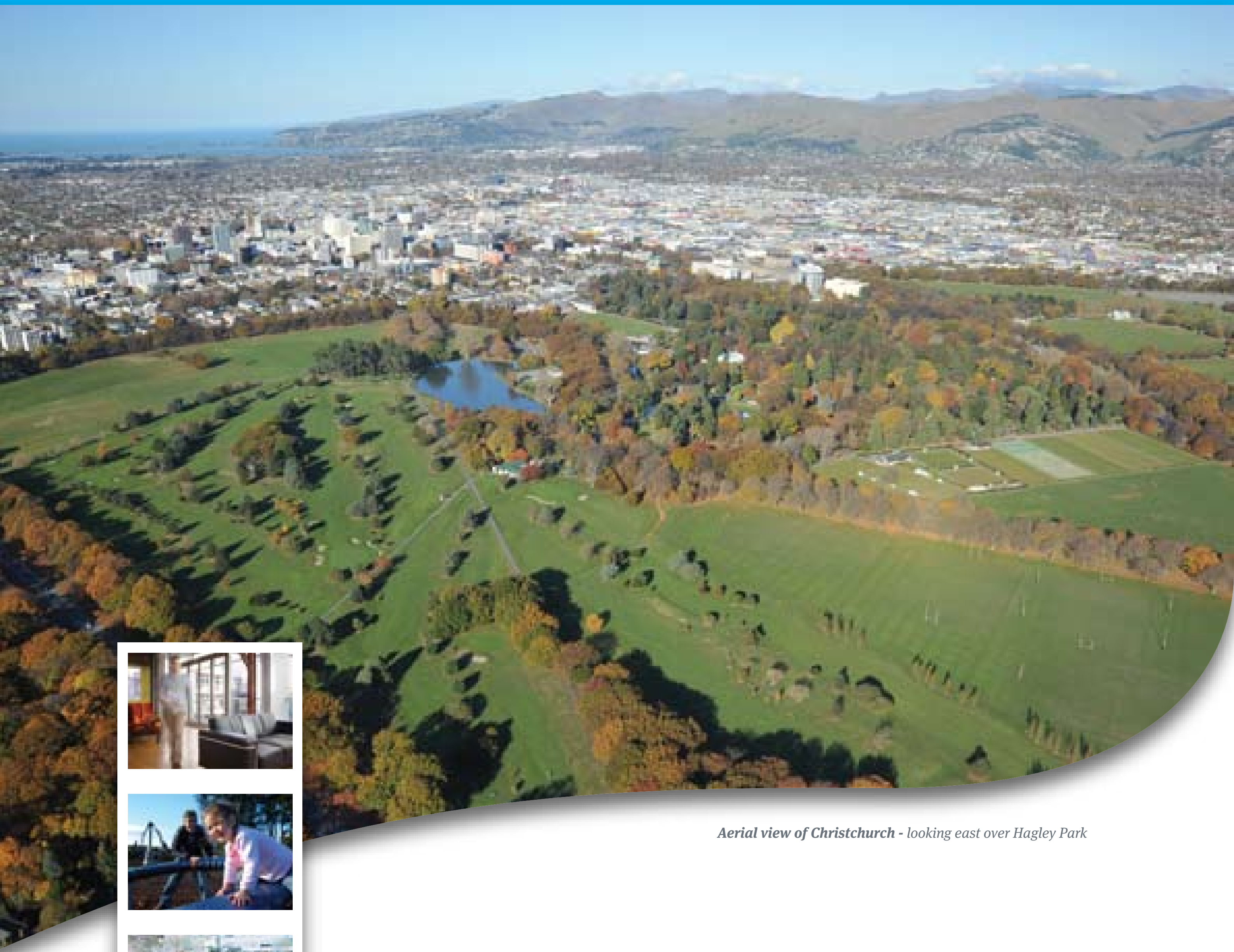
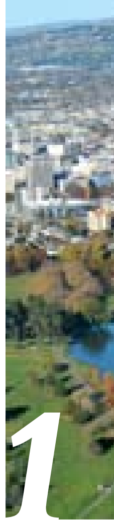
Introduction



***Aerial view of Christchurch -** looking east over Hagley Park*

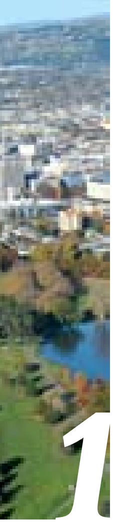


What is the Annual Report?

The Annual Report 2008 sets out what the Christchurch City Council did in the past year, why we did those things, how much they cost, and how we paid for them.

This report shows how the Christchurch City Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they want for their city as part of our long-term planning process.

The report shows the Council's overall financial position and performance as measured by its achievement against its financial Key Performance Indicators.



introduction

Message from the Mayor and the Chief Executive

It is a pleasure in my first year as Mayor to present the Council's Annual Report for the 2008 financial year with our Chief Executive Tony Marryatt.

This Annual Report sets out what we achieved in the past year, compared to what we said we would do.

The first eight months in office for the new Council was a time of bedding down new systems and establishing working relationships, building on past achievements and launching several exciting new projects.

Every year, we as a Council must measure our performance. To be successful, we must ensure our promises are delivered, our goals met and our responsibilities fulfilled. We finished the 2008 year in a strong position with a $40.2 million accounting surplus, which after adjusting for capital receipts and non cash items leaves a cash surplus of $2.9 million. This cash surplus will reduce our rates requirement through lower borrowing requirements in future years.

This report shows that we have delivered on nearly 85% of the service delivery targets which we set in our 2006-16 Long Term Council Community Plan. There are several highlights, one being the increase in visitor numbers of our Art Gallery which has staged some excellent exhibitions in the past year.

Our purchase of the Ellerslie International Flower Show, which will be held in Christchurch for the first time in March 2009, is a great coup for the city. The internationally regarded event will draw visitors from around the country and around the world to our fabulous garden city.

Keeping the rates low does not, however, mean a drop in service. In last year's Annual Plan, we set out many goals for the year, including the promise we would maintain our service standards, invest more money in events and festivals and address the big issues such as planning for the future by increasing our resources in developing our City Plan to meet current and future demands.

We've continued to pursue our goal of becoming a world-class city, with a focus on the revitalisation of our Central City. Upgrading the City Mall, where we have opened a second work front to ensure the project meets its time frame, extending our world-famous tramway and assisting in the development of our unique lanes for hospitality and shopping in the City are all part of a greater plan for development in the region.

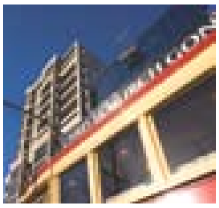
They fall under the banner of the Greater Christchurch Urban Development Strategy – a partnership between neighbouring local authorities in our region and Transit New Zealand. This strategy is steering growth in Canterbury and guides our city's diverse development plans.

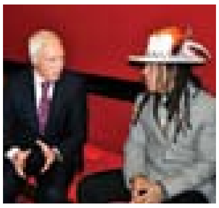
Council invested $209.3 million in capital works in the 2008 financial year. This winter's bad weather has plagued one of our major projects the Ocean Outfall, but the contractors are confident that if conditions improve in spring, the pipeline will be commissioned on time in early 2009. In spite of increases in the cost of construction materials, this project has remained on budget.

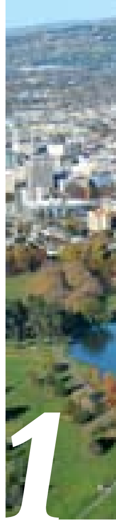
Work continued on the redevelopment of the Jellie Park complex during the year, while Council decided the pool at the Graham Condon Leisure Centre to be built in Papanui will be extended from six to eight lanes.

Another project that came to fruition was the Whakahoa Village, a housing complex in Gowerton Place. This Council, the second largest landlord in the country behind Housing New Zealand, is proud of its record in social housing and is committed to continuing with this.

Banks Peninsula has now been part of Christchurch City since 2006. Residents in this part of our region are seeing the benefits of this amalgamation through our extensive programme of road maintenance, replacing bridges, new jetties and slipways and upgrading domains.







Message from the Mayor and the Chief Executive

As a Council, we put strong emphasis on our standards of service and I am pleased to report an overall increase in satisfaction with Council services, according to our latest biannual residents' survey.

In the survey, conducted in March 2008, 79% of respondents indicated they were either satisfied or very satisfied with the performance of the Christchurch City Council in delivering its services. This is a 4% increase over the survey conducted in September 2007.

The results are very encouraging. As an organisation it is important we deliver services to the level expected by ratepayers. This survey highlights that we are very much on track in many areas. Of course, we will keep a close eye on the areas of most concern to our residents, such as traffic congestion.

Improving the safety of our city is paramount. One of the first issues this Council faced was a city being held to ransom by the illegal antics of boyracers. Within our limited powers we imposed traffic bans in the worst affected areas. We continue to meet regularly with the police and fully support their endeavours to tackle this problem, while lobbying Government to reduce the allowable noise levels of cars. As a Council we are also promoting initiatives to reduce alcohol consumption in the Central City, while investments to improve safety going forward include increasing the number of crime cameras in the Central City.

Council staff are already working on our next Long Term Council Community Plan 2009-19, which sets out a 10-year plan for our city, based on the values of our community and the vision of our Council.

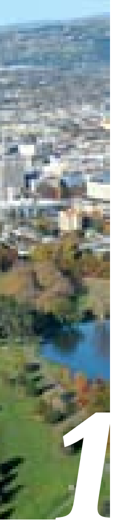
Our Community Plan allows us to map our future direction and ensure our city reaches its full potential; through this process we can incorporate the wants and needs of our community into our activities and services so the outcome is a better Christchurch for everyone.

As well as keeping up our core business responsibilities, our long-term plan includes several major projects. To name just a few, we will undertake the development of our new Civic Building, introduce a cutting-edge kerbside waste collection system that will significantly reduce the amount of rubbish we send to landfill, and redevelop the city's busy Bus Exchange, moving it to a new, much larger location.

I would like to thank all the staff who have contributed to our achievements over the past year and who are already planning for our future.

Bob Parker - Mayor

Tony Marryatt - Chief Executive



introduction

Statement of compliance and responsibility

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.

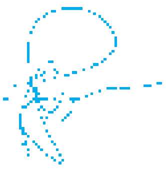
Responsibility

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

The Council and management of the 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.

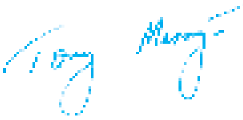
In the opinion of the Council and management of the Christchurch City Council, the annual Financial Statements for the year ended 30 June 2008 fairly reflect the financial position and operations.

Bob Parker - Mayor



16 October 2008

Tony Marryatt - Chief Executive



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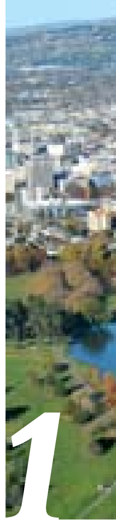
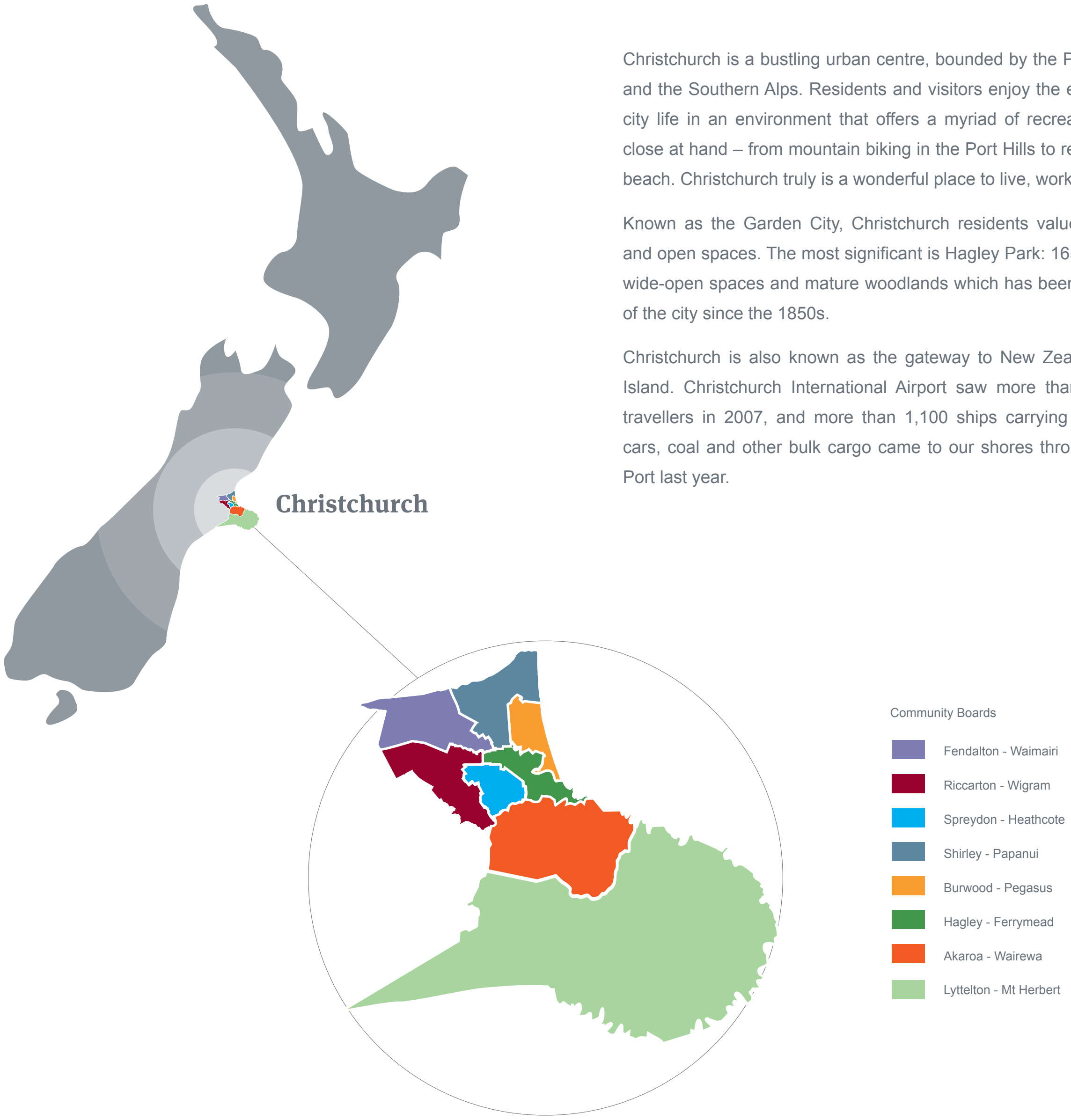


Christchurch at a glance

Christchurch is a bustling urban centre, bounded by the Pacific Ocean and the Southern Alps. Residents and visitors enjoy the excitement of city life in an environment that offers a myriad of recreation choices close at hand – from mountain biking in the Port Hills to relaxing at the beach. Christchurch truly is a wonderful place to live, work and play.

Known as the Garden City, Christchurch residents value their parks and open spaces. The most significant is Hagley Park: 165 hectares of wide-open spaces and mature woodlands which has been in the heart of the city since the 1850s.

Christchurch is also known as the gateway to New Zealand's South Island. Christchurch International Airport saw more than 5.6 million travellers in 2007, and more than 1,100 ships carrying passengers, cars, coal and other bulk cargo came to our shores through Lyttelton Port last year.



Snapshot of the city

Population	365,700 people live in Christchurch
Diversity	Christchurch is home to 160 ethnicities, speaking 104 languages
Employment	342,900 people are in paid employment in the city
House prices	The average house price in Christchurch is $359,600
Recreation	Christchurch has 339 playgrounds, 100 sports parks, 37 garden and heritage parks and 81 riverbank parks, totalling around 6,326 hectares
Transport	Christchurch has more than 2,000 kilometres of roads, 2,300 kilometres of footpaths and 58 kilometres of on-road cycleways

* Source: Statistics New Zealand Christchurch City Quarterly Review March 2008

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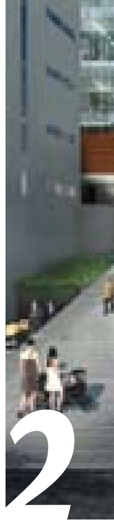
Highlights

Plan of the new Council building
due for completion 2010, Worcester Boulevard entrance



Our achievements

Cultural achievements

- The Christchurch Art Gallery hosted 23 exhibitions during the year: 24,142 people visited the *Morris & Co: The World of William Morris* exhibition and there were 56,264 visitors to *Bill Hammond: Jingle Jangle Morning* with a further 62, 583 seeing this Christchurch Art Gallery touring exhibition during its showing at City Gallery, Wellington.
- The Welcome to Christchurch campaign was launched in partnership with Te Rūnanga o Ngāi Tahu, CPIT, University of Canterbury, Lincoln University and the Police to help fight racial discrimination against international students.

Economic achievements

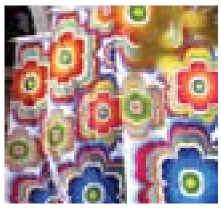
- The Christchurch City Council led the other councils in the region in the establishment of the Canterbury Regional Governance Group (RGG) which is needed to enable the region to capitalise on Central Government funding through the Regional Strategy Fund and the enterprising partnership fund.
- Christchurch bought the rights to host the country's most prestigious garden event, the Ellerslie International Flower Show. The first Christchurch show will be held in March 2009.
- A major upgrade of the City Mall started during the year.
- Implementation for the Greater Christchurch Urban Development Strategy (UDS) commenced, with a key focus on providing information to support an approach to Central Government to assist with transport funding. While this is a regional initiative, there is a significant Greater Christchurch component.

Environmental achievements

- A major review of several key by laws was completed by Council including the bylaws for Dog Control, Marine and River Facilities, Parks and Reserves, Public Places, Stock Control, Traffic and Parking, Water Related Services and the General Bylaw.
- Significant work has been undertaken in tendering the new three wheelie-bin waste service in 2007/08. Long term contracts were awarded to TPIG Clean Away for the kerbside services, TPIG/ Living Earth for the compost plant and Meta NZ for the Material Recovery Facility (MRF).
- The Council conducted a comprehensive consultation regarding the proposed Bus Priority Routes and approved the first three routes to progress to design and construction.
- Significant land purchases were identified and made for the new Christchurch Transport Interchange in the Central City.
- Asset renewal works progressed well over the year at the Christchurch Wastewater Treatment plant with the commissioning of an upgraded Pump Station A and replacement of an old gas compressor.
- The Council commenced quarterly water meter reading in Akaroa and conducted water loss reduction studies in both Akaroa and Lyttelton basin. This information will be fed into the asset renewal programmes and will help predict future demand requirements in these settlements.
- The Blenheim Road deviation was opened, greatly improving traffic flow in the area around Blenheim Road and Hagley Park and resulting in an easier passage in and out of the city.

Social achievements

- The Draft Libraries 2025 Facilities Plan, a framework for the development of the Christchurch City Libraries' network for the next 20 years, was approved for community consultation by Council in March. Hearings on the submissions were held in June.
- International sporting events such as the World Bowls Tournament, World Croquet Tournament and the Oceania Swimming Championships continue to cement Christchurch as New Zealand's leading sport city.
- In December 2007 we officially opened Whakahoa Village, a brand new housing complex in Gowerton Place which was the product of a partnership with Housing New Zealand.



Celebrating our success

Legal services unit

Christchurch City Council legal advisers, the Legal Services Unit, scooped the premium In-House Counsel Team Award at the 3rd Annual New Zealand Law Awards 2007. The law profession's national awards recognise excellence and client satisfaction and are voted on by senior members of the profession, legal services consumers, and law firm employees through The New Zealand Lawyer magazine.

New Zealand Peace Bell

The work of Capital Delivery Team Architects Crispin Shurr and Kerry Hoglund on the NZ World Peace Bell was recognised with four awards in 2007: the NZIA Resene Local Architecture Award Canterbury; the NZIA Resene Colour Award Canterbury; the NZ Concrete Society – Landscaping Award; and the DINZ – Best Design Awards – Spatial Design – Public and Institutional Spaces – Silver

New Zealand Cup and Show Week 2007

The Council's Marketing Services Team was runner-up and received a Commended award in the Best Marketing of Event category of the New Zealand Association of Event Professionals for the New Zealand Cup and Show Week 2007.

Landfill gas project

The Christchurch City Council's landfill gas to QEII project, which powers QEII Leisure Centre with gas collected at Burwood Landfill, was shortlisted as a finalist for the prestigious Beca innovation awards. This award is given to the project (in all engineering disciplines) deemed to represent the best innovation in the Beca group across all countries where they operate.

Wainoni Park renewal

The Christchurch City Council, along with Housing New Zealand, and Aranui Community Trust was one of the two winners of the 2007 New Zealand Recreation Association Outstanding Project Award for the Wainoni Park Renewal project.

Marketing services

Marketing Services Manager Benjamin Day received a New Zealand Institute of Management Trust Scholarship for a study/conference trip to San Diego.

Māori Language Week Art Award

The Christchurch Art Gallery received a national accolade for its suite of activities celebrating Māori language, winning the Art Award at the 2007 Māori Language Week Awards. The Gallery was acknowledged for producing the first Māori language art audio guide, providing background to and interpretation of Māori and European works of art; the production of Māori language labels for a number of works in the Gallery's permanent collections; and a Kapa Haka performance during the regular Thursday Kids in Town public programme.

Bill Hammond: Jingle Jangle Morning

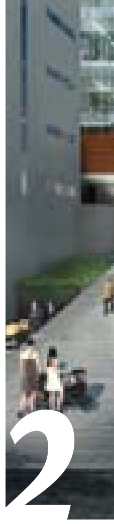
The Christchurch Art Gallery's spectacular book *Bill Hammond: Jingle Jangle Morning* recently won several awards at the BPANZ Book Design Awards 2008 and the Montana New Zealand Book Awards. It won Best Illustrated Book, Best Cover and the Best Overall Book. *Jingle Jangle Morning* also received the coveted Best Illustrative Book Award at the gala ceremony for the Montana New Zealand Book Awards.

Julia Morrison: A Loop Around A Loop

The Christchurch Art Gallery's elegant *Julia Morrison: A Loop Around A Loop* was shortlisted for the coveted Best Illustrative Book Award of the Montana New Zealand Book Awards 2007. This beautiful, collectable artist's book contains colour images of many of this inventive and significant New Zealand artist's work, all newly photographed in the spectacular spaces of Christchurch Art Gallery.

highlights

Celebrating our success



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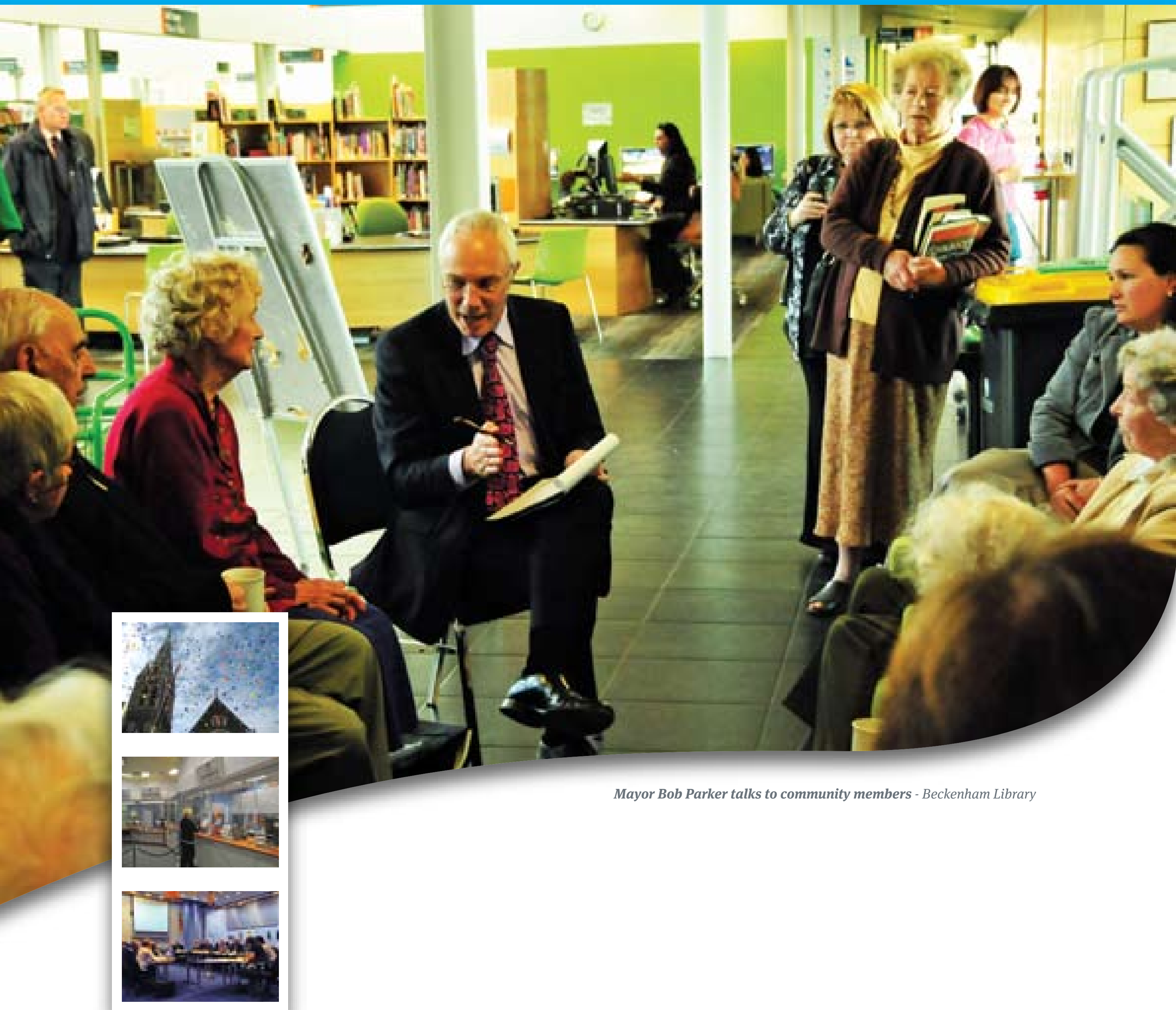
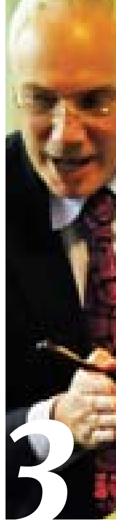
Your Council



***Mayor Bob Parker talks to community members** - Beckenham Library*



Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Elections are held every three years to select the people who will act and speak for our community.

Council

The Mayor and 13 Councillors govern the City and ensure the needs of its residents are met. They make decisions for Christchurch's future, plan the way forward and are accountable for delivering what the community has identified as necessary for its cultural, economic, environmental and social well-being.

In its long-term plan, the Council asks the community what these goals should be. They are called the Community Outcomes; our residents have determined Christchurch will be:

- 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

Community Boards

At a local level, the eight Community Boards represent and act as advocates for the interests of their communities. Community Board members advise the Council on local needs, community views, and how Council proposals will affect their communities.

The Community Boards span seven wards across the city. The metropolitan wards, each represented by two Councillors and five Community Board Members, are:

- Burwood/Pegasus
- Fendalton/Waimairi
- Hagley/Ferrymead
- Riccarton/Wigram
- Shirley/Papanui
- Spreydon/Heathcote

The Banks Peninsula ward, because of its diversity and size, is represented by one Councillor and two Community Boards – Akaroa/Wairewa and Lyttelton/Mt Herbert, each consisting of five Community Board Members.

The Council organisation

The Council is responsible for employing the Chief Executive – the only member of staff who reports directly to elected members. Tony Marryatt was employed as the Chief Executive of the Christchurch City Council in May 2007. He employs all the other staff in the Council.

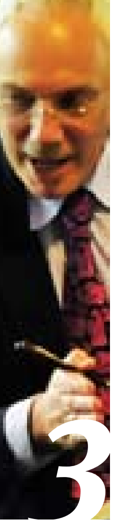
Council structure

The Council's organisational structure is designed to ensure its services are provided as effectively as possible. To achieve this, Council activities and services are divided into eight groups, each headed by a General Manager, they are:

- Capital Programme
- City Environment
- Community Services
- Corporate Services
- Human Resources
- Public Affairs
- Regulatory and Democracy Services
- Strategy and Planning

Within these groups, various community units are tasked with providing specific services to the community and organisation. The services and activities provided by the City Council are wide and varied, from rubbish collection, roads and water, to the Botanic Gardens, Christchurch Art Gallery, city libraries and the funding of festivals and events.

These activities are grouped into 12 Groups of Activities. Find out more about these groups in the upcoming section: Our activities at a glance, see pages 19 to 20, or for an in-depth view, see pages 23 to 72.



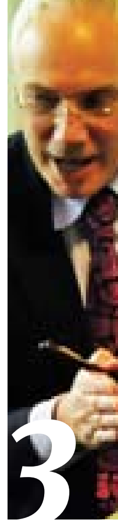
The elected Council

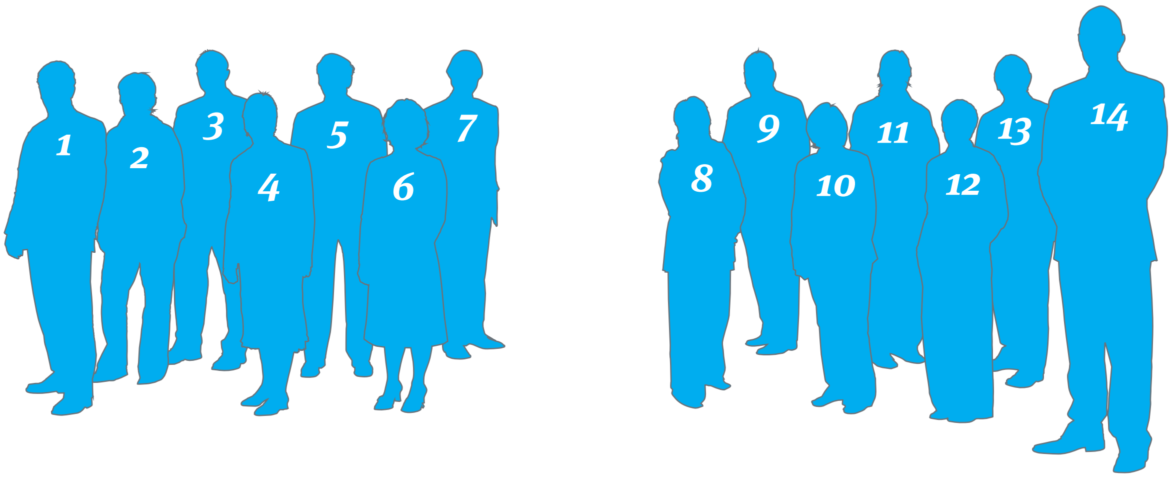
Mayor and Councillors 2007/08

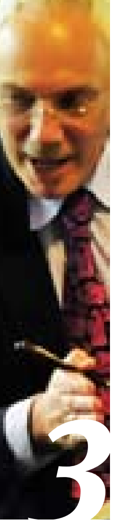
1. **Norm Withers** Deputy Mayor
2. **Gail Sheriff** JP
3. **Yani Johanson**
4. **Chrissie Williams**
5. **David Cox** FNZIM
6. **Sue Wells** BA
7. **Barry Corbett**
8. **Ngaire Button**
9. **Mike Wall**
10. **Sally Buck** MEd (Dist)
11. **Helen Broughton** MA(Hons) DipEd (GC)
12. **Claudia Reid**
13. **Bob Shearing**
14. **Bob Parker** Mayor

Christchurch City Council

The elected Council







Community board members

Community Board members representing Akaroa-Wairewa

Stewart Miller (Chairperson)
Bryan Morgan
Jane Chetwynd
Pam Richardson – JP
Eric Ryder

Councillor

Claudia Reid

Community Board members representing Burwood-Pegasus Ward

David East (Chairperson) BSc
Tim Sintes
Nigel Dixon
Tina Lomax – Dip. Tchg, B Ed, PGChAD (Dist)
Linda Stewart

Councillors

Gail Sheriff – JP,
Chrissie Williams – B.Tech (Maths) (Hons), Dip Tchg.

Community Board members representing Fendalton-Waimairi Ward

Val Carter (Chairperson)
Cheryl Colley (Deputy Chairperson) – JP, MA (Hons) BBS Dip Tchg
Faimeh, Lady Burke - MA
Jamie Gough
Andrew Yoon – JP

Councillors

Sally Buck – Dip.Tchg. M.Ed
Mike Wall

Community Board members representing Hagley-Ferrymead Ward

Bob Todd - OBE JP (Chairperson)
Rod Cameron
Tim Carter – B.E.(Hons), M.E.M.
John Freeman – JP, MA
Brenda Lowe-Johnson – JP

Councillors

David Cox – FNZIM,
Yani Johanson

Community Board members representing Lyttelton-Mt Herbert

Paul Smith (Chairperson) – Dip. Hort., BSc (Hons), Dip. L.A.
Jeremy Agar – MA
Douglas Couch
Ann Jolliffe
Dawn Te-Riaki Kottier – QSM

Councillor

Claudia Reid

Community Board members representing Riccarton-Wigram Ward

Peter Laloli (chairperson)
Mike Mora
Jimmy Chen – MComm, BSc
Beth Dunn – BEd
Dr Judy Kirk

Councillors

Helen Broughton – MA (Hons), Dip Education (Counselling), Dip Teaching
Bob Shearing

Community Board members representing Spreydon-Heathcote Ward

Phil Clearwater (Chairperson) MA (Hons)
Chris Mene
Oscar Alpers – LLB Notary Public
Karolin Potter
Tim Scandrett

Councillors

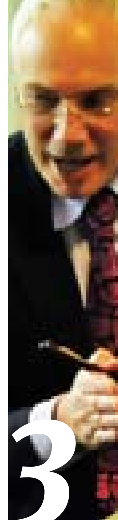
Barry Corbett,
Sue Wells – BA

Community Board members representing Shirley-Papanui Ward

Megan Evans (Chairperson)
Pauline Cotter (Trained Teacher's Certificate NZED)
Aaron Keown
Matt Morris – PhD
Yvonne Palmer QSM, JP

Councillors

Ngaire Button,
Norm Withers (Deputy Mayor)



Chief Executive and Executive Team

1. **Tony Marryatt** Chief Executive

2. **Paul Anderson** Corporate Services

3. **Peter Mitchell** Regulatory and Democracy Services

4. **Jane Parfitt** City Environment

5. **Michael Theelen** Strategy and Planning

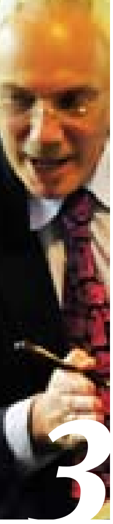
6. **Alison Mackenzie** Public Affairs

7. **Kevin Locke** Capital Programme

8. **Chris Till** Human Resources

9. **Michael Aitken** Community Services

Christchurch City Council



Governance and management

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

The Council's elected members and staff work within a range of systems and processes that help ensure they comply with New Zealand laws and follow good business practice. These checks and balances help the community to interact with the Council, and provide assurance the Council is acting in the best interest of the community. They include:

- **Divisions between Council and management**

  Governance is about setting direction and achieving the vision and goals of the city. This is the role of the Mayor and Councillors who set the priorities and policies, then review progress. The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. Management is responsible for implementing the policies and strategies set by the Council.

- **Training elected representatives**

  Sessions occur after every election and are ongoing. They include meeting procedures and an overview of the parameters within which local authorities operate.

- **Listening to the community**

  The Council is required to listen to the community and consider the views of residents and ratepayers when making decisions. This happens in different ways, from formal public consultation periods on city projects – which include public hearings – to petitions and deputations to Community Boards and the full Council.

- **Legislative compliance**

  The Council's internal legal department and external consultants are used to help ensure it complies with the wide range of relevant legislation.

- **Accountability**

  The activities of the Council must be clear and transparent; this is achieved by holding open meetings and providing meeting agendas and reports to the public and media for scrutiny. The Council complies with the Local Government Official Information and Meetings Act 1987, which allows members of the public and media to request information. The Council also informs residents of council decisions and projects through regular newspaper features and by providing information to the media.

- **Audit**

  The Council is required to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council must report on the achievement of non-financial objectives, set three-yearly as part of the Long Term Council Community Plan process. Audit New Zealand is contracted on behalf of the Auditor General to audit the Council's financial and non-financial statements.

- **Internal audit**

  Council's internal audit function monitors its systems of internal control and the quality and reliability of information reported to the Council. This quarterly report is overseen by PricewaterhouseCoopers, with the assistance of internal audit staff.

- **Risk management**

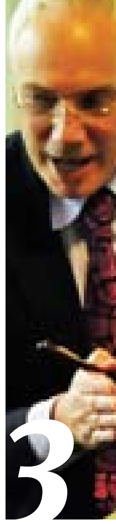
  The Council has an Audit and Risk Management Sub-committee, made up of representatives of the Council, along with external members experienced in financial and risk management.

- **Monitoring Council-controlled organisations**

  The Council has interests in other organisations. In particular, Christchurch City Holdings Ltd (CCHL), a wholly owned subsidiary of the Council, groups trading activities under one umbrella and keeps Council at arms-length from the activities of Council Controlled Trading Organisations (CCTOs).

  The CCTOs include: Orion Group Ltd, Christchurch International Airport Ltd, City Care Ltd, Lyttelton Port Company Ltd, Red Bus Ltd, Selwyn Plantation Board Ltd and Christchurch City Networks Ltd. Each is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the CCTO'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.

  These activities are set out in more detail in this report on pages 154 to 170.



Māori involvement in decision-making

The Council is required to recognise and provide for the special relationship with Māori, their culture, traditions, land and languages in all of its activities.

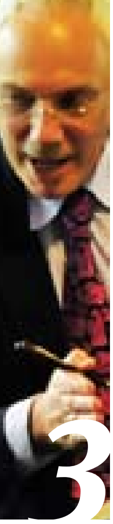
In August 2007 the Council entered into a management arrangement with Mahaanui Kurataiao Ltd (MKT), a company that represents the six Ngāi Tahu Rūnanga that are within the Christchurch district.

A memorandum of understanding (MOU) formalises how the six Ngāi Tahu Rūnanga, as represented by MKT, can participate in the Council decision-making process around resource management, and the preparation of policy statements and plans. The MOU is also a contractual arrangement by which MKT provides services to increase Council capacity and knowledge around protocol, translation and relationship-building.

The arrangement with MKT is a key step the Council is taking to fulfil its statutory obligations under the Local Government Act 2002 and give effect to the prescribed actions under the Resource Management Act 1991 to consult with Māori, especially in matters that directly affect their culture and traditions as acknowledged by the Treaty of Waitangi.

The Council has also commenced discussions with Ngā Maata Waka, who represent the non Ngāi Tahu Māori in the Council's district. Processes are being developed to ensure regular contact and communication takes place between the Council and Ngā Maata Waka.

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 Māori.



Our activities at a glance

The work carried out by the Christchurch City Council is organised into categories called groups of activities. They are:

City development

City development helps to improve Christchurch's urban environment and revitalise the Central City through urban renewal, Central City revitalisation and heritage protection.

The key priorities for the Central City, which aim to transform the area into one of the Southern Hemisphere's premier urban environments, 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

See pages 25 to 28 for the Council's performance report on the city development group of activities.

Community support

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

The Council achieves all this through community engagement and development, the facilitation 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 29 to 32 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 community libraries and supporting volunteer libraries. These facilities contain an extensive collection of books, audio visual resources and online 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, around Worcester Boulevard, the most visited cultural tourism site in New Zealand.

See pages 33 to 36 for the Council's performance report on the cultural and learning services group of activities.

Democracy and governance

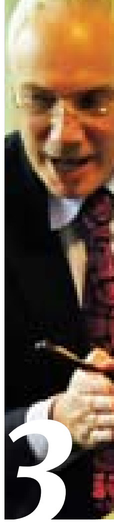
The Christchurch community is represented by the Mayor, 13 Councillors and 40 Community Board members. Council staff provide support to all elected members to carry out their responsibilities and functions by co-ordinating arrangements for elections, arranging meetings and seminars, and providing advice.

The Council provides opportunities for the community to participate in decision-making that contributes 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 channels, including providing information on Council activities in metropolitan and local newspapers, use of the internet and providing information to local media.

See pages 37 to 40 for the Council's performance report on the democracy and governance group of activities.

Our activities at a glance



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Economic development

The Council actively supports the growth and development of local businesses by means of support to the Canterbury Development Corporation and through its own trading organisations.

The Council has interests in other organisations. Through its wholly owned subsidiary Christchurch City Holdings Ltd (CCHL), the Council owns shares in a number of major local companies including: Orion Group Ltd, Selwyn Board Plantation Ltd, Christchurch International Airport Ltd, City Care Ltd, Lyttelton Port Company Ltd, Red Bus Ltd and Christchurch City Networks Ltd. CCHL serves to group the activities of these Council-controlled Trading Organisations (CCTOs) under one umbrella and keeps Council at arms-length from their activities. These and other companies owned by the Council are investments which both serve the strategic objectives of the Council and pay dividends to assist with the other operating costs of the Council. Each company operates as a commercial business in a competitive environment and each is managed by an independent board of directors. (See pages 156 to 169 for descriptions of each organisation).

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

See pages 41 to 44 for the Council's performance report on the economic development group of activities.

Parks, open spaces and reserves

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.

See pages 45 to 48 for the Council's performance report on the parks, open spaces and reserves group of activities.

Recreation and leisure

Through Recreation and Sports, the Council works to promote a city where its residents have 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 and recreation destination.

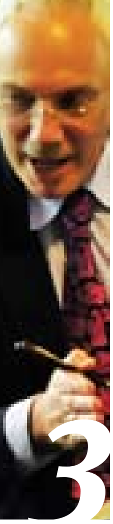
See pages 49 to 52 for the Council's performance report on the recreation and leisure group of activities.

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 Ltd. Waste minimisation is encouraged through 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.

In 2008, the Council approved a new kerbside waste collection system to be implemented early 2009. The new, three wheelie bin system – with a bin each for recycling, compost, and general rubbish – will increase the amount and range of material that residents recycle. It will significantly reduce the amount of waste our City sends to landfill.

See pages 53 to 56 for the Council's performance report on the refuse minimisation and disposal group of activities.



Our activities at a glance

Regulatory services

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

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

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

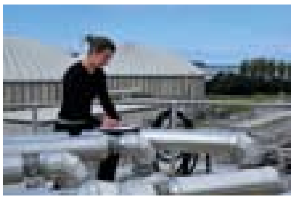
See pages 57 to 60 for the Council's performance report on the regulatory services group of activities.

Streets and transport

The Council manages the city's streets and transport so that people can have safe, easy and comfortable access to homes, shops businesses and many recreational and leisure destinations. Street corridors also provide access for power, telecommunications, water supply and waste disposal.

The Council monitors and manages traffic patterns, undertakes research and devises plans to meet the city's future access and parking needs.

See pages 61 to 64 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, and conforms to the intentions of district and regional plans and the Greater Christchurch Urban Development Strategy.

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.

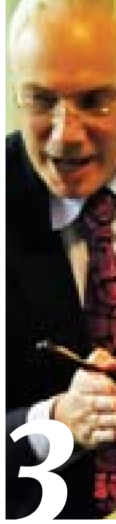
See pages 65 to 68 for the Council's performance report on the wastewater collection and treatment group of activities.

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 necessary before it can be used. However, the Council monitors water quality on a daily basis.

See pages 69 to 72 for the Council's performance report on the water supply group of activities.



Biannual residents’ survey results

The biannual residents’ survey, conducted in March 2008, evaluates the Council’s performance for the financial year 2007/08. It showed that overall satisfaction with the Christchurch City Council’s services is increasing.

The survey found 79% of residents surveyed were either satisfied or very satisfied with the performance of the Council in delivering its services. This was a 4% increase over the survey conducted in September 2007.

The Council began surveying residents annually in 1991 to gauge customer satisfaction and residents’ perceptions of city issues. In 2007, the decision was made to switch to a biannual format so that the Council could better track and respond to emerging issues in the community.

The residents surveyed identified parks and recreation areas as the service they felt the Council was doing best in delivering. A large percentage of people were also satisfied with library services and the events and festivals provided by the Council.

Nearly everyone surveyed (96%) was satisfied or very satisfied with the taste of drinking water, and the water pressure (89%) in Christchurch.

Most respondents were positive about the Council’s cultural and learning services: community libraries (79%), Central Library (71%), and the Art Gallery (69%). However, many may not have known of the Mobile Library or Our City Ōtautahi.

Many of those surveyed were either satisfied or very satisfied with Council leisure facilities and parks: swimming pools (67%), leisure centres (55%), sports facilities (74%) like AMI Stadium, Westpac Complex and QEII Stadium, their local or district parks (88%), the Botanic Gardens (92%) and the larger reserves (85%) such as Bottle Lake Forest Park or the Port Hills.

A majority of respondents (76%) were happy with rubbish collection, though 15% thought there was room for improvement in the way this service was delivered.

Almost all of those surveyed (97%) were aware that the Council encourages recycling to reduce solid waste to landfill site, and a large number (71%) thought the programme was effective.

A majority of respondents (86%) were happy with the amount of off-street parking at shopping malls, though less than half (49%) were content with off-street parking in the Central City.

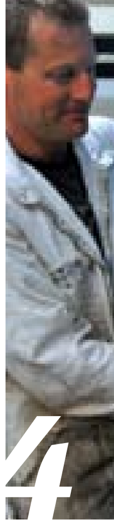
The areas where residents felt there was most room for improvement were:

- Road congestion/traffic control (18%)
- Rubbish collection (15%)
- Development of parks and waterways (11%)
- Road conditions (10%)
- Safer cycle lanes (8%)
- Boy racers (8%)

4

Groups of activities

***Warren Soufflot** - Master Technician, wastewater treatment plant team*



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 2008

	2008				2007
	Costs (After Internal Recoveries) $'000	Income $'000	Net Cost $'000	Plan Net Cost $'000	Net Cost $'000
City development	15,016	1,516	13,500	16,574	12,593
Community support	33,332	18,375	14,957	18,555	17,484
Cultural and learning services	42,673	3,886	38,787	40,932	37,837
Democracy and governance	10,297	330	9,967	10,446	9,092
Economic development	11,091	138	10,953	12,030	9,561
Parks, open spaces and waterways	44,890	12,971	31,919	36,441	28,346
Recreation and leisure	28,247	10,079	18,168	17,436	19,075
Refuse minimisation and disposal	18,806	4,671	14,135	15,058	11,662
Regulatory services	31,695	23,303	8,392	6,959	7,490
Streets and transport	88,546	33,115	55,431	45,755	46,139
Wastewater collection and treatment	32,257	6,665	25,592	27,384	24,223
Water supply	21,230	4,873	16,357	16,593	14,195
Total Cost of Service Delivery	**378,080**	**119,922**	**258,158**	**264,163**	**237,697**
Deduct service provider cost					
Activity Results represented in the Income Statement	**378,080**	**119,922**	**258,158**	**264,163**	**237,697**

(i) Net cost in 2006 has been restated by $2.8 million, 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.

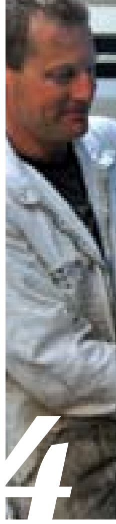
Capital summary

For the year ended 30 June

	2008 Net Cost	2008 Plan	2007 Net Cost
City development	20,796	929	896
Community support	6,050	8,207	3,923
Cultural and learning services	6,874	8,493	5,859
Democracy and governance	46	49	29
Economic development	201	87	313
Parks, open spaces and waterways	22,873	32,998	25,621
Recreation and leisure	12,340	18,309	4,620
Refuse minimisation and disposal	2,538	2,425	4,673
Regulatory services	67	454	72
Streets and transport	65,607	66,383	47,969
Wastewater collection and treatment	50,362	76,858	53,540
Water supply	8,630	13,518	7,128
Total Cost of Service Delivery	**196,384**	**228,710**	**154,643**

City development

City Development *- Lichfield Lanes*



Brief overview of group of activities

The Council promotes, markets and is involved in projects that aim to revitalise the Central City and undertakes projects and initiatives to improve Christchurch's urban environment. In addition, the Council provides leadership, advocacy, resources, grants and conservation covenants to conserve and rehabilitate heritage items.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the City Development group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the economic and social wellbeing of the community by ensuring that long term plans are developed and put in place to shape the form and function of the city in years to come, and that the city's key resources and heritage sites are protected.

What the Council achieved

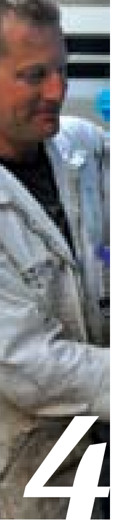
In 2007/08 the Council made considerable progress completing its strategy and policies on energy, sustainability and a draft document for biodiversity. An Urban Design Panel was established to provide design advice to consent applicants. A number of bylaws were reviewed including Public Places and Dog Control.

The Visitor Strategy was adopted in August 2007.

Our main monitoring programmes were maintained and delivered data to support the Council's strategy development process. This included: community outcomes monitoring, quality of life monitoring, stats, facts and figures monitoring, and state of the environment monitoring.

Implementation for the Greater Christchurch Urban Development Strategy (UDS) commenced, with a key focus on providing information to support an approach to Central Government to assist with transport funding. While this is a regional initiative, there is a significant Greater Christchurch component. The South West Area Plan progressed with consultation on concept plans.

Council also contributed to the heritage of the city by providing grants for building refurbishment in excess of $0.4 million.



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)	Central city growth was 48% of the city-wide rate of growth	Central city growth is 45% of city-wide
	Per cent change in the number of pedestrians in the central city compared to base in 1993	Next survey date is Oct 08	2% increase in pedestrian activity since 1993
City and community forward planning and urban renewal	Residents' survey results:		
	satisfaction with "look and feel " of the city	79%	95%*
	Percent of residents who agree that building or land development has not made their area worse	73%	80%*
	Satisfaction with overall city and environmental planning	53%	65%*
Heritage protection	Percent increase in awareness of heritage issues	Not measured	74%*

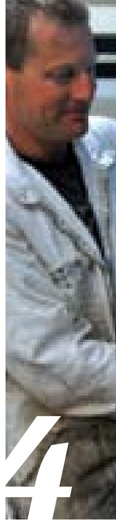
* In the 2007/08 plan, the above target performance percentages were incorrectly aligned to the header being the Level of Service header "Residents survey results", they are correctly aligned in this report.

Where is the Council heading?

Work to implement the UDS will continue including identifying areas of the city where higher density living could occur, working through transport funding issues and continuing to develop business land approaches.

Work on Central City South has been delayed until 2008/09, however it is anticipated that substantial progress will be made to identify Council-led and private mechanisms to increase the opportunity for mixed-use development, amenity and street enhancements.

Council is also completing a number of area planning exercises that will provide integrating frameworks for new urban development. These plans will ensure that transport, employment, community elements and sustainability principles are designed into new areas of the city.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	**Income**	**Net Cost**	**Plan Net Cost**	**Net Cost**
Operational service result	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Central city revitalisation	1,177	305	872	1,655	1,632
City & community forward planning & urban renewal	8,200	406	7,794	8,555	6,930
Heritage protection	5,639	805	4,834	6,364	4,031
Cost of service	**15,016**	**1,516**	**13,500**	**16,574**	**12,593**
Capital expenditure					
Renewals and replacements			9	18	295
Improved service levels			153	911	601
Increased demand			20,634	-	-
Total capital expenditure			**20,796**	**929**	**896**

Explanation of significant cost of service variances

The most significant underspend was in the heritage protection area. $0.7 million relates to heritage grants committed but not paid at year end, and $0.5 million relates to maintenance work on Council-owned assets not performed due to staffing shortages. The work is of a specialist nature and it has been difficult to find suitable resources; this is not expected to continue into 2008/09.

Significant capital expenditure

It is Council's intent to develop the inner city within the context of the Urban Development Strategy.

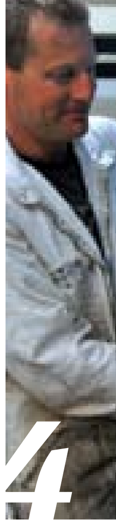
Council has area plans which support the acquisition of strategic land parcels and recently purchased property for $17.4 million in support of the SWAP (South Western Area Plan).

Explanation of significant capital expenditure variances

A number of strategic land purchases outlined in the Long Term Council Community Plan became available sooner than expected. The Council moved to secure these purchases, resulting in expenditure earlier than was planned. Funding was reprogrammed from future spend in the LTCCP.

Community support

Volunteer Mentor Tim Webster and Ashley Kenton
Working together under the Big Brother, Big Sister Youth Mentoring programme



Community support

Brief overview of group of activities

Community support covers:

Strengthening communities

Council is pivotal in working in a coordination and facilitation role with community and voluntary organisations, iwi, mana whenua and other key stakeholders. The aim is to develop resilient, resourceful and ultimately self-sustainable communities to which all residents feel they belong, and to improve engagement in local decision-making.

Community grants

The Council operates four schemes to assist community and voluntary groups working for the benefit of the wider Christchurch community, local communities, or communities of interest. Community Grant Funding is an enabler used by Council to assist community-led projects and initiatives at both the metropolitan and local ward level.

Community facilities

The Council ensures that communities have access to a range of community facilities (halls and community centres) that enable social, educational, cultural and recreational activities.

Social housing

We provide affordable housing to low income people whose housing needs are not met by other housing providers.

Early learning centres

The Council owns and operates three Early Learning Centres - Tuam Street Early Learning Centre, which caters for inner-city users, and QEII Pre-school and Pioneer Early Learning Centre, which mainly provide support for leisure centre users. Unlike most commercially run centres, these three centres provide flexible hours of access in addition to the normal hours of operation.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Community support group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the cultural and social wellbeing of the community by ensuring that civil defence initiatives are in place, that community groups receive support and funding for further development, and that a wide range of services and facilities are available for the use by the community, including social housing.

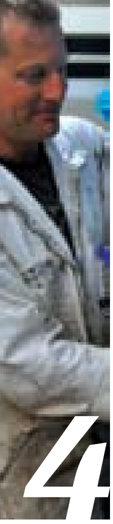
What the Council achieved

The key strategies developed in 2007 were the Strengthening Communities Strategy, Social Housing Strategy, Community Facilities Plan and the Community Grants Review. 2008 has seen the implementation of these strategies with a major focus on developing processes for the new-look Strengthening Communities Funding Schemes.

In December 2007 we officially opened Whakahoa Village, a brand new housing complex in Gowerton Place which was the product of a partnership with Housing New Zealand. In March 2008 Council approved a 24% rent increase, effective 1 July 2008, for our social housing tenants to ensure the sustainability of housing into the future. A very successful art and photography competition for social housing tenants resulted in some of the art work being professionally displayed at Our City Ōtautahi.

OASIS – a series of information seminars for older adults were held across all wards, giving information on Council and other government and non-government agencies. The Welcome to Christchurch campaign was launched in partnership with Te Rūnanga o Ngāi Tahu, CPIT, University of Canterbury and the Police to help fight racial discrimination against international students.

We completed the Moa Kids Early Learning Centre in Redcliffs and the community facilities web page, which features Council owned and managed facilities that can be booked through Council.



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	100%	Satisfaction with quality of support in 80 - 85% range
Early childhood education	Satisfaction with child education and environment provided by the Council	98%	90%
	Occupancy rates of Council owned and operated early learning centres	80%	Maintain 75 - 85% occupancy across centres
Social housing	Christchurch housing rental stock provided by Council	2,649 units provided	2,641 units provided
	Occupancy rates of housing units	98%	Maintain occupancy at 90 - 97% range
	Tenant satisfaction with management service	86%	Satisfaction in range of 75 - 80%

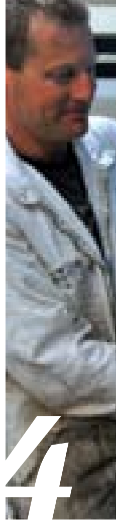
Where is the Council heading?

Two significant national and international conferences will be hosted by the Council in Christchurch in October 2008 – the 17th International World Health Organisation Safe Communities Conference and the national Youth in Local Government Conference.

We look forward to being informed of the outcome of our application to be a World Health Organisation accredited “Safe City” and we move into a new focus on safety with the establishment of a Graffiti Office and Safe City Officers on patrol. The Alcohol Accord, including the “in before 4 one-way door” policy has been signed-off for another two years.

With the increase in housing revenue we will catch up on some deferred maintenance and bring other maintenance programmes into line for the benefit of our tenants.

We will be engaging with local communities on a ward-by-ward basis as we develop the Community Facilities Plan.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$'000	$'000	$'000	$'000	$'000
Civil defence and rural fire	1,546	243	1,303	1,470	1,552
Community grants	4,999	2	4,997	4,755	4,979
Community support	8,201	426	7,775	8,445	7,417
Early learning centres	2,374	2,114	260	555	299
Halls and conveniences	2,279	286	1,993	1,940	1,454
Housing	13,933	15,304	(1,371)	1,390	1,783
Cost of service	**33,332**	**18,375**	**14,957**	**18,555**	**17,484**
Capital expenditure					
Renewals and replacements			3,516	5,375	1,497
Improved service levels			-	-	74
Increased demand			2,534	2,832	2,352
Total capital expenditure			**6,050**	**8,207**	**3,923**

Explanation of significant cost of service variances

Community support

One of the Community support services is customer contact which has run under-budget this year due to primarily staffing vacancies and an adjustment to service centres' maintenance program.

Early learning centres

Early learning centres had a lower net cost in 2007/08 following higher revenue received from the Ministry of Education and lower net operational costs.

Housing

Housing had a lower net cost in 2007/08 as a result of higher occupancy rates within the housing units, Whakahoa Village being completed and rentals received.

The result also includes revenue of $2.43 million being a grant received for the development of Whakahoa Village development

Significant capital expenditure

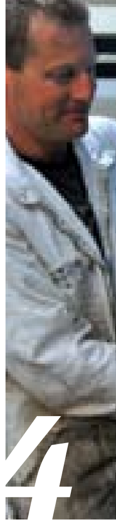
The Whakahoa Village development was completed during the year with $2.5 million of cost. Whakahoa Village is a significant development in the future provision of social housing in the city. During 2007/08 other significant projects included $2.1 million on housing improvements and redecorations, $0.6 million on upgrading of community facilities and $0.5 million on the Sumner/Redcliffs Creche.

Explanation of significant capital expenditure variances

The 2007/08 Plan assumed that the Shirley Community Structural Strengthening project would be completed, $0.8 million has been reprogrammed to 2008/09. A further $0.1 million for Risingholme Community Centre has been reprogrammed. In addition, approx $1.0 million planned for improvements work was not undertaken or completed.

Cultural and learning services

***Gaewynne Hood, Children's and Young Adult Librarian** - Shirley*



Cultural and learning services

Brief overview of group of activities

Christchurch City Libraries develops 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.

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 the Cultural Precinct and Worcester Boulevard the most visited cultural tourism site in New Zealand.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Cultural and learning services group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the cultural and social wellbeing of the community by ensuring that a range of facilities (art galleries, libraries and museums) are available and that a wide range of support services are in place for those using these facilities.

What the Council achieved

Library

Christchurch City Libraries has continued to achieve its customer targets, exceeding national benchmarks for all levels of service.

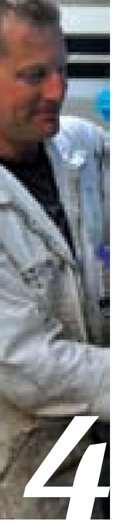
Spreydon Library underwent a major refurbishment, Bishopdale Library received an interior makeover and an enquiries desk was added to the ground floor of the Central Library with several collections and spaces rearranged to improve the customer experience.

The Draft Libraries 2025 Facilities Plan, a framework for the development of the Christchurch City Libraries' network for the next 20 years, was approved for community consultation by Council in March. Hearings on the submissions were held in June.

Significant achievements in Online Services included the re-launch of *The Pulse*, Christchurch City Libraries' youth website, and the launch of the libraries' blog site - blog.christchurchcitylibraries.com. Usage of Localeye (online gateway to Christchurch and Canterbury websites) was up 78.9% compared with June 2007.

Art Gallery

A range of excellent exhibitions was shown this year, including *Art School 125*, which celebrated the anniversary of the School of Fine Arts at the University of Canterbury. The gallery hosted a focus show of the work of Colin McCahon from the National Gallery of Australia and a total of 24,048 visitors saw *Morris & Co: the world of William Morris*, drawn from the collections of the Art Gallery of South Australia and supplemented with some key New Zealand loans. Local artist Darryn George's *Pulse* has been very popular with visitors and 25 different artists' projects have been initiated in the foyer and forecourt as part of a new *Outer spaces* programme. *I see red* continues to attract large numbers of children.



Cultural and learning services

How the Council measured up

Activity	Level of service	Actual	Target
Art Gallery	No. of visits to the Art Gallery and the net cost of providing the service	389,091 / $18.57	375,000 / < $23.00
	Visitor satisfaction with quality and quantity of programmes at the Art Gallery	98% positive responses in exit survey	80 - 85%
Libraries	Customer satisfaction with the library service	85%	85-90%
	Size of general library collection (items per capita of City population)	3.16	3-3.5 items per capita
	Number of library items issued, per capita of city population, per year	Benchmark not yet available	Achieve national average or better
Our City Ōtautahi	Number of visitors to Our City Ōtautahi	25,716 Visitor numbers have been boosted by 3 major exhibitions	14,000

Where is the Council heading?

Library

Following Council sign-off on the final Libraries 2025 Facilities Plan, business cases will be developed for the priority recommendations as part of the 2009-19 LTCCP process to secure funding.

2009 is the 150th anniversary of what is now Christchurch City Libraries. To celebrate this milestone, a year of exciting and stimulating events is planned. Also, the Canterbury Rugby Football Union have committed to the 2009 Reading Crusade and we will be working together to ensure the branding potential is fully capitalised.

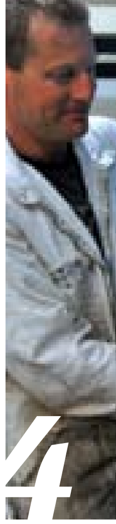
Actions from Te Ara Hou, the Library's bicultural action plan 2007–2010, will continue to be implemented. Key areas to be addressed include recruitment and retention of Māori staff, confidence and capacity building in the use of Te Reo and knowledge of tikanga and better integration of biculturalism into the strategic planning and decision-making process.

Art Gallery

Christchurch Art Gallery Te Puna o Waiwhetu will strive to maintain its visitor numbers at the current level, increasing their diversity and attracting national and international visitors to Christchurch as well as returning residents.

The focus will be on building a nationally significant collection and ensuring a strong exhibition programme to educate, entertain, provoke and challenge our audiences.

The Canterbury Museum will be supported by an annual grant and a new storage building in Akaroa will enable the museum to better house its collections.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
Operational service result	Costs (After Internal Recoveries) $'000	Income $'000	Net Cost $'000	Plan Net Cost $'000	Net Cost $'000
Art gallery	8,796	1,571	7,225	6,973	6,905
Libraries	27,996	1,983	26,013	26,456	25,484
Museums	5,416	281	5,135	7,055	5,102
Our City Ōtautahi	465	51	414	448	346
Cost of service	**42,673**	**3,886**	**38,787**	**40,932**	**37,837**
Capital expenditure					
Renewals and replacements			6,484	8,130	5,607
Improved service levels			390	363	252
Increased demand			-	-	-
Total capital expenditure			**6,874**	**8,493**	**5,859**

Explanation of significant cost of service variances

Museums

Following the abandonment of the proposed Canterbury Museum revitalisation project, amounts totalling $1.9 million were not spent during the financial year and were carried forward to 2009/10. This will allow the Museum time to amend its development plans.

Significant capital expenditure

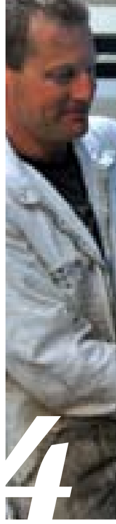
Other than library book purchases and Art Gallery acquisitions, the only significant capital expenditure during the current financial year was for the refurbishment of Spreydon Library.

Explanation of significant capital expenditure variances

The actual spend was $1.0 million lower than planned in libraries on purchases of books and periodicals. In addition, the Art Gallery had planned to upgrade the Akaroa Museum storage facility, however the timing of the project has been carried forward to 2008/09.

Democracy and governance

Sue Dickie *- Customer Services Representative*



Democracy and governance

Brief overview of group of activities

The Council provides comprehensive logistic support so that the Mayor, Councillors and Community Board members can carry out their functions, duties and powers. This support includes coordinating meetings of the Council and the eight Community Boards, while ensuring legislative requirements are met.

Opportunities for public participation in decision-making are also provided by facilitating deputations to meetings and informing the public of opportunities for their input to decision-making. Submissions from the community made through consultation processes are received and processed to ensure their consideration by the Council.

Elections are also held to enable communities to choose their representatives.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Democracy and governance group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the social wellbeing of the community by ensuring a wide range of opportunities are available for individuals and groups to be involved in local government decision making.

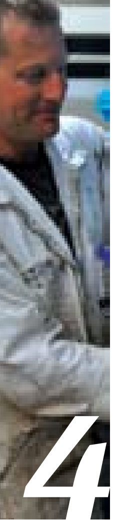
What the Council achieved

The Council made arrangements for the local body elections held in October. A comprehensive programme around those elections was coordinated, which included the briefing of potential candidates and induction and training for newly elected members. A by-election for a vacant Community Board seat for the Akaroa community was also held in February.

New governance structures were established for the new triennium. The Council moved to a bimonthly meeting timeframe and established one Standing Committee and a number of ad-hoc Committees and Working Parties. Workshops are held for Councillors to provide an opportunity for preliminary consideration of issues before decisions are made. The eight Community Boards meet either monthly or bimonthly. Joint seminars are held for all Community Boards to share information on current key topics.

Around 795 submissions were received on the Draft Annual Plan 2008/09 and the 2008 Amendments to the LTCCP 2006-16, with 75 submitters wishing to speak to the Council on their submissions. For the review of 23 of the Council's 34 bylaws, around 337 submissions were received, with 79 submitters being heard by the Council.

The eight Community Boards continued to fund and support community organisations and community development projects.



Democracy and governance

How the Council measured up

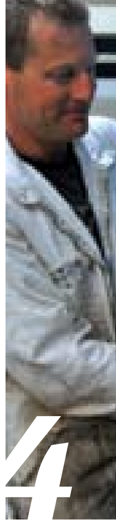
Activity	Level of service	Actual	Target
Democracy and governance support	Percent of residents satisfied that the Council makes decisions in the best interests of Christchurch	Survey is biennial - next survey Oct 2008	75%
	Council meetings are notified to all at least 10 working days prior to the meeting	94%	100%
	Percent of agendas and reports are from Council two clear working days prior to each meeting	99%	100%
	Percent of residents satisfied with the way the Council involves the public in decision making	Survey is biennial - next survey Oct 2008	75%

Where is the Council heading?

The Council is required to review its voting and representation arrangements at least once every six years, and work will proceed in the next year to ensure that the Council is able to make decisions on those arrangements by August 2009.

Work will continue on initiatives to raise awareness among residents of opportunities to better understand or participate in the democratic processes of the Council. Planning will also continue for the National Community Board Conference to be held in Christchurch during March 2009.

There will continue to be a focus on ensuring effective processes to provide advice to the Council and Community Boards, to ensure ongoing alignment of decision-making with the LTCCP 2006-16.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$'000	$'000	$'000	$'000	$'000
Democracy and governance support	6,501	320	6,181	5,911	5,625
Elected member representation	3,796	10	3,786	4,535	3,467
Cost of service	**10,297**	**330**	**9,967**	**10,446**	**9,092**
Capital expenditure					
Renewals and replacements			46	49	29
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**46**	**49**	**29**

Explanation of significant cost of service variances

Elected member representation

The 2007/08 Plan included the Community Board Discretionary and SCAP (Strengthening Communities Action Plans) funding. During the year, these amounts are allocated to special projects or external groups by each Community Board and the actual expenditure is allocated into the specific group of activity to which it relates.

Significant capital expenditure

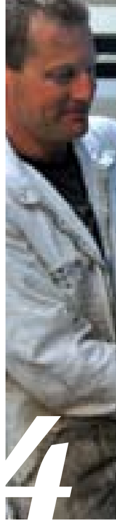
There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no material variances.

Economic development

An artist's impression of the redeveloped AMI Stadium *- Phillipstown, Christchurch*



Economic development

Brief overview of group of activities

The Christchurch City Council actively supports the growth and development of local businesses. The Canterbury Regional Economic Development Strategy (CREDS) provides an overview of the key opportunities for the region. The Council supports a strong economic development agenda through the funding and operation of Canterbury Development Corporation (CDC) and the Christchurch Canterbury Tourism (CCT). Examples of the current focus areas include:

- increasing the exposure of Christchurch City in the tourism market – both locally and internationally
- enhancing the technology infrastructure in the city – supporting businesses to reduce costs and improve competitiveness

In addition, the Council uses the Canterbury Economic Development Fund (CEDF) and the Christchurch Economic Interest Fund (CEIF) to support new and emerging technologies, and innovations in the market place.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Economic development group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the economic and social wellbeing of the community by ensuring that a range of employment, business start up and other programmes are available to support individuals and business. There is also a significant impact through tourism and promotion of the region.

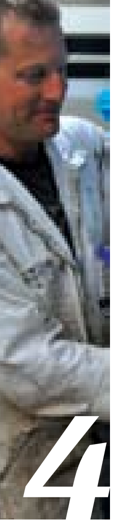
What the Council achieved

The Council successfully facilitated a range of economic development initiatives and projects contributing towards the economy of Christchurch City. Implementation of the high priority work streams flowing from the Visitor Strategy approved last year is underway, with particular focus on the marketing components – nationally and internationally.

In addition to the tourism-based activities, the Council also targets industry development through the CDC, which continued to support a range of employment training and small business development initiatives, including work with school leavers throughout Christchurch.

Other programmes have been delivered focusing on development, skills enhancements and technology commercialisation.

The Christchurch City Council has also led the other councils in the region in the establishment of the Canterbury Regional Governance Group (RGG) which is needed to enable the region to capitalise on Central Government funding through the Regional Strategy Fund and the enterprising partnership fund.



Economic development

How the Council measured up

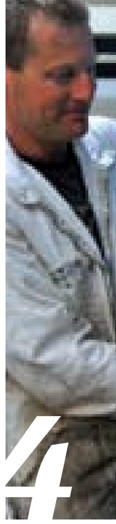
Activity	Level of service	Actual	Target
Visitor Promotions	Growth in international visitor numbers	No measurement	Achieve national growth rate at all times. Exceed year end national growth percentage by 10%.
	Increase in domestic visitor numbers	3% increase in domestic visitor nights and a 2% increase in domestic visitor day trips.	Under development in 2006:16 LTCCP .
	Increase in international visitor length of stay and spend	No measurement	Aim that market share of Regional Tourism Organisational spend is not less than 15.4% of national total
	Number of skilled migrants relocated per year	139	40
	Business mentoring coaching	No measurement	1,000
	Number of business start ups per year	553	500
	Mentoring and Coaching : Mentor matches	409	400

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 Government's Economic Transformation Agenda through the RGG. The first stage of this will be through the review of the CREDS strategy. Through collaboration the Council will ensure that the changes in the regional economic policy are embedded in its own activities as well as the actions of CDC and CCT.

As part of the broader work Council will also review the mechanisms in place to ensure the timely and appropriate release of adequate land for business, as well as continuing to act as a support catalyst for transformational projects.

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 Christchurch City Holdings Ltd to deliver major catalyst projects.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$'000	$'000	$'000	$'000	$'000
City promotion and international relations	928	3	925	1,171	907
Economic development	5,449	100	5,349	6,329	4,687
Employment development	1,988	-	1,988	1,996	2,013
Visitor promotions	2,726	35	2,691	2,534	1,954
Cost of service	**11,091**	**138**	**10,953**	**12,030**	**9,561**
Capital expenditure					
Renewals and replacements			201	87	313
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**201**	**87**	**313**

Explanation of significant cost of service variances

Economic development

Economic development was behind plan by $0.9 million, due to the under allocation of grants of $0.7 million against plan and the $0.7 million under spend in the Urban Design Strategy area.

Significant capital expenditure

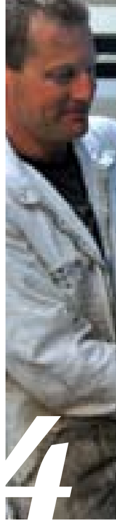
There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no material variances.

Parks, open spaces and waterways

Children playing *- Christchurch Botanic Gardens, Christchurch City Centre*



Parks, open spaces and waterways

Brief overview of group of activities

The Council provides and manages over 700 parks within the city's urban area. These parks provide areas for recreation and organised sport, garden environments and green corridors, and contribute to the city's natural form, character and amenity values. The largest park in the metropolitan area is Hagley Park with 161 hectares.

The Council provides and manages more than 70 regional parks, including those within coastal areas, the Port Hills and the plains. These parks are used for informal recreation, conservation of natural resources and scenic values, and cultural and heritage preservation.

The Council provides and manages the Christchurch Botanic Gardens (21 hectares in size) so that residents and visitors to Christchurch can enjoy its garden environments and plant collections.

The Council provides and manages nine operational cemeteries to meet the burial and remembrance needs of the community.

The Council provides and operates the city's stormwater system, manages the waterways into which it discharges, and protects and enhances the life-supporting capacity of the city's waterways and wetlands.

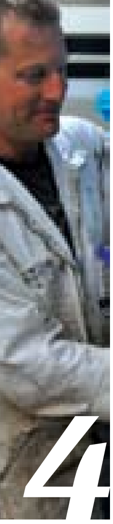
Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Parks, open space and waterways group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the environmental, and social wellbeing of the community through the provision of a network of parks and gardens throughout the city, offering a range of active and passive recreational opportunities.

What the Council achieved

During the year the Council continued its programme of renewals and replacements of playgrounds, structures, waterways and car parks. This group of activities also plays a significant role in supporting Council events such as the Summertimes series, The World Buskers Festival, the Floral Festival and planning for the upcoming Ellerslie International Flower Show.

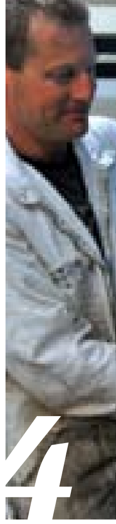
A major review of several key by-laws was completed by Council including the bylaws for Parks and Reserves Bylaw, Dog Control and Public Places.



Parks, open spaces and waterways

How the Council measured up

Activity	Level of service	Actual	Target
Cemeteries	Capacity of Council cemeteries	18,262 burial plots /3,929 Ashes plots	13,500 full plots / 3,500 ash plots
Regional parks	Area of regional park per 1000 population	15.9 ha per 1,000 Banks Peninsula Incl (Actual includes acquisition of Misty Peaks 447 ha)	13.2 ha /1,000 Banks Peninsula Incl
The Botanic Gardens	Number of visitors to the Botanic Gardens per year.	1.6 million	1.2 million
Urban parks	Area of urban park per 1000	6.37ha per 1,000 population (Increase is due to reclassification of "Regional parks "	4.7 ha /1,631
	Percent of urban residences within 400 metres of a park	82%	90%
	Customer satisfaction with the appearance of parks	86%	>90%
	Provision of recreation facilities	5.1 per 1,000 children incl Banks Peninsula & 1.13 per 1,000 youth incl Banks Peninsula	>4 playgrounds per 1,000 children / >1 youth recreation facilities per 1,000 youth
	Playing fields per 1000 sports participants.	Winter 10 / Summer 11 (Variation in field allocation and participation numbers has resulted in a shift between Summer and Winter ratios. The overall allocation figure of 21 fields per 1000 population was achieved)	14 winter fields per 1,000 / 7 summer fields per 1,000
	Customers satisfaction with range of recreation opportunities available in parks	81%	85%
Waterways & land drainage	Residents satisfaction with the appearance of waterways and wetlands	77% Internal survey , as opposed to residents survey	75%
	Percent of non-flooding properties	99.99%	99%



Where is the Council heading?

The Council is continuing the development of a network of integrated catchment plans 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.

The Council will be implementing the Ōtautahi/Christchurch and Te Pātaka o Rākaihautū/Banks Peninsula Biodiversity Strategy, providing a local response to the Government's New Zealand Biodiversity Strategy. The strategy provides guidance on biodiversity issues relating to Council policy, plans and bylaws while respecting urban Christchurch's Garden City character.

The Council will also be continuing development of the Mid-Heathcote River/Opawaho Linear Park Masterplan which focuses on the section of the Heathcote River/Opawaho that lies between Colombo Street and Opawa Road, and is situated within public open space.

What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
Operational service result	**Costs (After Internal Recoveries) $'000**	**Income $'000**	**Net Cost $'000**	**Plan Net Cost $'000**	**Net Cost $'000**
Cemeteries	1,245	707	538	610	534
Regional parks	6,135	588	5,547	4,795	4,931
The Botanic Gardens	3,347	156	3,191	3,139	2,815
Urban parks	20,375	562	19,813	19,479	18,664
Waterways and land drainage	13,787	51	13,736	14,120	12,373
Capital revenues	1	10,907	(10,906)	(5,702)	(10,971)
Cost of service	**44,890**	**12,971**	**31,919**	**36,441**	**28,346**
Capital expenditure					
Renewals and replacements			9,289	12,750	8,321
Improved service levels			573	652	394
Increased demand			13,011	19,596	16,906
Total capital expenditure			**22,873**	**32,998**	**25,621**

Explanation of significant cost of service variances

While cash development contributions significantly exceed plan, vested land contributions (reported in the income statement) were $4.8 million less than plan giving a net result of $0.4 million better than plan. There are no other significant variances in this group of activities apart from $0.6 million of depreciation being higher than plan.

Significant capital expenditure

The Council spent $1.3 million on neighbourhood reserve purchases and district sports park purchases. $2.2 million was spent on the Snellings Drain No.2 renewal project in Marshland and $1.5 million on waterways and wetland purchases

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.

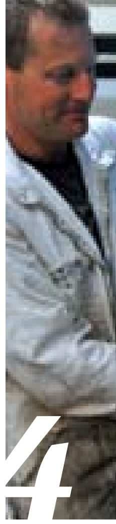
The Council also provides and operates the city's stormwater system, manages the waterways into which it discharges, and it protects and enhances the life-supporting capacity of the city's waterways and wetlands. The Council has continued its programme of renewal of the city's storm water drains as they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

Explanation of significant capital expenditure variances

The Annual Plan provided for $7.2 million to be spent on waterways and wetland land purchases. The opportunities for this did not eventuate during the year resulting in expenditure being $5.6 million less than planned. Improvements planned for Lyttelton Marina have been delayed resulting in expenditures being under plan by $1.7 million. Wilderness drain renewals work was also not completed in the year resulting in $1.1 million planned expenditure being carried forward to 2008/09. Strategic reserve purchases were behind planned expenditure amounts by $0.9 million.

Recreation and leisure

***AnneMarie Robinson Bell** - Lifeguard, Centennial Leisure Centre*



Recreation and leisure

Brief overview of group of activities

Council provides sporting and recreational facilities such as swimming pools, stadia, indoor sports centres and specialist sporting playing surfaces. Our priority is to provide the facilities that others can not, so Christchurch always has a comprehensive suite of facilities that allows our community to participate at the level they choose.

Recreational and sporting programmes, activities and events are usually delivered or supported by Council, but we will often support the delivery through others such as sports clubs and community groups.

Christchurch and Canterbury are world famous for sporting passion. This is reflected in Council's support for the development and promotion of sport at all levels. The hosting of major sporting events has the added benefit of bringing considerable economic benefit to the city.

Council delivers a year round calendar of events and festivals, and supports other organisations to do the same. Events allow residents and visitors to enjoy the city and make a significant financial contribution to Christchurch's economy.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Recreation and leisure group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the social, and environmental wellbeing of the community by offering a wide range of facilities (pools, leisure centres, stadia and sporting facilities) as well as a range of services, programmes and events, many of which are based around those facilities.

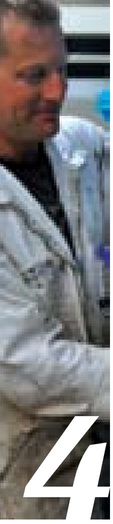
What the Council achieved

Council's support for recreation and sports is primarily about improving the quality of life and building strong communities through active participation. Results demonstrate ongoing success:

- Customer attendance at Council-owned pools and recreation facilities reached 2.8 million for the year despite Jellie Park being closed for renovations.
- Admissions at Council's world class Southern Centre Multi Sensory Unit increased by 40% to over 6400, 70% are people with disabilities.
- Over 401,000 children enjoyed swimming lessons provided by the Council.

Council continues to entertain and engage the community through the provision and support of events.

- Quality community events such as Culture Galore, Children's Day, Global Football and Matariki celebrations lead the nation in developing strong communities and community pride.
- International sporting events such as the World Bowls Tournament, World Croquet Tournament and the Oceania Swimming Championships continue to cement Christchurch as New Zealand's leading sport city.



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	90%	90%
Events and festivals	Percent satisfaction with the quality of major festivals and events provided	91% in residents survey	At least 90%
Pools and leisure centres, stadia and sporting facilities	Facilities meet legislative requirements measured by WSNZ Pool Safe accreditation	Achieved	All indoor and summer pools are Pool Safe accredited
	Number of customer visits to leisure centres per year	2.80 million	Over 2.6 million
	Provision of multi-use leisure centres per 50,000 population	5 Centres	6 centres
	Area of pool provided per capita	1 sq m per 67 persons	1 sq m per 105 persons
	Number of customer visits per year to Council - operated stadia and sporting facilities	678,832	410,000
Recreation programmes	Attendance numbers at Council recreation, arts and sporting programmes and events	678,974 Revising targets in line with higher patronage	570,000 programme visits p.a.
Sports support and promotion	Number of national or international events hosted in Christchurch per year.	14 international and 38 national events (Whilst there were a higher number of events, they were of a smaller size .)	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 events	$25.5 million	At least $20 million benefit per annum

Where is the Council heading?

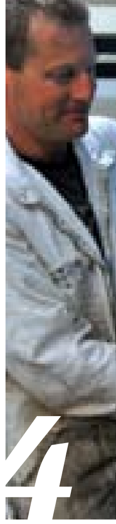
High on Council's future priorities is a focus on increasing the value of recreation and leisure services to the community:

- Council will have a greater focus on understanding the needs of individual communities within our city and empowering those communities to deliver services for themselves in a sustainable, best practice manner.
- Christchurch has secured a leading role in the FIFA Women's Under 17 World Cup, and has won the right to host the International Paralympics Committee World Athletics Championships in 2010 with an estimated economic benefit to New Zealand of $70 million.
- The way in which Council provides its services will be continually refined to ensure best practice and best value. Measurement of success will be better targeted to ensure Council delivers to those in need.

Best practice planning and development processes will ensure that facilities and recreational and sporting services continue to be world class:

- Jellie Park Sport and Recreation centre will open its doors on August 4 2008.
- Improvements to the Pioneer gym and group exercise facilities will open in the spring of 2008.
- Construction will begin on the Graham Condon Sport and Recreation Centre in Papanui.
- The Metropolitan Sports Facilities Plan will develop a plan to enable Council to prioritise the provision of sports facilities with a city-wide catchment over the next 20 years.

An exciting calendar of events and festivals for 2008/2009 will be topped by the FIFA Women's Under 17 World Cup in November 2008 and the NZ PGA Golf Championships in March 2009.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Pools and leisure centres, stadia and sporting facilities	18,593	8,878	9,715	9,733	11,554
Events and festivals	4,056	319	3,737	3,073	3,047
Recreation programmes	3,128	835	2,293	2,803	2,419
Sports support and promotion	2,470	14	2,456	2,066	2,055
Capital revenues	-	33	(33)	(239)	-
Cost of service	**28,247**	**10,079**	**18,168**	**17,436**	**19,075**
Capital expenditure					
Renewals and replacements			11,584	13,880	4,241
Improved service levels			756	4,429	379
Increased demand			-	-	-
Total capital expenditure			**12,340**	**18,309**	**4,620**

Explanation of significant cost of service variances

Pools and leisure centres

There were no material variances.

Events and festivals

Events and festivals costs were $0.7 million higher than planned due to a number of contributing factors, one being an increase in costs for events in particular the increased traffic management area $0.1 million, and additional events provided for the first time in 2007/08 programme of $0.5 million.

Recreation programmes

Both community and stadia based recreation programmes proved popular with higher than planned volumes which resulted in higher than planned revenue.

Sports support and promotion

The sports support and promotion over-spend is due to rates remissions for sporting clubs and groups being higher than plan.

Significant capital expenditure

The redevelopment of Jellie Park incurred $10.1 million. This redevelopment confirms the Council's commitment to providing world-class outdoor recreation facilities to the community.

During 2007/08 other significant projects included the Avon River Safety Project $0.5 million and the QEII Pool Bulkhead replacement $0.3 million.

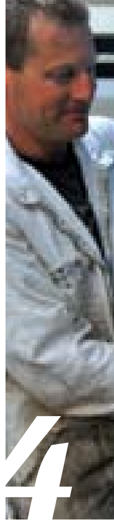
Explanation of significant capital expenditure variances

The 2007/08 plan assumed a certain level of expenditure on certain capital projects - Graham Condon Pool was delayed and $4 million of budget was carried forward to 2008/09. In addition, Porritt Park was also reprogrammed to 2008/09 totalling $0.9 million and $0.3 million was reprogrammed for QEII stadia capital.

Other variances are of an insignificant nature.

Refuse minimisation and disposal

Real Recycling, Christchurch City Council



Refuse minimisation and disposal

Brief overview of group of activities

The Council provides programmes to encourage reusing and recycling, and to motivate behaviour change. The Council provides kerbside recycling, green-waste composting and recycling drop-off facilities at refuse stations. This group of activities also includes business resource efficiency programmes.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Refuse minimisation and disposal group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the environmental and economic wellbeing of the community by ensuring the reliable removal of refuse, the recycling of any resources in that refuse, and the disposal of any residue in a cost effective and environmentally acceptable manner.

What the Council achieved

The Burwood gas project has operated very successfully for the last 12 months achieving gas availability to QEII in excess of 98%.

Significant work has been undertaken in tendering the new waste services in 2007/08. Long term contracts were awarded to TPIG clean away for the kerbside services, TPIG/Living Earth for the compost plant and Meta NZ for the Material Recovery Facility (MRF). The compost plant and MRF commenced construction in April 2008 and are due for completion by February 2009. Logistics planning for the distribution of 450,000 wheelie bins is well advanced.

Capping operations at the Burwood landfill have continued without incident and the operation should complete in 2010.

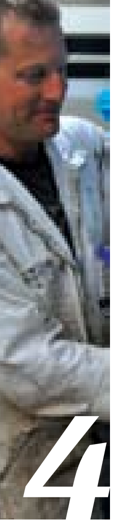
The Canterbury Waste Joint Committee contributed $0.1 million towards regional waste minimisation projects in Canterbury, including partial funding for a three year compost trial in South Canterbury. The preliminary results from the trial have been very encouraging. Other initiatives progressed include:

- Training of resource efficiency consultants throughout Canterbury.
- Development of a web based resource for schools focusing children on waste minimisation.
- Launch of paper and cardboard recycling initiative with Canterbury businesses to reduce land-filled material.

The Council continued to contribute to the national debate and policy on waste levies and hopes to see a national waste levy introduced in the next 12 months.

Two of the three solid waste-related bylaws have been reviewed and two were adopted in last 12 months.

The council rolled out its new Target Sustainability website which provides comprehensive links, tools and guides for minimising and reusing waste, water and energy.



Refuse minimisation and disposal

How the Council measured up

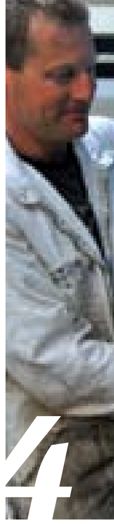
Activity	Level of service	Actual	Target
Black bag collection and disposal	Percentage of black rubbish bags and recycling crates collected weekly.	Achieved for both rubbish bags and recycling crates	>99% / >99%
Refuse transfer and disposal	Opening hours of refuse stations - 8.5 hours per day, 7 days per week (excluding public holidays)	Achieved	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.	1 Non compliance achieved on monitoring of Burwood landfill . New resource condition in place	Nil
	Total amount of waste sent to landfill each year (tonnes)	249,776 tonnes	260,000+/-5%
Waste minimisation	Kilograms of waste sent to landfill per capita, per year (target maximum of 235kg per capita by 2020) – commercial	382 kg	415 kg
	Kilograms of waste sent to landfill per capita, per year –(target maximum of 170kg per capita by 2020) - domestic	300 kg	300 kg

Where is the Council heading?

The new wheelie bin service will be rolled out across Christchurch commencing with the yellow wheelie bin followed by the red rubbish and green kitchen waste bins. Black rubbish bag collections for residential and non CBD commercial areas will cease from the commencement of the new services.

The new compost plant and MRF will commence processing in February 2009 and will be capable of processing commercial organics and recyclables as well as kerbside products.

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 that help create a more sustainable city for the future.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	$'000	$'000	$'000	$'000	$'000
Black bag collection and disposal	8,080	2,543	5,537	5,109	4,777
Refuse transfer and disposal	1,830	1,751	79	1,456	175
Waste minimisation	8,896	377	8,519	8,493	6,710
Cost of service	**18,806**	**4,671**	**14,135**	**15,058**	**11,662**
Capital expenditure					
Renewals and replacements			1,515	1,579	1,715
Improved service levels			997	803	2,907
Increased demand			26	43	51
Total capital expenditure			**2,538**	**2,425**	**4,673**

Explanation of significant cost of service variances

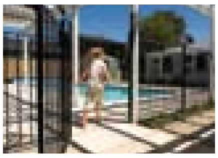
Waste minimisation incurred higher collection costs of $0.5 million and additional depreciation charges of $0.6 million relating to a partial write-off of the existing stock of recycling crates in anticipation of the beginning of the new wheelie bin system.

Significant capital expenditure

$1.3 million related to the aftercare of the closed Burwood landfill site and $0.5 million was for the new waste minimisation initiative.

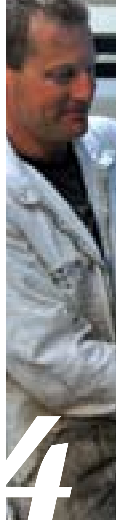
Explanation of significant capital expenditure variances

There were no material variances compared to the plan for the year. The prior year included $2.7 million for construction of the Burwood Landfill gas extraction plant and pipeline to QEII.



Regulatory services

***Rex Woolley** - Senior Shelter Officer - Animal Control*



Brief overview of group of activities

The Council administers and enforces the 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
- Council bylaws

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

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

The following pages contain performance results for the Regulatory services group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had an impact on the economic social and environmental wellbeing through the provision of building and licensing approvals, inspections of construction work, and enforcement of health, noise, parking and other bylaws.

What the Council achieved

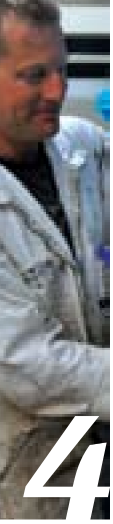
Christchurch continues in a period of growth with annual applications for $960 million of building development. The associated subdivision, resource management and building consents to enable this work to proceed are managed by the Council. There is also a process of monitoring and inspecting the work to ensure it complies with statutes, regulations and the City Plan.

There were 7,771 building consents, 1,600 resource consents and 738 subdivision consents approved during the year. Associated with that was the collection of increased development contribution levies under the 2007 Development Contributions Policy. In 67% of cases, consents were processed within statutory timeframes. This reflected the pressure of the numbers of consents and shortages of skilled staff, and the resources deployed to improve process as part of the Building Consent Authority accreditation requirements delayed some consents. The issuing of LIMs, 30,600 building inspections for properties under construction and issuance of code compliance certificates was accomplished, meeting customer requirements in significantly less than the statutory timeframes.

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.

Recently Council completed the review of a number of bylaws that impact on regulatory services including the Dog Control, Traffic and Parking and Public Places bylaws.

The City Plan Team made considerable progress with completing the reviews of the Christchurch City and Banks Peninsula sections of the District Plan, with major Environment Court hearings on remaining appeals concerning retail strategy (Variation 86), urban growth at Belfast, and landscape and ecology in Banks Peninsula (Variation 2). As some of these appeals proceeded faster than anticipated, significant over-expenditure on consultants and legal services was required to support the Council's position. Other work proceeded on a number of enhancements to both plans.



Regulatory services

How the Council measured up

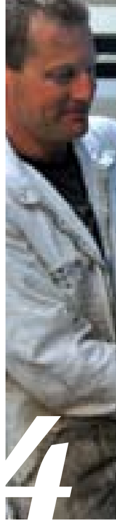
Activity	Level of service	Actual	Target
Enforcement and inspection activities			
	Percent of priority 1 complaints (wandering stock and aggressive behaviour by dogs) responded to within two hours	96%	100%
	Percent of priority 2 complaints (all other complaints about dogs) commenced within 24 hours	90%	100%
	Percent of responses to complaints of excessive noise within an average of 30 minutes	100%	100%
	Percent of responses to complaints or requests for investigations completed: within 10 working days (simple request); 60 working days (complex request)	10 days simple target result is 74.87%; 60 working days target 80%, result 86.9%	simple: 100% / complex: 80%
	Percent of potentially higher risk food premises inspected at least once per year	100%	100%
Regulatory approvals	Percent of walk-in customers satisfied with service received	87%	80%
	Percent of all regulatory applications processed within statutory time frames	70%	100%
		See below for detailed explanation	

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, Building Act and Infrastructure Design Standard. Further integration between the Urban Development 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 national consistency by working with other metro territorial authorities.

There were delays in processing applications due to the increase in demand from the industrial/commercial sector and changes to the building consent accreditation requirements impacting on the current processes. The increase in staff turnover added to delays due to the necessary requirement to have staff trained to a higher level.

Significant restructuring in regulatory services will be completed in the new year, recognising the need for leadership and the development of best practise in the technical areas of Enforcement, Liquor Licensing, Health Licensing and Environmental Compliance. Enforcement practices and strategies are in the process of being revised including the recent introduction of a manual of best practice. These measures have 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.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
Operational service result	**Costs (After Internal Recoveries) $'000**	**Income $'000**	**Net Cost $'000**	**Plan Net Cost $'000**	**Net Cost $'000**
Enforcement and inspection activities	9,626	8,669	957	1,070	793
Maintaining and reviewing the City Plan	3,894	158	3,736	2,320	2,144
Regulatory approvals	18,175	14,476	3,699	3,569	4,553
Cost of service	**31,695**	**23,303**	**8,392**	**6,959**	**7,490**
Capital expenditure					
Renewals and replacements			67	454	72
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**67**	**454**	**72**

Explanation of significant cost of services variances

Costs associated with maintaining and reviewing the City Plan are $1.4 million higher than planned. Increased legal and consultation costs relating to the legal process through the Environment Court for Variation 86 and Bank Peninsula Variation 2 were the main drivers of the overspend for the year.

Significant capital expenditure

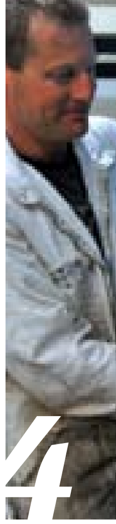
There was no significant capital expenditure.

Explanation of significant capital expenditure variances

The 2007/08 plan included funding for Parking Officer's handheld units. During the year the plan for these was transferred to corporate and the work undertaken and the project completed.

Streets and transport

Tulsi Nandan *- Red Bus driver*



Brief overview of group of activities

The Council provides:

- carriageways, road drainage facilities (for example, kerbs and channels), footpaths, on-street marked cycleways, street lighting, landscaping and traffic management.
- off-street linkages throughout the city for cyclists and pedestrians.
- attractive outdoor spaces for pedestrians, particularly in the central city.
- parking buildings at strategic locations in and near the central city, and other off-street parking at some suburban commercial locations.
- support to the bus system by providing bus stops, the bus exchange and bus shelters, and the inner-city shuttle service.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Streets and transport group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had an impact on the social, environmental and economic wellbeing by planning, providing and maintaining a road network for the city, as well as cycle and pedestrian linkages, malls and parking.

What the Council achieved

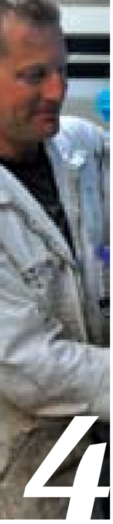
A site for the new Transport Interchange has been purchased and planning for the development of the new interchange and related works is well underway.

The Council conducted a comprehensive consultation regarding the proposed Bus Priority Routes and approved the first three routes to progress to design and construction.

A major upgrade of the City Mall started during the year with the Council entering an innovative Alliance contract with the designer and contractor to deliver the upgrade. An alliance contract ensures all parties work toward the same objectives as partners. Isthmus designers, Christchurch City Council and Downer EDI Works form the Alliance Team, working on the revitalisation of City Mall to create an exciting public space and vibrant retail centre in the heart of Christchurch. Work is set to be completed by the end of 2009.

The kerb and channel programme has continued although the programme finished behind plan due to scheduling changes to align with related underground work and manage traffic impacts. This is a continuation of the Council's drive to remove deep dish channels across the city with work being undertaken in conjunction with other roading upgrades.

During the year the Council conducted a major bylaw review including new Traffic and Parking and Stock Control bylaws. The new Traffic and Parking Bylaw regulates and controls traffic and parking, to balance the competing demands on the road space, while maintaining a safe and efficient infrastructure. The new Stock Control Bylaw controls the management and movement of stock on roads, in order to protect people, traffic and stock, while safeguarding the condition of the road.



Streets and transport

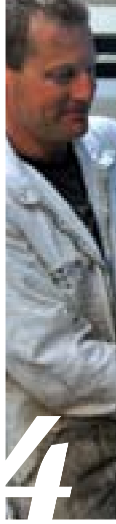
How the Council measured up

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	62% (From 2007 Biannual survey)	>65%
Off-street parking	Percent satisfaction with the Council's off-street parking facilities	88% Internal measurement	New measure. Baseline measures to be established.
	Percent user satisfaction that cars are safer in off-street parking facilities than parked on the street	94%	>66%
Public passenger transport	Number of shuttle passenger trips per year	1,058,304	>850,000
	Percent resident satisfaction with the quality of bus signs, shelters and seats	Not measured	>65%
Streets	Percent resident dissatisfaction with general road congestion	59%	New measure. Baseline measures will be established in 2008/09
	Number of vehicle crashes per 10,000 people - 5 year rolling average	24	Less than 22
	Percent of vehicle travel on smooth roads (using LTNZ Smooth Travel Exposure measure)	81%	STE >87%
	Kerb and dished channel renewal (remove dished channels by 2023)	14.5km	17 km
	Number of cyclist casualties - 5-year rolling average	119	Less than 112
	Number of pedestrian casualties - 5-year rolling average	95	Less than 95
	Percent of resident satisfaction with safety of streets	93% day 39% night	Results will be reported as they come available. Baseline measures to be established in 2008/09
	Average travel time for a 10 km trip (minutes:seconds), based on average speeds for monitored portion of network	16:40 (am peak), 14:00 (inter peak), 17:10 (pm peak), 15:50 (average)	15.4

Where is the Council heading?

Major projects planned for the coming year include the first three Bus Priority routes, continuing the City Mall upgrade, finalising the design and plans for the new Transport Interchange and updating all plans for the LTCCP 2009-19.

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 2008

	2008				2007
Operational service result	**Costs (After Internal Recoveries) $'000**	**Income $'000**	**Net Cost $'000**	**Plan Net Cost $'000**	**Net Cost $'000**
Cycle and pedestrian linkages - off-street	447	103	344	548	439
Off-street parking	5,485	6,545	(1,060)	(1,424)	(1,466)
Pedestrian malls - off-street	2,754	2	2,752	3,920	2,736
Public passenger transport	4,804	1,260	3,544	3,731	2,849
Streets	75,042	15,765	59,277	58,011	50,356
Capital revenues	14	9,440	(9,426)	(19,031)	(8,775)
Cost of service	**88,546**	**33,115**	**55,431**	**45,755**	**46,139**
Capital expenditure					
Renewals and replacements			31,810	44,117	34,498
Improved service levels			11,561	15,059	10,227
Increased demand			22,236	7,207	3,244
Total capital expenditure			**65,607**	**66,383**	**47,969**

Explanation of significant cost of service variances

Pedestrian mall costs are below plan for the year primarily due to depreciation being $0.5 million less than planned following a revaluation of related assets, with the balance from lower than planned operations and maintenance costs.

Public passenger transport has no significant variance to plan for the year.

Streets cost of service is more than planned due to depreciation being $3.3 million higher resulting from a revaluation of streets assets at the beginning of the year. This variance is partially offset by additional revenues for traffic statistics and on-street parking ($0.5 million) and a lower allocation of the Council's debt-servicing costs ($0.8 million).

The capital revenues variance to plan was largely the result of changes to the methodology LTNZ use to calculate funding on transport projects combined with changes in timing and mix within the capital works programme. Revenues related to capital project funding carried forward to 2008/09 will be recognised in that year.

Significant capital expenditure

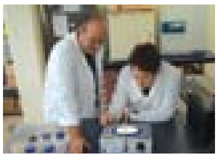
The Council spent $18.8 million on acquiring the site for the new Transport Interchange, $5.3 million on the City Mall upgrade, $5.8 million on carriageway sealing and surfacing and $3.8 million resurfacing footpaths.

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

Explanation of significant capital expenditure variances

The variance for capital expenditures is largely driven by an extra $16.7 million for the purchase the Transport Interchange site. The LTCCP budget for this was brought forward to fund this expenditure. The developing of the Bus Priority Routes has taken longer and resulted in expenditures for the year being under plan by $1.1 million. This funding has been carried forward to 2008/09 for the ongoing programme. The kerb and channel renewal programme is $8.8 million less than originally planned due to delays in several projects and road resealing was $0.9 million less than planned. Budgets have been carried forward to 2008/09 to fund the completion of the related projects. The City Mall upgrade incurred $1.5 million more than planned in the year. Funding for this expenditure was brought forward from the 2008/09 budget.

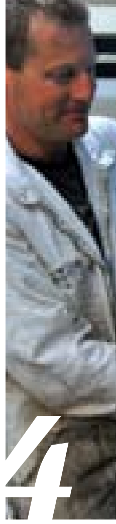
Other variances are of an insignificant nature.



Wastewater collection and treatment

Lucy Pooch *- Process Engineer, wastewater treatment plant team*

Wastewater collection and treatment



Brief overview of group of activities

The Council provides for the continuous collection and transportation of the city's wastewater from properties, via an underground piped sewerage network, to treatment facilities.

The Council provides for the treatment and disposal of the city's sewage, in compliance with resource consent conditions.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Wastewater collection and treatment group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have had the greatest impact on the environmental, economic and cultural wellbeing of the community by ensuring that waste water is collected in a reliable and safe fashion that protects public health, and that waste water is treated and disposed of in an efficient and environmentally acceptable manner.

What the Council achieved

Asset renewal works progressed well over the year at the treatment plant with the commissioning of an upgraded Pump Station A and replacement of old gas compressor.

The Scada systems for the monitoring and control of the treatment plant have been upgraded. Planning for the upgrades for the water, stormwater and wastewater network Scada systems are well advanced.

The new trade waste management system has been commissioned. The first automated billing of Trade Waste licence holders has been achieved. New laboratory information systems and automated testing equipment was commissioned in the 2007/08 year. These system enhancements reduce test time and improve quality control in the lab.

Work continued on the construction of two new digesters and commissioning of these process units commenced in May 2008.

The Ocean Outfall pipeline and pump station progressed in 2007/08 and are on target for commissioning in early 2009. The project remains on budget.

Investigations for the collection and digestion of waste vegetable oils and greases/sludges is continuing.

The Council has tendered the next stage of its odour containment strategy for construction. The phased project is about continuing to reduce the odour emissions from the treatment plant.

The biosolids drying project progressed to tender but due to changing energy markets is being reassessed in terms of thermal energy sources for the dryer. The revised feasibility study has been completed and it is hoped to have a new tender solution to Council by December 2008. Commissioning of a solution is now likely to be in 2010. This project will divert approximately 22,000 tonnes of waste from Kate Valley landfill and utilise a renewable energy source as the primary fuel.

The sewer renewal programme fell short of the programmed replacement distance for wastewater pipes in 2007/08 mainly due to the size and complexity of the lines programmed for replacement this year.

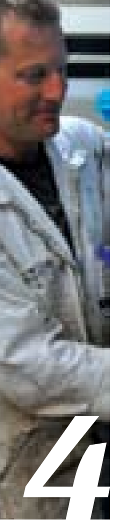
The Akaroa treatment plant had a capacity upgrade to one of the main process units which will improve treatment and throughput in wet weather.

Work continued on enhancing the city's main trunk sewer network with construction commencing on the Western Interceptor from Bass Street to Tuam Street. Significant planning and modelling work has been undertaken on the Major Sewer Upgrade project to identify the next phase of key infrastructure improvements. The construction of the Western Interceptor from Tuam Street to Dalgerty Street is a key project for the growth of the south west area of the city.

Wainui wastewater scheme preliminary scheme design is underway and resource consents for this scheme were lodged at the end of 2007/08.

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

A five year extension to the current Akaroa WWTP discharge consent was granted. This gives Council the necessary time to develop options for wastewater treatment for Akaroa.



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	Nil	Maintain 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	94%	90%
	Number of wet weather sewer overflows into rivers and waterways, per year (10 year rolling average)	4	4 or fewer
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	Nil	No more than 5
	Each year the ocean outfall project proceeds within the council's approved budget and time frame	On budget due to be commissioned early 2009	On budget and on time

Where is the Council heading?

The Ocean Outfall is due to be commissioned in early 2009.

Digesters 5 and 6 will be fully operational in the next financial year.

Western Interceptor Stage 1 main truck sewer, from Bass Street through to Tuam Street, will be completed by March 2009.

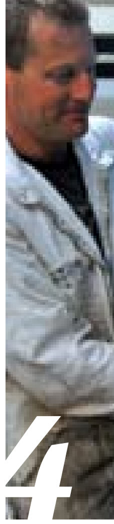
It is planned to have the Wainui Sewerage Scheme consented, designed and construction start in 2008/09.

Design work for new water and wastewater reticulation systems to meet the current and future needs of Charteris Bay will commence in 2008/09.

The Council plans to complete feasibility studies and preliminary design for the Little River water and wastewater schemes.

Preferred options for the treatment and discharge of wastewater in Lyttelton Harbour should be presented to the Council before the end of 2008. Consenting and preliminary design work will then commence on the preferred solution as agreed by Council.

The biosolids project will be tendered in 2008 with construction planned to commence in early 2009.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

	2008				2007
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
Operational service result	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Wastewater collection	19,155	33	19,122	20,259	18,922
Wastewater treatment and disposal	13,102	4,079	9,023	9,400	7,225
Capital revenues	-	2,553	(2,553)	(2,275)	(1,924)
Cost of service	**32,257**	**6,665**	**25,592**	**27,384**	**24,223**
Capital expenditure					
Renewals and replacements			11,176	17,114	9,342
Improved service levels			24,041	36,878	27,138
Increased demand			15,145	22,866	17,060
Total capital expenditure			**50,362**	**76,858**	**53,540**

Explanation of significant cost of service variances

The variance to planned cost of service across both activities results from $1.0 million less depreciation than planned. A further $0.3 million capital revenues were received above plan from development contributions. The increase in wastewater treatment and disposal cost of service from 2007 is a result of several factors including responding to higher incidence of midges in the treatment process, higher fuel, operations and maintenance costs.

Significant capital expenditure

The Council spent $31.1 million during the year on the Ocean Outfall pipeline which started last year. 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 $4.6 million during the construction of the fifth and sixth digesters at the treatment plant which also started last year. This relates to two new sludge digesters to reduce odour release and provide for future growth.

The Council spent $2.6 million on Stage 1 of the Western Interceptor Upgrade required to support growth in wastewater volume from development in the southwest and western suburbs and $2.3 million on the renewal of Treatment Plant Pump Station A.

Explanation of significant capital expenditure variances

The Ocean Outfall project was delayed due to a marine pipe rupturing during placement and further weather-related delays in laying the marine pipe sections resulting in expenditures being below plan by $16.5 million. The balance of this year's budget has been carried forward to 2008/09.

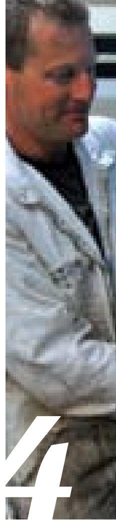
Stage 1 of the Western Interceptor project was $2.1 million behind plan due to delays in pipe manufacturing with the balance being carried forward to 2008/09 to complete the project.

The Biosolids Drying Facility project has been delayed and will now be built in 2009 resulting in expenditure for the year being $2.7 million behind plan.

The treatment plant odour containment project was delayed due to delays in supply of materials resulting in expenditures being $0.5 million behind plan. This amount has been carried forward to 2008/09 to complete the project.

Other minor capital expenditure make up the balance.

Water supply



Water supply

Brief overview of group of activities

The Council provides a continuous supply of fresh and wholesome water to properties by sourcing it from aquifers and managing a network of wells, reservoirs, pumps and pipelines. It maintains sufficient water supply for fire-fighting purposes.

The Council also provides education programmes to domestic and commercial users, which aim to reduce water consumption.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities in the present and for the future. The following pages contain performance results for the Water supply group of activities for the 2007/08 year. These performance results have a direct impact on one or more of the four wellbeings.

In this instance, the Council's performance will have an impact on the environmental and economic wellbeing of the community by ensuring a reliable supply of potable water to both the community and industry.

What the Council achieved

A new well is under construction in South Brighton Park and should be commissioned by the end of 2008. Another new well was commissioned at Spreydon pump station. These refurbishments and new wells are integral to maintaining the reliability and quality of the water supply.

The new well in Alymers Valley was consented and commissioned in 2008. This well will help meet peak summer demand in Akaroa and will be available for the 2008/09 summer.

Renewal of the Grehan and Balguerie raw water pipelines was completed in 2007/08. These pipelines are essential elements in providing a secure water supply to Akaroa. The new pipelines will reduce unaccounted for water in Akaroa as the old pipelines were in poor condition. This work will help meet summer demand by reducing water losses.

The Council commenced quarterly meter reading in Akaroa and conducted water loss reduction studies in both Akaroa and Lyttelton basin to inform asset renewal programmes and predict future demand requirements in these settlements.

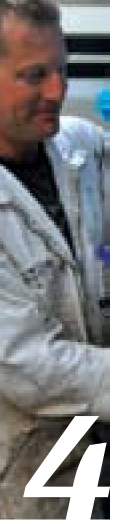
Construction started on Cashmere Reservoir in 2007/08 and the reservoir should be completed by March 2009.

The water mains and submain replacement programmes were completed on time for 2007/08 with pipeline renewal performance indicators being met.

Planning work as been undertaken on plant improvements needed to rural water supply and treatment schemes to meet minimum New Zealand Drinking Water Standards requirements. These works are planned to be undertaken in the next LTCCP cycle subject to Council approval.

The water supply reticulation model for the large Central Zone was completed, as well as models for the Lyttelton harbour basin, and Akaroa systems. These models enable more effective planning of reticulation improvements and extensions.

A review of the Water Services Related Bylaw was completed and the revised bylaw adopted by Council in June 2008. The bylaw amalgamates the previous Christchurch City and Banks Peninsula District Council bylaws.



Water supply

How the Council measured up

Activity	Level of service	Actual	Target
Water conservation	Domestic consumption of water per capita: 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)	326 litres per person per day	<318 litres per person per day
	Total water used by the city per year (million cubic metres, 5 year rolling average)	53.02 m cu	53 cu m +/- 6
	Commercial consumption of water per capita: 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	103 litres per person per day	<100 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	Some wells in the NW zone have been classified non-secure by MoH under their risk assessment methodologies. The city will evaluate capital and operating expenses associated with upgrades necessary at these wells to return the risk assessment to a "Ba" grading.	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%	> 98%
	Major/urgent leaks contractor on site within one hour of the leak being reported	99%	At least 95% of the time
	Medium magnitude leaks repaired within one working day	99%	At least 95% of the time
	Minor leaks and faults repaired within three working days	99%	At least 95% of the time
	Percent customer satisfaction with water quality and taste	96%	>90%

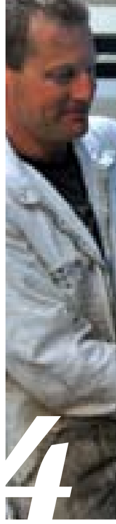
Where is the Council heading?

The Council will progress the Water Strategy in 2008/09 with the aim of completing this work in 2009/10.

Planning work for the replacement of Lyttelton water supply lines through the road and rail tunnels will commence in 2008/09.

Work will continue on the Akaroa water study with a view to identifying options and consenting issues by the end of 2009.

A review of restricted water supplies is planned for 2008/09.



What did it cost?

Statement of cost of services for the year ending 30 June 2008

Operational service result	2008 Costs (After Internal Recoveries) $'000	2008 Income $'000	2008 Net Cost $'000	2008 Plan Net Cost $'000	2007 Net Cost $'000
Water conservation	161	17	144	232	110
Water supply	21,070	2,664	18,406	18,168	15,781
Capital revenues	(1)	2,192	(2,193)	(1,807)	(1,696)
Cost of service	**21,230**	**4,873**	**16,357**	**16,593**	**14,195**
Capital expenditure					
Renewals and replacements			6,915	9,871	4,929
Improved service levels			471	1,258	383
Increased demand			1,244	2,389	1,816
Total capital expenditure			**8,630**	**13,518**	**7,128**

Explanation of significant cost of service variances

The are no material variances to plan for the year. The increase in water supply cost of service from 2007 is largely a result of depreciation charges being $1.3 million higher, water billing revenues reducing by $0.2 million and headworks and reticulation operating and maintenance costs being $0.5 million higher.

Significant capital expenditure

The Council spent $1.1 million in the Cashmere Reservoir replacement project; $1.0 million on replacing the Balguerie Intake Line replacement.

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.

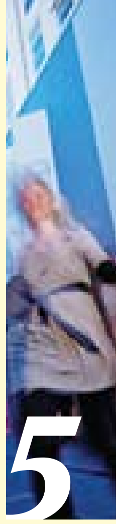
Explanation of significant capital expenditure variances

Headworks renewals are $3.3 million behind plan for the year including $0.9 million relating to delays in completing the Cashmere Reservoir replacement.

All other variances were of a minor nature.

5

Financial statements



Financial highlights

What is the Council's reported surplus?

The Council's operating surplus for the year, after vested asset contributions, was $40.2 million, $2.2 million above plan.

Why has the Council made a surplus?

The majority of the surplus has not arisen from operating activities. Under accounting standards we are required to show all revenue, including capital revenues as income received for the year. This year we have received $29.9 million of development contributions and vested assets, (footpaths, water and drainage infrastructure and reserves land) from developers which will be held in the balance sheet either as an asset or a reserve to be offset against the cost of future development. We have also received interest on funds which are held for special purposes. After adjusting for these the Council has made a cash operating surplus for the year of $2.9 million.

What will the Council do with the surplus?

The $2.9 million is moved into a reserve and will be used immediately to fund capital expenditure in lieu of borrowing. By doing this ratepayers are getting the benefit of the surplus.

What caused the difference?

The operating cash surplus of $2.9 million is the result of gains received from the sale of land. We received more than budgeted because of the increase in property prices over the past 18 months.

Sources of operating income

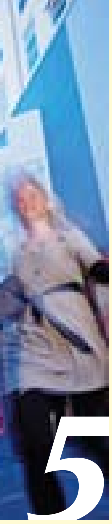
Total income for the year ended 30 June 2008 is $433.3 million. It was received from the following sources:

	Actual $m	Plan $m
Rates Revenue	$223.4	$221.1
Sale of Goods / Services	$32.3	$32.6
Rental Revenue	$23.3	$21.2
Interest Revenue	$25.8	$27.4
Dividends	$34.2	$35.8
Development Contributions	$14.8	$9.4
Land Transport New Zealand Subsidies	$20.3	$29.2
Other Revenue	$44.5	$31.5
Vested Assets	$15.1	$22.8

Understanding the Council's operating expenditure

The Council's total operating expenditure for the year ended 30 June 2008 was $392.5 million. Key components include:

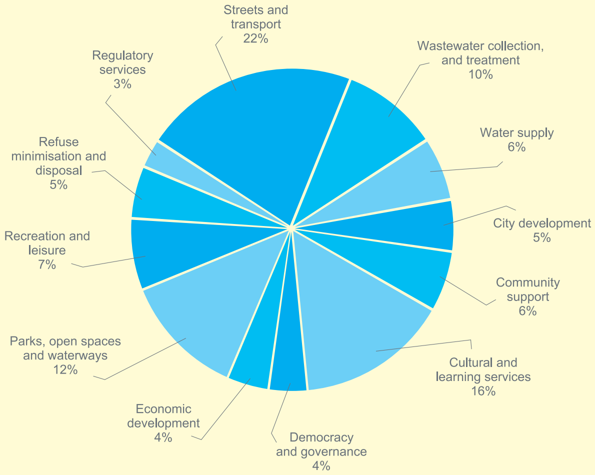
	Actual $m	Plan $m
Depreciation and Amortisation	$92.8	$93.7
Finance Costs	$6.0	$9.9
Employee Costs	$114.0	$108.8
Grants / Donations	$23.0	$23.8
Other Operating Expenses	$156.7	$156.7



Financial highlights

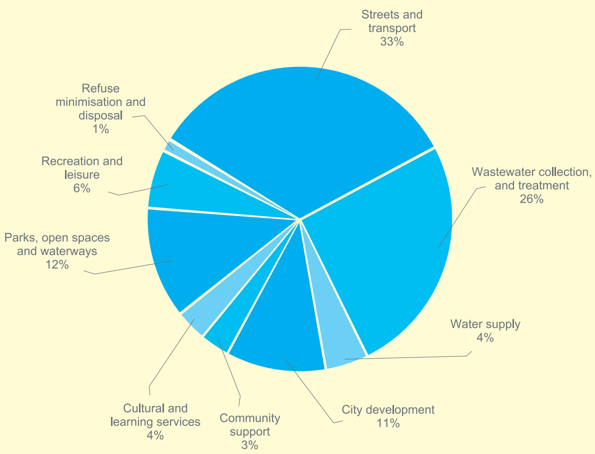
How your rates dollars were spent

The $223.4 million of rates collected was allocated across groups of activities as shown below.



Investing in the assets of the city

The council has continued to invest in the city. $209.3 million was spent on capital expenditure projects during the year.



Major capital projects

The Council spent $18.8 million acquiring the site for the new transport interchange and $20.6 million on land at Henderson's basin and at Awatea to provide for the stormwater needs in both areas.

Projects completed for the year include the Whakahoa Village housing development in Gowerton Place ($2.5 million), housing improvements and redecoration ($2.1 million), carriageway and footpath resurfacing ($ 9.6 million), and kerb and channel replacement ($14.3 million). A further $4.7 million was spent on new library books.

Projects progressed include the ocean outfall pipeline at South New Brighton ($31.1 million), redevelopment of the Jellie Park swimming complex ($10.1 million), the City Mall upgrade ($5.3 million), and ongoing work with the fifth and sixth digesters at the Wastewater Treatment Plant ($4.6 million).

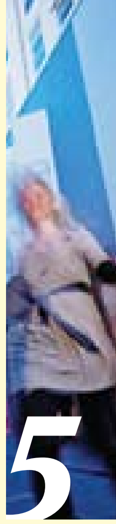
Looking forward

Major capital works planned for the year to June 2009 include:

- completing the Ocean Outfall project,
- commissioning of the fifth and sixth digestors,
- continuing the City Mall upgrade,
- finalising the design for the new transport Interchange
- construction of the Graham Condon Sport and Recreation Centre at Papanui,
- ongoing housing maintenance,
- retendering and commencing the biosolids drying project,
- ongoing development of the network of integrated water catchment plans, beginning with the upper Heathcote and mid-Heathcote area,
- ongoing work with kerb and channel replacement.

Operational work planned includes:

- ongoing work on the Urban Development Strategy,
- implementing the Safe City policy,
- further work on the Libraries 2025 plan,
- rolling out the wheelie bin refuse minimisation service.

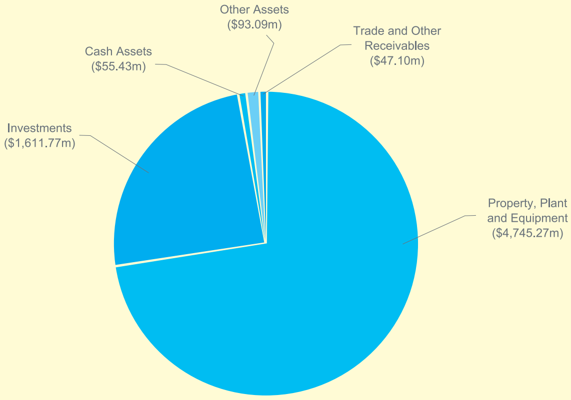


Financial highlights

Financial position

The Council's balance sheet reflects our strong position with total assets of $6.6 billion and net assets of $6.3 billion. Equity increased by $838.0 million during the year the main drivers being a $584 million revaluation of property, plant and equipment and a $217 million revaluation in the Council's investments.

Our asset breakdown is as shown:



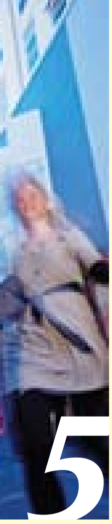
Group results

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	851,629
Operating surplus (before tax)	123,584
Total assets	7,381,511
Total liabilities	983,247
Total equity	6,398,264

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 Ltd long-term rating of AA+ and short-term rating of A-1+, and have confirmed that we are no longer on negative outlook.

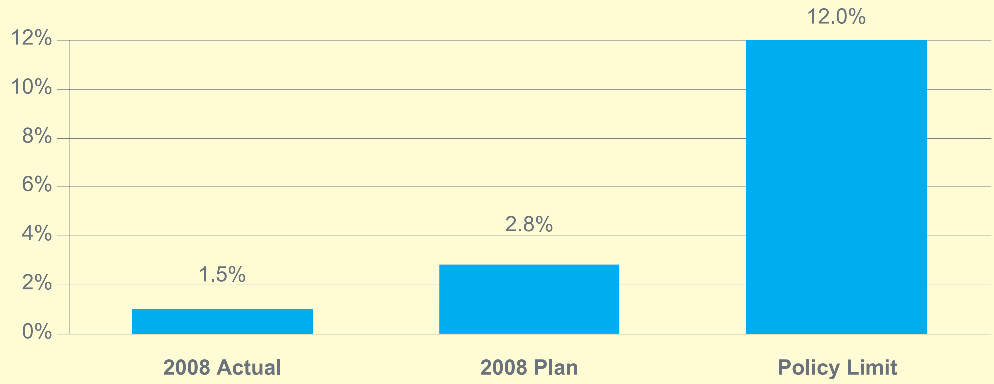


Financial highlights

Financial ratios

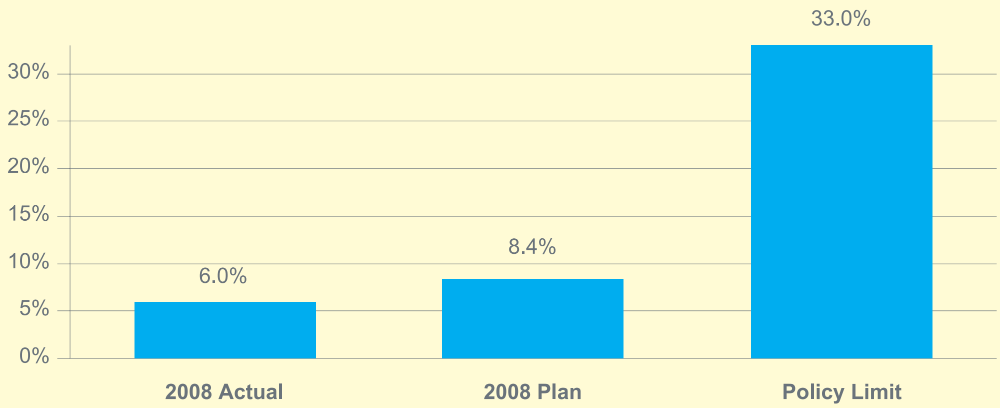
The Council has four financial ratios which form a key part of its financial risk management strategy. These ratios relate to the Council and CCHL combined and define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in 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%

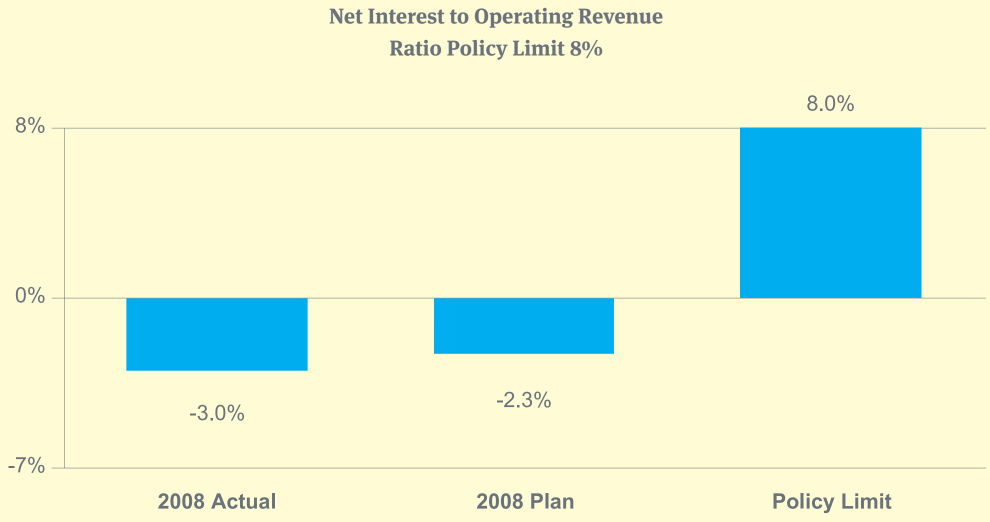


This graph compares the total external debt of the Council with the total assets of the Council (including CCHL). It is the equivalent of measuring your mortgage against all of your assets.

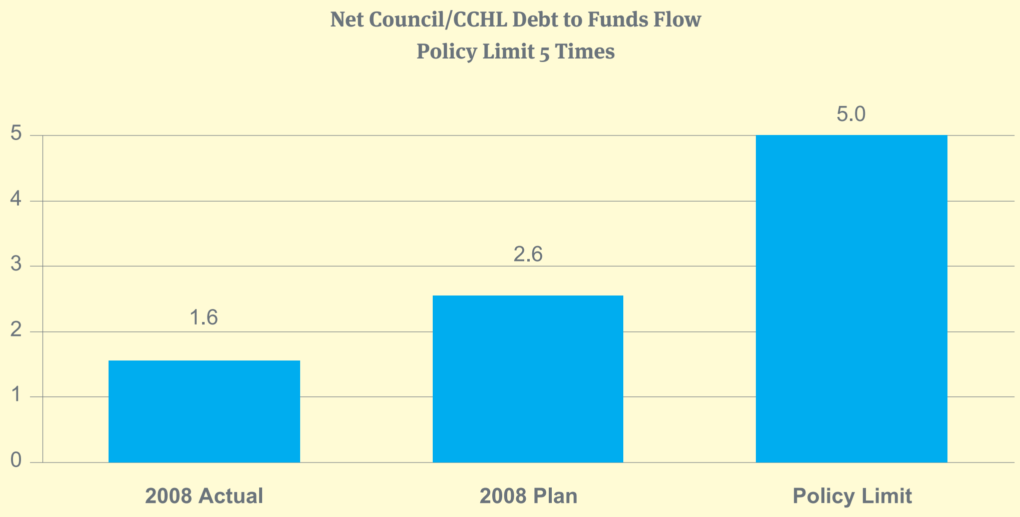
External Council/CCHL Debt to Realisable Assets
Ratio Policy Limit 33%



This graph compares the total external debt of the Council and CCHL with a significantly reduced 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.



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.

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 2008

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 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 23 to 72 and 81 to 169:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect :
    - the City Council and group's financial position as at 30 June 2008; 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 23 to 72 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 16 October 2008, 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.

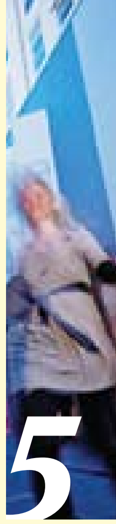
The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

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.



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. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2008. 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.

We carried out four assignments for Council's subsidiaries. These assignments were a review of 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 audit and in conducting the audit of the Long Term Council Community Plan, and the assignments detailed above, we have no relationship with or interests in the City Council or any of its subsidiaries.

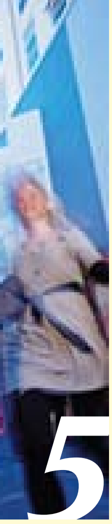
S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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 2008 included on Christchurch City Council's website. The Christchurch City Council is responsible for the maintenance and integrity of Christchurch City Council's website. We have not been engaged to report on the integrity of Christchurch City Council's website. 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 website.

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 16 October 2008 to confirm the information included in the audited annual report presented on this website.

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



Summary of consolidating CCTOs

The following pages report the financial results of Christchurch City Council and its subsidiaries and associates for the year ended 30 June 2008.

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 Ltd (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 2008. Major subsidiaries and associates of this company are:

- **Orion Group Ltd**

This company owns Orion New Zealand Ltd and subsidiaries and is an energy network management company. Christchurch City Holdings Ltd has an 89.3% interest in Orion Group Ltd. The financial statements consolidated are for the year ended 31 March 2008.

- **Christchurch International Airport Ltd**

This company is 75% owned by Christchurch City Holdings Ltd. The financial statements consolidated are for the year ended 30 June 2008.

- **Red Bus Ltd**

Red Bus Ltd is a public transport company and is wholly owned by Christchurch City Holdings Ltd. The financial statements consolidated are for the year ended 30 June 2008.

- **Lyttelton Port Company Ltd**

This company is 75.2% owned by Christchurch City Holdings Ltd. The financial statements consolidated are for the year ended 30 June 2008.

Summary of consolidating CCTOs

- **City Care Ltd**

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 2008.

- **Christchurch City Networks Ltd**

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 2008.

- **Vbase Ltd**

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. It manages AMI 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.

On 30 April 2008 Christchurch City Facilities amalgamated with its subsidiary Vbase Ltd and Vbase No 2 Ltd a wholly owned subsidiary of Christchurch City Council. The amalgamated entity was renamed Vbase Ltd.

The financial statements consolidated are for the year ended 30 June 2008.

This company owns 100% of Jet Engine Facility Ltd, a company which has been set up to construct, own and lease an aero engine testing facility.

- **Selwyn Plantation Board Ltd**

This associate company is 39.3% owned by Christchurch City Holdings Ltd. The financial statements for the year ended 31 March 2008 are equity accounted.

- **Transwaste Canterbury Ltd**

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

The financial statements for the year ended 30 June 2008 are equity accounted.

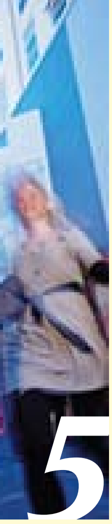
- **Tuam Ltd**

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 2008.

- **Civic Building Ltd**

This company is wholly owned by Christchurch City Council. The company was incorporated on 12 October 2007 and, in conjunction with its wholly owned subsidiary Tuam 2 Ltd, manages the Council's 50% interest in the joint venture with Ngāi Tahu Property Ltd which is charged with expanding and refurbishing the existing building on Worcester Street that will become the new Civic offices.

The financial statements consolidated are for the year ended 30 June 2008.



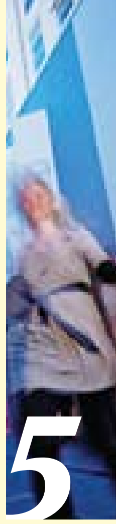
Financial statements

Income Statement

The financial statements consolidated are for the year ended 30 June 2008

		Parent			Group	
		2008	2008	2007	2008	2007
		Actual	Plan	Actual	Actual	Actual
	Note	$'000	$'000	$'000	$'000	$'000
Rates revenue	2(a)	223,366	221,091	204,578	218,863	201,276
Other revenue	2(a)	190,440	187,000	182,599	632,766	582,693
Revenue from Operations		**413,806**	**408,091**	**387,177**	**851,629**	**783,969**
Other gains	2(b)	4,422	-	1,287	15,680	10,954
Share of profits of associates	11	-	-	-	(528)	2,173
Total revenue		**418,228**	**408,091**	**388,464**	**866,781**	**797,096**
Depreciation and amortisation	2(c)	92,859	90,120	78,386	168,380	141,453
Finance costs	2(c)	5,972	9,918	6,399	30,479	30,893
Employee Costs	2(c)	114,000	108,824	103,267	254,256	232,447
Other expenses	2(c)	175,035	180,450	164,238	298,789	277,381
Expenses from Operations		**387,866**	**389,312**	**352,290**	**751,904**	**682,174**
Other losses	2(b)	4,630	3,536	9,266	6,436	9,494
Total expenses		**392,496**	**392,848**	**361,556**	**758,340**	**691,668**
Surplus before asset contributions		**25,732**	**15,243**	**26,908**	**108,441**	**105,428**
Vested assets	28	15,143	22,804	12,040	15,143	12,040
Surplus before income tax		**40,875**	**38,047**	**38,948**	**123,584**	**117,468**
Income tax expense/(credit)	3	652	-	-	29,058	21,770
Profit from continuing operations		40,223	38,047	38,948	94,526	95,698
Profit/(loss) from discontinued operations (after tax)	40	-	-	-	-	11,454
Surplus for the period		**40,223**	**38,047**	**38,948**	**94,526**	**107,152**
Surplus for the period						
Minority interest		-	-	-	14,012	15,991
Parent entity		40,223	38,047	38,948	80,514	91,161
		40,223	**38,047**	**38,948**	**94,526**	**107,152**

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

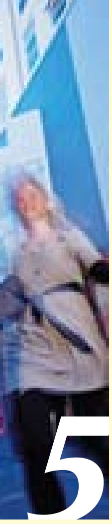


Balance Sheet

As at 30 June 2008

		Parent			Group	
		2008	**2008**	**2007**	**2008**	**2007**
		Actual	**Plan**	**Actual**	**Actual**	**Actual**
	Note	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current assets						
Cash and cash equivalents	37	55,427	64,237	49,110	107,926	65,461
Trade and other receivables	4	44,101	28,125	22,678	64,313	56,645
Other financial assets	5	73,722	30,229	156,348	97,908	172,937
Inventories	6	1,296	1,573	1,316	14,195	10,587
Current tax assets	3	-	-	-	6,144	3,244
Other	7	-	-	-	3,665	3,808
		174,546	**124,164**	**229,452**	**294,151**	**312,682**
Non-current assets classified as held for sale	8	761	-	188	761	873
Total current assets		**175,307**	**124,164**	**229,640**	**294,912**	**313,555**
Non-current assets						
Trade and other receivables	9	3,000	-	3,000	33,930	28,514
Inventories	10	-	-	-	885	725
Investments accounted for using the equity method	11	6,196	-	6,196	36,420	37,688
Other financial assets	12	1,611,769	1,389,191	1,382,496	106,327	141,342
Property, plant and equipment	13	4,742,423	3,951,185	4,043,988	6,791,872	6,019,198
Investment property	14	-	12,939	-	81,219	77,689
Deferred tax assets	3	-	-	852	4,896	8,470
Goodwill	15	-	-	-	10,228	9,843
Intangible assets	16	13,963	5,676	4,020	20,822	9,459
Total non-current assets		**6,377,351**	**5,358,991**	**5,440,552**	**7,086,599**	**6,332,928**
Total assets		**6,552,658**	**5,483,155**	**5,670,192**	**7,381,511**	**6,646,483**
Current liabilities						
Trade and other payables	17	60,729	50,982	48,968	106,177	99,151
Borrowings	18	2,032	3,552	2,458	140,129	93,424
Other financial liabilities	19	-	-	-	228	3,378
Provisions	20	13,998	13,606	13,712	34,720	26,844
Other	21	-	-	-	5,246	3,939
Total current liabilities		**76,759**	**68,140**	**65,138**	**286,500**	**226,736**

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



Financial statements

Balance Sheet (continued)

As at 30 June 2008

		Parent			Group	
		2008	2008	2007	2008	2007
		Actual	Plan	Actual	Actual	Actual
	Notes	$'000	$'000	$'000	$'000	$'000
Non-current liabilities						
Borrowings	22	117,834	188,201	85,220	356,403	338,088
Other financial liabilities	23	131	-	411	361	1,135
Deferred tax liabilities	3	10,209	12,837	7,730	312,374	307,980
Provisions	24	18,475	20,788	21,411	19,530	22,780
Other	25	-	-	-	8,079	9,014
Total non-current liabilities		**146,649**	**221,826**	**114,772**	**696,747**	**678,997**
Total liabilities		**223,408**	**289,966**	**179,910**	**983,247**	**905,733**
Net assets		**6,329,250**	**5,193,189**	**5,490,282**	**6,398,264**	**5,740,750**
Equity						
Capital						
Reserves	29	4,562,213	3,116,179	3,817,408	3,704,026	3,183,754
Retained earnings		1,767,037	2,077,010	1,672,874	2,446,650	2,312,273
Parent entity interest		**6,329,250**	**5,193,189**	**5,490,282**	**6,150,676**	**5,496,027**
Minority interest	30	-	-	-	247,588	244,723
Total equity		**6,329,250**	**5,193,189**	**5,490,282**	**6,398,264**	**5,740,750**

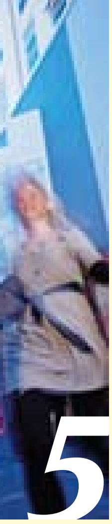
The accompanying notes form part of and are to be read in conjunction with these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2008

Parent	Retained earnings $'000	Other reserves $'000	Total equity $'000
Balance at 1 July 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:			
Surplus 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**
Property, Plant & Equipment valuation gain	-	584,677	584,677
Investment Revaluation gain (loss)	-	217,000	217,000
Revalued gain on disposal of PPE	419	(419)	-
Income tax on items taken directly to or transferred from equity	-	(2,679)	(2,679)
Cash flow hedges gain/(loss) taken to equity	-	37	37
Transfers and other	-	(290)	(290)
Net income recognised directly in equity	419	798,326	798,745
Transfers:			
Surplus for the period	40,223	-	40,223
Total recognised income and expense for the period	**40,642**	**798,326**	**838,968**
Transfer to / (from) Other Reserves	53,521	(53,521)	-
	53,521	**(53,521)**	**-**
Balance at 30 June 2008	**1,767,037**	**4,562,213**	**6,329,250**
Balance in 2008 Annual Plan	**2,077,010**	**3,116,179**	**5,193,189**

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



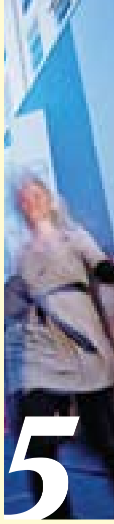
Financial statements

Statement of Changes in Equity (continued)

For the year ended 30 June 2008

Group	Retained earnings $'000	Other reserves $'000	Minority interest $'000	Total equity $'000
Balance at 1 July 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 increment 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)
Transfers and Other	-	(3,454)	(552)	(4,006)
Net income recognised directly in equity	**-**	**747,888**	**90,530**	**838,418**
Transfers:				
Surplus 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**
Gain/(loss) on property revaluation	-	589,890	-	589,890
Realised gain on disposal of PPE	342	(342)	-	-
Impact of change in Corporate tax rate on Deferred tax liability	-	(6,967)	-	(6,967)
Transferred to profit and loss on sale	-	(2,500)	(280)	(2,780)
Cash flow hedges gain/(loss) taken to equity	-	(4,669)	(845)	(5,514)
Share of increment in reserves attributable to associates	-	1,484	-	1,484
Impairment Losses	-	(220)	(26)	(246)
Income tax on items taken directly to or transferred from equity	-	(2,882)	320	(2,562)
Translation of foreign operations exchange differences taken to equity	-	(193)	(64)	(257)
Transfers and other	-	192	(214)	(22)
Net income recognised directly in equity	**342**	**573,793**	**(1,109)**	**573,026**
Transfers:				
Surplus for the period	80,514	-	14,012	94,526
	80,514	**-**	**14,012**	**94,526**
Total recognised income and expense for the period	80,856	573,793	12,903	667,552
Dividends	-	-	(8,672)	(8,672)
Adjustments from Share Acquisitions	-	-	(1,366)	(1,366)
Transfer to/from retained earnings	53,521	(53,521)	-	-
	53,521	**(53,521)**	**(10,038)**	**(10,038)**
Balance at 30 June 2008	**2,446,650**	**3,704,026**	**247,588**	**6,398,264**

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

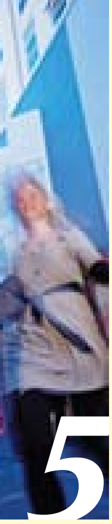


Cash Flow Statement

For the year ended 30 June 2008

	Note	Parent			Group	
		2008 Actual $'000	2008 Plan $'000	2007 Actual $'000	2008 Actual $'000	2007 Actual $'000
Cash flows from operating activities						
Rates, grants, subsidies, receipts from customers and other sources		343,818	344,916	333,246	814,323	752,495
Interest received		27,550	27,359	29,193	27,099	28,182
Dividends received		28,101	35,805	30,336	1,724	1,357
Payments to suppliers and employees		(281,547)	(290,789)	(273,364)	(545,515)	(512,704)
Interest and other finance costs paid		(5,759)	(9,918)	(6,611)	(28,142)	(30,766)
Income tax paid		-	-	-	(31,988)	(22,840)
Net GST movement		(4,722)	-	793	(4,666)	2,590
Other		-	-	-	-	(4,526)
Net cash provided by/(used in) operating activities	**37b**	**107,441**	**107,373**	**113,593**	**232,835**	**213,788**
Cash flows from investing activities						
Payment for investment securities		(21,384)	(23,337)	(2,750)	(25,663)	(3,396)
Proceeds on sale of investment securities		125,094	1,841	71,759	135,674	75,798
Proceeds from repayment of related party loans		-	-	1,700	-	36
Amounts advanced to related parties		(30,866)	-	(1,700)	-	(1,656)
Payment for property, plant and equipment		(195,505)	(241,319)	(158,934)	(321,094)	(232,710)
Proceeds from sale of property, plant and equipment		3,707	7,678	4,684	5,898	5,563
Payment for intangible assets		(11,624)	-	(523)	(15,371)	(1,778)
Payment for Equity Investment in Subsidiaries		(2,734)	-	-	-	-
Proceeds from sale of businesses		-	-	-	-	13,391
Payment for investment properties		-	-	-	-	(3,279)
Other		-	-	-	(10,353)	(540)
Net cash (used in)/provided by investing activities		**(133,312)**	**(255,137)**	**(85,764)**	**(230,909)**	**(148,571)**
Cash flows from financing activities						
Proceeds from borrowings		34,673	82,607	750	57,685	81,270
Repayment of borrowings		(2,485)	(2,458)	(25,352)	(8,497)	(133,188)
Dividends paid:						
- minority interests		-	-	-	(8,649)	(8,260)
Net cash provided by/(used in) financing activities		**32,188**	**80,149**	**(24,602)**	**40,539**	**(60,178)**
Net increase in cash and cash equivalents		6,317	(67,615)	3,227	42,465	5,039
Cash and cash equivalents at beginning of year		49,110	131,852	45,883	65,461	60,422
Cash and cash equivalents at end of year	**37a**	**55,427**	**64,237**	**49,110**	**107,926**	**65,461**

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 154 to 170.

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 2008. The financial statements were approved by Council on 16 October 2008. 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 financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

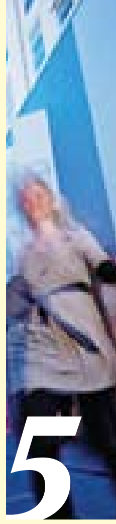
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of Council is New Zealand dollars.

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 2008, and have not been applied in preparing these consolidated financial statements:

	Effective for annual reporting periods commencing on or after
NZ IAS 1 Presentation of Financial Statements (revised 2007)	1 January 2009
NZ IAS 23 Borrowing Costs (revised 2007)	1 January 2009
NZ IFRS 3 Business Combinations (revised 2008)	1 July 2009
NZ IAS 27 Consolidated and Separate Financial Statements	1 July 2009

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



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.

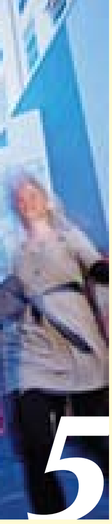
Translation differences on equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

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).

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.



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
- Infrastructure assets
- Heritage assets
- Works of art

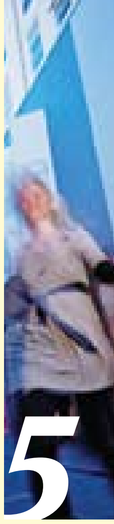
Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially 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

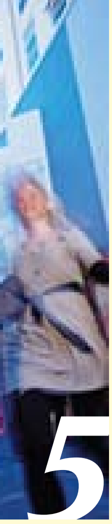
Infrastructure Assets:	
Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	1-25 yrs
Streetlights and signs	15-40 yrs
Kerb, channel, sumps and berms	80 yrs
Landscape/medians	8-80 yrs
Drain pipes/culverts/retaining walls	20-100 yrs
Bridges	70-100 yrs
Bus shelters and furniture	15-30 yrs
Water supply	55-130 yrs
Water meters	20-25 yrs
Stormwater	20-150 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment plant	15-100 yrs
Pump stations	10-100 yrs

Restricted Assets:	
Planted areas	5-110 yrs
Reserves – sealed areas	10-40 yrs
Reserves – structures	25-150 yrs
Historic buildings	100 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

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

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 acquisitions prior to 30 June 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see Impairment policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in 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.

Costs associated with 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 generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

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

(iii) Other intangible assets

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

(iv) Subsequent expenditure

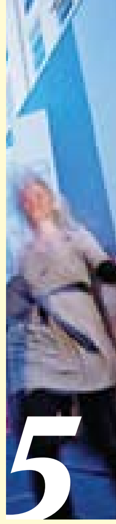
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

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

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

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.

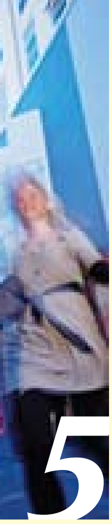
Trade and other receivables

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in 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).



Notes to financial statements

1. Statement of Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of 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, investment property (see Investments policy), inventories (see Inventories policy) and deferred tax assets (see Income Tax policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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 (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

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

As a public benefit entity, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

(ii) Reversals of impairment

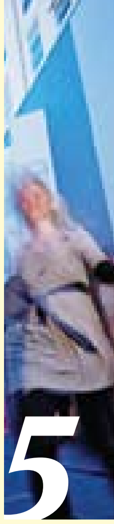
An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

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.



1. Statement of Accounting Policies (continued)

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.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

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

(i) Landfill aftercare provision

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

The provision is calculated based on:

- The estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- The estimated costs have been discounted to their present value using a discount rate of 6.88%.
- 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

The Group's employee compensation policy is based on Total Cash Remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of 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.

(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.

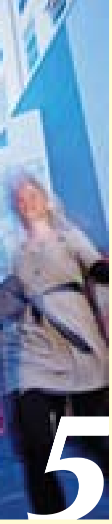
Superannuation is provided as a percentage of remuneration.

(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)



1. Statement of Accounting Policies (continued)

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 recognised 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.

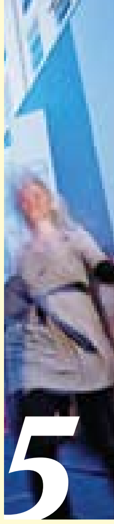
(ii) Finance lease payments

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.

(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).

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.



1. Statement of Accounting Policies (continued)

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 substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The 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, 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.

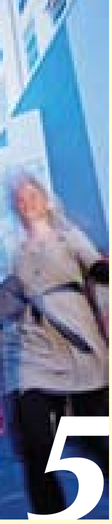
Plan values disclosed

The plan values shown in the financial statements represent the 2007/08 budget included in the Long Term Council Community Plan 2006-16, as amended by the 2007/08 Annual Plan.

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

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

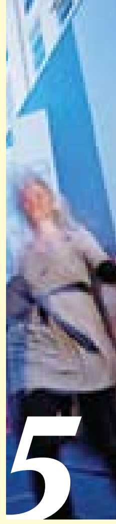
Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognized in the period if the change affects only that period, or into future periods if it also affects future periods.



1. Statement of Accounting Policies (continued)

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 recognised 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 recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.

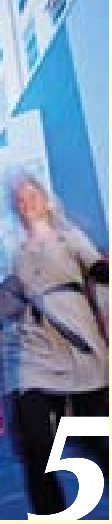


2. Profit From Operations

(a) Revenue

	Notes	Parent			Group	
		2008 Actual $'000	2008 Plan $'000	2007 Actual $'000	2008 Actual $'000	2007 Actual $'000
Rates revenue (excluding rates penalties)		**223,366**	**221,091**	**204,578**	**218,863**	**201,276**
Other operating revenue:						
Sale of goods		12,976	13,553	13,809	15,951	22,539
Rendering of services		19,142	18,750	19,681	408,027	374,779
Contracting revenue		197	273	-	30,032	28,365
		32,315	**32,576**	**33,490**	**454,010**	**425,683**
Rental revenue:						
Operating lease rental revenue						
Contingent rental revenue (investment properties)		-	-	-	37,708	30,339
Other		23,245	21,159	21,331	23,245	21,564
		23,245	**21,159**	**21,331**	**60,953**	**51,903**
Interest revenue:						
Finance lease interest revenue		-	-	-	1,940	1,825
Investments		20,637	20,273	24,485	20,825	28,752
Related parties		5,142	7,086	4,912	4,879	-
Other		-	11	48	-	-
		25,779	**27,370**	**29,445**	**27,644**	**30,577**
Dividends:						
Subsidiaries		32,601	34,000	29,484	-	-
Associates		1,580	1,805	739	-	-
Other entities		61	-	-	61	-
		34,242	**35,805**	**30,223**	**61**	**-**
Petroleum Tax		2,366	2,282	2,283	2,366	2,283
Development Contributions		14,757	9,439	13,256	14,757	13,256
Subvention Payments Received		3,871	-	3,211	-	-
Land Transport New Zealand subsidies		20,257	29,203	19,701	20,257	19,701
Subsidies (excl LTNZ)		548	616	526	548	526
Sundry (incl rates penalties) (i)		33,060	28,550	29,133	52,170	38,764
		74,859	**70,090**	**68,110**	**90,098**	**74,530**
Total other operating revenue		**190,440**	**187,000**	**182,599**	**632,766**	**582,693**
Total revenue (before other gains)		**413,806**	**408,091**	**387,177**	**851,629**	**783,969**

(i) This includes subsidies from the Ministry of Education of $1.1 million (2007: $0.9 million).



Notes to financial statements

2. Profit From Operations (continued)

(b) Other gains / losses		Parent			Group	
		2008 Actual	2008 Plan	2007 Actual	2008 Actual	2007 Actual
	Notes	$'000	$'000	$'000	$'000	$'000
(Gain) on disposal of property, plant and equipment		(1,979)	-	(1,287)	(2,431)	(5,296)
Loss on disposal of property, plant and equipment		448	-	2,149	1,233	2,377
Impairment of Goodwill		-	-	-	978	-
(Gain)/loss on assets written off		4,182	3,536	7,117	4,182	7,117
Government grants received		(2,443)	-	-	(5,497)	(539)
Hedging (gains)/losses		-	-	-	(407)	(467)
Realisation of Available for sale in Revaluation reserve		-	-	-	(2,780)	-
Gain on Disposal of Investments		-	-	-	(786)	-
Change in fair value of assets classified as fair value		-	-	-	43	(386)
Investment property revaluation (gains)/losses through profit & loss		-	-	-	(3,530)	(4,223)
Other (gains)/losses		-	-	-	(249)	(43)
		208	3,536	7,979	(9,244)	(1,460)
(Gains) attributable to continuing operations		(4,422)	-	(1,287)	(15,680)	(10,954)
Losses attributable to continuing operations		4,630	3,536	9,266	6,436	9,494
Net (gains)/losses		**208**	**3,536**	**7,979**	**(9,244)**	**(1,460)**

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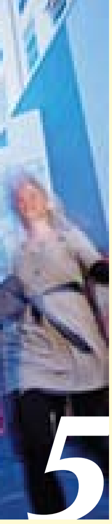
2. Profit From Operations (continued)

(c) Expense disclosures:		Parent			Group	
		2008	2008	2007	2008	2007
		Actual	Plan	Actual	Actual	Actual
	Notes	$'000	$'000	$'000	$'000	$'000
Depreciation and amortisation:						
Depreciation of non-current assets	13	91,158	90,120	77,267	164,306	138,286
Amortisation of non-current assets	16	1,701	-	1,119	4,074	3,167
Total depreciation and amortisation		**92,859**	**90,120**	**78,386**	**168,380**	**141,453**
Finance costs:						
Interest on loans		5,972	9,918	6,399	30,479	30,893
Total finance costs		**5,972**	**9,918**	**6,399**	**30,479**	**30,893**
Employee Costs:						
Employee benefit expense:						
Remuneration and other expenses		114,000	108,824	103,267	254,256	232,447
Total employee costs		**114,000**	**108,824**	**103,267**	**254,256**	**232,447**
Inventory:						
Write-down of inventory to net realisable value		-	-	-	-	15
Net bad and doubtful debts		-	-	-	-	148
Donations		22,985	23,798	20,044	23,038	20,112
Impairment of non-current assets		-	-	-	1,438	1,119
Provision expenses		(553)	-	(1,320)	270	(181)
Operating lease expenses:						
Minimum lease payments		3,379	3,472	2,488	8,350	5,603
General operating expenses		149,224	153,180	143,026	265,693	250,565
Total other operating expenses		**175,035**	**180,450**	**164,238**	**298,789**	**277,381**
Total expenses (before other losses)		**387,866**	**389,312**	**352,290**	**751,904**	**682,174**



Notes to financial statements

2. Profit From Operations (continued)

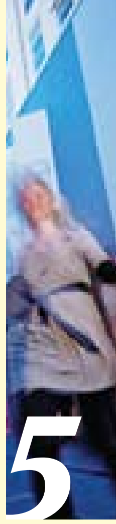
(d) Disclosure of Group of Activities results

	Notes	Parent		
		2008 Actual $'000	2008 Plan $'000	2007 Actual $'000
Groups of activities revenue		119,919	114,451	111,588
Rates revenue		223,366	221,091	204,578
Other revenue (primarily interest and dividends)		74,943	72,549	72,298
		418,228	**408,091**	**388,464**
Groups of activities expenditure		378,080	378,615	349,285
Other expenditure		14,416	14,233	12,271
		392,496	**392,848**	**361,556**

3. Income Taxes

(a) Income tax recognised in profit or loss

	Parent		Group	
	2008	2007	2008	2007
Tax expense/(income) comprises:	$'000	$'000	$'000	$'000
Current tax expense/(income)	-	-	31,203	30,377
Adjustments recognised in current year in relation to the current tax of prior years	-	-	(260)	61
Deferred tax expense/(income) relating to the origination	-			
and reversal of temporary differences	652	-	5,406	959
Benefit arising from previous unrecognised tax losses of prior years	-	-	(324)	-
Deferred tax expense/(income) relating to changes in tax rates	-	-	(6,967)	(9,627)
Total tax expense/(income)	**652**	**-**	**29,058**	**21,770**



3. Income Taxes (continued)

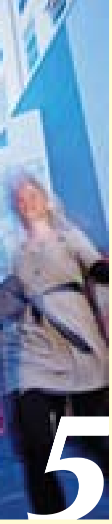
(a) Income tax recognised in profit or loss	Parent		Group	
	2008	2007	2008	2007
Reconciliation of prima facie income tax:	**$'000**	**$'000**	**$'000**	**$'000**
(Profit)/loss before tax from continuing operations	**40,875**	**38,948**	**123,584**	**117,468**
Income tax expense calculated at 33%	13,489	12,853	40,783	38,764
Non-deductible expenses	-	-	1,427	590
Non-assessable income	-	-	(8,513)	(9,229)
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-	1,042	893
Effect on deferred tax balances due to a change in income tax rate from 33% to 30% (effective 2009 financial year)	-	-	(6,967)	(9,627)
Previously unrecognised and unused tax losses, now recognised as deferred tax assets			(242)	-
Imputation credit adjustment	(13,817)	(14,522)	-	-
Other temporary differences	980	1,669	1,962	297
	652	**-**	**29,492**	**21,688**
(Over)/under provision of income tax in previous year	-	-	(434)	82
	652	**-**	**29,058**	**21,770**

The tax rate used in the above reconciliation is the corporate tax rate of 33% payable by New Zealand companies on taxable profits under New Zealand tax law. There has been no change in the corporate tax rate from the previous year.

The corporate tax rate in New Zealand changed from 33% to 30% with effect from 1 April 2008. This revised rate has no impact on the current tax payable for the 2008 financial year, but does have an impact on future periods and hence the group's deferred tax liability. Adjustments were made in the 2007 financial year group financial statements to reflect the estimated impact of the change in corporate tax rate on the group at that time. The 2008 financial year includes further adjustments subsequently found to be necessary to the group's financial statements on further re-assessment in respect of the impact of the corporate tax rate change.

Last year's parent company losses were subsequently utilised through subvention payments and loss offsets within the Christchurch City Council group. Similarly, the current year losses will be used to reduce group tax payments in the 2008/09 year.

(b) Current tax assets and liabilities	Parent		Group	
	2008	2007	2008	2007
	$'000	**$'000**	**$'000**	**$'000**
Current tax assets:				
Tax refund receivable	-	-	6,144	3,244



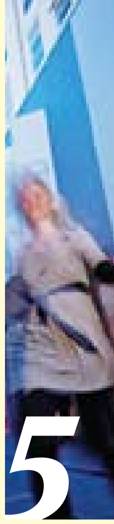
3. Income Taxes (continued)

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

Parent Year ended 30 June 2008	Opening balance	Charged to income	Charged to equity	Closing balance
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Cash flow hedges	-	-	45	45
Deferred tax liability on Buildings	7,730	(200)	2,634	10,164
	7,730	**(200)**	**2,679**	**10,209**
Deferred tax assets:				
Tax Losses	852	(852)	-	-
	852	**(852)**	**-**	**-**
Net deferred tax balance	**6,878**	**652**	**2,679**	**10,209**

Parent Year ended 30 June 2007	Opening balance	Charged to income	Charged to equity	Closing balance
	$'000	$'000	$'000	$'000
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**



3. Income Taxes (continued)

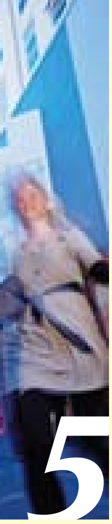
(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

Group Year ended 30 June 2008	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
Deferred tax liabilities:				
Cash flow hedges	3,438	754	(1,696)	2,496
Property, plant and equipment	297,737	3,274	4,636	305,647
Intangible assets	223	(57)	-	166
Other	6,582	(2,139)	(378)	4,065
	307,980	**1,832**	**2,562**	**312,374**
Deferred tax assets:				
Provisions	2,782	209	-	2,991
Doubtful debts and impairment losses	65	(20)	-	45
Tax Losses	3,662	(3,335)	-	327
Other	1,961	(428)	-	1,533
	8,470	**(3,574)**	**-**	**4,896**
Net deferred tax balance	**299,510**	**5,406**	**2,562**	**307,478**

Group Year ended 30 June 2007	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
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
Tax Losses	3,536	126	-	3,662
Other	1,925	36	-	1,961
	8,374	**90**	**6**	**8,470**
Net deferred tax balance	**219,006**	**(8,668)**	**89,172**	**299,510**

Included within the above movements for the year ended 30 June 2007 is a credit to equity of $13.2 million and a credit to the income statement of $9.2 million in respect of an announced reduction in the corporate income tax rate from 33% to 30% effective from the 2009 financial year.



Notes to financial statements

3. Income Taxes (continued)

(d) Unrecognised deferred tax balances

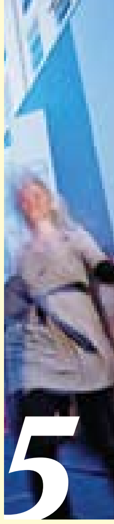
	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The following tax losses have not been brought to account as assets:				
Tax losses	-	-	3,158	2,706
Tax effect			**1,042**	**893**
Finance lease receivable	**-**	**-**	**227**	**28**

A deferred tax liability has not been recognised on taxable temporary differences relating to undistributed profits of subsidiaries and associates.

(e) Imputation credit account balances

	Group	
	2008	2007
	$'000	$'000
Christchurch City Holdings Ltd	67,847	60,521
Vbase Ltd	63	105
Tuam Ltd	40	2
Civic Building Ltd	2	-
	67,952	**60,628**

At balance date the imputation credits available to Council were indirectly available through interests in subsidiaries.



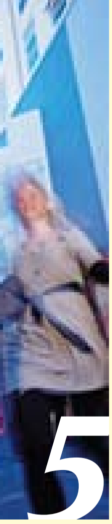
4. Current trade and other receivables

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Rates debtors	**8,743**	**6,274**	**8,743**	**6,274**
Trade receivables	19,862	8,744	48,671	41,783
Allowance for doubtful debts (i)	(900)	(339)	(1,168)	(650)
	18,962	**8,405**	**47,503**	**41,133**
Finance lease receivable	**-**	**-**	**330**	**227**
Amounts due from customers under construction contracts	-	-	-	4,468
GST receivable	6,487	2,242	4,873	-
Dividend receivables	6,141	-	540	-
Amounts owing by subsidiaries	254	472	-	-
Interest receivable	3,514	5,285	2,324	4,543
	16,396	**7,999**	**7,737**	**9,011**
	44,101	**22,678**	**64,313**	**56,645**

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of the movement was recognised in the profit or loss for the current financial year.



5. Other current financial assets

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At fair value:				
Interest rate swaps	105	256	663	292
Currency swaps	-	-	7	-
Interest bearing loans to related parties	-	-	3,632	3,270
	105	256	4,302	3,562
At amortised cost:				
Interest-bearing loans advanced to:				
Subsidiaries	-	1,800	-	-
Foreign currency balance	-	-	11,787	-
Current portion of term investments	61,617	51,491	61,617	51,491
CRFU deposit	-	-	1,102	-
Short term deposits with maturities of 91-365 days	12,000	102,801	19,100	117,884
	73,617	156,092	93,606	169,375
	73,722	156,348	97,908	172,937

As at 30 June 2008 Christchurch International Airport Ltd had an investment in foreign currency of $11.8 million (2007: Nil) to finance offshore purchases for the integrated terminal project, to offset possible currency fluctuations.

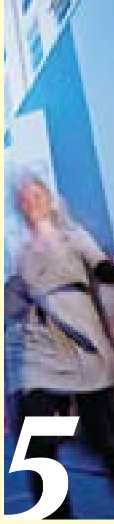
6. Current inventories

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Raw materials at cost	-	-	4,570	3,789
Work in progress at cost	-	-	6,824	2,996
Finished goods at cost	1,296	1,316	2,801	3,915
Less: Impairment	-	-	-	(113)
	1,296	1,316	14,195	10,587

Certain inventories are subject to security interests created by retention of title clauses.

7. Other current assets

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Prepayments	-	-	2,704	2,878
Contract retentions	-	-	957	930
Other current assets	-	-	4	-
	-	-	3,665	3,808



8. Non-current assets held for sale

	Parent		Group	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Land held for sale	761	188	761	873
	761	**188**	**761**	**873**

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

9. Non-current trade and other receivables

	Parent		Group	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Finance lease receivable	-	-	27,120	25,514
Deferred sale proceeds	3,000	3,000	3,000	3,000
Prepayments	-	-	3,810	-
	3,000	**3,000**	**33,930**	**28,514**

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

10. Non-current inventories

	Group	
	2008	**2007**
	$'000	**$'000**
Maintenance items and other	885	725
Total non-current inventories	**885**	**725**

11. Investments in associates

(a) Investments in associates

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance at start of year	6,196	6,196	37,688	44,053
Share of total recognised revenues and expenses	-	-	(528)	2,173
Dividends from associates	-	-	(2,224)	(1,211)
Share of revaluations - land and buildings	-	-	1,484	2,121
Disposal	-	-	-	(9,448)
Total investments in associates	**6,196**	**6,196**	**36,420**	**37,688**

There is no goodwill included in the carrying value of associates (2007: Nil).

(b) Investments in associates

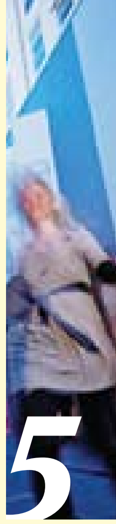
Name of entity	Country of incorporation	Ownership interest 2008	Ownership interest 2007
		%	%
Associates:			
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Selwyn Plantation Board Ltd - Group	NZ	39%	39%
4rf Communications Ltd - Group	NZ	26%	26%

No public price quotations exist for these investments.

(c) Investments in associates

Summarised financial information of associates:	2008	2007
	Actual	Actual
	$'000	$'000
Current assets	29,285	27,801
Non-current assets	121,346	118,294
	150,631	**146,095**
Current liabilities	14,610	12,858
Non-current liabilities	46,603	41,064
	61,213	**53,922**
Net assets	**89,418**	**92,173**
Revenue	60,299	58,635
Net profit	(774)	3,148

The group has not recognised its 26% share of the accumulated losses relating to 4rf Communications Ltd amounting to $8.8 million. The group has no obligation in respect of these losses. This total includes $0.1 million for 2008 and $0.7 million for 2007. The group's carrying value for this investment was nil in 2008 (2007: Nil).



12. Other non-current financial assets

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At fair value:				
Shares in controlled entities (i)	1,430,344	1,210,610	-	-
Shares (ii)	-	-	3,684	9,291
Interest rate swaps	53	131	8,264	15,519
Other - Cash beyond one year	21,000	-	21,000	-
	1,451,397	**1,210,741**	**32,948**	**24,810**
At amortised cost:				
Interest-bearing loans advanced to:				
Subsidiaries (iii)	87,889	55,223	-	-
Endeavour I-Cap	2,410	2,212	2,410	2,212
Capitalised contract set up costs	-	-	896	-
Other - Community, Special & Other Loans (iv)	2,881	3,125	2,881	3,125
	93,180	**60,560**	**6,187**	**5,337**
Investment in NZLGIC	1,617	1,617	1,617	1,617
Theatre Royal	2,300	2,300	2,300	2,300
Stocks and bonds with over 1 year to maturity	63,275	107,278	63,275	107,278
	67,192	**111,195**	**67,192**	**111,195**
	1,611,769	**1,382,496**	**106,327**	**141,342**

(i) The fair value of Council's investments in its subsidiary companies was assessed by independent valuers KPMG, as at 30 June 2006 based on full discounted cash flow or future maintainable earnings.

For the purposes of the 2008 balance sheet, it was considered appropriate to use the fair values brought forward from the previous years, other than in respect of Christchurch City Holdings Ltd, (CCHL), and Vbase Ltd (Christchurch City Facilities Ltd). CCHL's value is based on the value of its equity investments, which increased by $217 million (2007: $43 million) during the year. This increase was caused by revaluations of CCHL's investments in Orion Group Ltd ($69 million) and Christchurch International Airport Ltd. ($151 million), and $9.5 million of additional shares were issued to Christchurch City Networks Ltd. Lyttelton Port Company Ltd's carrying value reduced by $13 million from the 2007 level on the basis of its quoted NZX price. [2007, Lyttelton Port Company Ltd ($31 million) and City Care Ltd ($12 million)].

Additional capital of $0.7 million was advanced to Vbase Ltd, during the year.

Notes to financial statements

12. Other non-current financial assets (continued)

(a) The carrying values of subsidiary companies are as follows:

	Parent 2008 $'000	Parent 2007 $'000
Christchurch City Holdings Ltd	1,354,350	1,137,350
Vbase Ltd (2007: Christchurch City Facilities Ltd and Vbase No2 Ltd)	71,500	70,750
Tuam Ltd	2,510	2,510
Civic Building Ltd	1,984	-
	1,430,344	**1,210,610**

(ii) Available for sale shares

These amounts relate to Orion Groups Ltd's investments in Enertech Capital Partners (an offshore venture capital Ltd liability partnership). The Enertech investment has a carrying value of $3.7 million (2007: $5.1 million), 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.

(b) Loans advanced to subsidiaries included:

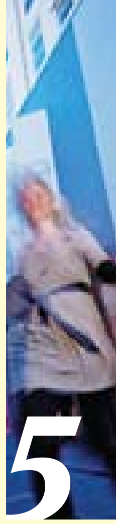
	Parent 2008 $'000	Parent 2007 $'000
Loans advanced to subsidiaries included:		
Vbase Ltd (2007: Vbase No.2 Ltd)	42,573	30,723
Jet Engine Facility Ltd	12,550	12,550
Tuam Ltd	13,750	13,750
Civic Building Ltd	19,016	-
	87,889	**57,023**

The prior year figures include the current portion of this loan of $1.8 million, as reported in Note 5.

(iv) The fair value of loans to community organisations such as sports clubs and service organisations is $1.0 million (2007: $1.1 million). These loans are initially recognised 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 $1.4 million (2007: $1.5 million).

Other loans, totalling $1.9 million (2007: $2.0 million), have been advanced to other organisations as bridging finance on conferences, and for other community service purposes.

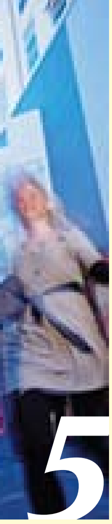


13. Property, plant and equipment

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Operational assets	1,064,014	756,513	3,113,464	2,731,723
Infrastructural assets	2,929,494	2,806,664	2,929,494	2,806,663
Restricted assets	748,915	480,811	748,914	480,812
	4,742,423	**4,043,988**	**6,791,872**	**6,019,198**

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

Parent Operational assets	Land & Land Improvements at fair value $'000	Buildings at fair value $'000	Landfill at cost $'000	Library books at cost $'000	Plant & equipment at cost $'000	Work in progress at cost $'000	Total $'000
Gross carrying amount:							
Balance at 1 July 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**
Additions	25,216	18,512	-	4,688	7,792	-	56,208
Disposals	(1,641)	(1,167)	-	-	(690)	-	(3,498)
Transfers between asset classes	(90)	(6,867)	-	-	-	-	(6,957)
Net revaluation increments/(decrements)	156,304	74,841	-	-	-	-	231,145
Movement in WIP	-	-	-	-	-	18,347	18,347
Assets held for resale	(573)	-	-	-	-	-	(573)
Balance at 30 June 2008	**464,829**	**527,165**	**8,217**	**81,690**	**91,173**	**33,502**	**1,206,576**
Accumulated depreciation, amortisation and impairment:							
Balance at 1 July 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)**
Disposals	3	408	-	-	464	-	875
Net revaluation increments/(decrements)	792	38,195	-	-	-	-	38,987
Depreciation expense	(1,136)	(13,714)	-	(4,616)	(7,938)	-	(27,404)
Transfers between asset classes		371	-	-	-	-	371
Balance at 30 June 2008	**(2,404)**	**-**	**(8,217)**	**(66,145)**	**(65,796)**	**-**	**(142,562)**
Net book value at 30 June 2007	**283,550**	**416,586**	**-**	**15,473**	**25,749**	**15,155**	**756,513**
Net book value at 30 June 2008	**462,425**	**527,165**	**-**	**15,545**	**25,377**	**33,502**	**1,064,014**



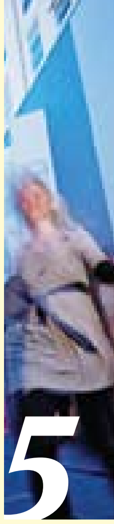
Notes to financial statements

13. Property, plant and equipment (continued)

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

Group Operational assets	Land & Land Improvements at fair value $'000	Buildings at fair value $'000	Plant & equipment at cost $'000	Electricity distribution system at fair value $'000	Specialised assets at cost $'000	Landfill at cost $'000	Work in progress at cost $'000	Total $'000
Gross carrying amount:								
Balance at 1 July 2006	**521,101**	**722,494**	**309,228**	**718,471**	**229,640**	**8,217**	**34,254**	**2,543,405**
Additions	3,733	23,354	25,365	30,708	10,675	-	-	93,835
Disposals	(6,809)	(3,206)	(9,457)	(1,065)	(153)	-	-	(20,690)
Transfers between asset classes	(8,583)	(12,483)	(6,851)	-	27,838	-	-	(79)
Net revaluation increments/(decrements)	201,094	22,821	-	104,348	58,633	-	-	386,896
Movement in WIP	-	-	-	-	-	-	12,742	12,742
Assets held for resale	(188)	-	-	-	-	-	-	(188)
Balance at 30 June 2007	**710,348**	**752,980**	**318,285**	**852,462**	**326,633**	**8,217**	**46,996**	**3,015,921**
Additions	31,348	43,090	36,180	43,875	20,653	-	-	175,146
Disposals	(1,861)	(1,888)	(8,608)	(839)	(47)	-	-	(13,243)
Transfers between asset classes	(90)	(6,865)	-	-	145	-	(145)	(6,955)
Net revaluation increments/(decrements)	165,718	70,772	-	-	(1,102)	-	-	235,388
Movement in WIP	-	-	-	-	-	-	44,908	44,908
Assets held for resale	(573)	-	-	-	-	-	-	(573)
Balance at 30 June 2008	**904,890**	**858,089**	**345,857**	**895,498**	**346,282**	**8,217**	**91,759**	**3,450,592**
Accumulated depreciation, amortisation and impairment:								
Balance at 1 July 2006	**(996)**	**(79,647)**	**(146,548)**	**(45,196)**	**(73,362)**	**(8,217)**	**-**	**(353,966)**
Disposals	-	394	6,188	82	147	-	-	6,811
Net 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)	(19,876)	(23,596)	(14,403)	-	-	(87,168)
Transfers between asset classes	-	264	3,260	-	(3,763)	-	-	(239)
Balance at 30 June 2007	**(2,076)**	**(37,439)**	**(157,645)**	**(46)**	**(78,775)**	**(8,217)**	**-**	**(284,198)**
Disposals	3	408	6,812	17	40	-	-	7,280
Net revaluation increments/(decrements)	791	39,083	-	-	83	-	-	39,957
Impairment losses charged to profit	-	-	14	-	-	-	-	14
Depreciation expense	(1,138)	(29,350)	(25,501)	(29,496)	(15,067)	-	-	(100,552)
Transfers between asset classes	-	371	-	-	-	-	-	371
Accumulated depreciation, amortisation and impairment:	**(2,420)**	**(26,927)**	**(176,320)**	**(29,525)**	**(93,719)**	**(8,217)**	**-**	**(337,128)**
Net book value at 30 June 2007	**708,272**	**715,541**	**160,640**	**852,416**	**247,858**	**-**	**46,996**	**2,731,723**
Net book value at 30 June 2008	**902,470**	**831,162**	**169,537**	**865,973**	**252,563**	**-**	**91,759**	**3,113,464**

"Specialised assets" = finance lease assets, airport sealed surfaces, harbour structures and other specialised assets



13. Property, plant and equipment (continued)

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

Parent and Group Infrastructural assets	Roading network at fair value $'000	Sewerage system at fair value $'000	Water system at fair value $'000	Stormwater system at fair value $'000	Work in progress at cost $'000	Total $'000
Gross carrying amount:						
Balance at 1 July 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
Part disposal of acquired busines - LPC	-	-	-	-	-	-
Balance at 30 June 2007	**1,509,704**	**627,164**	**328,867**	**265,113**	**94,043**	**2,824,891**
Additions	50,028	22,679	9,229	10,429	-	92,365
Disposals	(4,240)	(119)	(684)	-	-	(5,043)
Transfers between asset classes	90	3,700	3,165	-	-	6,955
Net revaluation increments/(decrements)	-	-	-	61,414	-	61,414
Movement in WIP	-	-	-	-	15,300	15,300
Balance at 30 June 2008	**1,555,582**	**653,424**	**340,577**	**336,956**	**109,343**	**2,995,882**
Accumulated depreciation, amortisation and impairment:						
Balance at 1 July 2006	**(46,172)**	**(26,754)**	**(11,771)**	**(3,413)**	**-**	**(88,110)**
Disposals	1,429	42	160	-	-	1,631
Net 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)**
Disposals	1,192	10	117	-	-	1,319
Net revaluation increments/(decrements)	-	-	-	10,278	-	10,278
Depreciation expense	(36,632)	(11,806)	(7,491)	(3,458)	-	(59,387)
Transfers between asset classes	-	(6)	(365)	-	-	(371)
Balance at 30 June 2008	**(35,440)**	**(23,209)**	**(7,739)**	**-**	**-**	**(66,388)**
Net book value at 30 June 2007	**1,509,704**	**615,757**	**328,867**	**258,293**	**94,043**	**2,806,664**
Net book value at 30 June 2008	**1,520,142**	**630,215**	**332,838**	**336,956**	**109,343**	**2,929,494**

Notes to financial statements

13. Property, plant and equipment (continued)

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

Parent and Group Restricted assets	Restricted land & buildings at fair value $'000	Artworks at fair value $'000	Heritage assets at fair value $'000	Library books at cost $'000	Work in progress at cost $'000	Total $'000
Gross carrying amount:						
Balance at 1 July 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**
Additions	28,746	408	160	171	-	29,485
Disposals	(8)	-	-	-	-	(8)
Net revaluation increments/(decrements)	220,883	20,815	-	-	-	241,698
Movement in WIP	-	-	-	-	140	140
Balance at 30 June 2008	**663,895**	**70,438**	**18,428**	**5,529**	**2,532**	**760,822**
Accumulated depreciation, amortisation and impairment:						
Balance at 1 July 2006	**(4,224)**	**(144)**	**(69)**	**-**	**-**	**(4,437)**
Net revaluation increments/(decrements)	-	-	73	-	-	73
Depreciation expense	(4,211)	(50)	(35)	-	-	(4,296)
Transfers between asset classes	(35)	-	-	-	-	(35)
Balance at 30 June 2007	**(8,470)**	**(194)**	**(31)**	**-**	**-**	**(8,695)**
Net revaluation increments/(decrements)	910	245	-	-	-	1,155
Depreciation expense	(4,281)	(51)	(35)	-	-	(4,367)
Balance at 30 June 2008	**(11,841)**	**-**	**(66)**	**-**	**-**	**(11,907)**
Net book value at 30 June 2007	**405,804**	**49,021**	**18,238**	**5,358**	**2,392**	**480,812**
Net book value at 30 June 2008	**652,054**	**70,438**	**18,363**	**5,529**	**2,532**	**748,915**

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. 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 Ltd at 30 June 2008 to a fair value of $1.564 billion (operational assets $974 million and restricted assets $590 million).

In addition, operational land and land improvements and restricted land and buildings include Park and Open Space assets. These were last valued by Maunsell Ltd at 1 July 2005 to a fair value of $55.5 million using the optimised depreciated replacement cost method .

Stormwater, Waterways and Wetlands infrastructure assets were revalued by GHD Ltd at 30 June 2008 to a fair value of $453.2 million using the optimised depreciated replacement cost method.

Works of art have been valued at a fair value of $70.4 million as at 30 June 2008 by Art + Object Ltd. The fair value is assessed as the estimated market value.

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

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

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

Heritage assets were valued at depreciated reproduction cost at 1 July 2006 of $18.3 million by Plant and Machinery Valuers Ltd.

Group

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

Orion Group Ltd

The company's electricity distribution network and substation buildings were revalued at 31 March 2007 to a fair value of $854 million 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 $51.5 million as at 31 March 2007 by independent valuer Mr Marius Ogg of CB Richard Ellis Ltd.

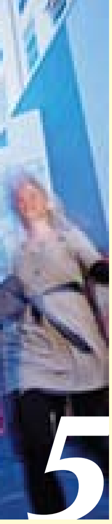
In accordance with NZ IAS 36, the company, assisted by PricewaterhouseCoopers and CB Richard Ellis Ltd, undertook a review to determine whether the carrying values of any items of property, plant and equipment might be impaired. Other than for a minor write-down of both land assets and building assets, both against revaluation reserves, the company does not believe that any such carrying values are materially impaired at 31 March 2008.

Christchurch International Airport Ltd

Christchurch International Airport Ltd's land, terminal facilities, buildings, sealed surfaces, infrastructure and car parking assets were revalued by independent valuers Seagar & Partners (land, buildings and car park) and Opus International Ltd (terminal facilities, sealed surfaces and infrastructure assets) as at 30 June 2007. These assets were reviewed for impairment as at 30 June 2008 by the independent valuers. No adjustment for impairment was considered necessary.

Lyttelton Port Company Ltd

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. During the course of the year the company reviewed the useful economic lives of its major items of property, plant and equipment. As a consequence of this review, the useful lives of a number of these assets were reduced.



14. Investment Property

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	-	-	77,689	70,187
Additional capitalised expenditure	-	-	-	3,279
Net gain/(loss) from fair value adjustments	-	-	3,530	4,223
Balance at end of financial year	**-**	**-**	**81,219**	**77,689**

Group

Orion Group Ltd

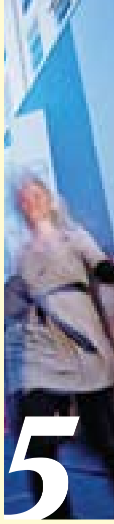
The company's investment property was valued by independent registered valuer Mr Marius Ogg of CB Richard Ellis Ltd as at 31 March 2008. Mr Ogg is a senior member of the Property Institute of New Zealand and is a director of CB Richard Ellis Ltd.

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

The valuation as at 30 June 2008 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

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gross carrying amount:				
Balance at beginning of financial year	-	-	10,323	9,748
Additional amounts recognised from business combinations	-	-	1,363	575
Balance at end of financial year	**-**	**-**	**11,686**	**10,323**
Accumulated impairment losses:				
Balance at beginning of financial year	-	-	(480)	(480)
Impairment losses for the period	-	-	(978)	-
Balance at end of financial year	**-**	**-**	**(1,458)**	**(480)**
Net book value:				
At the beginning of the financial year	**-**	**-**	**9,843**	**9,268**
At the end of the financial year	**-**	**-**	**10,228**	**9,843**

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 impairment charges of $978k .These impairment charges were mainly due to the impairment of the Vbase Ltd goodwill. The goodwill was impaired during the amalgamation of Christchurch City Facilities Ltd and Vbase No2 Ltd (see page 163 for further information.)

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:

(a) Amount of goodwill allocated to cash-generating units

	Group	
	2008	2007
	$000's	$000's
Christchurch City Holdings Ltd	10,228	8,942
Vbase Ltd	-	901
	10,228	**9,843**

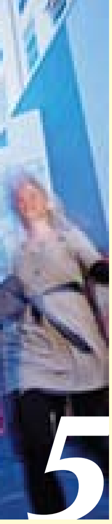
Goodwill on consolidation in respect of the above companies is not considered to be impaired for the following reasons:

Group

Christchurch City Holdings Ltd's goodwill is due to its investments in Lyttelton Port Company Ltd and City Care Ltd

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 .

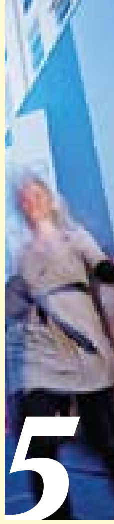
The investment in Lyttelton Port Company Ltd was revalued at 30 June 2008 on the basis of its quoted NZX price. While the carrying value reduced by $13 million from the 2007 level, the market capitalisation of this company significantly exceeds its original acquisition value.



16. Other intangible assets

Parent	Software and Other $'000
Gross carrying amount:	
Balance at 1 July 2006	8,623
Additions	524
Balance at 30 June 2007	**9,147**
Additions	11,644
Balance at 30 June 2008	**20,791**
Accumulated amortisation and impairment:	
Balance at 1 July 2006	(4,008)
Amortisation expense	(1,119)
Balance at 30 June 2007	**(5,127)**
Amortisation expense	(1,701)
Balance at 30 June 2008	**(6,828)**
Net book value at 30 June 2007	**4,020**
Net book value at 30 June 2008	**13,963**

Group	Software and Other $'000
Gross carrying amount:	
Balance at 1 July 2006	25,692
Additions	2,424
Disposals or classified as held for sale	(138)
Balance at 30 June 2007	**27,978**
Additions	15,528
Disposals	(1,577)
Balance at 30 June 2008	**41,929**
Accumulated amortisation and impairment:	
Balance at 1 July 2006	(15,430)
Amortisation expense	(3,167)
Disposals or classified as held for sale	78
Balance at 30 June 2007	**(18,519)**
Amortisation expense	(4,074)
Disposals	1,486
Balance at 30 June 2008	**(21,107)**
Net book value at 30 June 2007	**9,459**
Net book value at 30 June 2008	**20,822**



17. Current Trade and Other Payables

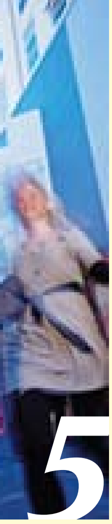
	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Trade payables	54,802	47,503	97,521	84,810
Amounts due to customers under construction contracts	-	-	-	1,343
GST payable	-	-	-	1,012
Owing to subsidiaries	5,927	1,465	-	-
Other current payables	-	-	8,656	11,986
	60,729	**48,968**	**106,177**	**99,151**

18. Current Borrowings

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unsecured:				
Loans from subsidiaries	2,013	1,800	-	-
Current portion of term debt	19	658	64,821	65,658
Bonds and floating rate notes	-	-	50,000	-
Commercial paper	-	-	24,864	26,472
	2,032	**2,458**	**139,685**	**92,130**
Secured:				
Finance lease liabilities	-	-	411	241
Bank loans	-	-	33	1,053
	-	**-**	**444**	**1,294**
	2,032	**2,458**	**140,129**	**93,424**

19. Other Current Financial Liabilities

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At fair value:				
Foreign currency forward contracts	-	-	228	3,294
Interest rate swaps	-	-	-	84
	-	**-**	**228**	**3,378**



Notes to financial statements

20. Current Provisions

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Employee benefits	12,251	11,748	32,973	24,704
Restructuring and termination costs	-	-	-	47
Landfill aftercare	1,347	1,964	1,347	1,963
Purchase provision	-	-	-	130
Other - Weathertight Homes	400	-	400	-
	13,998	**13,712**	**34,720**	**26,844**

See Note 24 Non-current Provisions for additional detail.

21. Other Current Liabilities

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred income	-	-	1,076	1,006
Revenue in advance	-	-	4,170	2,933
	-	**-**	**5,246**	**3,939**

22. Non-Current Borrowings

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unsecured:				
Loans from:				
Subsidiaries	83,081	85,220	-	-
Other external parties	-	-	154,769	135,011
Bonds and floating rate notes	-	-	144,000	193,766
Redeemable preference shares	-	-	14,402	-
	83,081	**85,220**	**313,171**	**328,777**
Secured:				
Bank loans	34,673	-	41,373	7,955
Finance lease liabilities	-	-	1,779	1,356
Loans	80	-	80	-
	34,753	**-**	**43,232**	**9,311**
Total non-current borrowings	**117,834**	**85,220**	**356,403**	**338,088**

5

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 7.13% (2007: 6.48%).

Group

Details of the material borrowings are as follows:

CCHL's non-current borrowings at 30 June 2008 comprised bonds in five tranches ranging from $7 million to $70 million. 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 $350 million 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 $43.0 million (2007: $38.3 million) is unsecured against the company but a deed of negative pledge requires the company to comply with certain covenants. The facility matures on 25 August 2008 and may be extended for a further 2 years at the option of Orion New Zealand Ltd. Interest rates are floating based on bank bill rates plus a margin. The average rate for the year to March was 8.95%, (2007: 7.93%). 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 $250 million funding facility with four banks to fund the ongoing business and the proposed terminal development, plus an overdraft facility of $1 million. (2007: $250 million funding facility and $1.0 million overdraft facility). All borrowings are unsecured and supported by a negative pledge. Interest rates ranged from 7.07% to 7.84%.(2007: 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 $95 million and $55 million each with renewal dates of 1 July 2011 and 30 June 2009 respectively. (2007: two tranches of $55 million 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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
At fair value:				
Interest rate swaps	131	411	325	1,135
Contract retentions	-	-	36	-
	131	**411**	**361**	**1,135**

24. Non-Current Provisions

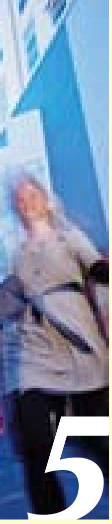
	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Employee benefits	6,225	6,485	7,280	7,513
Landfill aftercare	11,850	14,126	11,850	14,126
Purchase provision	-	-	-	341
Weathertight homes	400	800	400	800
	18,475	**21,411**	**19,530**	**22,780**

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.

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:



Notes to financial statements

24. Non-Current Provisions (continued)

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover, and vegetation.

Closed Landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is $13.2 million.

The Council participates in the regional waste disposal joint venture run by Transwaste Canterbury Ltd 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 Ltd is 38.9%.

(a)	Parent		Group	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Landfill aftercare provision				
Balance at beginning of financial year	16,090	19,125	16,090	19,125
Additional / (reduction of) provision made	(1,426)	(1,320)	(1,426)	(1,320)
Amount utilised	(1,467)	(1,715)	(1,467)	(1,715)
	13,197	**16,090**	**13,197**	**16,090**
Non-current portion	11,850	14,126	11,850	14,126
Current portion	1,347	1,964	1,347	1,964
	13,197	**16,090**	**13,197**	**16,090**

Weathertight Homes

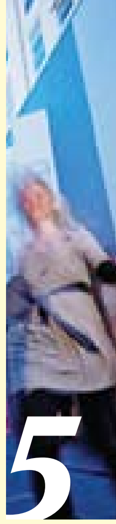
The Council through its insurers is processing a number of weathertight (leaky) home claims. Provision has been made for the estimated cost of known claims based on the average actual settlement costs. The provision this year has been split between Current and Non-current provisions. A contingent liability also exists for future claims which may be made through to the cut-off date in 2015.

25. Other Non-Current Liabilities

	Parent		Group	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred government grants	-	-	-	219
Deferred income	-	-	7,183	7,969
Deferred purchase consideration	-	-	235	-
Other	-	-	661	826
	-	**-**	**8,079**	**9,014**

Deferred income

On 11 September 2002 Lyttelton Port Company Ltd entered into a 15-year coal handling agreement with Solid Energy New Zealand Ltd which provided for the company to receive a $13 million prepayment of agreement charges. Should Lyttelton Port Company fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination then the company would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of $13 million. Deferred lease income received is recognised in the Income Statement on a straight line basis over the 15 year term of the agreement.



26. Rates Remissions

	Parent		Group	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Community Service	95	46	95	46
Cultural	286	238	286	238
Housing	1,025	1,087	1,025	1,087
Church	103	112	103	112
Maori Land	3	-	3	-
Recreation & Sport	780	759	780	759
	2,292	**2,242**	**2,292**	**2,242**

Rates remissions are expensed when granted.

27. Major Budget Variations

Income Statement

	2008 $'000	
Explanations for major variances from the Council's Plan figures are as follows:		
Revenue:		
Higher than plan Rates revenue	2,275	
Higher than planned Rental Income	2,086	
Interest received lower than plan	(1,591)	
Development Contributions: higher to plan	5,318	
Subvention Payments Received / (Paid): higher to plan*	3,871	*Net
Dividends Received : lower than planned*	(1,563)	2,308
Land Transport New Zealand subsidies: lower to plan	(8,946)	
Sundry (incl rates penalties) : higher to plan	4,510	
Other Gains (refer Note 2b)	4,422	
Other Revenue	(245)	
Revenue Favourable to plan	**10,137**	
Expenditure:		
Depreciation and amortisation: lower than plan	2,739	
Finance costs : lower due to lower volume of Capital works	(3,946)	
Employee costs higher than plan	5,176	
Other Expenses	(4,602)	
Lower than budgeted Grants and Levies paid	(813)	
Other Losses (refer Note 2b)	1,094	
Expenditure Unfavourable to plan	**(352)**	
Movement in Vested Assets	**(7,661)**	
Total Net Surplus Variance to Plan	**2,828**	

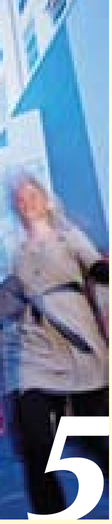
* The net benefit from dividends and tax loss offsets from subsidiaries and associates was $2.5 million higher than planned. Dividends from CCHL were as planned ($34 million), but were received as cash dividends $32.6 million and tax subvention credits $3.9 million

Statement of Changes in Equity

Revaluations of land and buildings and investments in subsidiaries were each higher than planned resulting in a greater than expected change to equity.

Balance Sheet

Net assets were $1.1 billion higher than planned primarily as a result of the revaluations noted above.



28. Vested Assets

	Parent		Group	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Restricted land and buildings	3,329	3,685	3,329	3,685
Infrastructure assets	11,706	8,189	11,706	8,189
Other	108	166	108	166
	15,143	**12,040**	**15,143**	**12,040**

29. Reserves

Parent

	Reserve Funds $'000	Asset revaln $'000	Hedging $'000	Capital reserves $'000	Total $'000
Balance at 01 July 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 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
Transfers (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**
Gain/(loss) on property revaluation	-	584,677	-	-	584,677
Realised gain on disposal of PPE	-	(419)	-	-	(419)
Investment Revaluation gain/ (loss)	-	217,000	-	-	217,000
Investments valuation gain/(loss)	-	(2,634)	(45)	-	(2,679)
Cash flow hedges gain/(loss) taken to equity	-	-	37	-	37
Other	(290)	-	-	-	(290)
Net income recognised directly in equity	**(290)**	**798,624**	**(8)**	**-**	**798,326**
Total recognised income and expense for the period	(290)	798,624	(8)	-	798,326
Transfers (to) from retained earnings	(53,521)	-	-	-	(53,521)
Balance at 30 June 2008	**186,085**	**2,642,307**	**(32)**	**1,733,853**	**4,562,213**

Reserve Funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution.

Asset Revaluation Reserves

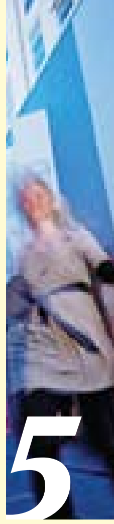
These include revaluations of property, plant and equipment and investments in subsidiary companies.

Capital Reserve

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989.

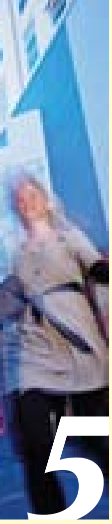
Hedging Reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.



29. Reserves (continued)

Group	Reserve Funds $'000	Asset revaln $'000	Hedging $'000	Capital reserves $'000	Foreign currency translation $'000	Available for sale revaln $'000	Total $'000
Balance at 01 July 2006	**319,842**	**458,837**	**2,299**	**1,733,853**	**120**	**(91)**	**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 increment in reserves attributable to associates	-	2,121	-	-	-	-	2,121
Net gain/(loss) on hedge of net investment in foreign operation 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	**-**	**742,338**	**6,101**	**-**	**(3,454)**	**2,903**	**747,888**
Total recognised income and expense for the period	-	742,338	6,101	-	(3,454)	2,903	747,888
Transfer (to) / from retained earnings	(78,994)	-	-	-	-	-	(78,994)
Balance at 30 June 2007	**240,848**	**1,201,175**	**8,400**	**1,733,853**	**(3,334)**	**2,812**	**3,183,754**
Gain/(loss) on property revaluation	-	589,890	-	-	-	-	589,890
Realised gain on disposal of PPE	-	(342)	-	-	-	-	(342)
Income Tax on items taken directly to or transferred from equity	-	(4,320)	1,043		58	337	(2,882)
Change on Corporate on Deferred tax liability	-	(6,967)	-	-	-	-	(6,967)
Cash flow hedges gain/(loss) taken to equity	-	-	(4,669)	-	-	-	(4,669)
Transferred to Profit & loss on sale	-	-	-	-	-	(2,500)	(2,500)
Share of increment in reserves attributable to associates	-	1,484	-	-	-	-	1,484
Translation of foreign operations exchange differences, taken to equity	-	-	-	-	(193)	-	(193)
Impairment Losses	-	(220)	-	-	-	-	(220)
Transfers and others	(1,242)	1,645	(706)	-	1,144	(649)	192
Net income recognised directly in equity	**(1,242)**	**581,170**	**(4,332)**	**-**	**1,009**	**(2,812)**	**573,793**
Available for sale investments:							
Transferred to profit or loss on sale							
Total recognised income and expense for the period	(1,242)	581,170	(4,332)	-	1,009	(2,812)	573,793
Transfer (to) / from retained earnings	(53,521)	-	-	-	-	-	(53,521)
Balance at 30 June 2008	**186,085**	**1,782,345**	**4,068**	**1,733,853**	**(2,325)**	**-**	**3,704,026**



30. Minority Interests

	Group	
	2008	2007
	$'000	$'000
Orion Group Ltd	74,641	72,824
Christchurch International Airport Ltd	140,818	140,049
Lyttelton Port Company Ltd	32,129	31,850
	247,588	**244,723**

31. Commitments for Expenditure

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Capital expenditure commitments:				
Plant and equipment	49,576	99,029	60,952	122,496
Electricity distribution network	-	-	9,075	10,831
Other	-	-	4,745	490
Lease commitments:				
See Lease note				
Other expenditure commitments:				
Other operating commitments	16,901	10,036	16,901	10,036

32. Contingent Liabilities and Contingent Assets

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Contingent liabilities:				
Uncalled capital in Christchurch City Holdings Ltd	488,999	488,999	-	-
Uncalled capital in Tuam Ltd	7,000	15,000	-	-
Uncalled capital in Transwaste Canterbury Ltd	1,556	1,514	1,556	1,514
Uncalled capital in Civic Building Ltd	10,000	-	-	-
Adjudication proceedings (IRD) 1.	-	12,789	-	12,789
Professional Indemnity Weathertight Homes insurance claims 2.	1,802	1,764	1,802	1,764
Other Professional Indemnity insurance claims	200	200	200	200
Construction Contract Claim 3.	3,800	-	3,800	-
Additional funding AMI Stadium 4.	20,000	-	20,000	-
Performance Bonds - City Care Ltd	-	-	7,740	5,790
Performance Bonds - Red Bus Ltd	-	-	1,080	1,130
Performance Bonds - Orion Group Ltd	-	-	250	290
Contingent assets:				
Vested assets - Nurses Chapel (at valuation)	440	440	440	440

32. Contingent Liabilities and Contingent Assets (continued)

1. The Council's dispute with the Inland Revenue Department over the availability of income tax deductions for donations was resolved in the Council's favour.

2. The Council through its insurers is processing a number of weather-tight 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 has been calculated based on the average claims settled each year. No adjustment has been made for inflation or for the net present value.

3. An extras claim has been made by a contractor for additional costs incurred on a construction project. This claim is being disputed.

4. When funding of $40 million was approved by Council for the Deans Stand at AMI Stadium there was an expectation that an additional $20 million would be funded by other entities. This is now less certain and in the event of Vbase Ltd being unable to secure other funding the Council will be called upon to meet the shortfall.

5. 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 2007, the Scheme had a past service surplus of $33.7 million (11.4% of the 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 2008 is not available at the date of preparation of these financial statements.

33. Leases

(a) Finance lease liabilities

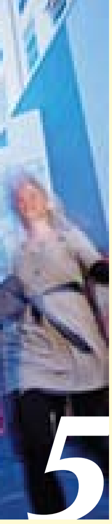
	Minimum future lease payments		Present value of minimum future lease payments	
	Group		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
No later than one year	603	415	411	241
Later than one year and not later than five years	1,851	1,171	1,343	714
Later than five years	600	878	436	642
Minimum lease payments*	**3,054**	**2,464**	**2,190**	**1,597**
Less future finance charges	(896)	(867)	-	
Present value of minimum lease payments	**2,158**	**1,597**	**2,190**	**1,597**
Included in the financial statements as:				
Current borrowings			411	241
Non-current borrowings			1,779	1,356
			2,190	**1,597**

*Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

The finance lease liability above primarily relates to agreements between Orion Group Ltd and Transpower New Zealand Ltd (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10 or 20 years. Also included are agreements by City Care Ltd in respect of motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
No later than one year	3,347	2,701	7,381	5,064
Later than one year and not later than five years	7,311	6,749	13,817	10,312
Later than five years	4,604	4,137	10,525	1,263
	15,262	**13,587**	**31,723**	**16,639**



33. Leases (continued)

Parent

The Council leases computer equipment, property and motor vehicles.

(c) Finance lease receivables

	Minimum future lease payments		Present value of minimum future lease payment	
	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
No later than one year	355	248	330	227
Later than one year and not later than five years	12,551	9,140	9,795	6,931
Later than five years	33,498	37,170	17,325	18,583
Minimum lease payments	**46,404**	**46,558**	**27,450**	**25,741**
Unguaranteed residual	-	-	-	-
Gross finance lease receivables	**46,404**	**46,558**	**27,450**	**25,741**
Less future finance income	(18,954)	(20,817)	-	-
Present value of minimum lease payments	**27,450**	**25,741**	**27,450**	**25,741**
Included in the financial statements as:				
Current trade and other receivables			330	227
Non-current trade and other receivables			27,120	25,514
			27,450	**25,741**

Jet Engine Facility Ltd, a subsidiary of Vbase Ltd, is party to a long term lease arrangement with a Pratt & Whitney / Air New Zealand joint venture, trading as the Christchurch Engine Centre. Lease payments are guaranteed by Pratt & Whitney's holding company, United Technologies.

(d) Non-cancellable operating lease receivables

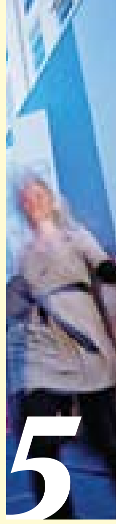
	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
No later than one year	5,804	6,205	12,929	9,534
Later than one year and not later than five years	18,187	20,584	34,510	34,238
Later than five years	53,037	46,803	72,930	59,904
	77,028	**73,592**	**120,369**	**103,676**

Parent

The Council leases properties to various parties.

Group

The group figures are primarily those of Lyttelton Port Company Ltd. The company 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 $34.5 million, (2007: $32.9 million).



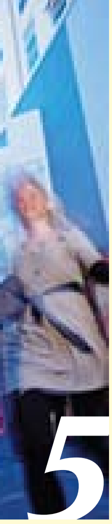
34. Related Party Disclosures

Council is the ultimate parent of the group. For details of subsidiaries, and associates over which Council has significant influence, see page 154.

(a) Receipts from related parties

	2008	2007
	$'000	**$'000**
Transactions:		
Interest received		
- Tuam Ltd	990	988
- Civic Building Ltd	14	-
- Vbase Ltd	4,138	3,924
Dividends received		
- Christchurch City Holdings Ltd	32,601	29,484
- Transwaste Canterbury Ltd	1,580	739
Sales of goods / services		
- Christchurch City Holdings Ltd	1,469	1,010
- Transwaste Canterbury Ltd	-	2
- Vbase Ltd	582	128
Subvention receipts		
- Christchurch City Holdings Ltd	3,871	3,211
Rates received		
- Vbase Ltd	434	344
- Christchurch City Holdings Ltd	3,910	2,863
- Tuam Ltd	159	95
Other receipts		
- Debt issued by Christchurch City Holdings Ltd	-	1,144
- Loan repayment from Vbase Ltd	-	1,700

Prior period transactions shown against Vbase Ltd include those for Christchurch City Facilities Ltd, Vbase Ltd and Vbase No.2 Ltd. These three companies amalgamated and became Vbase Ltd on 30 April 2008.



34. Related Party Disclosures (continued)

(b) Payments to related parties

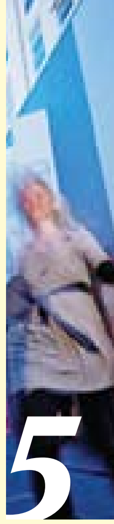
	2008	2007
	$'000	$'000
Transactions:		
Interest paid		
- Christchurch City Holdings Ltd	5,665	5,643
Purchases of goods / services		
- Christchurch City Holdings Ltd	68,709	68,161
- Tuam Ltd	1,363	1,204
- Vbase Ltd	479	269
- Transwaste Canterbury Ltd	42	-
- Riccarton Bush Trust	35	19
Share purchases		
- Vbase Ltd	750	750
- Tuam Ltd	-	2,000
- Civic Building Ltd	1,984	-
Other payments		
- loan repayment to Christchurch City Holdings Ltd	1,800	1,700
Loans to related parties		
- Civic Building Ltd	19,016	-
Grants to related parties		
- Riccarton Bush Trust	139	155
Levies to related parties		
- Riccarton Bush Trust	108	108

Prior period transactions shown against Vbase Ltd include those for Christchurch City Facilities Ltd, Vbase Ltd and Vbase No.2 Ltd. These three companies amalgamated and became Vbase Ltd on 30 April 2008.

(c) Year-end balances arising from transactions

	2008	2007
	$'000	$'000
Balances:		
Receivables from related parties		
- Christchurch City Holdings Ltd	5,842	302
- Tuam Ltd	-	70
- Vbase Ltd	13	100
Payables to related parties		
- Christchurch City Holdings Ltd	5,851	1,465
- Tuam Ltd	35	-
- Transwaste Canterbury Ltd	2	-
- Vbase Ltd	39	-
Loans from related parties		
- Christchurch City Holdings Ltd	85,094	87,020
Loans to related parties		
- Tuam Ltd	13,750	13,750
- Civic Building Ltd	19,016	-
- Vbase Ltd	55,123	43,273
- Theatre Royal	75	79

Prior period transactions shown against Vbase Ltd include those for Christchurch City Facilities Ltd, Vbase Ltd and Vbase No.2 Ltd. These three companies amalgamated and became Vbase Ltd on 30 April 2008.



34. Related Party Disclosures (continued)

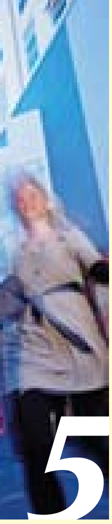
(d) Key management personnel and elected members of the Council

The following transactions were entered into between the Council and entities in which the Councillors have an interest:

	2008	2007
	$'000	**$'000**
Transactions:		
Funding to Canterbury Development Corporation	3,900	3,759
Sales to Canterbury Development Corporation	88	139
- Norm Withers and Bob Shearing are directors		
Funding to CEDF Trustee Ltd	1,300	1,200
- Bob Shearing is a director		
Loan Repayment by Theatre Royal Charitable Foundation	4	4
- Barry Corbett is a director		
Funding to Christchurch and Canterbury Marketing Ltd	4,426	1,814
Sales to Christchurch and Canterbury Marketing Ltd	-	210
- Norm Withers is a director		
Purchases from R A Shearing Contractors Ltd	2	2
- Bob Shearing is a director		
Funding to Canterbury Museum Trust	4,941	4,688
- Bob Parker,Helen Broughton and Mike Wall are trustees		

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.



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.

The total cost of the role for the year to 30 June 2008 was $370,825 – this compares with $472,612 (included payments to the previous Chief Executive and Acting Chief Executive) for the year ending 30 June 2007.

The current Chief Executive's remuneration package was at 30 June 2008 was $373,542

(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 2008 Council made three payments of $47,470, $14,063, and $8,500 that require disclosure (2007: $21,000, $15,000, $10,000.

(c) Key management personnel

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
The compensation of the directors and executives, being the key management personnel of the entity is set out below:				
Short term benefits	1,868	1,722	1,868	1,722
Termination payments	-	15	-	15
	1,868	**1,737**	**1,868**	**1,737**

(d) Elected Members

Local Body elections were held in October 2007 , The Mayor Garry Moore along with Councillors Crighton, Evans and Harrow did not offer themselves for re-election , subsequently their remuneration is shown until the end of the term.

Councillor Condon was tragically killed in a road accident in September 2007 and the remuneration reflects payments paid up until that time.

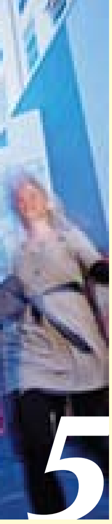
Remuneration paid to Councillors Williams, Button, Johanson, Wall and Reid are for the period from the 22 October to 30 June 2008.

5

Elected Members

	2008 Council Remuneration	2008 Directors Fees	2008 TOTAL	2007 Council Remuneration	2007 Directors Fees	2007
Helen Broughton	83,565	-	83,565	79,256	-	79,256
Sally Buck	83,395	18,000	101,395	78,293	-	78,293
Graham Condon	15,413	11,875	27,288	78,712	28,500	107,212
Barry Corbett	81,780	30,708	112,488	77,981	28,500	106,481
David Cox	86,705	24,833	111,538	82,166	20,000	102,166
Anna Crighton	24,676	-	24,676	79,379	-	79,379
Carole Evans	28,929	-	28,929	90,065	-	90,065
Pat Harrow	24,293	-	24,293	78,712	-	78,712
Bob Parker	135,580	17,272	152,852	77,981	-	77,981
Garry Moore	47,236	13,350	60,586	151,123	28,500	179,623
Bob Shearing	81,780	17,270	99,050	77,981	-	77,981
Gail Sheriff	81,780	36,000	117,780	77,981	34,000	111,981
Sue Wells	91,258	30,708	121,966	78,753	28,500	107,253
Norm Withers	90,618	-	90,618	77,981	-	77,981
Ngaire Button	59,646	-	59,646	-	-	-
Yani Johanson	57,572	-	57,572	-	-	-
Claudia Reid	57,530	-	57,530	-	-	-
Mike Wall	57,624	-	57,624	-	-	-
Chrissie Williams	57,485	-	57,485	-	-	-
	1,246,865	200,016	1,446,881	1,186,364	168,000	1,354,364

See Note 34 Related Parties for detail on transactions between Council and elected members and key management personnel.



36. Remuneration of Auditors

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Audit New Zealand:				
Audit of the financial statements	245	216	693	637
Audit-related services not reported above - transition to NZ IFRS	50	45	146	193
Audit services in relation to the LTCCP	20	15	20	15
Other non audit-related services	-	-	40	65
	315	**276**	**899**	**910**
Auditor(s) of entities in the group (not including the parent entity):				
Audit of the financial statements	-	-	56	45
Other non-audit services	-	-	24	35
	-	**-**	**80**	**80**

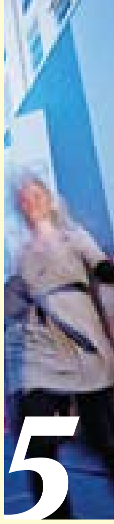
The auditor of Christchurch City Council and the rest of the group excluding Lyttelton Port Company Ltd is Audit New Zealand. Lyttelton Port Company Ltd is audited by KPMG. Both are appointed by the Office of the Auditor-General.

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	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash and cash equivalents	55,427	49,110	107,926	65,461
	55,427	**49,110**	**107,926**	**65,461**



37. Notes to the Cash Flow Statement (continued)

(b) Reconciliation of profit for the period to net operating Cash Flows

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Net profit for the period	**40,223**	**38,948**	**94,526**	**107,152**
(Gain)/loss on disposal of non-current assets	(1,531)	862	(1,984)	(2,919)
(Gain)/loss on revaluation of investment property	-	-	(3,530)	(4,223)
Change in fair value of assets classified as fair value through profit or loss	-	-	43	(386)
(Gain)/loss on sale of investments	-	-	-	(13,998)
Deferred tax adjustment	-	-	(6,967)	-
Share of associates' profit (less dividends)	-	-	528	(2,173)
Depreciation and amortisation of non-current assets	92,859	78,386	168,380	141,453
Impairment of non-current assets	-	-	1,438	1,119
Hedging (gains)/losses	-	-	407	(467)
Impairment of goodwill	-	-	978	-
Realisation of available for sale assets revaluation reserve	-	-	(2,780)	-
Finance lease income	-	-	(1,940)	(1,825)
Assets written off	4,182	7,117	4,182	7,117
Vested / donated assets	(15,143)	(12,040)	(15,143)	(12,040)
Other non-cash items	-	(1,162)	(502)	(2,364)
	80,367	**73,163**	**143,110**	**109,294**
Changes in net assets and liabilities:				
(Increase)/decrease in current tax balances	-	-	(2,900)	2,998
Increase/(decrease) in deferred tax balances	652	-	5,406	(8,668)
(Increase)/decrease in assets				
Current receivables	(21,423)	5,301	(7,768)	(3,669)
Current inventories	20	257	(3,608)	2,470
Other current assets	-	-	143	475
Non-current receivables	-	(3,000)	(5,416)	(4,586)
Non-current inventories	-	-	(160)	(463)
Increase/(decrease) in liabilities				
Current payables	11,761	(888)	7,026	8,798
Current provisions	286	(1,096)	7,876	112
Other current liabilities	-	-	(935)	269
Non-current payables	-	(2,208)	-	-
Non-current provisions	(2,936)	-	(3,430)	(2,368)
Other non-current liabilities	-	-	1,307	(1,142)
Less: items reclassified as investing activities				
Movement in fixed asset related creditors	(1,509)	116	(2,342)	116
Movement in fixed asset related debtors	-	3,000		3,000
Net changes in net assets and liabilities	**(13,149)**	**1,482**	**(4,801)**	**(2,658)**
Net cash from operating activities	**107,441**	**113,593**	**232,835**	**213,788**

Notes to financial statements

38. Business Combinations

Council purchased the business and assets of the Ellerslie International Flower Show on 30 November 2007. Council considers the purchase price paid to acquire the property, plant and equipment, business records, trademarks and goodwill to be commercially sensitive on the basis that disclosure of the purchase price is likely to prejudice the Council's position with sponsors and suppliers, for both the flower show and other events, and weakens its negotiating position for future events.

Consequently Council resolved to incorporate the purchase price in its financial statements on a basis that would not disclose the amount paid. Council has followed generally accepted accounting practice except to the extent that it does not specifically identify the amount paid or components which would enable the amount paid to purchase the event to be determined. This means Council does not fully comply with NZ IFRS 3: Business Combinations which requires disclosure of:

- the cost of the combination
- the amounts recognised at acquisition date for each class of the Ellerslie International Flower Show's assets, liabilities and contingent liabilities, and the carrying amounts of those classes immediately before the combination.
- The amount of any excess of acquirer's interest or goodwill on acquisition

In terms of the other disclosures required under NZ IFRS-3:

- The cost of the acquisition of the Ellerslie International Flower Show is not material to the financial statements overall.
- The purchase was not financially significant in terms of Council's Significance Policy.
- The purchase of the Ellerslie International Flower Show was settled in cash.
- The first event is to occur in March 2009. There was no event held in the 2008 financial year, therefore there is no profit or loss from the business since acquisition. Accordingly it is impractical to determine the revenue or profit or loss from the event as if the Ellerslie International Flower Show had been owned by Council for the full financial year 2007/08.
- Any goodwill arising on acquisition has not been separately determined from the amounts paid for the trademarks and business records. Council was unable to obtain an independent valuation of the trademarks and business records purchased as distinct from goodwill, therefore all of the intangibles purchased have been treated as goodwill.

In note 16 to the financial statements the intangible assets purchased have been aggregated with software rather than disclosed separately so the amounts paid for the intangibles cannot be determined.

NZ IAS 36 requires goodwill to be assessed annually for impairment. A formal impairment test has not been performed because of the changed nature of the event, and because a valuation was not considered cost effective. It is possible therefore that some or all of the amount included as goodwill could be impaired and should be expensed in the financial statements.

Notwithstanding the provisions of NZ IAS 36 Council believes that the price paid remains the best indicator of fair value. The goodwill balance will be reassessed in 2009 after completion of the first flower show.

39. Capital Management

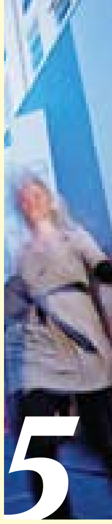
Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

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, borrowings and general financial dealings.

(a) Intergenerational Equity

Where possible it is Council's objective to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires 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 as amended by the Annual Plan 2008-09.

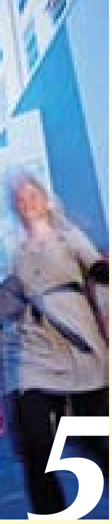


40. Discontinued Operations

	Group	
	2008	2007
	$'000	$'000
Profit from discontinued operations:		
Revenue	-	396
Expenses	-	(4,188)
Profit / (loss) before income tax expense	**-**	**(3,792)**
Tax benefit (expense)	-	1,248
Gain / (loss) on disposal of operation	-	13,998
Profit / (loss) from discontinued operations after tax	**-**	**11,454**
Cash flows from discontinued operations:		
Net cash flows from operating activities	-	(1,791)
Net cash flows from investing activities	-	(185)
Net cash flows from financing activities	-	13,391
Net cash flows	**-**	**11,415**

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 $12 million. 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. Financial Instrument Risks

Financial risk management objectives

The Council and group have a series of policies to manage the risk associated with financial instruments.

The Council and group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the group's policies, which provide written principles on the use of financial derivatives.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Capital management

The Council and group's capital includes share capital, reserves and retained earnings. The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Council and group. The impact of the level of capital on shareholders' return is also recognised and the group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Council and group is not subject to any externally-imposed capital requirements. However, it has provided certain covenants to its key lenders by way of a negative pledge deed that it will not create any security interest over its assets, except under certain agreed circumstances. The deed also imposes financial covenants from its lenders relating to equity levels and interest cover.

There have been no material changes in the Group's management of capital during the period.

Market Risk

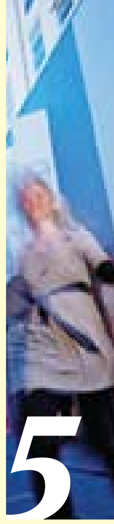
The Group enters into derivative arrangements in the ordinary course of its business to manage interest rate and foreign currency risks.

Interest rate risk management

The group 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.

The following tables summarises the Council's and group's exposure to interest rate risk.

Parent 2008	Weighted average effective interest rate	Variable interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	8.55%	7,050	48,377	-	55,427
Trade receivables		-	-	47,101	47,101
Interest rate swaps	7.13%	158	-	-	158
Shares and options		-	-	1,440,457	1,440,457
Other investments	8.63%	51,000	34,592	-	85,592
Stocks and bonds	7.47%	15,000	57,300	-	72,300
Loans to subsidiaries, community and other	8.80%	20,016	70,754	-	90,770
Venture capital investment		-	-	2,410	2,410
		93,224	**211,023**	**1,489,968**	**1,794,215**
Financial liabilities:					
Trade payables		-	-	60,729	60,729
Interest rate swaps	7.13%	131	-	-	131
Bank loans	8.50%	21,000	13,673	-	34,673
Related party loans	6.55%	2,944	82,150	-	85,094
Other loans	3.50%	-	99	-	99
		24,075	**95,922**	**60,729**	**180,726**



41. Financial Instrument Risks (continued)

Parent 2007	Weighted average effective interest rate	Variable interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	8.15%	-	49,110	-	49,110
Trade receivables		-	-	25,678	25,678
Interest rate swaps	7.45%	387	-	-	387
Shares and options		-	-	1,220,723	1,220,723
Other investments	8.05%	30,000	124,292	-	154,292
Stocks and bonds	7.21%	20,000	87,278	-	107,278
Loans to subsidiaries, community and other	8.47%	-	60,148	-	60,148
Venture capital investment				2,212	2,212
		50,387	**320,828**	**1,248,613**	**1,619,828**
Financial liabilities:					
Trade payables		-	-	48,968	48,968
Interest rate swaps	7.45%	411	-	-	411
Related party loans	6.51%	2,967	84,053	-	87,020
Other loans	8.12%	658	-	-	658
		4,036	**84,053**	**48,968**	**137,057**

Group 2008	Weighted average effective interest rate	Variable interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	8.36%	57,869	48,980	1,077	107,926
Trade receivables		-	-	70,793	70,793
Finance lease receivables	7.36%	-	27,450	-	27,450
Foreign currency forward contracts		-	-	7	7
Interest rate swaps	6.45%	3,830	5,097	-	8,927
Other receivables		-	-	896	896
Shares and options		-	-	40,337	40,337
Other investments	8.62%	59,102	34,692	-	93,794
Loans to subsidiaries, community and other	2.00%	-	2,881	-	2,881
Loans to Victory Park Board		-	-	3,632	3,632
Stocks and bonds	7.47%	15,000	57,300	-	72,300
Venture capital investment		-	-	6,094	6,094
Foreign currency forward contracts	3.40%	11,787	-	-	11,787
		147,588	**176,400**	**122,836**	**446,824**
Financial liabilities:					
Trade payables		-	-	106,177	106,177
Foreign currency forward contracts		-	-	228	228
Interest rate swaps	7.57%	325	-	-	325
Bank loans	8.34%	193,304	67,673	-	260,977
Other loans	3.50%	-	99	-	99
Redeemable preference shares	8.50%	-	14,402	-	14,402
Contract retentions		-	-	36	36
Finance lease liabilities	10.84%	463	1,727	-	2,190
Commercial paper	8.61%	-	24,864	-	24,864
Bonds and floating rate notes	7.41%	10,000	184,000	-	194,000
		204,092	**292,765**	**106,441**	**603,298**

Notes to financial statements

41. Financial Instrument Risks (continued)

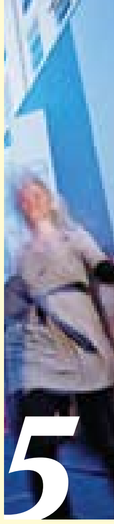
Group 2007	Weighted average effective interest rate	Variable interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets:					
Cash and cash equivalents	7.98%	11,860	53,450	151	65,461
Trade receivables		-	-	59,418	59,418
Finance lease receivables	7.36%	-	25,741	-	25,741
Interest rate swaps	6.55%	6,980	8,831	-	15,811
Shares and options		-	-	45,824	45,824
Other investments	8.02%	40,800	128,575		169,375
Loans to subsidiaries, community and other	2.00%	-	3,125	-	3,125
Loan to Victory Park Board		-	-	3,270	3,270
Stocks and bonds	7.21%	20,000	87,278	-	107,278
Venture capital investment		-	-	7,284	7,284
		79,640	**307,000**	**115,947**	**502,587**
Financial liabilities:					
Trade payables		-	-	99,151	99,151
Foreign currency forward contracts		-	-	3,294	3,294
Interest rate swaps	7.75%	1,219	-	-	1,219
Bank overdraft	7.11%	36	-	-	36
Bank loans	7.79%	181,714	27,269	-	208,983
Other loans	8.12%	658	-	-	658
Finance lease liabilities	10.53%	530	1,067	-	1,597
Commercial paper	7.58%	-	26,472	-	26,472
Bonds and floating rate notes	7.12%	-	193,766	-	193,766
		184,157	**248,574**	**102,445**	**535,176**

Interest rate swap contracts

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group 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.

Interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated and effective as cash flow hedges.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:



41. Financial Instrument Risks (continued)

Parent	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	$'000	$'000	$'000	$'000
Outstanding floating for fixed contracts:						
Less than I year	6.93%	7.09%	25,000	5,000	105	256
1 to 2 years	7.02%	7.69%	10,000	25,000	(126)	(313)
2 to 5 years	8.34%	7.02%	5,000	10,000	48	33
5 years plus	N/A	N/A	-	-	-	-
			40,000	**40,000**	**27**	**(24)**

Group	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	$'000	$'000	$'000	$'000
Outstanding floating for fixed contracts:						
Less than I year	6.47%	6.81%	68,900	6,800	663	292
1 to 2 years	6.56%	7.20%	88,000	46,900	1,542	151
2 to 5 years	6.53%	6.39%	88,000	156,000	3,634	10,264
5 years plus	6.54%	6.44%	75,000	50,000	2,957	4,693
			319,900	**259,700**	**8,796**	**15,400**

Group	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2008	2007	2008	2007	2008	2007
	%	%	$'000	$'000	$'000	$'000
Outstanding fixed for floating contracts:						
Less than I year		7.75%	-	12,000	-	(84)
1 to 2 years	8.91%		17,000	-	(194)	-
2 to 5 years		8.03%	-	17,000	-	(724)
			17,000	**29,000**	**(194)**	**(808)**

Price risk management

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The group is exposed to equities securities price risk on its investments in Lyttelton Port Company Ltd, a company listed on the New Zealand Stock Exchange. The investment in Lyttelton Port Company Ltd is classified as a financial asset held at fair value through equity, and is revalued annually on the basis of its quoted share price. While the share price can and does fluctuate, the investments is held as a long term asset with no intention of sale, and such fluctuations do not impact on the group's profits.

Orion Group Ltd is exposed to market risk through its investment in unlisted companies. Its policy is not to hedge its exposures to market risk.

Notes to financial statements

41. Financial Instrument Risks (continued)

Foreign currency risk management

Foreign currency risk is the risk that the value of the group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars, and Euros. The group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

The following table summarises the group's exposure to foreign currency transactions:

Foreign currency exchange risk

Group
2008
in thousands of New Zealand dollars

	USD	AUD	EURO
Foreign currency risk			
Trade payables	105	30	16
Net balance sheet exposure before hedging activity	**105**	**30**	**16**
Estimated forecast purchases	-	-	1,809
Net cash flow exposure before hedging activity	**-**	**-**	**1,809**
Forward exchange contracts			
Notional amounts	-	-	1,449
Net unhedged exposure	**105**	**30**	**376**

2007
in thousands of New Zealand dollars

	USD	AUD	EURO
Foreign currency risk			
Trade payables	370	-	158
Net balance sheet exposure before hedging activity	**370**	**-**	**158**
Forward exchange contracts			
Notional amounts	**365**	**-**	**158**
Net unhedged exposure	**5**	**-**	**-**

41. Financial Instrument Risks (continued)

The following table details the forward foreign currency contracts outstanding as at reporting date:

	Average rate Group		Principal amounts FC Group		Principal amounts NZD Group	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
			$'000	**$'000**	**$'000**	**$'000**
Describe each significant contract						
Buy Euro - less than 12 months	0.49	0.57	708	83	1,449	158
Buy USD - less than 3 months	-	0.77	-	250	-	365
	-	0.77	-	250	-	365
			708	**333**	**1,449**	**523**

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.

Financial instruments that potentially subject the group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the group.

The Council's Investment policy includes parameters for investing in financial institutions and other organisations including where applicable entities that have required Standard and Poor's credit ratings.

Council receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

Orion Group Ltd has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailed customers. Christchurch International Airport Ltd also has a concentration of credit risk on a small number of customers, with 71.6% (2007: 73.6%) of trade receivables due from 10 customers. City Care Ltd also has a concentration of credit risk in respect of its transactions with 54% of its revenue derived from its ultimate shareholder, the Council.

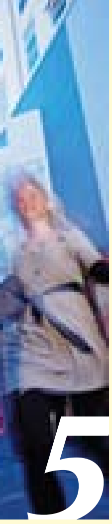
Vbase Ltd has a receivable of $27 million under a finance lease which the company considers a principal credit risk. The risk is ameliorated by the fact that a global listed company is a party to the lease arrangement.

The group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion Group Ltd, which generally requires collateral security (such as bank letters of credit) from its electricity retailer customers against credit risk, the group does not generally require collateral security from its customers.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status other than trade receivables.

The following table summarises the status of receivables as at balance date:



41. Financial Instrument Risks (continued)

Receivables

	Gross receivables				Impairment			
	Parent		Group		Parent		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Not past due	39,958	17,795	53,067	46,331	-	-	-	-
Past due 0-30 days	3,274	3,585	7,543	3,883	-	-	-	-
Past due 31-60 days	561	598	1,621	842	-	-	-	-
Past due 61-90 days	140	249	855	217	-	-	(4)	(27)
Past due more than 90 days	1,068	790	2,076	573	(900)	(339)	(1,164)	(623)
	45,001	**23,017**	**65,162**	**51,846**	**(900)**	**(339)**	**(1,168)**	**(650)**

	Parent		Group	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Gross trade receivables	45,001	23,017	65,162	51,846
Individual impairment	(342)	(339)	(610)	(650)
Collective impairment	(558)	-	(558)	-
Trade receivables (net)	**44,101**	**22,678**	**63,994**	**51,196**

Liquidity risk

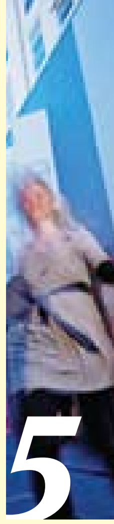
Liquidity risk is the risk that the group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the group manages its investments and borrowings in accordance with its written investment policies. In general the group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

Sensitivity analysis

In managing interest rate risks, the group aims to reduce the impact of short term fluctuations on the group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates, foreign exchange rates and share prices on the Council and group's pre-tax profits and equity:



41. Financial Instrument Risks (continued)

Sensitivity

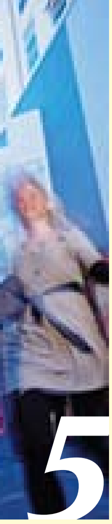
	Effect on equity				Effect on net profit			
	Parent		Group		Parent		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Impact of:								
1% increase in interest rates	1,364	2,650	1,731	2,522	1,698	(2,650)	1,404	2,364
1% decrease in interest rates	(1,349)	(2,650)	(2,257)	(3,630)	(1,698)	(2,650)	(1,404)	(2,364)
5% decrease in value of NZD v USD	-	-	(579)	(523)	-	-	(40)	(15)
5% increase in value of NZD v USD	-	-	698	636	-	-	40	15
1% increase in value of NZD v other currency	-	-	-	-	-	-	-	-
1% decrease in value of NZD v other currency	-	-	-	-	-	-	-	-
5 years plus	N/A	N/A	-	-	-	-	256	256

Fair value of financial instruments

The group consider that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

Classification of financial assets and liabilities

The following tables classify the group's financial assets and liabilities between the various categories set out in NZ IAS 39 and IFRS 7:

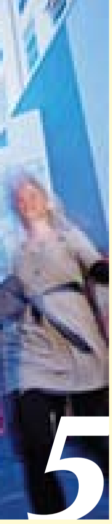


41. Financial Instrument Risks (continued)

Parent 2008	Notes	Designated at fair value	Loans & receivables	Cost	Other amortised cost	Total carrying amount
		$'000	$'000	$'000	$'000	$'000
Current assets						
Cash and cash equivalents	37	-	55,427	-	-	55,427
Trade and other receivables	4	-	44,101	-	-	44,101
Other financial assets	5	105	73,617	-	-	73,722
		105	**173,145**	**-**	**-**	**173,250**
Non-current assets						
Trade and other receivables	9	-	3,000	-	-	3,000
Other financial assets	11+12	1,453,014	156,455	8,496	-	1,617,965
		1,453,014	**159,455**	**8,496**	**-**	**1,620,965**
Total financial assets		**1,453,119**	**332,600**	**8,496**	**-**	**1,794,215**
Current liabilities						
Trade and other payables	17	-	-	-	60,729	60,729
Borrowings	18	-	-	-	2,032	2,032
		-	**-**	**-**	**62,761**	**62,761**
Non-current liabilities						
Borrowings	22	-	-	-	117,834	117,834
Other financial liabilities	23	131	-	-	-	131
		131	**-**	**-**	**117,834**	**117,965**
Total financial liabilities		**131**	**-**	**-**	**180,595**	**180,726**

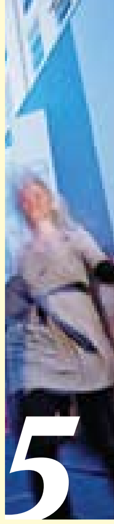
41. Financial Instrument Risks (continued)

Parent 2007	Notes	Designated at fair value	Loans & receivables	Cost	Other amortised cost	Total carrying amount
		$'000	$'000	$'000	$'000	$'000
Current assets						
Cash and cash equivalents	37	-	49,110	-	-	49,110
Trade and other receivables	4	-	22,678	-	-	22,678
Other financial assets	5	256	156,092	-	-	156,348
		256	**227,880**	**-**	**-**	**228,136**
Non-current assets						
Trade and other receivables	9	-	3,000	-	-	3,000
Other financial assets	11+12	1,212,358	167,838	8,496	-	1,388,692
		1,212,358	**170,838**	**8,496**	**-**	**1,391,692**
Total financial assets		**1,212,614**	**398,718**	**8,496**	**-**	**1,619,828**
Current liabilities						
Trade and other payables	17	-	-	-	48,968	48,968
Borrowings	18	-	-	-	2,458	2,458
		-	**-**	**-**	**51,426**	**51,426**
Non-current liabilities						
Borrowings	22	-	-	-	85,220	85,220
Other financial liabilities	23	411	-	-	-	411
		411	**-**	**-**	**85,220**	**85,631**
Total financial liabilities		**411**	**-**	**-**	**136,646**	**137,057**



41. Financial Instrument Risks (continued)

Group 2008	Notes	Designated at fair value	Loans & receivables	Cost	Other amortised cost	Total carrying amount
		$'000	$'000	$'000	$'000	$'000
Current assets						
Cash and cash equivalents	37	-	107,926	-	-	107,926
Trade and other receivables	4	-	64,313	-	-	64,313
Other financial assets	5	4,302	93,606	-	-	97,908
		4,302	**265,845**	**-**	**-**	**270,147**
Non-current assets						
Trade and other receivables	9	-	33,930	-	-	33,930
Other financial assets	11+12	34,565	69,462	38,720	-	142,747
		34,565	**103,392**	**38,720**	**-**	**176,677**
Total financial assets		**38,867**	**369,237**	**38,720**	**-**	**446,824**
Current liabilities						
Trade and other payables	17	-	-	-	106,177	106,177
Borrowings	18	-	-	-	140,129	140,129
Other financial liabilities	19	228	-	-	-	228
		228	**-**	**-**	**246,306**	**246,534**
Non-current liabilities						
Borrowings	22	-	-	-	356,403	356,403
Other financial liabilities	23	361	-	-	-	361
		361	**-**	**-**	**356,403**	**356,764**
Total financial liabilities		**589**	**-**	**-**	**602,709**	**603,298**



41. Financial Instrument Risks (continued)

Group 2007	Notes	Designated at fair value	Loans & receivables	Cost	Other amortised cost	Total carrying amount
		$'000	$'000	$'000	$'000	$'000
Current assets						
Cash and cash equivalents	37	-	65,461	-	-	65,461
Trade and other receivables	4	-	56,645	-	-	56,645
Other financial assets	5	3,562	169,375	-	-	172,937
		3,562	**291,481**	**-**	**-**	**295,043**
Non-current assets						
Trade and other receivables	9	-	28,514	-	-	28,514
Other financial assets	11+12	26,427	112,615	39,988	-	179,030
		26,427	**141,129**	**39,988**	**-**	**207,544**
Total financial assets		**29,989**	**432,610**	**39,988**	**-**	**502,587**
Current liabilities						
Trade and other payables	17	-	-	-	99,151	99,151
Borrowings	18	-	-	-	93,424	93,424
Other financial liabilities	19	3,378	-	-	-	3,378
		3,378	**-**	**-**	**192,575**	**195,953**
Non-current liabilities						
Borrowings	22	-	-	-	338,088	338,088
Other financial liabilities	23	1,135	-	-	-	1,135
		1,135	**-**	**-**	**338,088**	**339,223**
Total financial liabilities		**4,513**	**-**	**-**	**530,663**	**535,176**

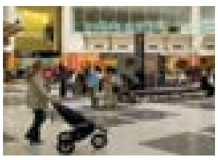
TOTAL FINANCIAL LIABILITIES

42. Subsequent Events

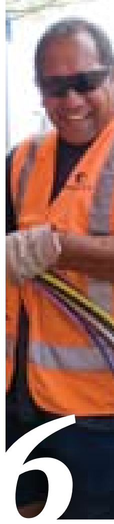
There were no known subsequent balance date events in relation to the Council or its subsidiaries that materially affect the financial statements.

6

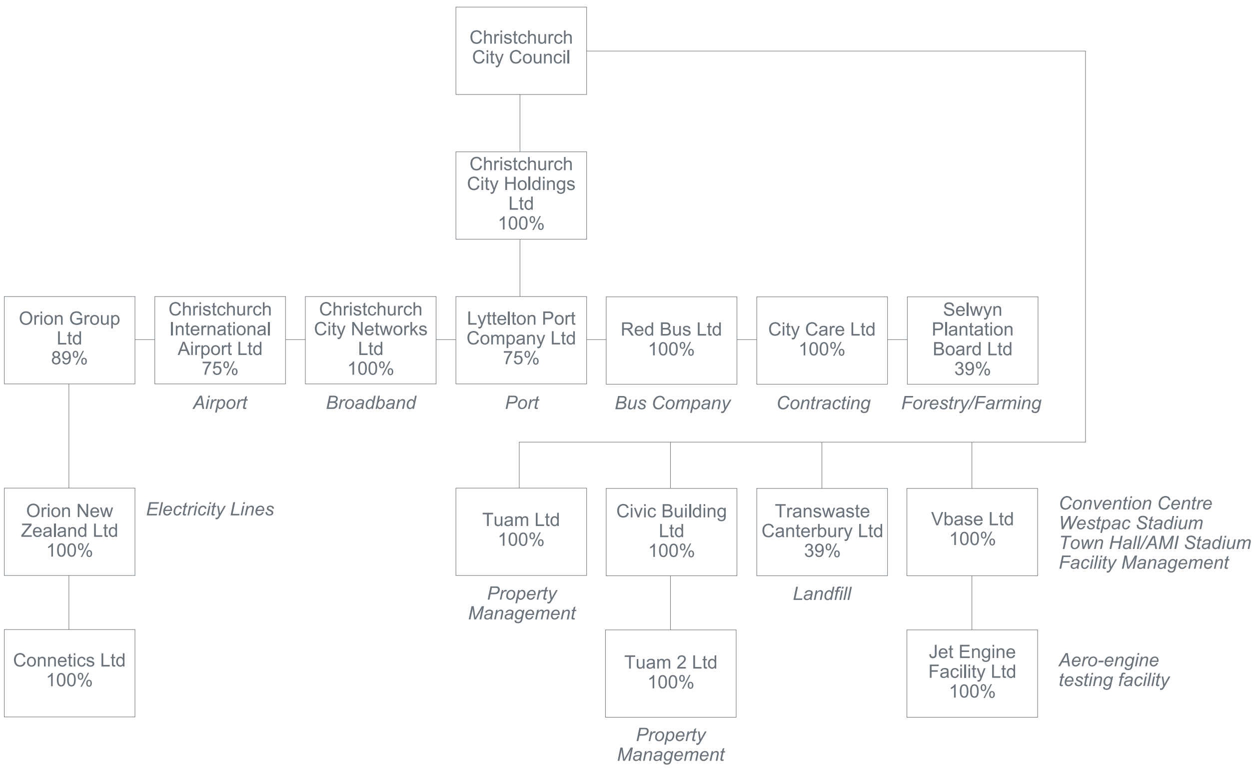
Consolidating and associated organisations

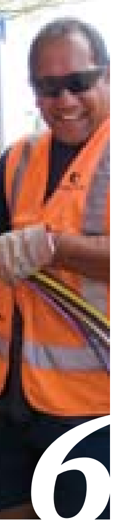


Organisation chart



Christchurch City Council Group Structure

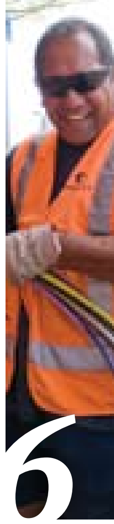




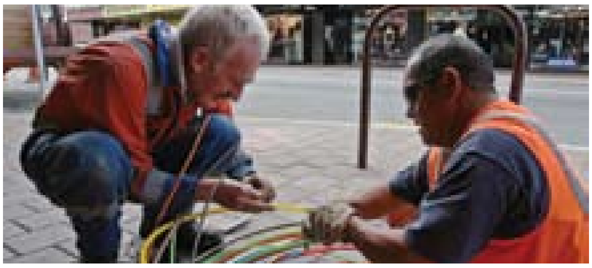
Summary financial table

	Income	Net Result (After Tax and Minority Interest)	
	2008 $'000	2008 $'000	2007 $'000
Christchurch City Holdings Ltd (parent)	68,091	51,501	47,015
Christchurch City Networks Ltd	674	(275)	(319)
Christchurch International Airport Ltd	89,433	23,359	24,003
City Care Ltd	115,228	2,772	2,124
Lyttelton Port Company Ltd	83,442	10,345	9,641
Orion Group Ltd	212,814	65,503	60,601
Red Bus Ltd	33,482	2,694	1,935
Vbase Ltd	18,085	(335)	n/a
Tuam Ltd	3,331	1,745	(451)
Civic Building Ltd	6	(664)	-
Transwaste Canterbury Ltd	27,416	4,134	3,255
Selwyn Plantation Board Ltd	15,966	(5,433)	2,309
Riccarton Bush Trust	423	11	21

For more detail please refer to the individual company reports.



cchl CHRISTCHURCH CITY HOLDINGS LIMITED
A wholly-owned subsidiary of Christchurch City Council



Christchurch City Holdings Ltd

Christchurch City Holdings Ltd (CCHL) is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on Council's behalf.

Subsidiary companies

- Orion Group Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Christchurch City Networks Ltd
- 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 organisations 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.

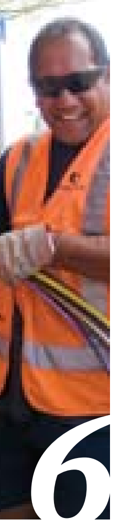
Key performance targets

	Actual	Target
Pay ordinary dividends to the Council totalling $31.5 million for the 2007/08 fiscal year. (i)	$32.6 million	$31.5 million
Retain at least an "AA" credit rating from the international credit rating agency Standard and Poor's.	Achieved	"AA"

(i) Dividends received were $1.4 million 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 2008	**2008**	**2007**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	68,091	64,178
Operating and other expenses	16,613	17,175
Operating profit before tax	**51,478**	**47,003**
Tax expense (benefit)	(23)	(12)
Net profit for the year	**51,501**	**47,015**



Individual organisation descriptions

Christchurch City Networks Ltd

Christchurch City Networks Ltd

This company was established in January 2007, with funding from both the Ministry of Economic Development and CCHL for a three year period. In this financial year the company has constructed over 60km of ducted fibre technology covering much of the CBD and many other business areas in the City. This is planned to increase to 120km by early 2009, providing coverage of up to 75% of businesses and a large number of community sites.

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Ltd.

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

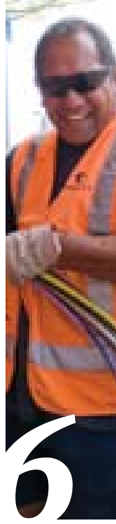
(d) actively encourage private investment in telecommunications infrastructure in Christchurch.

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 2008	**2008 Actual $'000**	**2007 Actual $'000**
Operating revenue	674	-
Operating and other expenses	949	476
Operating deficit before tax	**(275)**	**(476)**
Tax expense (benefit)	-	(157)
Net deficit for the year	**(275)**	**(319)**



Christchurch International Airport Ltd

Christchurch International Airport hosts just under 5.5 million passengers a year, arriving or departing on over 82,000 aircraft. Ten airlines arrive from ten international and 16 domestic airports, meaning a wide range of direct services are available to the city's travellers. The company is embarking on a major project to build a combined domestic and international terminal. Work is scheduled for completion in 2012.

The company is jointly owned by Christchurch City Holdings Ltd (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 Ltd 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 Ltd 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.

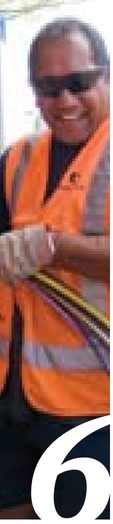
Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	Actual	Target
Pay ordinary dividends to the Council totalling $9.9 million for the 2007/08 fiscal year.	$11 million	$9.9 million
Handle 4.4 million domestic passengers in the 2007/08 year.	4.28 million	3.97 million
Handle 1.7 million international passengers in the 2007/08 year.	1.63 million	1.59 million

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	**2008**	**2007**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	89,433	83,702
Operating and other expenses	56,532	52,741
Operating profit before tax	**32,901**	**30,961**
Tax expense (benefit)	9,542	6,958
Net profit for the year	**23,359**	**24,003**



Individual organisation descriptions

City Care Ltd

City Care won three significant contracts with Wellington City Council, Western Bay of Plenty District Council and Timaru District Council this year and successfully rolled or extended strategic contracts with four other councils. The company won the InfraTrain New Zealand Industry Best Practice Award for Environmental Sustainability for the Addington Cluster project, a joint venture between City Care and Christchurch City Council.

City Care Ltd is a council controlled trading organisation, 100% owned by Christchurch City Council through Christchurch City Holdings Ltd.

Nature and scope of activities

City Care Ltd 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 Ltd 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

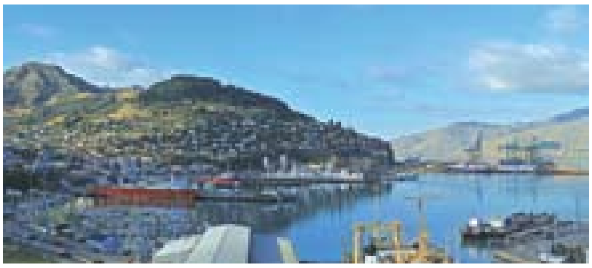
The Council, through CCHL, is the sole shareholder of this company. It has no current plans to sell down or relinquish control of this company. The company has an important role in the city as a quality contractor. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

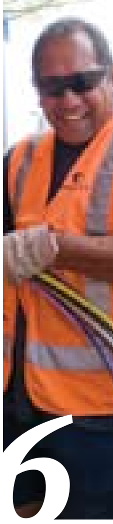
Key performance targets

	Actual	Target
Achieve a net operating profit after taxation of $2.3 million for the 2007/08 fiscal year.	$3.3 million	$2.3 million
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 2008	**2008 Actual $'000**	**2007 Actual $'000**
Operating revenue	115,228	101,756
Operating and other expenses	110,875	98,570
Operating profit before tax	**4,353**	**3,186**
Tax expense (benefit)	1,581	1,062
Profit for the year	**2,772**	**2,124**





Lyttelton Port Company Ltd

Lyttelton Port is the gateway to the South Island of New Zealand and a world class supplier of port services. The company maintained its exceptional growth with total container volumes through the port up by 9.8% on last year.

The coal facility is the largest in New Zealand. Coal is received from the West Coast, aggregated in the coal yard then loaded onto vessels by port staff. Record average annual coal load-out rates of 25,775 tonnes per day were achieved, with the prospect of further volume increases. LPC completed port noise management and mitigation plans this year following the successful settlement of a mediated port noise agreement last year and will acoustically insulate houses identified as suffering excessively from noise caused by the port operations.

This company was established under the Port Companies Act 1988 operating the Port of Lyttelton. Through Christchurch City Holdings Ltd, the Christchurch City Council has a 75.2% 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.

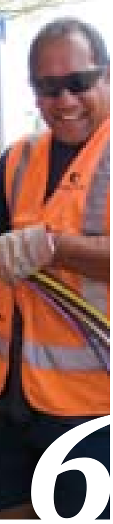
Key performance targets

	Actual	Target
Containers (TEUs)	250,657	180,000
Fuel - import (tonnes)	1,104,692	1,100,000
Coal - export (tonnes)	2,246,342	2,400,000
Cars - import (units)	39,691	50,000

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	2008	2007
	Actual	Actual
	$'000	$'000
Operating revenue	83,442	76,374
Operating and other expenses	67,940	63,102
Operating profit before tax	**15,502**	**13,272**
Tax expense (benefit)	5,157	3,631
Net profit for the year	**10,345**	**9,641**

Individual organisation descriptions



Orion Group Ltd

Orion New Zealand Ltd owns and operates the electricity distribution network in central Canterbury between the Waimakariri and Rakaia Rivers, and as far inland as Arthur's Pass. The company delivers electricity to more than 186,000 homes and businesses. Electricity retailers pay Orion for this network delivery service and in turn oncharge for it.

Orion Group Ltd is an energy network management company in which the Christchurch City Council has an 89.3% shareholding through Christchurch City Holdings Ltd.

Subsidiary companies

- Connetics Ltd
- Orion New Zealand Ltd

Associate companies

- 4RF Communications Ltd

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.

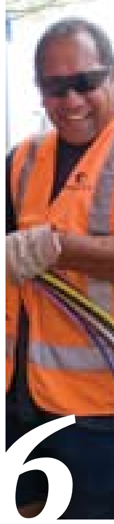
Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Orion Group without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	Actual	Target
Duration of supply interruptions in minutes per year per connected customer (SAIDI) (i)	54	<68
Number of supply interruptions per year per connected customer (SAIFI)	0.7	<0.9

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	2008 Group Actual $'000	2007 Group Actual $'000
Operating revenue	212,814	198,295
Operating and other expenses	138,862	127,824
Operating profit before non-recurring items and tax	**73,952**	**70,471**
Non-recurring capital gain / (loss) on sale of business	-	11,454
Operating profit before tax	**73,952**	**81,925**
Tax expense (benefit)	8,449	21,324
Net profit for the year	**65,503**	**60,601**



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Red Bus Ltd

Red Bus achieved strong passenger growth of 5.9% across the urban network, 4.6% ahead of last year's result. The company has continued its capital investment in future capacity and service delivery, with $2.8 million invested in eight low-emission urban buses and new maintenance equipment.

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Ltd. 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 Ltd 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.

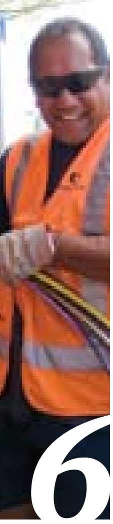
Key performance targets

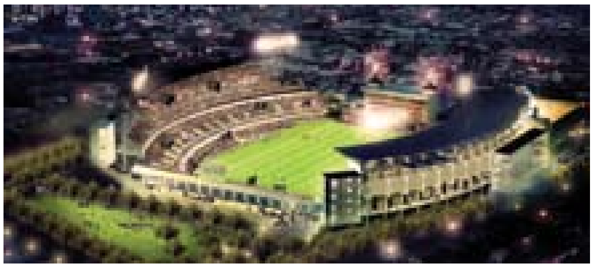
	Actual	Target
Provide economic contributions to the community through taxes paid, dividends and payments to suppliers and employees.	Achieved	Achieved
Operate over 50% of the current fleet with engines complying to Euro-2 emissions standards or better.	Achieved	Achieved

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	**2008**	**2007**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	33,482	31,532
Operating and other expenses	29,423	28,890
Operating profit before tax	**4,059**	**2,642**
Tax expense (benefit)	1,365	707
Net profit for the year	**2,694**	**1,935**

Individual organisation descriptions





Vbase Ltd

Vbase Ltd is 100% owned by Christchurch City Council. On 30 April 2008 Christchurch City Facilities Ltd of which at that time Vbase Ltd was a subsidiary and Vbase No. 2 Ltd, a wholly owned subsidiary of the Council were amalgamated into Vbase Ltd. All three companies were part of the Vbase group, with the same directors and management. The amalgamation reflected the group's operations and was made both because of that and because of the resulting efficiencies.

Subsidiary company

Jet Engine Facility Ltd

Nature and scope of activities

Vbase 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
- AMI Stadium, which is managed under contract to the Victory Park Board
- Overseeing the contracted management of the above facilities
- Jet Engine Facility Ltd

Policies and objectives relating to ownership and control

The Christchurch Convention Centre, the Christchurch Town Hall, the Westpac Trust Centre and AMI Stadium are all managed by Vbase Ltd. 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.

Vbase may also undertake other property-related projects that have a commercial focus and/or a regional development impact (e.g. Jet Engine Facility Ltd).

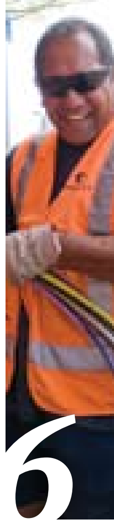
Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

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 2008	**2008**	**2007**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	18,085	n/a
Operating and other expenses	18,568	n/a
Operating profit (deficit) before tax	**(483)**	**n/a**
Tax expense (benefit)	148	n/a
Net profit (deficit) for the year	**(335)**	**n/a**



Tuam Ltd

This company is a council-controlled trading enterprise, 100% owned by Christchurch City Council. On 30 June 2006 the company purchased the existing Civic offices and associated property from the Council. Tuam Ltd 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.

Policies and objectives relating to ownership and control

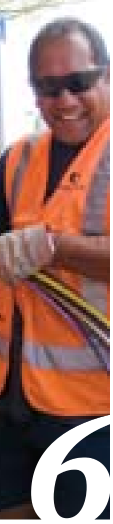
This company owns former Council property and manages it on a commercial and co-ordinated basis. Through a Statement of Intent, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

	Actual	Target
To scope the future use options for the Tuam Street property owned by the company to the best commercial advantage.	Target on hold in consulation with CCHL	
To ensure future use options for the Tuam Street property take into account the objectives of the Christchurch City Council's "Central City South" master plan.	Target on hold in consulation with CCHL	

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	**2008**	**2007**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	3,331	1,229
Operating and other expenses	1,494	1,772
Operating profit (deficit) before tax	**1,837**	**(543)**
Tax expense (benefit)	92	(92)
Net profit (deficit) for the year	**1,745**	**(451)**



Individual organisation descriptions

Civic Building Ltd

This company is a council-controlled trading enterprise, 100% owned by Christchurch City Council. The company was incorporated on 12 October 2007 and, in conjunction with its wholly owned subsidiary Tuam 2 Ltd, manages the Council's 50% interest in the joint venture with Ngāi Tahu Property Ltd which is charged with expanding and refurbishing the existing building on Worcester Street that will become the new Civic offices.

Nature and scope of activities

Civic Building Ltd is the entity that will borrow sufficient finance from the Council to enable Tuam 2 Ltd to carry out that function. Tuam 2 Ltd is the company which owns the Council's 50% interest in the joint venture agreement. The project is expected to be completed in time for the Council to occupy the premises in October 2010.

Subsidiary company

Tuam 2 Ltd

Policies and objectives relating to ownership and control

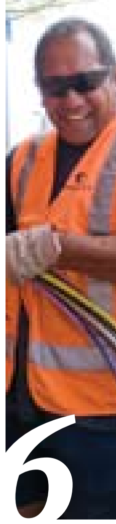
Through a Statement of Intent, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

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 2008	2008 Actual $'000	2007 Actual $'000
Operating revenue	6	-
Operating and other expenses	824	-
Operating profit (deficit) before tax	**(818)**	**-**
Tax expense (benefit)	(154)	-
Net profit (deficit) for the year	**(664)**	**-**



Transwaste Canterbury Ltd

Transwaste Canterbury Ltd 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

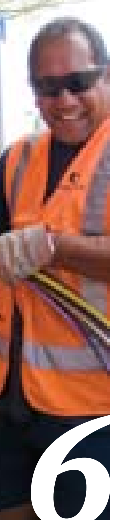
It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore the Council has a policy of maintaining a controlling interest in partnership with other local authorities in this trading activity.

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 2008	2008 Actual $'000	2007 Actual $'000
Operating revenue	27,416	24,731
Operating and other expenses	21,207	20,067
Operating profit before tax	**6,209**	**4,664**
Tax expense (benefit)	2,075	1,409
Net profit for the year	**4,134**	**3,255**



Individual organisation descriptions

SPBL

Selwyn Plantation Board Ltd

Selwyn Plantation Board Ltd harvested all of the plains forests by 31 December 2007, with 255,000 tonnes of logs sold during the period. 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 Ltd (39.3%). Land area is 14,058 ha. Effective from 1 May 2008 the company contracted out its forestry operations to PF Olsen Ltd, enabling it to benefit from Olsen's economies of scale.

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

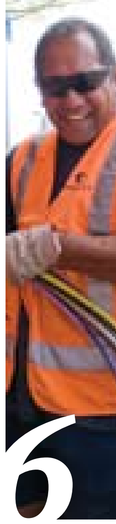
The Council, through CCHL, has a minority interest in this company and holds it for investment purposes. It does not regard it as a strategic asset.

Key performance targets

	Actual	Target
Harvesting (tonnes)	254,685	237,500
Thinning (hectares)	293	185

Financial summary

Statement of Financial Performance for the 15 months ended 30 June 2008	**2008**	**2007**
Prior period are 12 months only	**Actual**	**Actual**
	$'000	**$'000**
Operating revenue	15,966	15,531
Operating and other expenses	18,606	12,747
Operating profit (deficit) before tax	**(2,640)**	**2,784**
Land and buildings decrement	3,964	423
Tax expense (benefit)	(1,171)	54
Net profit (deficit) for the year	**(5,433)**	**2,307**



Riccarton Bush Trust

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains. Incorporated under a 1914 Act of Parliament, the Riccarton Bush Trust has powers to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Christchurch City Council appoints six of the nine members on the Trust Board.

Nature and scope of activities

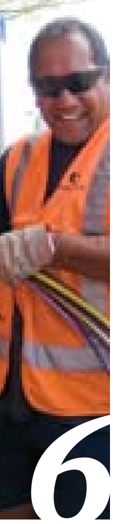
The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Key performance targets

	Actual	Target
Performance targets are being developed.	n/a	n/a

Financial summary

Statement of Financial Performance for the year ended 30 June 2008	2008 Actual $'000	2007 Actual $'000
Operating revenue	423	419
Operating and other expenses	412	398
Operating profit before tax	**11**	**21**
Tax expense (benefit)	-	-
Net profit for the year	**11**	**21**



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

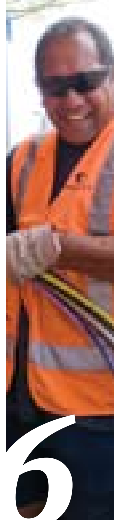
- To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

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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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.

The capital endowment fund

Capital Endowment Fund – Funding Allocations	Notes	2008 Actual $'000	2007 Actual $'000
Total Available Income from Fund		3,207	4,310
Economic Development 70%		2,245	3,017
Brought forward from previous year		1,539	486
Available to allocate		**3,784**	**3,503**
Less allocated:			
Economic Development projects		(1,960)	(1,364)
PGA Golf		(400)	(300)
Ferrymead Historic Park		(150)	(200)
Marketing initiatives		(550)	(100)
Balance available for Economic Development Projects	**1**	**724**	**1,539**
Civic and Community 30%		962	1,293
Brought forward from previous year		1,664	371
Available to allocate		**2,626**	**1,664**
Less allocated:			
Events & Festivals		(360)	-
Garden City		(110)	-
Balance available for Civic and Community Projects	**2, 3**	**2,156**	**1,664**
Total Cash Carried Forward		**2,880**	**3,203**

1. $200k committed to Urban Development Strategy
2. $983k committed to Canterbury Museum development project in 2009/10
3. $1.5 million committed to a separate Events fund by 30 June 2009

Fund Capital	Notes	2008 Actual $'000	2007 Actual $'000
Fund Capital at 1 July			
Core Fund		82,486	80,791
Fluctuation Reserve		3,500	3,500
Unallocated Income		3,203	857
Total Fund Balance at 1 July		**89,189**	**85,148**
During the year:			
Total Income Received by the Fund		6,646	6,005
Less Distributed		(3,530)	(1,964)
Less Transferred to Capital for Inflation Provision		(3,439)	(1,695)
Balance to Unallocated Income		**(323)**	**2,346**
Allocation from Council's Special Dividends Received		0	0
Fund Capital at 30 June			
Core Fund		85,925	82,486
Fluctuation Reserve		3,500	3,500
Unallocated Income	1,2,3	2,880	3,203
Total Fund Balance at 30 June		**92,305**	**89,189**

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 2008.

Christchurch City Holdings Ltd (100% owned)

Sarah Astor (1) | Julie (Paddy) Austin (2)
Barry Corbett (Cr) | Graham Condon (3)
William Dwyer | Bruce Irvine
Garry Moore (4) | Robert Parker (Mayor) (5)
Andrew Pearce | Robert Shearing (Cr) (5)
Susan Wells (Cr)

Christchurch City Networks Ltd (100% owned)

Julie (Paddy) Austin (6) | William J. Dwyer
Bruce Irvine (6) | Robert Lineham
William Luff (7) | Richard Mander (7)
Murray Milner (7) | Susan Wells (Cr) (6

Christchurch International Airport Ltd (75% owned)

James Boult | Sydney Bradley
Philip Carter | Ann Harper (8)
W. Hanlin Johnstone | Denis O'Rourke (9)
Susan Sheldon

City Care Ltd (100% owned)

W. Derek Crombie | Anthony King
Hugh Martyn | David Spence
Trevor Thornton

Lyttelton Port Company Ltd (75.2% owned)

Roderick Carr | Rodger Fisher
Alan Grant | William (Bill) Luff
David MacKenzie (10) | Susan McCormack (11)
Barnaby Sundstrum

Orion Group Ltd (89.3% owned)

Michael Andrews | Craig Boyce
John Dobson | Donald Elder (Dr) (12)
George Gould | William Heaps
Peter Rae (13) | Gail Sheriff (Cr)

Red Bus Ltd (100% owned)

Evan Frew (14) | Barry McFedries
Ross McRobie | Tony Mountford (15)
Peter Rae | Christine Williams (Cr)

Selwyn Plantation Board Ltd (39.3% owned)

Allan Berge | Jens Christensen (16)
Peter Coakley | Graham Heenan
Douglas Marsh (17) | Raymond Polson

Tuam Ltd (100% owned)

Roy Baker (18)
David Cox (Cr) (19)
W. Gill Cox (20)
Christopher Doig (19)
Dominique Dowding (19)
Bruce Irvine (19)
W. Hanlin Johnstone (19)
Arthur Keegan (19)
Robert Lineham (18)
Simon Mortlock (19)

Transwaste Canterbury Ltd (38.9% owned)

Paul Bishop (21)
Robert Brine
Sally-Anne Buck (Cr)
Judith Burgess (22)
Gregory Campbell (23)
Gerry Clemens
W. Gill Cox
Raymond Harris
Allan Jensen (21)
Stephen Kirk (21)
Thomas Nickels (24)
Guy Pierce (25)
Robert McKenzie (21) (22)

Vbase Ltd * (100% owned)

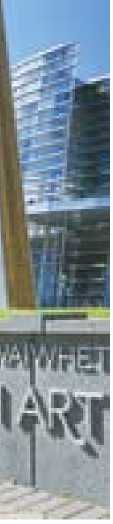
David Cox (Cr)
W. Gill Cox (26)
Christopher Doig
Dominique Dowding
Bruce Irvine
W. Hanlin Johnstone
Arthur (Jim) Keegan
Simon Mortlock

*Christchurch City Facilities Ltd amalgamated with Vbase Ltd and Vbase No. 2 Ltd (previously Jade Stadium Ltd) on 30 April 2008. The amalgamated entity then changed its name to Vbase Ltd.

All three companies had the same group of directors.

Notes

(1) appointed 21 November 2007
(2) resigned 21 November 2007
(3) deceased 8 September 2007
(4) resigned 17 December 2007
(5) appointed 18 December 2007
(6) resigned 1 September 2007
(7) appointed 2 September 2007
(8) appointed 1 October 2007
(9) resigned 1 October 2007
(10) appointed 14 November 2007
(11) resigned 14 November 2007
(12) resigned 31 December 2007
(13) resigned 8 August 2007
(14) resigned 18 October 2007
(15) appointed 18 October 2007
(16) appointed 29 August 2007
(17) resigned 29 August 2007
(18) resigned 4 September 2007
(19) appointed 4 September 2007
(20) appointed 2 November 2007
(21) resigned 19 September 2007
(22) appointed 19 September 2007
(23) resigned 20 February 2008
(24) appointed 20 February 2008
(25) resigned 27 April 2007
(26) appointed 2 November 2007



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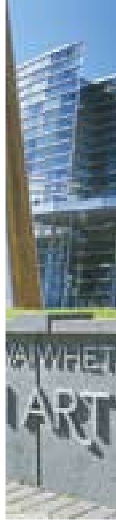

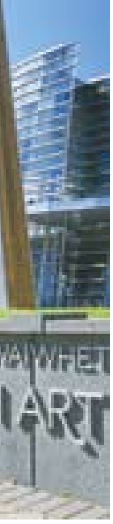

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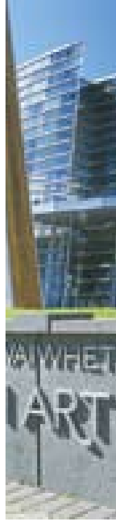

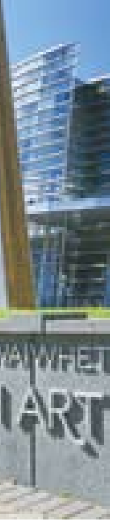

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