Christchurch City Council

Annual Report 2009 *Christchurch Ōtautahi*

Ellerslie International Flower Show

The Christchurch Botanic Gardens' exhibition garden *Swamp Modern* won Silver Distinction at Christchurch's first Ellerslie International Flower Show.

Cover image

Swamp Modern

Kylie Smith and Christopher Greenshields from the Council's Capital Programme Group designed the Christchurch Botanic Gardens' award-winning exhibition garden for the 2009 Ellerslie International Flower Show.

Swamp Modern was a recreation of Christchurch's natural wetland environment as it was before the arrival of European settlers, but with a contemporary urban twist. Using modern materials and an array of plants native to Canterbury, the garden celebrated the City's swamp history. Key design features were perspex stepping stones, a water feature, raised planters displaying cross sections of swamp strata and vertically planted ferns walls.

Christchurch City Council

Annual Report 2009
Christchurch Ōtautahi

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Council vision

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.

The Southern Alps form a magnificent backdrop to Christchurch City; seen from the hillside suburb of Mount Pleasant on a clear winter morning. Photograph by **Richard Simmonds.**

Introduction

Annual Report 2009
Christchurch Otautahi

Welcome to the Christchurch City Council's Annual Report 2009. The introduction to this report describes what sort of city we live in and outlines the Council's vision for the future. It includes a message from Christchurch Mayor Bob Parker and Council Chief Executive Tony Marryatt, reflecting on the Council's achievements over the past year.

What is the Annual Report?

The Annual Report for the financial year July 2008 to June 2009 sets out what the Christchurch City Council did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how the 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.

From the Mayor and Chief Executive

We present this Annual Report 2009 to the community at the end of another significant year for the Christchurch City Council.

As well as improving and delivering the essential services the city needs to keep running, this Council has been responsible for the development of some exciting new initiatives and major infrastructure projects.

We launched the first ever Christchurch Ellerslie International Flower Show and attracted record numbers of visitors to the five-day garden and horticultural event. The success of the show here in Christchurch will help us cement our place as New Zealand's Garden City and will continue to generate significant social and economic benefits for the city.

We also became the first New Zealand council to receive funding from the sale of carbon credits under the Kyoto Protocol. The credits were achieved as a result of our project to use methane gas collected at the Burwood Landfill to power QEII Park. The funding will be used to kick-start 28 energy efficiency projects under our Sustainable Energy Strategy.

As well as these great cultural and sustainability achievements, this Council has also launched a number of major planning and infrastructure projects. This includes the completion of the Central City South Master Plan, which aims to redevelop the Central City South with a mix of residential and commercial uses and an expanded lanes network. Its adoption follows the Council decision in July 2008 to purchase properties in the Central City south of Lichfield Street, along with Sydenham Square, to ensure these important sites were not broken up and are protected from inappropriate development.

In the past year, planning started on the development of a new Transport Interchange in the Central City, replacing the Bus Exchange which is already running at capacity. This is a key component of the Council's plans to revitalise the Central City and meet increasing demand for public transport. Addressing traffic congestion and ensuring our roads can handle future demand is a key task for this Council and in the past year planning for new bus priority measures and bus lanes on busy city roads has been ongoing. These are being installed from late 2009.

The development and eventual adoption on 30 June 2009 of our Long Term Council Community Plan (LTCCP) for the financial years 2009-19 has been a highlight of the past year. This 10-year plan for the city indicates all the work the Council is planning in the coming decade. Finalising our 10-year plan was a challenging process for the Council as it has grappled to provide for the future of the city without overburdening ratepayers. In developing the plan we were mindful of the need to protect existing core services and facilities, plan for long-term community needs and provide a platform that ensures as a city we continue to prosper.

As well as the inclusion of a number of major infrastructure and building projects over the coming years, we have been able to keep rates for our existing ratepayers to an average annual rise of around 4% for the coming years.

Our residents tell us they are happy with the way the Council is running the city. Twice a year we ask residents whether they are satisfied with Council services, what aspects of living in Christchurch they particularly enjoy and where there is room for improvement.

The latest Biannual Survey of Residents, conducted in March 2009, found 77% of residents surveyed were either satisfied or very satisfied with the performance of the Council in delivering its services. Areas where residents feel the Council is performing well include the Botanic Gardens, events and festivals, community libraries, recreation facilities and swimming pools. Areas we are working to improve include easing traffic congestion, processing of consents and the management of city waterways.

The results of these biannual surveys continue to be encouraging. It is very important to this Council that our residents feel they are getting good value for their rates dollar and we will continue to work with the best interest of the city at heart.

This year's Annual Report shows that the Council remains in a strong financial position, with an accounting surplus of $63.4 million, which after adjusting for capital receipts and non-cash items leaves a cash surplus of $1.5 million. This surplus will reduce our rates requirement through lower borrowing requirements in future years.

Christchurch people can be pleased with the Council's results for the past year and we look forward to making more progress in the year ahead.

Bob Parker
Mayor

Tony Marryatt
Chief Executive

Statement of compliance

Compliance

The Council and management of the Christchurch City Council confirm that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Bob Parker - Mayor
22 October 2009

Tony Marryatt - Chief Executive
22 October 2009

Christchurch at a glance

Christchurch is a bustling urban centre, bounded by the Pacific Ocean and Waimakariri and Selwyn District Councils. 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.

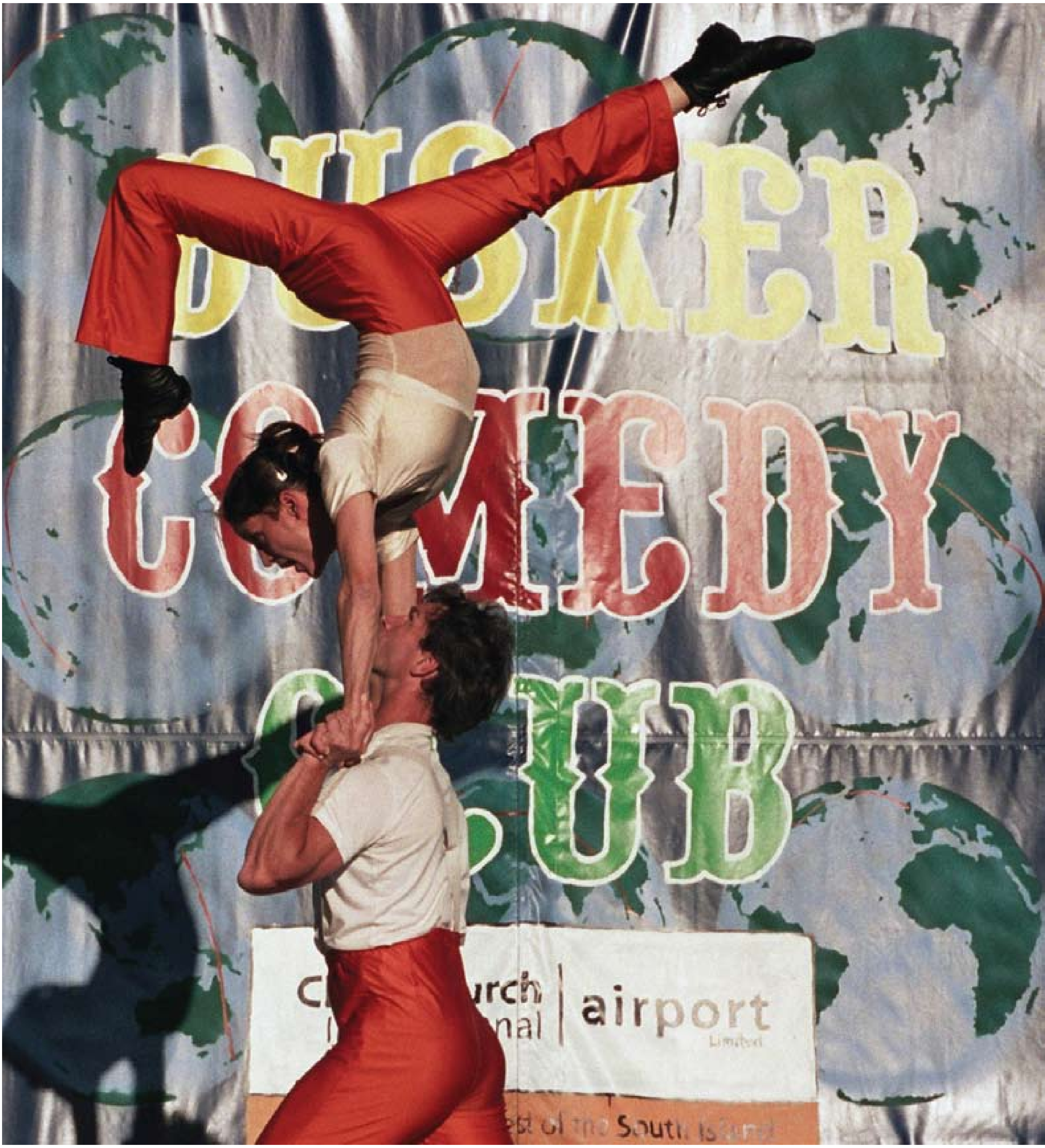
Christchurch is also known as the gateway to New Zealand's South Island. Christchurch International Airport saw more than 5.9 million travellers in the year to 30 June 2009, and more than 1,100 ships carrying passengers, cars, coal and other bulk cargo came to our shores through Lyttelton Port last year.

Snapshot of the City

Population	368,900 people live in Christchurch
Diversity	Christchurch is home to 37 ethnicities, speaking 191 languages
House prices	The average house price in Christchurch is $330,940
Recreation	Christchurch has 339 playgrounds, 109 sports parks, 47 garden and heritage parks and 86 riverbank parks, totalling around 6,326 hectares
Transport	Christchurch has more than 2,000 kilometres of roads, 2,500 kilometres of footpaths and 58 kilometres of on-road cycleways

The above information was sourced from QVNZ, Statistics New Zealand, 2006 Census of Population and Dwellings, Statistics New Zealand June 2008 population estimate and CCC Parks GIS Layer, 2009.

Netherlands acrobatic duo **Just the 2 of Us** were part of a fantastic international line-up performing in the 2008 World Buskers Festival.



Highlights

Annual Report 2009
Christchurch Otautahi

The Christchurch City Council delivers the core services necessary to keep the city running, such as water supply and rubbish collection. It also undertakes large infrastructure, building and community projects to build an even better city for the future. Some of the highlights of the past year are outlined in this section.

Our achievements

In the past financial year, the Christchurch City Council has continued to provide those essential services necessary to keep the city running smoothly such as rubbish collection, water supply and the operation of libraries and leisure centres. At the same time, a number of new projects and services have been introduced to help achieve our vision of becoming a world-class boutique city. Highlights are set out below.

Core services

Lyttelton Harbour wastewater

Following community consultation, the Council in May 2009 approved a preferred option for the future of wastewater management in Diamond Harbour, Governors Bay and Lyttelton. Work will continue in the coming months on developing the preferred option of pumping wastewater from these areas to the Christchurch Wastewater Treatment Plant.

South-West Area Plan

The population of Christchurch's south-west is expected to double over the next 35 years. Already development is changing the landscape as new communities are established. The role of the South-West Area Plan (SWAP), adopted by the Council in May 2009, is to determine how best to manage urban growth.

Western Interceptor

Work has started on the Western Interceptor sewer pipeline which aims to reduce overflows into the Avon River during wet weather and allow for growth in the south-west of the city. Eventually, it will extend from Riccarton through the city to the new Pump Station 11 at Phillipstown. Our 10-year plan includes $51.1 million for future stages of the project.

New initiatives

Carbon credits from landfill gas

The Christchurch City Council in June 2009 became the first New Zealand council to receive money from the sale of carbon credits, receiving significant funding which will kick-start 28 projects in the region. Twenty per cent more carbon credits were produced than expected, being the direct result of the renewable energy project that the Council started a few years ago at the Burwood Landfill, where methane gas is used to heat QEII Park Sports & Leisure Centre.

Central City South Master Plan

A visionary concept for revitalising the Central City South precinct was adopted by the Council in May 2009. The Central City South Concept and Vision aims to redevelop the Central City South with a mix of residential and commercial uses and an expanded lanes network. Its adoption follows the Council decision in July 2008 to purchase four properties in the Central City south of Lichfield Street, and Sydenham Square, to ensure these important sites were not broken up and are protected from inappropriate development.

Ellerslie International Flower Show

The city hosted its first ever Ellerslie in March 2009, after purchasing the show in 2007 with the aim of reclaiming Christchurch as New Zealand's Garden City. The first show was a phenomenal success, attracting one of the largest crowds in Ellerslie's 15-year history.

World Buskers Festival

In January 2009, the Council approved the purchase of the World Buskers Festival to ensure the popular event remained in the city. The festival currently attracts up to 300,000 people – half of whom are visitors to Christchurch – and is continually voted a favourite on the Christchurch events calendar by residents and visitors alike.

Major projects

Transport interchange

Planning is underway on the development of a new transport interchange in the Central City, replacing the Bus Exchange which is already running at capacity. This is a key component of the Council's plans to revitalise the Central City and meet increasing demand for public transport.

Bus priority routes

Planning for new bus priority routes and bus lanes on busy city roads has been carried out over the past year, with the first bus lanes rolled-out in late 2009. The Council wants to encourage people to catch the bus by giving the buses priority on busy routes and ensuring they reach their destination on time. This will in turn help ease traffic congestion on our roads.

City safety

In October 2008 the World Health Organisation accredited Christchurch as a "Safe City". The Council, in partnership with city health and safety agencies, is working to improve the perception of safety in the Central City. In the past year, the Council has been involved with:

- the introduction of Safe City Officers who patrol the streets on foot on Thursday, Friday and Saturday nights providing assistance and information to the public
- spending almost $1 million to provide an additional 25 crime prevention cameras to target Central City hot spots
- changing the Alcohol Accord's one-way door policy from 4am to 3am to help reduce alcohol-related crime and violence.

The Safe City Officers and one-way door policy contributed to a 36% drop in serious assaults in the seven months to June 2009.

Kerbside waste collection

The city's new three wheelie bin kerbside waste collection service has been up and running since the start of 2009. The scheme aims to reduce the amount of domestic rubbish being sent to landfill by one third, by allowing the recycling of a greater variety of materials and the composting of organic material. A new Material Recovery Plant and an Organics Processing Facility have been built as part of the scheme.

Jellie Park Recreation & Sport Centre

The redeveloped Jellie Park opened on 3 August 2008 with a new 25 metre, 8-lane, 2 metre deep pool, three raised lanes in the existing pool, a refurbished learners pool, new toddlers' pool, spa, sauna and steam room and hydroslide, as well as new aerobics studio, fitness centre and changing facilities. The facilities are proving very popular.

Celebrating our success

Ellerslie International Flower Show

Assistant Landscape Architects Chris Greenshields and Kylie Smith won a Silver with Distinction Award at the Ellerslie International Flower Show 2009 for their design of an Urban Wetland garden for the Botanic Gardens.

Blenheim Road Deviation

The Blenheim Road Deviation project was a finalist in the Roading Excellence Awards 2008 under the Major Roading Projects category awarded by Roading New Zealand.

Building Consent Authority

Christchurch City Council, which issues the most building consents of any Council in New Zealand, received accreditation as a Building Consent Authority from the Department of Building and Housing. The Council becomes an accredited Building Consent Authority following a long audit process involving its Environmental Policy and Approvals and Inspections and Enforcement Units.

National Community Board Conference

Democracy Services staff Peter Dow and Liz Carter, along with Wendy Graham from Customer and Business Support, received Certificates of Achievement at the 2009 National Community Board Conference for their service of 20 years or more to community boards. Peter Dow also received the inaugural Yvonne Palmer Leadership Award at the same event.

Two Christchurch Community Boards won Best Practice awards at the conference. The Riccarton/Wigram Community Board won a Best Practice Award in the Heritage section for its Riccarton Teahouse project while the Shirley/Papanui Community Board won the NZ Police sponsored Best Practice Award in Safety. The Shirley/Papanui Community Board also picked up a Highly Commended award, as did the Fendalton/Waimairi and Riccarton/Wigram Community Boards.

Architects Team, Capital Programme Group

2009 NZIA Resene New Zealand Architectural Medal Finalist Pumpstation 11

2009 NZIA Resene National Architecture Award Pumpstation 11

2008 NZIA Resene Local Architecture Award Canterbury Pumpstation 11

2008 NZIA Resene Colour Award Canterbury Pumpstation 11

2008 NZIA Resene Local Architecture Award Canterbury Gowerton Place Social Housing

Green Ribbon Awards

The Travis Wetland Trust received a Green Ribbon Award for Urban Sustainability from the Minister for the Environment, recognising the Trust's work in saving and restoring the wetland. The Green Ribbon Awards recognise the outstanding contributions of individuals, organisations and businesses to sustaining, protecting and enhancing New Zealand's environment.

National Award for Public Service

The Christchurch City Council won the National Award for Public Service at the 2009 NZ Sign Language In Action Awards presented by Deaf Aotearoa NZ. The award in particular acknowledges the work of Disability Advisor Karen Rickerby to raise awareness of NZSL and deaf culture within the Council, as well as other Council initiatives.

Safe City

Christchurch was accredited as an International Safe Community based on criteria developed by the World Health Organisation.

Art Gallery

The Christchurch Art Gallery was recognised as one of New Zealand's leading tourism businesses by being licensed to carry the Qualmark – New Zealand tourism's official mark of quality.

A C Rhodes Medal

The Canterbury History Foundation presented Genealogy Librarian Richard Greenaway with the 2008 A C Rhodes Medal for his services to history.

Samoan language information

The Council received a certificate from the Human Rights Commission for being one of a very small number of councils to provide information in the Samoan language. It also acknowledged that the Council recognised the value of communicating with the Samoan community in this manner.

Sustainability

The Christchurch Art Gallery was awarded the Qualmark Enviro-Silver logo following an audit of energy efficiency, waste management, water conservation and community involvement.

More information on the wider Christchurch City Council group achievements and successes is available in Christchurch City Holdings Limited's annual report or online at **www.cchl.co.nz/cchl/annual-reports.**

Christchurch Mayor Bob Parker presents the **Bakker family** (Carline, Hendrik and Anneke, left to right) with official documents at a Waitangi Day Citizenship Ceremony.

Your Council

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The Council is a large organisation with many facets and responsibilities. In this section you will find out who makes up the Council, how the organisation works and what activities it carries out.

How the Council works

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, 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
- Regulation and Democracy Services
- Strategy and Planning

Within these groups, various 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 sections: Your council, Our activities at a glance, or for an in-depth view, the Groups of activities.

The elected Council

Back Row (from left): Barry Corbett *Councillor,* ***Norm Withers*** *MNZM Deputy Mayor,* ***Mike Wall*** *Councillor,* ***Sue Wells*** *BA Councillor,* ***Bob Shearing*** *Councillor,* ***Ngaire Button*** *Councillor,* ***Claudia Reid*** *Councillor,* ***Yani Johanson*** *Councillor*

Front Row: Chrissie Williams *B.Tech (Maths)(Hons) Dip Tchg Councillor,* ***Sally Buck*** *Dip Tchg, M. Ed (dist). Dip. TESOL Councillor,* ***Bob Parker*** *Mayor,* ***Helen Broughton*** *MA (Hons) Dip Education (Counselling) Dip Tchg Councillor,* ***David Cox*** *FNZIM Councillor,* ***Gail Sheriff*** *JP Councillor*

Chief Executive and Executive Team

Back Row (from left): Peter Mitchell *Regulation and Democracy Services*, ***Michael Theelen*** *Strategy and Planning*, ***Kevin Locke*** *Capital Programme*, ***Chris Till*** *Human Resources*, ***Alison Mackenzie*** *Public Affairs*

Front Row: Tony Marryatt *Chief Executive*, ***Michael Aitken C****ommunity Services*, ***Jane Parfitt*** *City Environment*, ***Paul Anderson*** *Corporate Services*

Community Board Members

Community Board members representing Akaroa-Wairewa

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

Councillor
Claudia Reid

Community Board members representing Burwood-Pegasus Ward

David East (Chairperson) – BSc
Tim Sintes (Deputy Chairperson)
Nigel Dixon
Tina Lomax – BEd, DipTchg, PGChAD (Dist)
Linda Stewart – Dip Bus, NVP, Accred. Bus. Mentor

Councillors
Gail Sheriff – JP
Chrissie Williams – BTech (Maths) (Hons), DipTchg

Community Board members representing Fendalton-Waimairi Ward

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

Councillors
Sally Buck – MEd, DipTchg
Mike Wall

Community Board members representing Hagley-Ferrymead Ward

Bob Todd (Chairperson) – OBE, JP
Rod Cameron
Tim Carter – MEM, BE (Hons)
John Freeman – JP, MA
Brenda Lowe-Johnson – JP

Councillors
David Cox – FNZIM
Yani Johanson

Community Board members representing Lyttelton-Mt Herbert

Paula Smith (Chairperson) – BSc (Hons), DipL.A, DipHort
Jeremy Agar (Deputy Chairperson) – MA
Douglas Couch – JP
Ann Jolliffe
Dawn Te-Riaki Kottier – QSM

Councillor
Claudia Reid

Community Board members representing Riccarton-Wigram Ward

Peter Laloli (Chairperson)
Mike Mora (Deputy Chairperson)
Jimmy Chen – MCom, BSc
Beth Dunn – BEd
Dr Judy Kirk – BSc (Hons), DipTchg (Dist), PhD (Educ.Cant.), NZCER C registered tester

Councillors
Helen Broughton – MA (Hons), DipEd (GC), DipTchg
Bob Shearing

Community Board members representing Shirley-Papanui Ward

Yvonne Palmer (Chairperson) – QSM, JP
Pauline Cotter (Deputy Chairperson) – NZED
Kathy Condon
Aaron Keown
Matt Morris – PhD

Councillors
Ngaire Button
Norm Withers (Deputy Mayor) MNZM

Community Board members representing Spreydon-Heathcote Ward

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

Councillors
Barry Corbett
Sue Wells – BA

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 interests 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 uses its internal legal department and external consultants 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 function 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 New Zealand 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 the upcoming section: *Group structures*

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.

In November 2008 the Council signed a management memorandum of understanding with Ngā Maata Waka, who represent the non Ngāi Tahu Māori in the Council's district. Processes have been developed to ensure regular contact and communication takes place between the Council and Ngā Maata Waka.

The Council will continue to look for and 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, the urban development strategy 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

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 this through community engagement and development, the facilitation of innovative solutions that respond to community needs, creating a safe environment and catering for diversity, whether it is age, ethnicity, disability or social status.

Cultural and learning services

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 community libraries and supporting volunteer libraries. These facilities contain an extensive collection of books, audio visual resources and online 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 its Cultural Precinct, around Worcester Boulevard, the most visited cultural tourism site in New Zealand.

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.

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 New Zealand 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. Find out more about these organisations in the upcoming section: Group structure.

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

Our activities at a glance (continued)

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 the Council to be 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.

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.

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, prior to August 2009, were operated by Meta NZ Ltd. The Council has since moved to acquire certain assets and liabilities of Meta's (see the Business Combinations note under Financial statements). 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 2009 the Council implemented the new kerbside waste collection system. 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.

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.

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.

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.

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.

Biannual survey of residents

The Biannual Survey of Residents, conducted in September 2008 and March 2009, evaluates the Council's performance for the financial year 2008/09. It showed that overall, satisfaction with the Christchurch City Council's services is stable.

The surveys found 77% of residents surveyed were either satisfied or very satisfied with the performance of the Council in delivering its services. This result was the same as that obtained in the surveys conducted in September 2007 and March 2008.

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.

Areas in the latest survey where residents feel the Council is performing well include the taste of its water, the Botanic Gardens, events and festivals, community libraries, recreation facilities and swimming pools

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

- Road congestion/traffic control (15%)
- Processing of resource consents and building permits (7%)
- Development of parks and waterways (22%)
- Road conditions (14%)
- Safer cycle lanes (9%)
- Boy racers (6%)

Most respondents were positive about the Council's cultural and learning services: community libraries (77%), Central Library (70%), and Christchurch Art Gallery (69%). However, many may not have known of the Mobile Library or Our City O-Tautahi.

Many of those surveyed were either satisfied or very satisfied with Council leisure facilities and parks: swimming pools (75%), leisure centres (58%), sports facilities such as AMI Stadium, Westpac Complex and QEII Stadium (74%), their local or district parks (88%), the Botanic Gardens (92%) and the larger reserves such as Bottle Lake Forest Park or the Port Hills (83%).

A majority of respondents (77%) were happy with rubbish collection. Almost all of those surveyed (98%) were aware that the Council encourages recycling to reduce solid waste to landfill site, and a large number (86%) thought the programme was effective.

A majority of respondents (79%) were happy with the amount of off-street parking at shopping malls, and just over half (51%) were content with off-street parking in the Central City.

Helping out swimmers is all in a day's work at Jellie Park Recreation and Sport Centre for Council lifeguard **Song Xiao.**

Groups of activities

Annual Report 2009
Christchurch Otautahi

The work of the Council is divided into 12 groups of activities. Here you will find information about what each group does, how it performed over the past financial year and what work is going to be carried out in the future.

Groups of activities

Summary financial chart

The Christchurch City 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 ended 30 June 2009

	2009				2008
	Costs (After Internal Recoveries) $'000	**Income $'000**	**Net Cost $'000**	**Plan Net Cost $'000**	**Net Cost $'000**
City development	13,907	3,069	10,838	14,299	13,500
Community support	40,485	16,278	24,207	18,555	14,957
Cultural and learning services	43,023	3,397	39,626	41,014	38,787
Democracy and governance	9,448	-	9,448	8,918	9,967
Economic development	10,386	168	10,218	10,924	10,953
Parks, open spaces and waterways	47,984	10,137	37,847	34,446	31,919
Recreation and leisure	33,994	15,557	18,437	20,712	18,168
Refuse minimisation and disposal	27,978	4,564	23,414	21,997	14,135
Regulatory services	34,866	27,624	7,242	7,017	8,392
Streets and transport	94,095	50,748	43,347	53,239	55,431
Wastewater collection and treatment	32,592	8,383	24,209	26,318	25,592
Water supply	21,321	4,796	16,525	17,601	16,357
Total cost of service delivery	**410,079**	**144,721**	**265,358**	**275,040**	**258,158**

Groups of activities

Summary financial chart

Capital summary for the year ended 30 June 2009

	2009		2008
	Net Cost	**Plan Net Cost**	**Net Cost**
	$'000	**$'000**	**$'000**
City development	627	17,432	20,796
Community support	2,747	5,081	6,050
Cultural and learning services	7,340	7,220	6,874
Democracy and governance	-	16	46
Economic development	607	95	201
Parks, open spaces and waterways	22,530	25,450	22,873
Recreation and leisure	6,715	7,892	12,340
Refuse minimisation and disposal	25,113	23,995	2,539
Regulatory services	42	117	67
Streets and transport	65,205	85,279	65,607
Wastewater collection and treatment	38,576	48,346	50,362
Water supply	10,705	13,221	8,630
Corporate	46,211	21,591	15,733
Gross capital cost	**226,418**	**255,735**	**212,118**
Asset sales	(4,713)	(3,404)	(3,316)
Vested	18,702	15,926	15,142
Net capital cost	**240,407**	**268,257**	**223,944**

Groups of activities

City development

What is city development and what does the Council do?

City development involves the preparation of strategies, plans and policies that guide the future development of Christchurch. It includes the planning and co-ordination of work to revitalise the Central City, the regulation of land use through the District Plan, the protection of our City's heritage, and initiatives to use energy more efficiently.

Why is the Council involved in city planning and development?

The aim is to promote the wellbeing of our community – in social, cultural, economic and environmental terms – and to ensure that the City's development meets not only the needs of current residents, but anticipates the needs of future generations.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities, for the present and the future. The following pages contain performance results for the city development group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the economic and social well-being of the community through 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.

How does it affect me?

We all want to live in a City that is well laid-out and offers exciting opportunities for work and recreation. By protecting our environment and managing growth, city planning and development helps to make Christchurch a great place to live.

What activities are involved in city development?

Urban renewal
We develop strategies, policies and plans, such as the Central City Revitalisation Strategy and the Sustainability Policy, which set out how we intend to work in future and guide development.

Central City revitalisation
We promote, market and are involved in projects that aim to revitalise the Central City.

Heritage protection
A City's heritage helps to sustain a sense of community identity, provides links to the past, and helps to attract visitors. We are committed to protecting the heritage of our City and work with developers, landowners and other stakeholders to conserve heritage buildings, areas and other items.

What did we achieve?

In 2008/09 we made considerable progress completing strategy and policy work on sustainability, water supply and biodiversity and a draft surface water management strategy. The Alcohol Restrictions in Public Places bylaw was reviewed and progress was made on reviewing the Christchurch City Brothels bylaw.

Monitoring programmes were maintained which delivered data to support our strategy development process.

Implementation of the Greater Christchurch Urban Development Strategy (UDS) continued, with a key focus on providing information and evidence to support Environment Canterbury in preparing the Canterbury Regional Policy Statement Plan Change 1: Greater Christchurch.

The South West Area Plan was adopted in April 2009.

We also contributed to the heritage and character of the City by providing grants for building refurbishment in excess of $0.5 million.

The Central City South Concept and Vision was adopted in May 2009 and demonstrates our long-term vision for a precinct in the Central City South, including Council-controlled properties.

Groups of activities

City development

How did we measure 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 businesses grew by 9% whereas across the city as a whole businesses grew by 30%	Central City growth is 50% of city wide
	Per cent change in the number of pedestrians in the central city compared to base in 1993	Not measured	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.	83%	95%
	Percent of residents who agree that building or land development has not made their area worse	41% Council's ability to influence this is limited and there are many others who have a greater influence (land development companies, building developers)	80%
	Satisfaction with overall city and environmental planning	55%	65%
Heritage protection	Percent increase in awareness of heritage issues	Not measured	74%

Where are we heading?

Implementation of the UDS will continue, including developing a Christchurch Transport Plan and policy to direct the intensified development of Christchurch.

A plan change to support our vision for Central City South will be progressed. Opportunities to improve the public spaces in the Central City will also be a focus.

The area planning programme will continue, the Belfast Area Plan and Styx Integrated Catchment Management Plan will be progressed and an Akaroa Spaces and Places plan developed.

A review to define our strategic heritage objective, priorities and role will be progressed and the heritage incentive grants programme will continue.

The Surface Water, Climate Change and Open Space strategies will be completed and work to deploy the Sustainability Policy, Biodiversity and Water Supply strategies will continue.

A review of the Community Outcomes to inform the 2012-22 LTCCP will commence. Deployment of the Smokefree Policy and the bylaw review programme will continue.

Groups of activities

City development

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Central city revitalisation	1,442	306	1,136	1,436	872
City & community forward planning & urban renewal	8,776	1,938	6,838	8,180	7,794
Heritage protection	3,689	825	2,864	4,683	4,834
Cost of service	**13,907**	**3,069**	**10,838**	**14,299**	**13,500**
Capital expenditure					
Renewals and replacements			-	18	9
Improved service levels			357	350	153
Increased demand			270	17,064	20,634
Total capital expenditure			**627**	**17,432**	**20,796**

Explanation of significant cost of service variances

The primary reason for the City and community forward planning and urban renewal underspend is the delay in commencement of the Energy Strategy. Funding via carbon credits was not certain at the start of 2008/09 and therefore expenditure was not committed until late in the year. Once revenue was received, expenditure the project commenced and will continue in 2009/10 as planned. The net variance of this is $1.2 million.

The most significant underspend in heritage protection related to $1 million worth of heritage grants committed but not uplifted at year end.

Significant capital expenditure

There was no significant expenditure during the year.

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 expenditure on property purchased in support of the SWAP (South Western Area Plan) was recognised in last year's 2007/08 financials.

Groups of activities

Community support

What is community support and what does the Council do?

We provide housing, community facilities, project funding, community programmes and emergency management for the benefit of our community.

Through Civil Defence we prepare the City in case of disaster and co-ordinate our response when that occurs. Community facilities and funding enable people to socialise and carry out voluntary work for the good of the City, and programmes aimed at those at risk help make our City a better place to live.

Why is the Council involved in community support?

We provide opportunities for meeting and socialising and develop strong and inclusive communities within the City.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the community support group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the cultural and social well-being 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, including social housing, are available for the use of the community.

How does it affect me?

Community support services mean you'll have help if disaster hits. Community groups in your area receive funding for projects that will make your neighbourhood a better place to live and provide places in your part of town that can be used for socialising and recreation. Ultimately, it means you will live in a safer, happier community.

What activities are included in community support?

Civil defence and rural fire
We co-ordinate local civil defence, including training of operations centre staff and community volunteers. We also promote community awareness of the likely impact of a disaster and encourage everyone to be prepared.

Community grants
We provide funding to community groups for projects that benefit wider Christchurch or local communities.

Halls and conveniences
We own a range of facilities like halls and recreation centres which can be hired by community groups for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

Early learning centres
We provide and operate three early-learning centres where children under five years old are safe and well cared for. We also provide an additional 13 centres which are operated by the community.

Housing
We provide affordable housing for Christchurch people on low incomes, for the elderly and people with disabilities. The housing is financially sustainable and is not funded through general rates.

Community support
Community development projects run by the Council, voluntary organisations, iwi and other stakeholders, help to build strong communities. Projects are directed to various groups including youth, people with disabilities, the elderly, and cultural groups.

What did we achieve?

We hosted the 17th International Safe Communities Conference in October 2008 and were accredited as the 144th WHO International Safe Community. There was a major focus on safety with the establishment of the Safe City Officers patrolling the Central City on Thursday, Friday and Saturday nights, and the graffiti office dealing with volunteer clean-ups and education around the prevention of graffiti.

The implementation of the new Strengthening Communities funding schemes took place with over 1000 applications processed.

We carried out ward-by-ward consultation on community facilities which will inform the final community facilities plan. Earthquake strengthening was undertaken on the Shirley Community Centre.

The Safer Students Website was launched in August for international students to report harassment in a safe way and get direct assistance if needed. This was developed in conjunction with external agencies including the Police, the Human Rights Commission, Ngāi Tahu and tertiary institutions.

The 2009 edition of the *No Fixed Abode – Homelessness* directory was published for social service agencies to assist in finding accommodation for those most in need.

Over 500 ex-Council computers have been given to community organisations.

Community Service and Garden Pride Awards were held across the City in each ward acknowledging the work achieved by those in their local community.

We approved a 14% rent increase, effective 1 July 2009, for our social housing tenants to ensure the maintenance of the housing complexes into the future.

Groups of activities

Community support

How did we measure 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	88%	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	96.31%	Maintain occupancy at 90 - 97% range
	Tenant satisfaction with management service	88%	Satisfaction in range of 75 - 80%

Where are we heading?

Based on the ward by ward consultation, a community facilities plan for the City will be developed.

We will update our *New to Christchurch* booklet for migrants, which is available in eight languages.

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 reviewing the criteria for our Strengthening Communities funding schemes to ensure the money is used more effectively for the benefit of the wider community.

Groups of activities

Community support

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Civil defence and rural fire	1,520	153	1,367	1,395	1,303
Community grants	9,350	38	9,312	5,286	4,997
Community support	8,563	328	8,235	9,059	7,775
Early learning centres	2,433	2,190	243	299	260
Halls and conveniences	2,149	315	1,834	1,846	1,993
Housing	16,470	13,254	3,216	670	(1,371)
Cost of service	**40,485**	**16,278**	**24,207**	**18,555**	**14,957**
Capital expenditure					
Renewals and replacements			2,747	5,081	3,516
Improved service levels			(34)	-	-
Increased demand			34	-	2,534
Total capital expenditure			**2,747**	**5,081**	**6,050**

Explanation of significant cost of service variances

Community grants
In 2008/09 all grants paid out of the Strengthening Communities grants funding schemes were charged to this activity to bring a higher awareness of the total amount paid out. The budget reflects the previous practice whereby grants were spread across several activities.

Community support
Community group liaison expenditure is $0.4 million below budget due to savings in staff costs and reduced expenditure. In addition, spending on groups such as youth, people with disabilities, the elderly, and cultural groups is $0.3 million lower than budget due to savings across a number of projects.

Housing
The net spend in Housing is $2.6 million over budget, being the loss in revenue which resulted from the High Court decision on the Council's proposed 24% rental increase. The decision had a major impact on housing's refurbishment programme which is reflected below under capital expenditure variances.

The housing fund operates on a rates neutral basis. It is important to consider the combined operational and capital expenditure together when assessing the performance of this activity

Significant capital expenditure

During 2008/09 $1.3 million was spent on community centre upgrade projects, including $0.6 million on the Shirley Community Centre structural strengthening project and $0.1 million on the Bishopdale Community Centre. In addition, $1.2 million was spent on housing improvements and redecorations.

Explanation of significant capital expenditure variances

The 2008/09 plan assumed that the housing rental increase would proceed. Following the High Court decision, $1.9 million in housing-related improvements did not occur as planned. In addition, there was $0.3 million less spent on community crèche upgrades during the year than planned.

Groups of activities

Cultural and learning services

What are cultural and learning services?

These are the galleries, museums and libraries that enable residents to experience art, historical and other material and to gain access learning materials.

Why is the Council involved in cultural and learning services?

We provide these facilities so that residents of Christchurch have access to a full range of cultural activities and information within the City.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the cultural and learning services group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the cultural and social well-being 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.

How does it affect me?

Every time you visit the Christchurch Art Gallery, local museums and city libraries, you make use of the Council's cultural and learning services.

You can gain access to interesting material, collections and other programmes, such as exhibitions and public events. You can also take advantage of a range of services and learning opportunities online.

What activities are involved in cultural and learning services?

Art Gallery
We operate the art gallery and support museums to ensure the artistic and historical heritage of the region is collected and presented to residents and visitors to the City. Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience.

Libraries
City libraries provide recreational and learning material, create opportunities for lifelong learning and literacy, and provide community spaces for the public.

Christchurch libraries are well–used, with membership around 74% of the Christchurch population.

Museums
Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. Council funding is provided to the Canterbury Museum as required by statute.

Our City Ōtautahi
We provide this venue for exhibitions and hire it to the public as a vehicle to inform and educate the City about particular issues. This activity also includes the management of the Canterbury Provincial Council Buildings.

What did we achieve?

Art Gallery
A range of excellent collections-based exhibitions were shown this year, including Wunderbox and En Plein Air. The gallery organised Sir Miles: a life in architecture, and hosted Fiona Hall and Rita Angus: Life & Vision, all of which were successful. The gallery was a partner in the presentation of SCAPE 2008 and several new projects were initiated in the foyer and forecourt as part of the popular Outer Spaces programme. White on White continues to attract large numbers of children and the visitor feedback suggests that the gallery is increasingly perceived as 'family friendly'.

Libraries
The Libraries 2025 Facilities Plan was adopted by Council on 28 August 2008, providing a framework to guide the future development of the City's library network over the next two decades. The Council included the priority projects from the plan in the LTCCP for 2009-19.

Highlights in the area of learning events and activities included:

- The Reading Crusade in March 2009 achieved 24,000 individual registrations from children throughout the Canterbury Rugby Football Union franchise area.
- A Ready for Reading programme was launched in June 2008 providing a reading pack for all four-year-olds in the city and a guide for parents.
- Matariki activities at Nga Hau E Wha Marae were run for the second year. This highly successful collaboration engaged 2167 people, many of them children.

Groups of activities

Cultural and learning services

How did we measure up?

Activity	Level of Service	Actual	Target
Art Gallery	Number of visits to the Art Gallery and the net cost of providing the service	455,878 @ $15.39	390,000 @ $19.00
	Visitor satisfaction with quality and quantity of programmes at the Art Gallery	97%	80 - 85%
Libraries	Customer satisfaction with the library service	92.08%	85-90%
	Size of general library collection (items per capita of City population)	3.075 items per capita	3-3.5 items per capita
	Number of library items issued, per capita of city population, per year	16.52 (national average 12.68)	Achieve national average or better
Our City Ōtautahi	Number of visitors to Our City Ōtautahi	31,335	14,000

Where are we heading?

Libraries
With the adoption by Council of the 2009-19 LTCCP, planning will commence for a new library for Aranui. Selecting a site for the replacement library at Halswell will also be a priority.

We will investigate seven day opening and a café for Fendalton Library in preparation for a resource consent application. Following public consultation, a revised schedule for the Mobile Library Service will be implemented and a new marketing strategy deployed.

Art Gallery
Christchurch Art Gallery Te Puna o Waiwhetu will continue to increase its number of visitors, 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 and publishing programme with a range of other events to educate, entertain, provoke and challenge our audiences.

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

Groups of activities

Cultural and learning services

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Art gallery	8,242	1,295	6,947	7,624	7,225
Libraries	28,638	1,977	26,661	27,299	26,013
Museums	5,629	73	5,556	5,552	5,135
Our City Ōtautahi	514	52	462	539	414
Cost of service	**43,023**	**3,397**	**39,626**	**41,014**	**38,787**
Capital expenditure					
Renewals and replacements			7,036	6,941	6,484
Improved service levels			304	279	390
Total capital expenditure			**7,340**	**7,220**	**6,874**

Explanation of significant cost of service variances

Art Gallery
Art Gallery costs are $0.7 million lower than plan due primarily to lower depreciation charges.

Libraries
Libraries costs are $0.6 million lower than plan due to lower borrowing costs as a result of delays in the timing of the capital programme. Additional revenue was also received from higher usage fees.

Significant capital expenditure

Other than library book purchases $4.9 million and Art Gallery acquisitions $0.3 million, the only significant capital expenditure during the current financial year was for the Akaroa Museum storage facility $0.2 million, library computer systems $0.2 million and the Art Gallery cooling tower $0.2 million.

Explanation of significant capital expenditure variances

There were no significant variances.

Groups of activities

Democracy and governance

What is democracy and governance?

Democracy is the 'what', and governance is the 'how' of local government. Democracy describes a system of government which is run on behalf of the people, through their elected representatives. Governance is about how those representatives (the Council) run the City.

What is the Council's role in democracy and governance?

The people of Christchurch choose their Mayor, City Councillors and Community Board Members at elections held every three years. The Council 'governs' by making strategies, policies and decisions which set the direction for the future of Christchurch. The Council regularly seeks community input on a range of issues, including draft policies, local capital works projects, and the Council's 10 year community plan.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the democracy and governance group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

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

How does it affect me?

The activities of the Christchurch City Council have a direct impact on everyone in Christchurch – from the collection of kerbside rubbish, to the provision of safe drinking water, the upkeep of our parks, and the hosting of festivals and events. You can influence how the Council runs the City by voting for your representatives in local body elections every three years, and by becoming involved in the decision-making process through public consultation.

What activities are included in democracy and governance?

Democracy and governance support
Council staff provide support and advice to the Mayor, Councillors and Community Board members so that they are able to make good decisions on behalf of Christchurch residents. Staff ensure that the decision-making process is clear to residents, and meets all statutory and policy requirements.

Elected member representation
We provide comprehensive logistic support so that the Mayor, Councillors and Community Board members can carry out their functions, duties and powers.

What did we achieve?

We have reviewed the voting and representation arrangements for the governance of Christchurch. After considering submissions from the community on its initial proposal for those arrangements we developed a final proposal for the 2010 local body elections. As appeals were received on the Council's final proposal, it is now under consideration by the Local Government Commission who will make the final decision.

A by-election for a vacancy on the Shirley/Papanui Community Board was held in March.

Around 1400 submissions were received on the Council's draft Long Term Council Community Plan 2009-19 (LTCCP), with nearly 300 submitters wishing to speak to the Council on their submissions.

The eight Community Boards continued to fund and support community organisations and projects, and to advocate on behalf of their communities to the Council and other organisations on issues of importance or interest to their local areas. We also hosted the biennial National Community Board Conference in Christchurch during March.

An information programme called Your Council Your Voice developed and promoted information to raise awareness among Christchurch residents of how they can participate in the Council's democratic processes.

Groups of activities

Democracy and governance

How did we measure 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	41% This result is lower than the national average of 47%.	75%
	Council meetings are notified to all at least 10 working days prior to the meeting	100%	100%
	Percent of agendas and reports available from Council 2 clear working days prior to each meeting	100%	100%
	Percent of residents satisfied with the way the Council involves the public in decision making	47% This result is similar to the national average of 48%.	75%

Where are we heading?

Work will be undertaken to implement the results of the 2009 review of the Council's representation arrangements, in preparation for the October 2010 local body elections.

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 2009-19.

Work will continue to raise awareness and increase understanding among Christchurch residents of how the Council makes decisions.

Groups of activities

Democracy and governance

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	**Income**	**Net Cost**	**Plan Net Cost**	**Net Cost**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Operational service result					
Democracy and governance support	5,790	-	5,790	5,128	6,181
Elected member representation	3,658	-	3,658	3,790	3,786
Cost of service	**9,448**	**-**	**9,448**	**8,918**	**9,967**
Capital expenditure					
Renewals and replacements			-	16	46
Total capital expenditure			**-**	**16**	**46**

Explanation of significant cost of service variances

Democracy and governance support was above budget due to secretarial costs and printing costs being higher than anticipated.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no material variances.

Groups of activities

Economic development

What is economic development and what does the Council do?

We support Christchurch businesses and key industries to grow, helping to build a prosperous City. Increasing the number of visitors and tourists helps boost the local economy, while civic and international relations programmes help build useful international partnerships and foster cultural understanding within the local community.

Why is the Council involved in economic development?

A soundly–based economy is essential for the City to achieve its goals. Economic prosperity, shared fairly among all Christchurch residents, enables improved access to health care, education and other services. An economy based on technology and added value places fewer demands on the natural environment.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the economic development group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance will have had the greatest impact on the economic and social well-being 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.

How does it affect me?

A strong economy benefits everyone in Christchurch because it creates employment and business opportunities. A culturally inclusive City that has strong international ties is more likely to attract high-value migrants, investment and innovation.

What activities are included in economic development?

Regional economic development and business support
Christchurch is the main business location for Canterbury and the South Island. The Council works in three key areas:

- Economic development
- Industry and business development
- Promotion of Christchurch and Canterbury to tourists and visitors

City promotions
We promote Christchurch as an attractive place to work and to do business. Promotional brochures, websites and displays advertise events and attractions.

Civic and international relations
We promote cultural links with city-to-city programmes. These help to attract high-value investment and innovation. Council staff maintain relationships with Antarctic partners, and organise civic and mayoral events such as citizenship ceremonies and ANZAC Day services.

Employment support
We promote and manage employment development through Canterbury Development Corporation (CDC) in the region.

Visitor marketing
We market Christchurch and the Canterbury region through CDC as a destination of choice to international and domestic visitors.

What did we achieve?

Through CDC we have continued to support a range of labour force and business development programmes. Work this year has also focused on supporting seven industry clusters and developing international partnerships.

CDC underwent a significant re-focus to better align its work to the current and future needs of the Christchurch economy. As a result, programmes supporting small business start-ups and mentoring were transferred to other providers.

The Canterbury Regional Governance Group, of which the Council is a part, has overseen work to review the Canterbury Regional Economic Development Strategy (CREDS). This will be completed in the 2009/10 year.

The worldwide economic recession has had a detrimental effect on the number of international tourists visiting Christchurch. Despite this, Christchurch and Canterbury Tourism's work has contributed to a 1.3% increase in visitors from Australia (New Zealand's largest source market) and an increase in the average length of stay in Christchurch commercial accommodation. An increase in the number of domestic arrivals has also been achieved.

Groups of activities

Economic development

How did we measure up?

Activity	Level of service	Actual	Target
Visitor promotions	Growth in international visitor numbers	4% reduction in Christchurch as an arrival port compared with 3% reduction nationally	Achieve national growth rate at all times and exceed year end national growth percentage by 10%
	Increase in domestic visitor numbers	4.6% increase for YE April 2009	Strategy under development
	Increase in international visitor length of stay and spend	15.8%	Regional Tourism Organisational spend is not less than 15.4% of national total
	Number of skilled migrants relocated per year	94	40
	Business mentoring coaching	883	1,000
	Number of business start ups per year	Not measured	500
	Mentoring and Coaching: Mentor matches	410	400

Where are we heading?

One of our core objectives is the ongoing delivery of the community outcomes. We will complete the review of CREDS and the development of a Christchurch Economic Strategy. In addition, we will continue to maximise the opportunities presented by central government initiatives to stimulate economic growth.

Work will continue to support potential high growth industry sectors, as well as projects that help create a growth environment.

We will continue with the Visitor Strategy focusing on initiatives to improve visitor numbers and expenditure, along with the sustainability of tourism businesses.

As part of our broader work we will continue to review the mechanisms to ensure the timely and appropriate release of adequate land for business.

Groups of activities

Economic development

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries) $'000	Income $'000	Net Cost $'000	Plan Net Cost $'000	Net Cost $'000
Operational service result					
City promotion and international relations	1,015	4	1,011	1,076	925
Economic development	4,778	131	4,647	5,333	5,349
Employment development	1,985	-	1,985	1,970	1,988
Visitor promotions	2,608	33	2,575	2,545	2,691
Cost of service	**10,386**	**168**	**10,218**	**10,924**	**10,953**
Capital expenditure					
Renewals and replacements			607	95	201
Total capital expenditure			**607**	**95**	**201**

Explanation of significant cost of service variances

Economic grants of $0.9 million were budgeted for this activity however actual grants paid out are included with the community grants activity within the community support group of activities.

Significant capital expenditure

During the course of 2009 some unplanned capital items were funded from the Capital Endowment Fund. This included the purchase of the Dome Structure and the World Buskers Festival.

Explanation of significant capital expenditure variances

The items above account for the majority of the variance in this year's capital expenditure

Groups of activities

Parks, open spaces and waterways

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

We maintain and manage more than 1000 separate parks and reserves covering 8000 hectares within the greater Christchurch City area. We are also responsible for a number of gardens and sports areas, managing the City's stormwater drains, waterways and harbour facilities, and Christchurch's nine cemeteries.

Why does the Council provide parks, open spaces and waterways?

There are community and environmental needs for open space, for protection of natural resources and scenic values, and for beautifying the City. We also manage the land drainage network and provide places for burial and remembrance.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the parks, open space and waterways group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the environmental, and social well-being 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.

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. The Council protects community health and safety by maintaining waterways and by providing cemeteries.

What activities are included in parks, open spaces and waterways?

Cemeteries
We maintain cemeteries and administer burials.

Regional parks
We maintain a network of regional parks to protect the region's natural landscapes, including coastal areas, the Port Hills, and the plains.

The Botanic Gardens
The Botanic Gardens' 21 hectares are maintained to protect Christchurch's biodiversity and our Garden City image, as well as to provide inner city relaxation and enjoyment.

Urban parks
We maintain 900 parks within the City's urban area to provide residents and visitors green space for relaxation and enjoyment. These include the local neighbourhood parks, the garden and heritage parks, and the specialised sports grounds, such as at Hagley Park, for organised sports and other recreational activities.

We also manage wharves, moorings and boat ramps at Lyttelton Harbour, Akaroa Harbour and around the peninsula, for recreational and commercial use.

Waterways and land drainage
By maintaining natural waterways and stormwater drainage systems, we protect the community from flooding, enhance waterways and provide opportunities for walking and cycling.

What did we achieve?

We protected the City's biodiversity and natural landscapes through controlling plant and animal pests and by replanting native vegetation, with the help of more than 52,000 volunteer and community service hours.

We harvested over 1500 tonnes of aquatic weed from the City's three main rivers and maintained 2000 kilometres of natural waterways, 133 kilometres of manmade drains, 800 kilometres of under road stormwater drainage pipes, 100 water detention basins, and 12 kilometres of stop banks throughout the year.

We upgraded walking and mountain bike tracks on the Port Hills.

We assisted with the release of tui on Banks Peninsula and the natural breeding of pateke, a rare native duck, in the Travis Wetland.

Avonhead cemetery was extended to provide for an additional 1500 burial plots.

Landing pontoons were installed at Akaroa's main wharf assisting in the first cruise ship visit to the seaside town. We also took over the maintenance and operation of the Lyttleton Marina from its receivers.

We hosted the Ellerslie International Flower Show, with the Botanic Gardens team winning both gold and silver distinction medals for their displays.

The Douglas Clifford land drainage basin in Halswell was developed, 10 hectares of land was acquired for future basin development and 15 drains or piped sections of the network were renewed or upgraded.

Groups of activities

Parks, open spaces and waterways

How did we measure up?

Activity	Level of Service	Actual	Target
Cemeteries	Capacity of Council cemeteries	16,000 full plots / 4,145 average ash plots	16,000 full plots / 3,400 ash plots
Regional parks	Area of regional park per 1000 population	13.67 ha / 1000	13.4 ha /1,000
Botanic Gardens	Number of visitors to the Botanic Gardens per year	1.6 million approx	1.2 million
Urban parks	Area of urban park per 1000 population / total area of urban parks	5.82 ha / 2,106.5 ha	4.7 ha /1,638 ha
	Percent of urban residences within 400 metres of a park	90.5%	90%
	Customer satisfaction with the appearance of parks	88%	>90%
	Provision of recreation facilities	5.1 playgrounds per 1,000 children & 1.1 youth recreation facilities per 1,000 youth	>4 playgrounds per 1,000 children / >1 youth recreation facilities per 1,000 youth
	Playing fields per 1000 sports participants	Winter 14.7 / Summer 8.3	14 winter fields per 1,000 / 7 summer fields per 1,000
	Customers satisfaction with range of recreation opportunities available in parks	81% Improved city wide planning will address this.	85%
Waterways and land drainage	Residents satisfaction with the appearance of waterways and wetlands	59%	75%
	Percent of non-flooding properties	100%	99%

Where are we heading?

We will continue to provide a network of safe, accessible and attractive neighbourhood, sports, garden, heritage and regional parks and reserves.

We will continue to promote and enhance Christchurch's identity as the Garden City.

We will continue to provide cemeteries to meet the current and future needs of the City's diverse culture, and enhance the park amenity value of these facilities.

We will continue to protect and enhance the City's waterways, their ecosystems and the biodiversity they sustain, as well as provide a safe, reliable, cost-effective and ecologically sustainable stormwater system.

We will continue to provide safe, accessible and appropriately located wharves and other marine structures, including the New Brighton Pier, Akaroa and Diamond Harbour wharves and the Lyttleton Marina.

Groups of activities

Parks, open spaces and waterways

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Cemeteries	1,492	732	760	735	538
Regional parks	6,890	710	6,180	6,330	5,547
The Botanic Gardens	3,326	148	3,178	3,276	3,191
Urban parks	21,652	496	21,156	18,746	19,813
Waterways and land drainage	14,624	61	14,563	15,009	13,736
Capital revenues	-	7,990	(7,990)	(9,650)	(10,906)
Cost of service	**47,984**	**10,137**	**37,847**	**34,446**	**31,919**
Capital expenditure					
Renewals and replacements			9,526	9,935	9,289
Improved service levels			757	657	727
Increased demand			12,247	14,858	12,857
Total capital expenditure			**22,530**	**25,450**	**22,873**

Explanation of significant cost of service variances

The variance in regional parks of $0.14 million was primarily due to $0.2 million of grants budget being transferred to community support for allocation.

The urban parks variance of $2.4 million is the result of increased depreciation of $0.4 million and $0.8 million for the write-off of the Stewart Fountain. In addition there were increases in legal costs of $0.3 million, building maintenance of $0.5 million, net grounds maintenance of $0.3 million and security services of $0.15 million.

The variance in waterways and land drainage is the result of a saving in staff costs.

The $1.7 million shortfall in capital revenues is due to a shortfall in development contributions received.

Significant capital expenditure

We purchased $3 million of reserve land for new city parks and reserves, and a further $2.5 million of land for the development of additional land drainage and flood protection facilities.

There was $4.6 million of upgrades and replacements of the storm water drains and pipes draining the City's land, and a further $3.7 million spent restoring the natural waterways and ponding areas.

$1.4 million was spent on the landing pontoon access at Akaroa wharf and other harbour structures.

Landscaping, revegetation, and development of our parks and reserves, including cemeteries and foreshore involved $4 million, and tree replacements in our major parks a further $0.7 million. The renewal and upgrade of park furniture, facilities, and equipment took another $3.6 million.

Explanation of significant capital expenditure variances.

Capital expenditure is under budget by $2.9 million as a result of the delay in commencing the Botanic Gardens Information Centre. This budget is carried forward to the 2009/2010 year.

Groups of activities

Recreation and leisure

What are recreation and leisure services and what does the Council do?

These services include running city sports facilities and programmes, promoting Christchurch as a destination for top sports events, and hosting festivals and events in the City.

Why is the Council involved in recreation and leisure?

The goal is to make Christchurch a better place to live by promoting healthy, active lifestyles.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the recreation and leisure group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the social well-being 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.

How does it affect me?

You use the Council's recreation and leisure services if you use facilities like QEII Park, Pioneer Leisure Centre, Jellie Park or Centennial Leisure Centre. You also use them if you attend any Council events such as Christmas in the Park or Classical Sparks, or a council-supported sporting event in the City, such as PGA Golf.

What activities are included in recreation and leisure?

Pools, leisure centres, stadia and sporting facilities
We provide accessible facilities so that people can participate in sport and physical activity at whatever level they choose, be it local, national or international.

Events and festivals
Events and festivals help make Christchurch a fun, interesting City in which to live, and they attract visitors both from within New Zealand and internationally. We produce a year-round programme of free and affordable events, and support a range of festivals that enhance the lifestyle qualities of Christchurch.

Recreation programmes
We provide a range of accessible recreational, arts and sporting programmes for the community to participate in at all levels.

Sports support and promotion
We assist clubs, associations and event organisers to promote Christchurch as a national and international sports destination.

What did we achieve?

Pools, leisure centres, stadia and sporting facilities
The opening of the redeveloped Jellie Park on 4 August 2008 was a distinct highlight. Swim education and other recreational programmes were hugely popular with over 1 million registrations.

Events and festivals
We successfully staged the Ellerslie International Flower Show in Christchurch for the first time, thereby helping to reinforce Christchurch's Garden City identity. New Zealand Cup and Show Week continues to attract more than $30 million into the local economy and is profiling Christchurch nationally.

Our winter season of events is under development with the Christchurch Arts Festival's Winter Garden attracting national profile for Christchurch in winter.

Garden City Summertimes continues to provide some of New Zealand's best free events and we have ensured that the World Buskers Festival will remain in Christchurch as part of the summer season of events.

Sports support and promotion
Christchurch has secured the right to host two quarterfinals and five other games in the 2011 Rugby World Cup, hosting such nations as England, France, Australia, Italy, Ireland as well as the All Blacks. Christchurch's sporting powerhouse supported 31 national and 20 international sporting events returning $30.6 million to the City's economy

Recreation programmes
Our community has been active with 120,000 recorded participations in community-based programmes and events such as School Holiday Programmes and community events such as Culture Galore.

Groups of activities

Recreation and leisure

How did we measure 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%
Pools and leisure centres, stadia and sporting facilities	Facilities meet legislative requirements measured by WSNZ PoolSafe accreditation	Achieved	All indoor pools are Pool Safe accredited
	Number of customer visits to leisure centres per year	4.1 million	Over 2.6 million
	Provision of multi-use leisure centres per 50,000 population	6 centres	6 centres
	Area of pool provided per capita	1 sq m per 44.5 persons	1 sq m per 105 persons
	Number of customer visits per year to Council - operated stadia and sporting facilities	594,866	410,000
Events and festivals	Per cent satisfaction with the quality of major festivals and events provided	95.7%	At least 90%
Recreation programmes	Attendance numbers at Council recreation, arts and sporting programmes and events	1,028,361	570,000 programme visits p.a.
Sports support and promotion	Number of national or international events hosted in Christchurch per year	21 international and 32 national events	6 international events hosted p.a / 12 national events hosted p.a
	Dollar value of economic benefits delivered to the city per year, through the hosting of events	$30.6 million	At least $22 million benefit

Where are we heading?

Pools, leisure centres, stadia and sporting facilities
We will continue to develop facilities that meet community needs. In 2009 and 2010 the Graham Condon Recreation and Sport Centre at Papanui and artificial turfs at English Park and St Bedes College will be delivered. Over the next 10 years Christchurch will see test cricket on Hagley Park, an eight-to-ten court indoor multisports stadium, a recreation and sport centre in the south-west and a host of other developments.

Sports support and promotion
We will continue to support the sporting and business community by attracting national and international events. 2011 will be a highlight with the International Paralympic Games at QEII and the Rugby World Cup.

Events and festivals
Development of our events calendar in the winter months will continue to ensure a well-balanced programme of events that promote Christchurch to visitor markets.

Recreation programmes
The Council will focus more on targeting needs and filling those identified gaps. In addition, there will be a focus on empowering others in the community to provide programmes with the Council moving from a delivery role to a support role.

Groups of activities

Recreation and leisure

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	**Income**	**Net Cost**	**Plan Net Cost**	**Net Cost**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Operational service result					
Pools and leisure centres, stadia and sporting facilities	21,267	10,731	10,536	11,947	9,715
Events and festivals	8,210	3,844	4,366	3,766	3,737
Recreation programmes	2,329	613	1,716	2,695	2,293
Sports support and promotion	2,188	9	2,179	2,444	2,456
Capital revenues	-	360	(360)	(140)	(33)
Cost of service	**33,994**	**15,557**	**18,437**	**20,712**	**18,168**
Capital expenditure					
Renewals and replacements			5,005	4,647	11,584
Improved service levels			1,710	3,245	756
Total capital expenditure			**6,715**	**7,892**	**12,340**

Explanation of significant cost of service variances

Pools and leisure centres, stadia and sporting facilities
Pools and leisure centres are $1.3 million lower than plan due to lower depreciation charges of $1.1 million and borrowing costs of $0.2 million as a result of delays in the timing of the capital programme.

Events and festivals
Events and festivals are $0.5 million above plan due to an additional $0.2 million being spent on events and a $0.3 million variance in depreciation.

Recreation programmes
Community recreation grants of $0.8 million were budgeted here in 2008/09, however actual grants paid out are included with the community grants activity within the community support group of activities.

Sports support and promotion
Recreation and sports grants of $0.3 million were budgeted here in 2008/09, however actual grants paid out are included with the community grants activity within the community support group of activities.

Significant capital expenditure

During 2008/09 $1.5 million was incurred on the Graham Condon Leisure Centre, $1.1 million on QEII Centre of Excellence and other projects, $1.1 million on the Pioneer Fitness Centre Upgrade and $1 million on the completion of Jellie Park. In addition $1.1m was spent on general renewals and replacements and $0.8 million was spent on improvements to stadia including Cuthberts Green ($0.3 million) and Porritt Park grandstand ($0.3 million).

Explanation of significant capital expenditure variances

The Graham Condon Leisure Centre was delayed and $1.8 million of budget was carried forward to 2009/10. Offsetting this, the Jellie Park redevelopment was $0.4 million higher than planned and the Pioneer Fitness Centre Upgrade was $0.3 million higher than planned.

Groups of activities

Refuse minimisation and disposal

What is refuse minimisation and disposal and what does the Council do?

We collect and dispose of our rubbish and work with the community to reduce the waste we send to landfill. Encouraging residents and businesses to recycle and reduce the amount of waste they create is increasingly important.

We monitor disused landfills around the City and are responsible for the capping and aftercare of the old Burwood landfill

Why is the Council involved in refuse minimisation and disposal?

We provide solid waste collection, treatment and disposal services in order to protect the health of the community. Our involvement in waste reduction, reuse and recycling reflects the importance now placed on the sustainable use of resources.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the refuse minimisation and disposal group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the environmental and economic well-being 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.

How does it affect me?

Properly disposing of rubbish and reducing the amount we send to landfill helps to create a healthy, safe environment for us to live in.

What activities are included in refuse minimisation and disposal?

Rubbish collection and disposal
We provide a reliable collection and disposal service for official Council black rubbish bags within the Central Business District. Outside of the central business district this was replaced by the residual waste component of the three wheelie bin system introduced progressively throughout the second half of the year.

Refuse transfer and disposal
We provide for the safe, convenient and environmentally sound disposal of solid waste.

Waste minimisation
We provide programmes to encourage reusing and recycling, and to motivate behaviour change. We provide kerbside recycling and greenwaste collection, along with green waste composting and recycling facilities at refuse stations. This activity also includes business resource efficiency programmes.

What did we achieve?

The Burwood gas project continues to perform very well. The gas reticulation pipelines have been extended to Christchurch Wastewater Treatment Plant and a line to feed the Art Gallery and new Civic Building will be completed by December 2009.

This year we received our first payment for carbon credits associated with the Burwood gas project.

The new kerbside collection system was rolled out in 2008/09 and both processing plants are working well. All facilities were completed on schedule and to budget. Early data from this new initiative shows that diversion of material from landfill is in line with projections and contamination of recyclable and organic materials is very low.

Community drop off points on Banks Peninsula were upgraded in 2008/09 to coincide with the rollout of the new wheelie bin service. A weighbridge was installed at Barry’s Bay Transfer Station to facilitate more accurate analysis of the waste stream around the Akaroa Harbour area.

The Target Sustainability programme has continued to be very successful with the business community.

We committed $0.1 million to the Canterbury Waste Joint Committee towards regional waste minimisation projects. These projects include the continuation of a three year compost trial in South Canterbury to verify the benefits of using compost in agriculture.

Groups of activities

Refuse minimisation and disposal

How did we measure up?

Activity	Level of Service	Actual	Target
Black bag collection and disposal	Percentage of black rubbish bags and recycling crates collected weekly.	99.9% (part bags, part wheelie bins due to changeover)	>99%
Refuse transfer and disposal	Opening hours of refuse stations	Achieved	8.5 hours a day, 7 days per week (excluding public holidays)
	Zero breaches of resource consents by the Council's solid waste facilities	Achieved	Nil
	Total amount of waste sent to landfill each year (tonnes)	222,690 Increased recycling through public awareness. This also impacts measures below.	260,000+/-5%
Waste minimisation	Kilogram's of waste sent to landfill per capita, per year – commercial	338 kg	400 kg
	Kilogram's of waste sent to landfill per capita, per year – domestic	265 kg	290 kg

Where are we heading?

We will continue to work with residents to maximise diversion through the new kerbside system. New education programmes will be launched with school groups and the community in 2009/10.

We will continue to actively participate in the Canterbury Waste Joint Committee, with programmes for waste reduction and monitoring that reduce waste to landfill across the region. Planning work will be undertaken to extend the current compost trials to other sites in the South Island, including one close to Christchurch.

We are continuing to work with our business units and the business community to reduce and reuse valuable materials such as paper, plastics, metals and glass. We will help facilitate diversion of organic material from commercial and industrial premises to the new compost plant to reduce organic material going to landfill.

Groups of activities

Refuse minimisation and disposal

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Black bag collection and disposal	9,471	1,676	7,795	5,924	5,537
Refuse transfer and disposal	5,781	2,284	3,497	1,216	79
Waste minimisation	12,726	604	12,122	14,857	8,519
Cost of service	**27,978**	**4,564**	**23,414**	**21,997**	**14,135**
Capital expenditure					
Renewals and replacements			24,087	23,692	2,029
Improved service levels			985	268	484
Increased demand			41	35	26
Total capital expenditure			**25,113**	**23,995**	**2,539**

Explanation of significant cost of service variances

Black bag collection and disposal was $1.8 million more than planned. $1.3 million of costs is due to the reallocation of costs between activities. The credit of $1.3 million is included in waste minimisation. The remaining $0.5m is due to customers who allowed private bin contracts to expire earlier in the year than expected in readiness for the new three bin system.

Refuse transfer and disposal is $2.3 million more than planned, due to higher aftercare costs at Burwood Landfill.

The spend on waste minimisation was $2.7 million less than planned. $1.3 million is as discussed above with the remaining variance being due to a lower uptake of commercial waste minimisation initiatives such as Target Sustainability ($0.1 million), a lower than budget requirement on planning for regional initiatives ($0.7 million), and $0.3 million less depreciation than planned. In addition, income was $0.3 million higher than plan resulting from outsourcing the recycling business for the five months from February. This benefit had not been budgeted.

Significant capital expenditure

$22.4 million of the total capital expenditure relates to the construction and fit-out of the new composting facility ($21.9 million) and $0.5 million on start up costs associated with the rollout of the three bin system.

Explanation of significant capital expenditure variances

The third stage of the landfill gas pipeline was not originally included in the plan for the current year. Therefore the $0.7 million spent in the current year is additional expenditure against the plan.

Groups of activities

Regulatory services

What are regulatory services and what does the Council do?

Our regulatory services make sure we follow all the laws and rules that apply in the City to keep our residents healthy and safe. The aim is to protect the public from hazards and nuisances and educate people about their obligations.

Why is the Council involved in regulatory services?

Regulatory services are needed to administer the laws around building and development work, the health and safety of licensed activities, and the keeping of dogs. Council staff enforce regulations, investigate complaints and non-compliance, and assess the potential effects of various activities while still enabling builders, developers and property owners to carry on their business.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the regulatory services group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

In this instance, the Council's performance has had the greatest impact on the environmental and economic well-being of the community through the provision of building and licensing approvals, inspections of construction work, and enforcement of health, noise, parking and other bylaws.

How does it affect me?

You will use Council's regulatory services if you build a new home, request a property report before buying a home, or if you express concern about noise. These services affect how you handle dogs and farm animals, and where you can buy liquor.

What activities are included in regulatory services?

Enforcement and inspection activities
Our enforcement and inspections team protects the health and safety of the City by minimising potential hazards – this includes controlling dogs and wandering stock, controlling where alcohol can be sold, and carrying out health inspections at food outlets. The team ensures that residents and businesses comply with rules for building, parking, and the City Plan and bylaws. It also responds to complaints about noise. Educating the public about the rules is a key part of the enforcement and inspection team's work.

Maintaining and reviewing the City Plan
We plan and provide for the sustainable management, development and protection of natural and physical resources of the City, as required by Section 5 of the Resource Management Act 1991.

Regulatory approvals
These are the building inspectors and administration officers who ensure that development in Christchurch complies with relevant legislation, national standards, and statutory timeframes. Their aim is to make it easy for property owners, builders, developers and others to do business with the Council. At the same time, they must ensure that the outcomes of individual planning proposals meet the objectives of local policy and national legislation. Day-to-day business includes issuing building consents, land use resource consents, subdivision consents, and LIM and PIM reports.

What did we achieve?

We granted building consents for $1.015 billion of building development. Commercial consents were 63% up in value over the 2008 results.

There were 6,374 building consents, 1,198 non-notified resource consents, 30 notified resource consents and 382 subdivision consents approved during the year.

The issuing of LIMs, 26,364 building inspections for properties under construction and issue of 6,934 code compliance certificates was accomplished, meeting customer requirements in significantly less than the statutory timeframes.

We, as a Building Consent Authority, achieved accreditation in October 2008, after meeting the standards outlined in The Building (Accreditation of Building Consent Authorities) Regulations 2006. These standards were rigorous and included all of our resourcing, reporting, document control, technology and processes being audited by International Accreditation New Zealand.

Groups of activities

Regulatory services

How did we measure up?

Activity	Level of Service	Actual	Target
Enforcement and inspection activities	Percent of priority 1 complaints (wandering stock and aggressive behaviour by dogs) responded to within 2 hours	94%	100%
	Percent of priority 2 complaints (all other complaints about dogs) commenced within 24 hours	91%	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)	61% / 90%	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	90%	80%
	Percent of all regulatory applications processed with statutory time frames	Not achieved	100%

Where are we heading?

We 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. We are working towards exceeding minimum requirements and are seeking to ensure national consistency by working with other metro territorial authorities.

All appointments arising from the restructuring in regulatory services that commenced in 2007/08 have been completed this year, providing for leadership in the technical areas of enforcement, liquor licensing, health licensing and environmental compliance. A programme of continuous improvement is underway across these technical disciplines and an enforcement manual of best practice has been developed and introduced.

The focus is now on building a customer-centric approach to regulatory services, developing improved delivery mechanisms such as increased use of e-business, electronic reporting and processing, and enhanced officer accountability in terms of compliance and enforcement activities.

We have responded to legislative changes with the Building Act 2004 being amended, increasing the range of building work exempted from needing a consent and implementing a new building infringement process.

Groups of activities

Regulatory services

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries) $'000	Income $'000	Net Cost $'000	Plan Net Cost $'000	Net Cost $'000
Operational service result					
Enforcement and inspection activities	10,374	12,283	(1,909)	752	957
Maintaining and reviewing the City Plan	3,203	450	2,753	2,554	3,736
Regulatory approvals	21,289	14,891	6,398	3,711	3,699
Cost of service	**34,866**	**27,624**	**7,242**	**7,017**	**8,392**
Capital expenditure					
Renewals and replacements			42	117	67
Total capital expenditure			**42**	**117**	**67**

Explanation of significant cost of service variances

Enforcement and inspection revenue was $2.7 million above budget. This is due to the recognition of parking fines which have been referred to the Courts for collection. $1.0 million of this relates to the 2008/09 year and the balance to prior years. This revenue was previously recognised on a cash basis as it was received.

Regulatory approvals were $2.7 million over plan $2.1 million of which relates to the recognition of the future value of known weather tight home claims. These claims had previously been recognised as a contingent liability. In addition, revenue, particularly for LIMS, was reduced by $0.5 million a result of the general economic downturn,

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Groups of activities

Streets and transport

What is included in streets and transport services, and what does the Council do?

We plan, build, operate and maintain Christchurch's streets, parking and transport systems. We encourage sustainable travel alternatives such as walking and cycling.

Why does the Council provide streets and transport?

We provide streets and transport so that people have safe, easy and comfortable access to homes, shops, businesses and leisure activities.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the streets and transport group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

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

How does it affect me?

A well–run transport system makes it easier for us to get around our City. Our promotion of active travel means that sustainable travel, like biking and walking, is being rediscovered as a pleasant and easy option for residents.

What activities are included in streets and transport?

Cycle and pedestrian linkages – off-street
We promote active travel, including the provision of off-road cycle and walkway linkages between roads. Education programmes encourage people to change their behaviour by promoting alternative travel modes.

Off-street parking
We provide off-street parking to ensure these facilities are safe, accessible, attractive and promote easy access to work and leisure activities.

Public pedestrian malls – off-street
We promote active travel, including the provision of attractive open spaces and malls for pedestrians, particularly in the Central City.

Public transport
We provide the integrated bus infrastructure used by the City's bus companies to provide the public passenger transport services. This includes the central bus exchange, bus stops, shelters, bus priority systems and the free Central City shuttle.

Streets – road corridors
We are responsible for the planning, building, and maintenance of the public road network to provide safe, sustainable, integrated, attractive, and affordable roading infrastructure. This includes roadways, bridges, and footpaths, road drainage and landscaping, as well as the provision of on-street parking, street lighting, traffic control systems and traffic safety programmes.

What did we achieve?

Major street renewals during the year involved replacing 19 kilometres of the City's 2,500 kilometres of concrete road gutters, including 18.5 kilometres of the old style dish channels. More than 70 kilometres of the City's 2,000 kilometres of sealed roads and 114 kilometres of the City's 2,500 kilometres of footpaths were resurfaced in order to maintain the quality of our road corridors and walkways. We also completed a number of road bridge renewals and cycle path development.

The major upgrade of City Mall is continuing on target for completion at the end of 2009. This will be a significant enhancement to the Central City.

Forty new high definition crime prevention cameras were installed in 30 Central City sites, providing Christchurch with the highest level of such surveillance in the country.

Throughout the year there was a continued rolling improvement in the efficiency of the City's 35,000 street lights providing better light for the same or less power.

Planning for the new Transport Interchange and the related works has continued, with almost all of the land now purchased. Construction is planned to start in 2010.

Groups of activities

Streets and transport

How did we measure up?

Activity	Level of Service	Actual	Target
Cycle and pedestrian linkages – off-street	Percent resident satisfaction with quality of cycle ways	66%	>65%
	Percent resident satisfaction with quality of pedestrian malls	66%	>65%
Off-street parking	Percent satisfaction with the Council's off-street parking facilities	82%	New measure. - Baseline measures to be established 08/09
	Percent user satisfaction that cars are safer in off-street parking facilities than parked on the street	93.6%	>65%
Public passenger transport	Number of shuttle passenger trips per year.	995,000	>850,000
	Percent resident satisfaction with the quality of bus signs, shelters and seats	64% of Metro users surveyed were satisfied with the quality of bus shelters provided. 69% were satisfied with Variable Message Signs and Bus Finders provided.	>65%
Streets – road corridors	Percent resident dissatisfaction with general road congestion	No measurement (a more relevant measure set for 09/10)	New measure. Baseline measures will be established in 2008/09
	Number of vehicle crashes per 10,000 people – 5 year rolling average	24.8	Less than 22
	Percent of vehicle travel on smooth roads (using LTNZ Smooth Travel Exposure measure)	85% Index affected by Banks Pen. Roads.	STE >87%
	Kerb and dished channel renewal (remove dished channels by 2023)	19.1 km	19 km
	Number of cyclist casualties – 5-year rolling average	129.6	Less than 112
	Number of pedestrian casualties – 5-year rolling average	94.2	Less than 95
	Percent of resident satisfaction with safety of streets	95% during the day, 43% after dark	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	16.10 (am peak) 14.00 (inter peak) 16.40 (pm peak)	15.40

Where are we heading?

We will continue to plan, build, and maintain the public road network to provide a safe, sustainable, integrated, attractive and affordable link for all users to all parts of the City.

We will continue to plan, build, and maintain facilities which promote active travel, including walking and cycling networks, as well as to promote travel behaviour change.

The new transport interchange and the roll-out of the bus priority lanes will be the focus with regards to the public transport infrastructure.

We will continue to provide accessible, efficient, and cost-effective parking options, both on-street and in the City's parking buildings.

Groups of activities

Streets and transport

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Cycle and pedestrian linkages – off-street	480	103	377	508	344
Off-street parking	5,780	6,372	(592)	(777)	(1,060)
Pedestrian malls – off-street	3,407	7	3,400	3,529	2,752
Public passenger transport	5,458	1,830	3,628	3,561	3,544
Streets	78,939	16,856	62,083	67,679	59,277
Capital revenues	31	25,580	(25,549)	(21,261)	(9,426)
Cost of service	**94,095**	**50,748**	**43,347**	**53,239**	**55,431**
Capital expenditure					
Renewals and replacements			42,308	48,425	31,810
Improved service levels			14,258	18,717	11,561
Increased demand			8,639	18,137	22,236
Total capital expenditure			**65,205**	**85,279**	**65,607**

Explanation of significant cost of service variances

Off-street parking had a $0.7 million shortfall in revenues, which was compensated by a $0.9 million saving in depreciation.

There was a $5.6 million net saving in the provision of streets, $2.7 million of which is due to the sale of surplus land around the Blenheim Road bridge. In addition there was a $1.75 million reduction in debt servicing costs, $1.3 million saving in depreciation, $0.7 million saving in maintenance and $0.7 million saving in electricity. This was off-set by a $0.6 million shortfall in operational NZTA subsidy able to be claimed and a $0.9 million over spend in consulting fees.

The $4.3 million surplus in capital revenues came from an increased level of NZTA subsidy on our capital programme. This included $12.5 million of subsidy claimed on the purchase of land for the new public transport interchange. This was $7 million more than the original plan and was due to timing and the increased subsidy rate of the claim. This was off-set by a $3.3 million reduction in subsidised expenditure as compared with the original plan.

Significant capital expenditure

The majority of capital expenditure was spent on the road corridors including the following: kerb and channel (new and renewals) $22 million, carriageways renewals and resurfacing $10.2 million, road network upgrades and safety improvements $4.9 million, footpath resurfacing $3.5 million, bridges and structures renewals $2.7 million.

A further $4 million was spent on property purchases and planning for the new transport interchange, $0.9 million on enhancing the existing bus exchange and $1.5 million on the planning of six bus priority lanes.

$6.2 million has been spent on the upgrading of the City Mall, and $0.9 million on Central City crime prevention cameras.

Explanation of significant capital expenditure variances

The capital spend for the year is $20 million less than the $85 million budget.

Spending on passenger transport was $8.5 million below budget due to delays in the Bus Priority Lanes and the timing of spending on the new transport interchange. Kerb and channel replacement was under plan by $5.3 million, and improvements to cycleways by $1.8 million due to delays caused by special consultation process requirements. Road network upgrades and new safety improvements were under plan by $3 million due to the delay in bus priority lanes and to a re-prioritisation of Central City projects as part of the LTCCP process.

Groups of activities

Wastewater collection and treatment

What is wastewater collection and treatment and what does the Council do?

Wastewater includes both 'grey water' and sewage, collected from household drains and sewerage pipes. It is delivered through an underground network of pump stations and pipes to treatment plants, where contaminants are removed prior to discharge to the ocean.

Why does the Council provide wastewater collection, treatment and disposal?

We collect wastewater from Christchurch homes and businesses to protect the health of the City.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the wastewater collection and treatment group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

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

How does it affect me?

The collection and treatment of our wastewater keeps our City healthy and protects our environment.

What activities are included in wastewater collection and treatment?

Wastewater collection
We provide for the continuous collection and transportation of the City's wastewater from properties, via an underground sewerage network, to treatment plants – the main Christchurch plant at Bromley, plus a number of smaller plants in Banks Peninsula.

Wastewater treatment and disposal
The City's wastewater is processed through treatment plants before being disposed of through outfalls to the sea and, at some small plants, to land. An accredited laboratory monitors and controls the treatment process to ensure that discharged treated effluent meets health and environmental standards.

What did we achieve?

Wastewater asset renewal works progressed well over the year with the installation of new odour control facilities at the Christchurch Wastewater Treatment Plant. The facilities will be fully commissioned in 2009/10.

Design and implementation of upgrades to the wastewater network Scada systems progressed throughout the year (Scada is the monitoring system that controls the wastewater reticulation system and water supply).

The Ocean Outfall project continued throughout the year but has suffered delays due to adverse sea conditions. Whilst all pipe strings are now in place the fitting of diffusers and system testing will run into the 2009/10 year. The pump station associated with the project is ready for operations.

The project to dry and reuse bio solids from the Christchurch Wastewater Treatment Plant progressed well throughout 2008/09. Construction will commence on-site in September 2009 and the plant should be operational by July 2010.

The sewer renewal programme was completed in line with the asset renewal programme requirements.

Our programme of removing old underground fuel tanks at the pump stations and treatment plants continued in 2008/09, with all programmed tanks being removed and replaced with above ground vessels that meet modern environmental and engineering codes.

Major sewer upgrades progressed well in 2008/09 with the completion of the section from Aldwins Road to Tuam Street. Stage 2a from Tuam Street to Fitzgerald Avenue commenced construction and design work was completed for the rest of the Western Interceptor, Fendalton Duplication and Wairakei Interceptor. The construction of these major sewers is integral to reducing overflows into the Avon River and facilitating growth in the south-west area of the City. All computer modelling of the City's truck sewers was completed in 2008/09.

Land was purchased for the Wainui wastewater project and resource consents are being sought to discharge treated effluent to land from this area.

The Lyttelton Harbour Working Group made a recommendation to Council to pipe Lyttelton Harbour sewerage to the Christchurch Wastewater Treatment Plant for treatment and discharge via the Ocean Outfall. We endorsed this approach. Funding is programmed from 2017 to implement this recommendation.

Planning work continued on the Little River and Akaroa wastewater projects.

Groups of activities

Wastewater collection and treatment

How did we measure up?

Activity	Level of Service	Actual	Target
Wastewater system as a whole	Number of public health issues attributable to the wastewater system	Zero	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	91%	90%
	Number of wet weather sewer overflows into rivers and waterways, per year (10 year rolling average)	5 A one in ten year flood event occurred in the 2008/09 year.	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	Maximum of 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 but overtime	On budget and on time

Where are we heading?

The Biosolids Drying Facility is due to be in service by July 2010. This project will reduce biosolids sent to the Kate Valley landfill by 22,000 tonnes per annum. The Ocean Outfall project will be commissioned in the 2009/10 year and discharge to the Heathcote Estuary will cease at this time.

Construction on the Western Interceptor will continue during the 2009/10 year as will upgrade works at Pump Station 22.

Planning and consenting work will be undertaken to align the small wastewater treatment plant discharges on the Lyttelton and Akaroa Harbours with the 2009-19 LTCCP construction programmes.

Upgrade of the high voltage ring main at the Christchurch Wastewater Treatment Plant will be completed in 2010.

Wastewater catchment modelling will commence in the City. This work is needed to optimise networks and identify any areas of high infiltration.

Automation upgrades to rural pump stations and wastewater treatment plants will continue.

Asset renewal works will progress in line with asset management plans.

Planning and design work will be undertaken for a new co-generation engine for the Christchurch Wastewater Treatment Plant.

Groups of activities

Wastewater collection and treatment

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries) $'000	Income $'000	Net Cost $'000	Plan Net Cost $'000	Net Cost $'000
Operational service result					
Wastewater collection	20,016	50	19,966	20,152	19,122
Wastewater treatment and disposal	12,576	4,423	8,153	8,976	9,023
Capital revenues	-	3,910	(3,910)	(2,810)	(2,553)
Cost of service	**32,592**	**8,383**	**24,209**	**26,318**	**25,592**
Capital expenditure					
Renewals and replacements			16,967	20,420	11,176
Improved service levels			13,171	16,890	24,041
Increased demand			8,438	11,036	15,145
Total capital expenditure			**38,576**	**48,346**	**50,362**

Explanation of significant cost of service variances

The net cost of service for wastewater treatment is $0.8 million less than planned, with $0.6 million of this being due to additional revenue as a result of higher volumes of trade wastes being disposed of by industry.

There was an additional $1.1 million of capital revenues from developer contributions.

Significant capital expenditure

We spent $9.8 million on the Ocean Outfall project in the last year. This is the continuation of the project started in the previous year which results in treated wastewater being piped three kilometres out into Pegasus Bay, improving water quality in the Avon-Heathcote Estuary.

A number of capital projects are underway at the Christchurch Water Treatment Plant, totalling $10.2 million. These projects include the construction of the fifth and sixth digesters and construction of the Biosolids Drying Facility.

A total of $6.6 million has been spent in the last year on the Western Interceptor upgrade. This project continues from the previous year and is required to ensure the sewerage system can support increased volumes from the development of south-west and western suburbs.

Explanation of significant capital expenditure variances

Marine works on the Ocean Outfall project have been delayed due to rough sea conditions, with a further one to two months of good weather required to complete the project. As a result the spend to date on this project is $6.2 million behind the original plan. This will be carried forward to the 2010 year.

Stage 1 of the Western Interceptor project was $0.7 million behind plan as a result of delays due to repairs required to the existing Southern Relief sewer. This amount will be carried forward to the next year.

The Wainui Sewer Reticulation project has been delayed due to delays in land purchase and granting of consents. This resulted in the project being $1.2 million under spent. This project will now be carried out in 2012.

The remaining balance is made up of a number of smaller projects.

Groups of activities

Water supply

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

The Water supply service is the network of treatment facilities, wells, pump stations, reservoirs and underground pipes used for the distribution of clean drinking water in the City.

Why is the Council involved in water supply?

We maintain it in order to protect the health of the community, to meet the needs of commercial users, to promote water conservation, and to ensure there is an adequate water supply for fighting fires.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future. The following pages contain performance results for the water supply group of activities for the 2008/09 year. These performance results have a direct impact on one or more of the four well-beings.

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

How does it affect me?

When you turn on your tap at home the water that flows is fresh and clean. We make sure that the water supply is reliable and that water quality is maintained.

What activities are included in water supply?

Water supply
Providing a clean and reliable water supply is one of our key responsibilities. Council staff monitor and control water quality and maintain the network of assets used for supply.

Water conservation
We promote the efficient use of water to protect the resource for future generations. Staff work with the community to reduce the amount of water we use and to make sure the quality of our drinking water is maintained.

What did we achieve?

A new well was commissioned in South Brighton Park to reinforce the water supply network in the New Brighton area. The well head security programme continued throughout the year and design work for the upgrade of the Birdlings Flat water supply was completed.

Construction of the new Cashmere Reservoir is nearing completion and will be commissioned in the spring of 2009.

Water main and submain pipe renewals were completed in line with the asset management plans.

Water supply models were completed for Lyttelton Basin and Akaroa township. Ninety-five per cent of the City's water supply is now modelled. The models are important for predicting the impact of growth and improving network efficiency. The Takamutua water main upgrade was completed.

Our Water Strategy was released for public consultation early in 2009 and adopted by the Council in June 2009. We also continued to make good progress with commercial and industrial businesses in implementing the backflow prevention programme to protect the public water supply.

During the year we spent $0.4 million on land to allow for a new water pumping station to be built at Wilmers Road.

Groups of activities

Water supply

How did we measure 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)	311 litres per person per day	<316 litres per person per day
	Total water used by the city per year (million cubic metres, 5 year rolling average)	54.8 million cu m	53 million 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	98 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	32 shutdowns>4 hours duration per event in the 2008/09 year.	No more than 1 unplanned 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).	99.9%	At least 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	98.9%	At least 95% of the time
	Minor leaks and faults repaired within three working days	98%	At least 95% of the time
	Percent customer satisfaction with water quality and taste	93%	>90%

Where are we heading?

We will commission the Cashmere Reservoir in October-November 2009.

New automation systems will be fitted to Banks Peninsula water treatment plants and pump stations in 2009/10 and the backflow prevention and well head security programmes will continue.

The Birdlings Flat Water Treatment Plant will be upgraded by June 2010 and design of the upgrade of the Duvauchelle Water Treatment Plant will be completed.

Extensive water main renewal work will be undertaken in Lyttelton in the 2009/10 year.

Design of the fire fighting water supply upgrade for the Rapaki township will be completed by June 2010. Construction will be undertaken in the following year.

Review of the restricted water supply areas and upgrading of the water network automation and monitoring systems will continue in the 2009/10 year.

Groups of activities

Water supply

What did it cost?

Statement of cost of services for the year ending 30 June 2009

	2009				2008
	Costs (After Internal Recoveries)	Income	Net Cost	Plan Net Cost	Net Cost
	$'000	$'000	$'000	$'000	$'000
Operational service result					
Water conservation	140	-	140	135	144
Water supply	21,185	2,812	18,373	19,723	18,406
Capital revenues	(4)	1,984	(1,988)	(2,257)	(2,193)
Cost of service	**21,321**	**4,796**	**16,525**	**17,601**	**16,357**
Capital expenditure					
Renewals and replacements			7,396	9,224	6,915
Improved service levels			1,563	1,551	471
Increased demand			1,746	2,446	1,244
Total capital expenditure			**10,705**	**13,221**	**8,630**

Explanation of significant cost of service variances

Within the Water Supply group of activities, the water supply activity net cost of service is $1.4 million less than planned. Water supply income has reduced as a result of lower consumption by high use consumers ($0.4 million), and there has been a reduced need for expenditure in the year, with resources diverted to important projects elsewhere in the Council ($0.7 million). The remaining variance is a result of lower depreciation and interest expense.

Significant capital expenditure

We spent $1.6 million on the Cashmere Reservoir replacement project and $0.4 million was spent on the Wilmers Road new water pumping station. The majority of the remaining expenditure has been on renewals and replacements of headworks and water mains across the existing water supply network.

Explanation of significant capital expenditure variances

The majority of the $2.5 million underspend against plan is a result of delays in various headworks renewal projects, with $2.2 million being carried forward to be spent on these projects in the 2009/10 year.

Council Building Inspector **Ian McLean** makes a site visit during construction of the new east stand at AMI Stadium.

Financial statements

Annual Report 2009
Christchurch Otautahi

This section contains details about the Council's finances over the past year, how your rates dollars were spent, where additional funding came from and some of the year's financial highlights.

Financial statements

Financial highlights

What was our result for the year?

This year's Annual Report shows that we remain in a strong financial position, with an accounting surplus of $63.4 million. This is $21.4 million above plan.

Why do we plan for a surplus?

Under accounting standards we are required to show all revenue, including capital revenue, as income received for the year. Capital revenues include: development contributions, which are used to fund future development; New Zealand Transport Agency (NZTA) subsidies; and vested assets (footpaths, water and drainage infrastructure and reserves land), which are vested to Council by developers. The surplus also includes interest received on funds that are held for specific purposes.

What caused the difference?

The additional accounting surplus of $21.4 million is primarily made up of additional revenue as follows:

- vested assets of $8.9 million. This is made up of $11.1 million of assets vested on dissolution of the old Victory Park Board, offset by a shortfall in infrastructure assets
- higher subvention receipts, $5.9 million
- court recovery of parking fines, $3.2 million
- sale of Blenheim Road assets, $2.7 million
- higher than planned subsidy from NZTA, $2.4 million
- gain on investment in Endeavour iCap, $2 million

This was offset by increases of $2.2 million and $2.7 million respectively in the Weathertight homes and Landfill provisions.

After adjusting for these we have made a cash operating surplus for the year of $1.5 million.

What will we do with the surplus?

The $1.5 million is transferred to a reserve and will be used to fund future capital expenditure. This reduces the amount of borrowing that Council must undertake thereby reducing the interest cost to ratepayers.

Sources of operating income

Total income and vested assets for the year ended 30 June 2009 is $494.5 million. It was received from the following sources:

	Actual $m	Plan $m
Rates revenue	243.7	243.4
Sale of goods / services	42.3	38.5
Rental revenue	25.3	25.9
Interest revenue	21.8	25.9
Dividends	37.4	39.5
Development contributions	13.8	14.1
NZ Transport Agency subsidies	35.3	32.9
Other revenue	50.1	32.6
Vested assets	24.8	15.9

Understanding the Council's operating expenditure

Our total operating expenditure for the year ended 30 June 2009 was $430.3 million. Key components include:

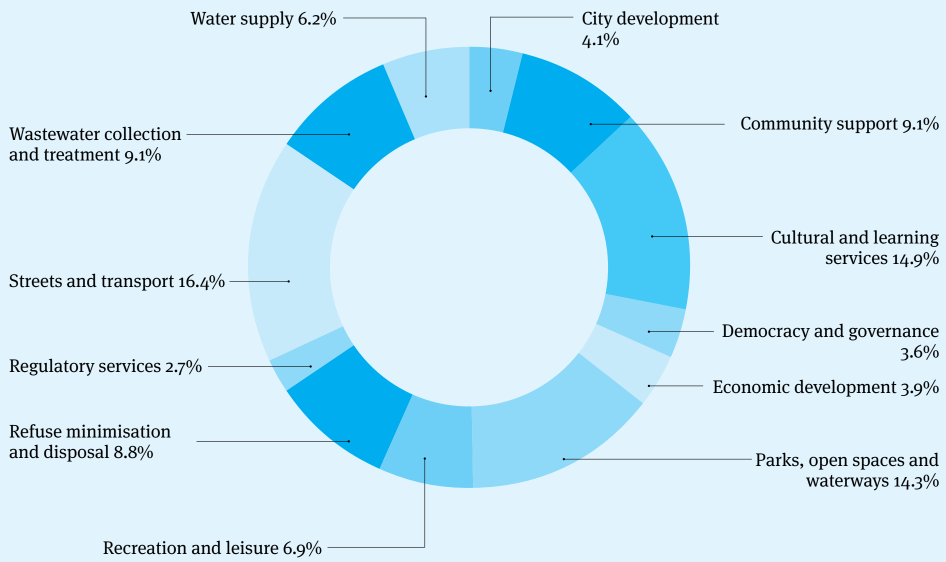
	Actual $m	Plan $m
Depreciation and amortisation	102.5	105.3
Finance costs	11.0	15.7
Employee costs	121.6	118.1
Grants / donations	22.7	23.1
Other operating expenses	172.5	164.5

Financial statements

Financial highlights

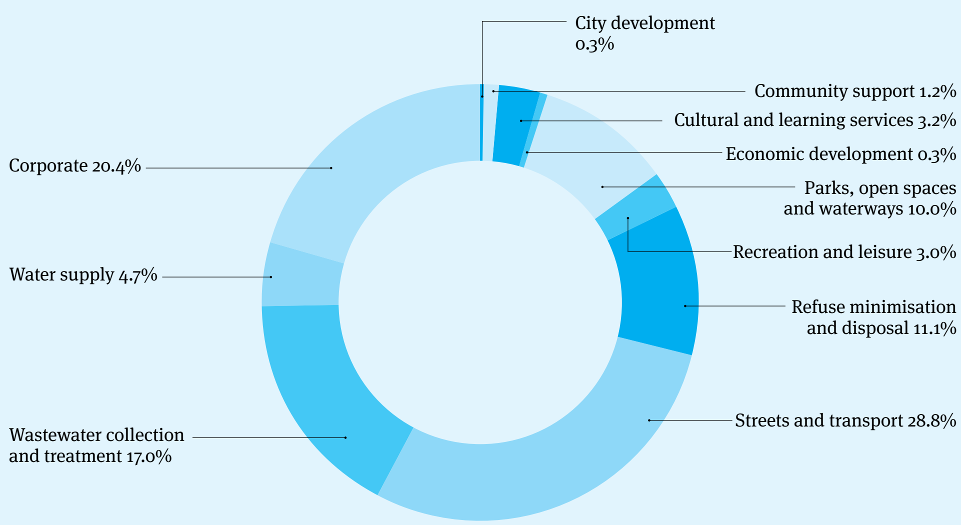
How your rates dollars were spent

The $243.7 million of rates collected was allocated across groups of activities as shown below.



Investing in the assets of the City

We continued to invest in the City, spending $226.4 million across a wide range of capital projects. Highlights are below with more detail in the groups of activity pages.



Financial statements

Financial highlights

What did we achieve?

Major capital projects completed for the year include the Jellie Park upgrade ($1.0 million), $21.9 million for the new composting facility, $0.9 million on Central City crime prevention cameras, $1.6 million for the Cashmere Reservoir replacement, and $1.4 million on the landing pontoon access at Akaroa Wharf and other harbour structures.

The Council spent $17.0 million to acquire four properties south of Lichfield Street and one in Sydenham Square. These properties are integral to the Council's vision for the enhancement of the Central City South.

Projects progressed include the ocean outfall pipeline at South New Brighton ($9.8 million), $4.0 million of further property purchases for the planned Transport Interchange, the City Mall upgrade ($6.2 million), and ongoing work at the Wastewater Treatment Plant ($10.2 million) including construction of the fifth and sixth digesters and the Biosolids Drying Facility. In addition, $6.6 million was spent on the Western Interceptor sewer upgrade.

Ongoing projects include $43.3 million expenditure on the road corridor and $1.5 million on Bus Priority Lanes, $1.2 million on housing improvements and redecorations, $1.3 million on community centre upgrades, and book and art acquisitions of $5.2 million. $5.5 million was spent on land for new parks, reserves, and land drainage features, $8.3 million on upgrades and restoration of storm water drains and natural waterways, and a further $4.0 million was spent on landscaping, revegetation and renewal of Council assets in parks and reserves. Council also spent $1.5 million on the Graham Condon Leisure Centre, $1.1 million on the QEII Centre of Excellence, and $1.1 million on the Pioneer Fitness Centre Upgrade.

$10 million was invested in equity in Vbase Limited to underwrite the AMI stadium redevelopment. $15 million was subsequently received from Central Government after balance date and passed on to Vbase who repaid $5 million of Council's equity.

Operational achievements for the year include:

- continuous management of the City's wastewater collection and treatment to a satisfactory standard
- continuous management of the City's water supply services to a satisfactory standard
- continuous management of the City's libraries, Art Gallery, sports parks and stadia to a satisfactory standard
- maintenance of the City's streets and transport systems to a satisfactory standard
- adoption of the South-West Area Plan
- rollout of the kerbside collection system
- ongoing support of a range of labour force and business development programs through the Canterbury Development Corporation
- hosting of the Ellerslie International Flower Show
- adoption of the Libraries 2025 plan
- adoption of the Central City South Concept and Vision
- adoption of the Long-Term Council Community Plan 2009-19

Looking forward

Major capital works planned for the year to June 2010 include:

- completing the Ocean Outfall project
- commissioning of the fifth and sixth digestors and biosolid dryers
- continuing the City Mall upgrade and tram extension
- continuing work on the new Transport Interchange
- continuing work on the Western Interceptor
- acquisition of new land and the creation of new land-drainage infrastructure and waterways on that land
- completion of the Graham Condon Sport and Recreation Centre at Papanui, and delivery of artificial turfs at English Park and St Bede's College
- ongoing housing maintenance
- ongoing work on the streets corridors along with kerb and channel replacement and the extension of cycleways
- refurbishment of the Town Hall

Operational work planned includes:

- ongoing work on the Urban Development Strategy
- ongoing work with residents to maximise diversion of material from landfill through the new kerbside collection system
- wastewater catchment modelling will be commenced
- design of the Duvauchelle Water Treatment Plant upgrade will be completed
- further work on the Libraries 2025 plan
- development of a Christchurch Economic Strategy
- establishment of the Christchurch Agency for Energy

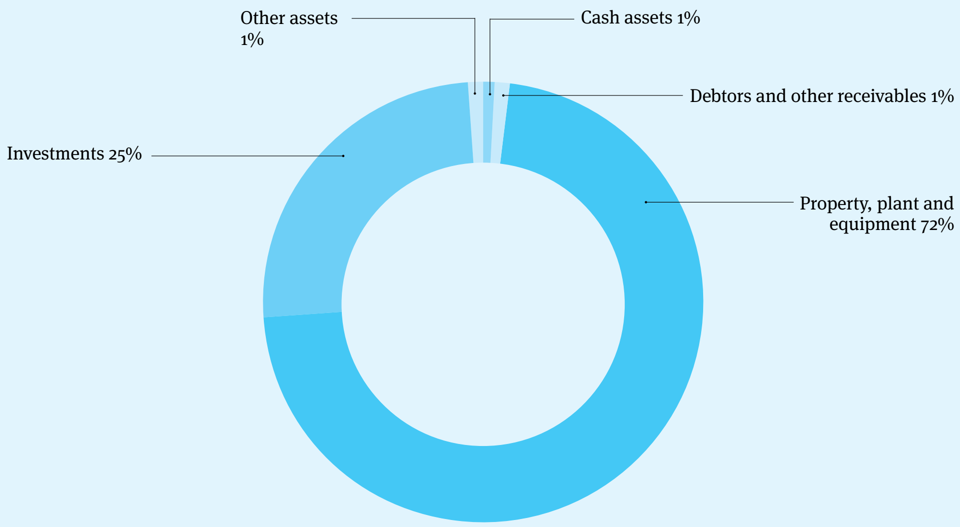
Financial statements

Financial highlights

Financial position

The Council's balance sheet reflects our strong position with total assets of $6.8 billion and net assets of $6.5 billion . Equity increased by $189.6 million during the year the main drivers being $120.9 million of gains on revalued assets and investments, and the $63.4 million surplus.

Our asset breakdown is as shown:



Financial statements

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
Revenue from operations	949,486
Operating surplus (before tax)	120,556
Total assets	7,598,568
Total liabilities	1,067,685
Total equity	6,530,883

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

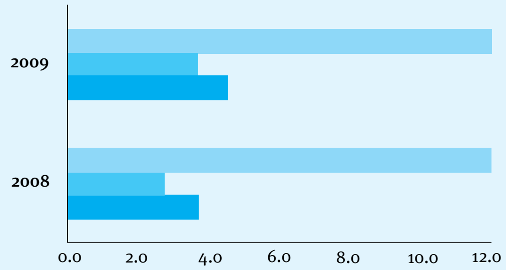
Standard and Poor's affirmed the Council's and Christchurch City Holdings Limited long-term rating of AA+ and short-term rating of A-1+.

Financial statements

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 below and in all cases fall well within policy limits.

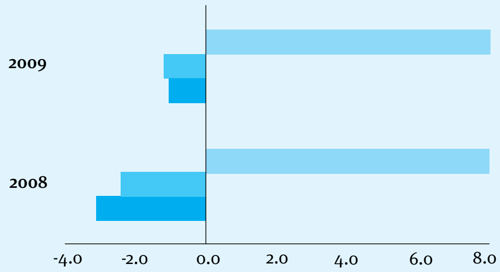
External Council Debt to Total Assets Ratio Policy Limit 12%



	2008	2009
Policy limit	12.0	12.0
Plan	2.8	3.8
Actual	3.8	4.6

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.

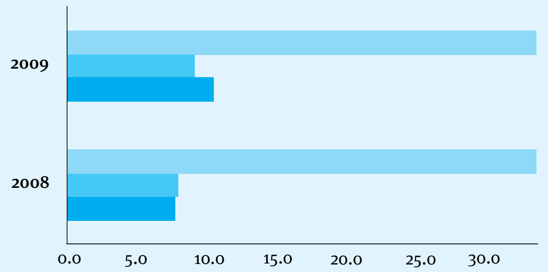
Net interest to operating revenue Ratio Policy Limit 8%



	2008	2009
Policy limit	8.0	8.0
Plan	-2.3	-1.1
Actual	-3.2	-1.0

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.

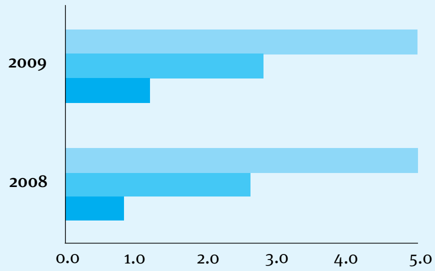
External Council/CCHL Debt to Realisable Assets Ratio Policy Limit 33%



	2008	2009
Policy limit	33.0	33.0
Plan	8.4	9.5
Actual	8.3	10.3

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.

Net Council/CCHL Debt to Funds Flow Policy Limit 5 times



	2008	2009
Policy limit	5.0	5.0
Plan	2.6	2.8
Actual	0.8	1.2

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

Financial statements

Audit NZ report

To the readers of Christchurch City Council and group's financial statements and performance information for the year ended 30 June 2009.

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. 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 2009, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the City Council and group on pages 31 to 69 and 80 to 205:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect:
        - the City Council and group's financial position as at 30 June 2009; and
        - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 31 to 69 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 22 October 2009, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

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

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

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

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Financial statements

Audit NZ report

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2009. 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 additional assignments for Council and its subsidiaries. These assignments were a review of interim financial statements, issuing of audit certificates pursuant to the Commerce Commission's Electricity Distribution (Information Disclosure) Requirements 2008, the Commerce Act (Electricity Distribution Thresholds) Notice 2004, the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 and a review of Council's Biosolids Drying Plant contract tender process. 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

Financial statements

Financial Statements for the year ended 30 June 2009

Financial statements

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 2009.

Christchurch City Council Parent Statements include:

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

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

Subsidiaries and associates are:

- *Christchurch City Holdings Limited (CCHL)*
  The company is a wholly owned company formed to hold Christchurch City Council's investments in subsidiaries and associates. The financial statements consolidated are for the year ended 30 June 2009.

Major subsidiaries and associates of this company are:

- *Christchurch City Networks Limited*
  This wholly owned company was established to make an investment in fibre-optic networks and ducting in the city. The financial statements consolidated are for the year ended 30 June 2009.
- *Christchurch International Airport Limited*
  This company is 75% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2009.
- *City Care Limited*
  This wholly owned company provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2009.
- *Lyttelton Port Company Limited*
  This company is 78.8% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2009.
- *Orion New Zealand Limited*
  This company owns Connectics Ltd and is an energy network management company. Christchurch City Holdings Limited has an 89.3% interest in Orion New Zealand Limited.

  On 31 March 2009 Orion Group Limited amalgamated with its subsidiary Orion New Zealand Limited. The amalgamated entity was renamed Orion New Zealand Limited.

  The financial statements consolidated are for the year ended 31 March 2009.
- *Red Bus Limited*
  Red Bus Limited is a public transport company and is wholly owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2009.
- *Vbase Limited*
  This company is wholly owned by Christchurch City Council. It owns the Christchurch Convention Centre, and the Westpac Arena, AMI Stadium and leases the Town Hall from the Christchurch City Council. The financial statements consolidated are for the year ended 30 June 2009.

  This company owns 100% of Jet Engine Facility Limited, a company which has been set up to construct, own and lease an aero engine testing facility.
- *Tuam Limited*
  This company is wholly owned by Christchurch City Council. It owns and manages the existing civic building and related Tuam Street properties and leases them to the Council. The financial statements consolidated are for the year ended 30 June 2009.
- *Civic Building Limited*
  This company is wholly owned by Christchurch City Council. This company manages the Council's 50% interest in the joint venture with Ngai Tahu Property Limited which is charged with expanding and refurbishing the existing building on Worcester Street that will become the new Civic offices.

  On 30 June 2009 Civic Building Limited's subsidiary Tuam 2 Limited was amalgamated into Civic Building Limited.

  The financial statements consolidated are for the year ended 30 June 2009.
- *Transwaste Canterbury Limited*
  This Company has the principal purpose of operating a non-hazardous landfill in Canterbury. The Council has 39% of the shareholding. The financial statements for the year ended 30 June 2009 are equity accounted.
- *Selwyn Plantation Board Limited*
  This associate company is 39.3% owned by Christchurch City Holdings Limited. The financial statements for the year ended 30 June 2009 are equity accounted.

Financial statements

Income statement

For the year ended 30 June 2009

		Parent			Group	
	Note	**30 Jun 09 Actual $'000**	**30 Jun 09 Plan $'000**	**30 Jun 08 Actual $'000**	**30 Jun 09 Actual $'000**	**30 Jun 08 Actual $'000**
Rates revenue	2 (a)	243,663	243,446	223,366	239,024	218,863
Operating and other revenue	2 (b)	199,397	183,389	167,104	686,437	610,619
Finance income	3	21,783	25,924	25,779	19,101	27,644
Other gains	4	4,817	-	1,531	4,924	8,950
Total income		469,660	452,759	417,780	949,486	866,076
Depreciation, amortisation and impairment	5	102,530	105,299	97,041	186,176	174,992
Finance costs	6	10,981	15,655	5,972	38,723	30,479
Personnel costs	7	121,563	118,149	114,000	275,837	254,256
Other losses	4	9	-	-	8,261	43
Other expenses	8	195,228	187,605	175,035	348,684	297,337
Total operating expenses		430,311	426,708	392,048	857,681	757,107
Share of (losses)/profits of associates	20	-	-	-	3,953	(528)
Surplus before asset contributions		39,349	26,051	25,732	95,758	108,441
Vested assets	9	24,798	15,926	15,143	24,798	15,143
Surplus before income tax		64,147	41,977	40,875	120,556	123,584
Income tax expense	11(a)	788	-	652	27,947	29,058
Surplus for the period		**63,359**	**41,977**	**40,223**	**92,609**	**94,526**
Attributable to:						
Minority interest		-	-	-	11,267	14,012
Parent entity		63,359	41,977	40,223	81,342	80,514
		63,359	**41,977**	**40,223**	**92,609**	**94,526**

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

Financial statements

Balance sheet

As at 30 June 2009

		Parent			Group	
	Note	30 Jun 09 Actual $'000	30 Jun 09 Plan $'000	30 Jun 08 Actual $'000	30 Jun 09 Actual $'000	30 Jun 08 Actual $'000
Current assets						
Cash and cash equivalents	12	84,383	59,079	55,427	109,830	107,926
Debtors and other receivables	13(a)	42,361	23,081	44,101	76,312	68,612
Derivative financial instruments	15(a)	15	-	105	37	670
Other financial assets	16(a)	37,250	60,006	71,318	69,331	94,939
Prepayments		-	-	-	4,503	3,661
Inventories	17(a)	1,407	1,316	1,296	11,619	9,896
Current tax assets	11(b)	-	-	-	-	6,144
Non-current assets classified as held for sale	18	35,360	-	761	584	761
Other	19(a)	-	-	-	184	140
Total current assets		200,776	143,482	173,008	272,400	292,749
Non-current assets						
Debtors and other receivables	13(b)	-	-	3,000	28,322	30,120
Inventories	17(b)	-	-	-	-	885
Investments in associates	20	6,196	-	6,196	38,542	36,420
Derivative financial instruments	15(b)	334	-	53	1,477	8,264
Other financial assets	16(b)	1,699,806	1,481,694	1,614,015	70,151	100,362
Prepayments		-	-	-	-	3,810
Property, plant and equipment	23	4,917,727	5,063,476	4,742,423	7,045,761	6,791,872
Investment property	24	-	-	-	83,110	81,219
Intangible assets	25	23,290	16,750	13,963	31,755	20,822
Deferred tax assets	11(c)	-	852	-	11,516	4,896
Goodwill	26	-	-	-	15,256	10,228
Other	19(b)	-	-	-	278	-
Total non-current assets		6,647,353	6,562,772	6,379,650	7,326,168	7,088,898
Total assets		**6,848,129**	**6,706,254**	**6,552,658**	**7,598,568**	**7,381,647**

Financial statements

Balance sheet (continued)

	Note	Parent			Group	
		30 Jun 09 Actual $'000	30 Jun 09 Plan $'000	30 Jun 08 Actual $'000	30 Jun 09 Actual $'000	30 Jun 08 Actual $'000
Current liabilities						
Creditors and other payables	27	64,562	48,946	60,729	118,834	110,347
Borrowings	28(a)	66,698	42,001	2,032	69,365	140,265
Derivative financial instruments	15(c)	-	-	-	1,940	228
Employee entitlements	30(a)	11,496	12,548	12,251	33,028	32,973
Current tax liabilities	11(b)	-	-	-	992	-
Provisions	31 (a)	1,926	2,014	1,747	1,926	1,747
Other	32(a)	735	-	-	1,769	1,076
Total current liabilities		145,417	105,509	76,759	227,854	286,636
Non-current liabilities						
Borrowings	28(b)	142,303	263,452	117,834	472,734	356,403
Derivative financial instruments	15(d)	3,861	-	131	20,498	325
Employee entitlements	30(b)	6,309	6,896	6,225	7,374	7,280
Deferred tax liabilities	11(c)	2,160	7,730	10,209	305,383	312,374
Provisions	31 (b)	15,622	11,411	12,250	15,622	12,250
Other	32(b)	13,595	-	-	18,220	8,115
Total non-current liabilities		183,850	289,489	146,649	839,831	696,747
Total liabilities		**329,267**	**394,998**	**223,408**	**1,067,685**	**983,383**
Net assets		**6,518,862**	**6,311,256**	**6,329,250**	**6,530,883**	**6,398,264**
Equity						
Reserves		4,652,541	4,608,087	4,562,213	3,723,209	3,704,026
Retained earnings		1,866,321	1,703,169	1,767,037	2,564,968	2,446,650
Parent entity interest		6,518,862	6,311,256	6,329,250	6,288,177	6,150,676
Minority interest		-	-	-	242,706	247,588
Total equity		**6,518,862**	**6,311,256**	**6,329,250**	**6,530,883**	**6,398,264**

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

Financial statements

Statement of changes in equity

For the year ended 30 June 2009

	Parent			Group	
	30 Jun 09 Actual $'000	**30 Jun 09 Plan $'000**	**30 Jun 08 Actual $'000**	**30 Jun 09 Actual $'000**	**30 Jun 08 Actual $'000**
Opening equity	6,329,250	6,099,279	5,490,282	6,398,264	5,740,750
Property plant and equipment valuation gain	80,315	170,000	584,677	67,322	589,890
Investment valuation gain/(loss)	40,614	-	217,000	-	-
Unlisted shares valuation gain/(loss)	(219)	-	-	(219)	-
Impairment losses	-	-	-	-	(246)
Impact of change in corporate tax rate on deferred tax liability	-	-	-	-	(6,967)
Cash flow hedges gain/(loss) taken to equity	(3,479)	-	37	(24,728)	(5,514)
Translation of foreign exchange differences taken to equity	-	-	-	3,420	(257)
Income tax on items taken directly to equity	8,837	-	(2,679)	9,117	(2,562)
Transfers and other	185	-	(290)	705	(22)
Transferred to income statement on sale	-	-	-	-	(2,780)
Hedging reserve transferred to income statement	-	-	-	(568)	-
Share of increment in reserves attributable to associates	-	-	-	(1,247)	1,484
Net income recognised directly in equity	126,253	170,000	798,745	53,802	573,026
Surplus for the period	63,359	41,977	40,223	92,609	94,526
Total recognised income and expense	189,612	211,977	838,968	146,411	667,552
Dividends	-	-	-	(9,117)	(8,672)
Adjustment from share acquisitions	-	-	-	(4,675)	(1,366)
Closing equity	**6,518,862**	**6,311,256**	**6,329,250**	**6,530,883**	**6,398,264**

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

Financial statements

Cash flow statement

For the year ended 30 June 2009

		Parent			Group	
		30 Jun 09	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
		Actual	Plan	Actual	Actual	Actual
	Note	$'000	$'000	$'000	$'000	$'000
Cash flows from operating activities						
Rates and receipts from customers and other sources		397,308	387,315	343,818	910,656	814,323
Interest received		22,548	25,924	27,550	17,856	27,099
Dividends received		43,495	39,520	28,101	658	1,724
Payments to suppliers and employees		(314,464)	(306,904)	(281,547)	(627,866)	(545,515)
Interest and other finance costs paid		(10,989)	(15,655)	(5,759)	(40,013)	(28,142)
Income tax paid		-	-	-	(24,102)	(31,988)
Net GST movement		5,172	-	(4,722)	5,172	(4,666)
Net cash provided by/(used in) operating activities	34	143,070	130,200	107,441	242,361	232,835
Cash flows from investing activities						
Payment for investment securities		(11,915)	(57,650)	(21,384)	(42,004)	(25,663)
Proceeds from sale of investment securities		81,977	-	125,094	81,977	135,674
Amounts advanced to related parties		(56,185)	-	(30,866)	-	-
Payment for property, plant and equipment		(195,657)	(251,135)	(195,505)	(326,976)	(321,094)
Proceeds from sale of property, plant and equipment		4,270	3,654	3,707	7,917	5,898
Payment for intangible assets		(12,354)	-	(11,624)	(15,798)	(14,039)
Payment for goodwill		-	-	-	(5,028)	(1,332)
Payment for investment properties		-	-	-	(4,952)	-
Deferred acquisition payment		-	-	-	(130)	-
Other		-	-	-	3,000	(10,353)
Proceeds from realisation of foreign exchange		-	-	-	15,316	-
Subsidiary shares repaid		4,321	-	-	-	-
Loans made to other parties		(178)	-	-	(178)	-
Payment for equity investment in subsidiaries		(13,206)	-	(2,734)	-	-
Net cash (used in)/provided by investing activities		(198,927)	(305,131)	(133,312)	(286,856)	(230,909)

Financial statements

Cash flow statement (continued)

		Parent			Group	
		30 Jun 09	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
		Actual	Plan	Actual	Actual	Actual
	Note	$'000	$'000	$'000	$'000	$'000
Cash flows from financing activities						
Proceeds from borrowings		91,033	171,382	34,673	128,547	57,685
Repayment of borrowings		(6,220)	(1,919)	(2,485)	(73,031)	(8,497)
Dividends paid - minority interests		-	-	-	(9,117)	(8,649)
Net cash provided by/(used in) financing activities		84,813	169,463	32,188	46,399	40,539
Net increase in cash and cash equivalents		**28,956**	**(5,468)**	**6,317**	**1,904**	**42,465**
Cash and cash equivalents at beginning of year		55,427	124,553	49,110	107,926	65,461
Cash and cash equivalents at end of year	12	**84,383**	**119,085**	**55,427**	**109,830**	**107,926**

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 in the Group Structure section on pages 189-205.

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 2009. The financial statements were approved by Council on 22 October 2009. 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"). They comply with the New Zealand equivalents to International Financial Reporting Standards (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.

There have been no changes in accounting policies in the current accounting period, all policies having been applied on bases consistent with those used in the previous year. Certain prior period figures have been restated to reflect the basis of presentation in the 2009 accounts.

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.

Notes to financial statements

1. Statement of accounting policies (continued)

(iii) Joint Ventures

Joint ventures are those over whose activities the group has joint control, established by contractual agreement. The group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the group's financial statements on a line by line basis using the proportionate method.

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.

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.

Notes to financial statements

1. Statement of accounting policies (continued)

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.

Assets to be depreciated include:

Operational assets:	
Buildings	1-100 yrs
Office and computer equipment	1-10 yrs
Mobile plant including vehicles	2-30 yrs
Buses	17-26 yrs
Sealed surfaces (other than roads)	9-100 yrs
Container cranes	30 yrs
Harbour structures	3-50 yrs
Seawalls	100 yrs
Telecommunications infrastructure	12-50 yrs
Electricity distribution system	60 yrs
Electricity load control equipment	60 yrs
Leasehold land improvements	5-100 yrs
Library books	3-8 yrs
Vessels	5-25 yrs
Resource consents and easements	5-10 yrs
Infrastructure assets:	
Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	1-25 yrs
Streetlights and signs	15-40 yrs
Kerb, channel, sumps and berms	80 yrs
Landscape/medians	8-80 yrs
Drain pipes/culverts/retaining walls	20-100 yrs
Bridges	70-100 yrs
Bus shelters and furniture	15-30 yrs
Water supply	55-130 yrs
Water meters	20-25 yrs
Stormwater	20-150 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment plant	15-100 yrs
Pump stations	10-100 yrs
Restricted assets:	
Planted areas	5-110 yrs
Reserves – sealed areas	10-40 yrs
Reserves – structures	25-150 yrs
Historic buildings	100 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

Notes to financial statements

1. Statement of accounting policies (continued)

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.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the group.

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

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

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

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

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

Intangible assets

(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 the transition to NZ IFRS on 1 July 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	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Notes to financial statements

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. This category also includes available-for-sale assets

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

(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 until the subsidiary is sold.

(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 cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the group's business and/or these services could not be provided efficiently and effectively by the lessee in another location.
- The property is being held for future delivery of services.
- The lessee uses services of the group and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the group, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the group is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the group occupies an insignificant portion.

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.

Notes to financial statements

1. Statement of accounting policies (continued)

Trade and other receivables

(i) Construction work in progress

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

(ii) Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment policy).

Inventories

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

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

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

Cash and cash equivalents

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

Impairment

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

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. For the group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to financial statements

1. Statement of accounting policies (continued)

(ii) Reversals of impairment

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

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

An impairment loss in respect of goodwill is not reversed.

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

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

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 8.1%.
- 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.

(ii) Weather tight homes

The Council through its insurers is processing a number of weather tight home claims.

The provision is calculated based on:

- The number of known claims,
- The average actual settlement costs,
- The average actual claims settled per year.
- Costs in future years have been adjusted for inflation and discounted to their present value using a discount rate of 6.68%

Notes to financial statements

1. Statement of accounting policies (continued)

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)

Leases

(i) As lessee

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

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.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

Notes to financial statements

1. Statement of accounting policies (continued)

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) Finance income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised in the income statement as it accrues, using the effective interest method.

(iv) 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.

(v) 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.

(vi) Dividend income

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

(vii) 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.

(viii) Development contributions

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

(ix) Other gains

Other gains include revaluations of investment properties (see Investment Property policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging policy).

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) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method. Interest payable on borrowings is recognised as an expense in the income statement as it accrues.

(iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging policy).

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.

Notes to financial statements

1. Statement of accounting policies (continued)

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 ten years.

Third party transfer payment agencies

The Council collects monies for many organisations. 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 activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Two primary drivers for allocating corporate overhead are used. Services related to people are reallocated based on employee costs, and others are reallocated based on external service activity gross cost.

Plan values disclosed

The plan values shown in the financial statements represent the 2008/09 budget included in the Long Term Council Community Plan 2006-16, as amended by the 2008/09 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 recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

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

- The physical deterioration and condition of an asset. This is particularly so for those 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 estimating 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. Finally, Council's assets are also periodically revalued by experienced independent valuers who provide assurance that Council's useful life estimates are valid.
- The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.

Notes to financial statements

1. Statement of accounting policies (continued)

- The Non-current Provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and weathertight homes provisions.
- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.

In addition to the above factors, the following areas specific to individual companies within the group require critical judgement estimates and assumptions.

- Orion New Zealand 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 New Zealand Ltd invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest, more accurate data available from the electricity wholesale market and certain metering data from electricity retailers. Management makes 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.
- Orion New Zealand Ltd enters into arrangements with customers to purchase new network assets at below current replacement costs. Management estimate the difference between cash costs and the replacement costs of these assets, and the differences are reported within revenue. Any errors in estimating the carrying values of these assets are corrected at the next asset valuation date.
- 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 main deciding factor for this classification is that the property is not used for aircraft-related activities.
- Management of Christchurch International Airport Ltd have estimated an impairment charge in respect of the ongoing value of capitalised expenditure on the integrated terminal project, due to the evolving nature of the design. Reviews by quantity surveyors and project managers were used in making the impairment assessment.
- Management of Lyttelton Port Company Ltd are required to exercise judgement in determining the carrying value of land, buildings and harbour structures, amortisation of intangible assets such as resource consents, easements and software, and the quantification of contingent liabilities.

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 2009, and have not been applied in preparing these consolidated financial statements:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).
- NZ IFRS 3 Business Combinations (revised 2008) and the amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions - Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions - The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.

Notes to financial statements

1. Statement of accounting policies (continued)

  - Acquisition-related costs - Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
  - Contingent consideration - Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss (rather than by adjusting the cost of acquisition).
- NZ IFRS 7 Financial Instruments (amended March 2008) and effective for reporting periods beginning on or after 1 January 2009. The amended NZ IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:
  - Quoted prices in active markets for identical assets or liabilities (Level 1)
  - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
  - Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)
- NZ IFRIC 18 Transfers of Assets from Customers and applies prospectively to transfer of assets from customers received on or after 1 July 2009. This interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. It requires a transferred asset (which is controlled by the entity) to be recognised at fair value. It also requires revenue from ongoing access to goods/services to be recognised over the period that access is provided and revenue from connection to a network to be recognised when the connection to the network is completed.
- NZ IAS 27 and NZ IFRS 1 Amendments to NZ IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate and is effective for reporting periods beginning on or after 1 January 2009. The main amendments of relevance to New Zealand entities are those made to NZ IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required.

  NZ IAS 27 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.
- NZ IAS 27 (Revised) Consolidated and Separate Financial Statements (Revised) and is effective for reporting periods beginning on or after 1 July 2009. Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction.
- Amendments to NZ IFRS Amendments to NZ IFRS arising from the Annual Improvements Project and is effective for reporting periods beginning on or after 1 January 2010 except for the amendments to NZ IFRS 3, NZ IFRIC 9, NZ IFRIC 16 and NZ IAS 38 which are effective from 1 July 2009. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to New Zealand entities is that made to NZ IAS 17 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.

The Council intends to adopt these standards and amendments for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standards.

Notes to financial statements

2. Operating and other revenue

(a) Rates revenue

	Parent		Group	
	30 Jun 09 $'000	**30 Jun 08 $'000**	**30 Jun 09 $'000**	**30 Jun 08 $'000**
Total rates revenue	246,456	225,658	241,817	221,155
less rates remissions				
Community service	(167)	(95)	(167)	(95)
Cultural	(281)	(286)	(281)	(286)
Social housing	(1,389)	(1,025)	(1,389)	(1,025)
Church	(126)	(103)	(126)	(103)
Maori land	(1)	(3)	(1)	(3)
Recreation and Sport	(829)	(780)	(829)	(780)
Rates revenue less remissions	**243,663**	**223,366**	**239,024**	**218,863**

Rates remissions are expensed when granted.

Notes to financial statements

2. Operating and other revenue (continued)

(b) Operating and other income

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Sale of goods	10,522	10,527	23,926	14,968
Rendering of services	31,822	30,075	469,400	428,303
Donated and subsidised assets	-	-	7,108	8,696
Capital contributions	1,130	-	5,963	4,088
Electricity transmission rental rebates	-	-	13,378	4,217
Rental income from investment properties	-	-	8,351	6,401
Other rental revenue	25,258	23,245	63,056	61,373
Dividends from subsidiaries	36,731	32,601	-	-
Dividends from associates	558	1,580	-	-
Dividends from other entities	65	61	65	61
Government grants received 1.	550	2,443	1,089	5,482
Net foreign exchange gains	-	-	52	10
Subvention receipts	6,182	3,871	-	-
Management fee income	-	-	367	423
Petroleum tax	2,269	2,366	2,269	2,366
Development Contributions	13,786	14,757	13,786	14,757
NZ Transport Agency	35,330	20,257	35,330	20,257
Subsidies (excl LTNZ)	1,473	548	1,473	548
Sundry (incl rate penalties) 2.	33,721	24,773	40,824	38,669
Total operating and other revenue	**199,397**	**167,104**	**686,437**	**610,619**

1. Government grants

Parent

Grants received by council in 2009 from the Ministry of Education of $0.6 million related to support for the Upper Riccarton Library.
In 2008, Council received $2.4 million from Housing New Zealand related to support for social housing.

Group

In addition to the Council grants detailed above grants were received by Christchurch City Holdings Ltd (parent) from the Ministry of Economic Development of $0.4 million (2008: $2.9 million). The grants were received to support Christchurch City Networks Limited in the development of telecommunications infrastructure in Christchurch, and were used by Christchurch City Holdings Ltd to purchase ordinary shares in Christchurch City Networks Ltd.

These amounts were recorded as revenue. The amounts recognised represent what was received during the year. There are no unfulfilled conditions or other contingencies related to this revenue.

2. This includes subsidies from the Ministry of Education of Nil (2008: $1.1 million)

Notes to financial statements

2. Operating and other revenue (continued)

(c) Disclosure of group of activities results

	Parent	
	30 Jun 09	30 Jun 08
	$'000	$'000
Groups of activities revenue	144,721	119,919
Rates revenue	243,663	223,366
Other revenue (primarily interest and dividends)	81,276	74,495
Total groups of activities revenue	**469,660**	**417,780**
Groups of activities expenditure	410,079	378,080
Other expenditure	20,232	13,968
Total groups of activities expenditure	**430,311**	**392,048**

Notes to financial statements

3. Finance income

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Interest income - bank deposits	6,569	13,955	10,702	18,577
Interest income - investments	5,577	6,657	5,577	6,657
Interest income - related party loans	9,564	5,131	-	-
Interest income - finance lease	-	-	2,079	1,940
Interest income - other	73	36	743	470
Total finance income	**21,783**	**25,779**	**19,101**	**27,644**

Notes to financial statements

4. Other gains and losses

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Non-financial instruments				
Gains/(losses) on disposal of property, plant and equipment	2,768	1,531	2,875	1,198
Gains/(losses) on disposal of investments	-	-	-	786
Gains/(losses) on revaluation of investment property	-	-	(4,426)	3,530
	2,768	1,531	(1,551)	5,514
Financial instruments				
Ineffectiveness on fair value hedges - gain/(loss)	-	-	-	407
Ineffectiveness on cash flow hedges - gain/(loss)	(9)	-	(9)	-
Fair value through income statement financial assets fair value change	-	-	(3,826)	(43)
Realisation of Available for sale in revaluation reserve	-	-	-	2,780
Gains/(losses) in fair value of Endeavour iCap	2,049	-	2,049	-
Other	-	-	-	249
	2,040	-	(1,786)	3,393
Net other gains and losses	**4,808**	**1,531**	**(3,337)**	**8,907**
Other gains	4,817	1,531	4,924	8,950
Other losses	(9)	-	(8,261)	(43)
Net gains/(losses)	**4,808**	**1,531**	**(3,337)**	**8,907**

Notes to financial statements

5. Depreciation, amortisation and impairment

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Depreciation of non-current assets	96,260	91,158	171,130	163,495
Amortisation of intangible assets	1,854	1,701	4,630	4,074
Impairment of property, plant & equipment	-	-	4,554	-
Impairment of other assets	1,173	-	1,912	2,440
Reversals of impairment losses	-	-	-	(14)
Replaced assets written off	3,243	4,182	3,950	4,997
Total depreciation, amortisation and impairment	**102,530**	**97,041**	**186,176**	**174,992**

The impairment of property, plant and equipment arose from a review by Christchurch International Airport Ltd of capitalised work in progress relating to the integrated terminal project. Due to the evolving nature of the design, certain expenditure was found not to have ongoing value and was impaired.

Notes to financial statements

6. Finance costs

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense				
Interest on bank borrowings	3,577	307	25,861	15,760
Interest on debt instruments	7,382	5,665	12,294	14,390
Interest on finance leases	-	-	172	195
Other interest expense	22	-	396	134
Total finance costs	**10,981**	**5,972**	**38,723**	**30,479**

Notes to financial statements

7. Personnel costs

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Salaries and wages	119,788	111,975	269,230	249,549
Defined contribution plan employer contributions	2,446	2,285	4,322	2,691
Defined benefit plan employer contributions	-	-	251	192
Increase/(decrease) in employee entitlements/liabilities	(671)	(260)	149	49
Other	-	-	1,885	1,775
Total personnel costs	**121,563**	**114,000**	**275,837**	**254,256**

Notes to financial statements

8. Other expenses

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Audit fees	436	315	1,115	979
Donations, grants and levies	22,650	22,985	22,686	23,038
Net foreign exchange losses	-	-	12	-
Provision expenses	741	(553)	741	(833)
Minimum lease payments under operating leases	3,768	3,379	9,014	8,350
OGL network maintenance and transmission expenses	-	-	66,509	60,544
Raw materials and consumables used	-	-	34,945	29,459
General operating expenses	167,633	148,909	213,662	175,800
Total other expenses	**195,228**	**175,035**	**348,684**	**297,337**

Notes to financial statements

9. Vested assets

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Restricted land and buildings	10,227	3,329	10,227	3,329
Infrastructure assets	8,279	11,706	8,279	11,706
Other	197	108	197	108
Investments	6,095	-	6,095	-
Total vested assets	**24,798**	**15,143**	**24,798**	**15,143**

During the year the government passed a bill which vested the assets of Victory Park Board into Council. Council received net assets of $11.1 million which has been recognised in the 2008/09 year.

Notes to financial statements

10. Remuneration of auditors

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Audit New Zealand				
Audit of the financial statements	251	245	780	693
Audit related fees for assurance services	10	-	79	40
Audit services - transition to NZIFRS	-	50	-	146
Audit services in relation to the LTCCP	175	20	175	20
Total	**436**	**315**	**1,034**	**899**
Other auditor				
Audit of the financial statements	-	-	57	56
Other non-audit services	-	-	24	24
Total	**-**	**-**	**81**	**80**

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

Other audit related services for the Council relates to a review of a Biosolids Drying Plant Contract Tender.

Other audit-related services for the group principally comprised reviews of regulatory disclosures by Orion New Zealand Ltd and Christchurch International Airport Ltd, as well as a review of Christchurch City Holdings Ltd's and Lyttelton Port Company Ltd's interim financial statements for the six months ended 31 December 2008.

Notes to financial statements

11. Income taxes

(a) Components of tax expense

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Current tax expense/(income)	-	-	32,934	31,203
Adjustments to current tax of prior years	-	-	(535)	(260)
Deferred tax expense/(income)	788	652	(4,494)	5,406
Benefit arising from previously unrecognised tax losses	-	-	-	(324)
Deferred tax expense/(income) from change in tax rates	-	-	-	(6,967)
Deferred tax expense relating to use of prior year losses	-	-	42	-
Total tax expense/(income)	**788**	**652**	**27,947**	**29,058**

	Parent		Group	
Reconciliation of prima facie income tax:	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
(Surplus)/loss before tax	64,147	40,875	120,556	123,584
Income tax expense calculated at 30% (2008: 33%)	19,244	13,489	36,167	40,783
Non-deductible expenses	-	-	412	1,427
Non-assessable income and deductible items	(2,464)	-	(8,689)	(8,513)
Effect on deferred tax balances of change in tax rate	-	-	-	(6,967)
Tax loss not recognised	-	-	138	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	-	-	42	(242)
(Over)/under provision of income tax in previous year	-	-	127	(434)
Imputation adjustment	(15,992)	(13,817)	(250)	-
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-	-	1,042
Other	-	980	-	1,962
Total tax expense/(income)	**788**	**652**	**27,947**	**29,058**

The tax rate in the above reconciliation is the corporate tax rate of 30% payable by New Zealand companies on taxable profits under New Zealand tax law.

The prior period reconciliation used the corporate tax rate of 33%. This rate changed to 30% with effect from 1 April 2008.

Council's tax losses for the current financial year amount to $9.5 million. These will be utilised by way of subvention receipt of $5.7 million and loss offsets of $3.8 million with other subsidiary entities. The subvention receipts have been accrued as at 30 June 2009.

Notes to financial statements

11. Income taxes (continued)

(b) Current tax assets and liabilities

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Current tax assets				
Tax refund receivable	-	-	-	6,144
Total current tax assets	**-**	**-**	**-**	**6,144**
Current tax liabilities				
Income tax payable	-	-	992	-
Total current tax liabilities	**-**	**-**	**992**	**-**

Notes to financial statements

11. Income taxes (continued)

(c) Deferred tax balance

Year ended 30 June 2009	Parent Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
Deferred tax liabilities:				
Cash flow hedges	45	-	(45)	**-**
Property, plant and equipment	10,164	788	(8,792)	**2,160**
Net deferred tax liability/(asset)	**10,209**	**788**	**(8,837)**	**2,160**

Year ended 30 June 2008	Parent Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing balance $'000
Deferred tax liabilities:				
Cash flow hedges	-	-	45	**45**
Property, plant and equipment	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 liability/(asset)	**6,878**	**652**	**2,679**	**10,209**

Notes to financial statements

11. Income taxes (continued)

(c) Deferred tax balance (continued)

	Group			
Year ended 30 June 2009	**Opening balance**	**Charged to income**	**Charged to equity**	**Closing balance**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities:				
Cash flow hedges	2,496	(1,131)	(1,017)	**348**
Property, plant and equipment	305,647	(2,582)	(3,516)	**299,549**
Intangible assets	166	314	-	**480**
Other	4,065	941	-	**5,006**
	312,374	(2,458)	(4,533)	**305,383**
Deferred tax assets:				
Fair value hedges	-	1,028	-	**1,028**
Provisions and employee entitlements	2,991	2,303	-	**5,294**
Doubtful debts and impairment losses	45	47	-	**92**
Cashflow hedges	-	39	4,584	**4,623**
Tax losses	327	(149)	-	**178**
Other	1,533	(1,232)	-	**301**
	4,896	2,036	4,584	**11,516**
Net deferred tax liability/(asset)	**307,478**	**(4,494)**	**(9,117)**	**293,867**

Notes to financial statements

11. Income taxes (continued)

(c) Deferred tax balance (continued)

	Group			
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	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 and employee entitlements	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 liability/(asset)	**299,510**	**5,406**	**2,562**	**307,478**

Notes to financial statements

11. Income taxes (continued)

(d) Unrecognised tax losses

	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	Parent	**Parent**	**Group**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
The following tax losses have not been brought to account as assets:				
Tax losses	-	-	-	3,158
Tax effect	**-**	**-**	**-**	**1,042**

(e) Imputation credit balances

	30 Jun 09	30 Jun 08
	Group	**Group**
	$'000	**$'000**
Christchurch City Holdings	76,151	67,847
Vbase Ltd	130	63
Tuam Ltd	70	40
Civic Building Ltd	158	2
Total imputation credits	**76,509**	**67,952**

Notes to financial statements

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents denominated in:				
New Zealand dollars	84,383	55,427	108,951	107,566
Australian dollars	-	-	55	-
American dollars	-	-	325	-
Euros	-	-	499	360
Total cash and cash equivalents	**84,383**	**55,427**	**109,830**	**107,926**

Notes to financial statements

13. Debtors and other receivables

(a) Current debtors and other receivables

		Parent		Group	
	Note	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
		$'000	$'000	$'000	$'000
Trade receivables (before impairment)		28,550	19,862	58,993	47,613
Related party receivables:					
Subsidiaries		571	254	-	-
Construction contract receivables		-	-	377	-
Contract retentions		-	-	958	957
Finance lease receivable - current portion	14	-	-	852	330
GST receivable		1,482	6,487	-	4,873
Chargeable WIP		-	-	5,016	4,400
Interest receivable		2,749	3,514	1,333	2,324
Rates debtors		10,448	8,743	10,448	8,743
Dividends receivable		-	6,141	-	540
		43,800	45,001	77,977	69,780
Provision for impairment - trade receivables		(1,439)	(900)	(1,665)	(1,168)
		42,361	44,101	76,312	68,612

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 income statement for the current financial year.

Notes to financial statements

13. Debtors and other receivables (continued)

(b) Non-current debtors and other receivables

		Parent		Group	
		30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
		$'000	$'000	$'000	$'000
Finance lease receivable - non-current portion	14	-	-	28,322	27,120
Deferred sale proceeds		-	3,000	-	3,000
		-	3,000	28,322	30,120
Total debtors and other receivables		**42,361**	**47,101**	**104,634**	**98,732**

The $3 million deferred sale proceeds has been incorporated within Current Trade Receivables as the debt is due for settlement in May 2010.

Notes to financial statements

13. Debtors and other receivables (continued)

(c) Credit risk aging of receivables

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Gross receivables				
Not past due	31,591	36,822	58,193	54,549
Past due 0-30 days	3,697	3,274	7,661	7,543
Past due 31-60 days	598	561	2,426	1,621
Past due more than 60 days	7,914	4,344	9,697	6,067
	43,800	**45,001**	**77,977**	**69,780**
Impairment				
Not past due	-	-	(3)	-
Past due 31-60 days	-	-	(15)	(4)
Past due more than 60 days	(1,439)	(900)	(1,647)	(1,164)
	(1,439)	**(900)**	**(1,665)**	**(1,168)**
Gross trade receivables	43,800	45,001	77,977	69,780
Individual impairment	(351)	(342)	(577)	(610)
Collective impairment	(1,088)	(558)	(1,088)	(558)
Trade receivables (net)	**42,361**	**44,101**	**76,312**	**68,612**
Movements in provision for impairment of receivables				
Balance at start of year	(900)	(339)	(1,188)	(650)
Provisions made during year	(539)	(561)	(596)	(518)
Provisions reversed during year	-	-	4	-
Receivables written off during year	-	-	115	-
Balance at end of year	**(1,439)**	**(900)**	**(1,665)**	**(1,168)**

Notes to financial statements

14. Finance lease receivables

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
No later than one year	-	-	904	355
Later than one year and not later than five years	-	-	15,529	12,551
Later than five years	-	-	29,616	33,498
Minimum lease payments	-	-	46,049	46,404
Less future finance charges	-	-	(16,875)	(18,954)
Present value of minimum lease payments	**-**	**-**	**29,174**	**27,450**
Present value of future minimum lease receivables				
No later than one year	-	-	852	330
Later than one year and not later than five years	-	-	12,472	9,795
Later than five years	-	-	15,850	17,325
Present value of future minimum lease receivables	**-**	**-**	**29,174**	**27,450**
Represented by				
Current portion	-	-	852	330
Non-current portion	-	-	28,322	27,120
Total	**-**	**-**	**29,174**	**27,450**

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.

Notes to financial statements

15. Derivative financial instruments

(a) Current assets

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Interest rate swaps - fair value hedges	-	-	20	45
Interest rate swaps - cash flow hedges	15	105	15	618
Forward foreign exchange contracts	-	-	2	7
	15	105	37	670

(b) Non-current assets

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Interest rate swaps - fair value hedges	-	-	-	258
Interest rate swaps - cash flow hedges	334	53	1,477	8,006
	334	53	1,477	8,264
Total derivative financial instrument assets	**349**	**158**	**1,514**	**8,934**

Notes to financial statements

15. Derivative financial instruments (continued)

(c) Current liabilities

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Interest rate swaps - fair value hedges	-	-	272	-
Interest rate swaps - cash flow hedges	-	-	1,274	-
Forward foreign exchange contracts	-	-	394	228
	-	-	1,940	228

(d) Non-current liabilities

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Interest rate swaps - fair value hedges	-	-	2,692	194
Interest rate swaps - cash flow hedges	3,861	131	17,806	131
	3,861	131	20,498	325
Total derivative financial instrument liabilities	**3,861**	**131**	**22,438**	**553**
Net interest rate swap fair value	(3,512)	27	(20,532)	8,602
Net forward foreign contract fair value	-	-	(392)	(221)
Net derivative financial instruments fair value	**(3,512)**	**27**	**(20,924)**	**8,381**

Notes to financial statements

16. Other financial assets

(a) Current financial assets

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Interest-bearing loans advanced to:				
Other related parties	4,500	-	-	3,632
Foreign currency	-	-	-	11,787
Short term deposits	17,000	54,400	52,192	61,500
CRFU deposit	-	-	-	1,102
Loans and advances	-	-	1,389	-
Local Authority Stock	14,250	9,000	14,250	9,000
Stocks and Bonds	1,500	7,918	1,500	7,918
	37,250	71,318	69,331	94,939

(b) Non-current financial assets

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Interest-bearing loans advanced to:				
Entities with joint control or significant influence over entity				
Other related parties	148,323	87,889	-	-
Shares in subsidiary companies	1,485,504	1,430,344	-	-
EnerTech Capital partners 11 LP	-	-	3,000	3,684
Loans and advances	-	-	1,172	-
Local authority stock	27,995	37,250	27,995	37,250
Stocks and bonds with over 1 year to maturity	26,179	28,324	26,179	28,324
Theatre Royal	2,300	2,300	2,300	2,300
Investment in unlisted shares	6,227	4,027	6,227	4,027
Term deposits	-	21,000	-	21,000
Community, Special & Other Loans	3,278	2,881	3,278	2,881
Other	-	-	-	896
	1,699,806	1,614,015	70,151	100,362
Total other financial assets	**1,737,056**	**1,685,333**	**139,482**	**195,301**

Notes to financial statements

16. Other financial assets (continued)

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Local authority stock

The fair value of local authority and government stock is $43.6 million (2008: $45.9 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.80-5.96% (2008: 7.28-8.66%).

The face value of local authority stock is $42.2 million (2008: $46.3 million).

Stocks and bonds

The fair value of stocks and bond is $29.6 million (2008: $34.5 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.80-5.96% (2008: 7.28-8.66%). The face value of stocks and bonds is $27.7 million (2008: $36.2 million).

Loans to related parties

The fair value of loans to related parties is $178.2 million (2008: $91.9 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.8% to 5.96 % (2008: 7.28% to 8.66%). The average effective interest rate on the loan to related parties is 8.57% (2008: 8.24%).

The face value of the loans to related parties is $152.8 million (2008: $87.9 million). Loans advanced to subsidiaries at balance date are set out in the table below:

Unlisted shares

Unlisted shares include $1.4 million in New Zealand Local Government Insurance Corporation, (NZLGIC) and $4.8 million in Endeavour I-cap. The fair value of unlisted shares of NZLGIC have been determined by using the asset valuation as per their latest published accounts. The Endeavour I-cap funds were invested for the purposes of enabling a portion of Council's investment portfolio to be applied to new economic development initiatives which would benefit the local economy while ultimately providing a return to Council. The determination of the fair value of this investment fund was carried out by KPMG Wellington. The basis of calculation is consistent with prior years.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

	Parent	
	30 Jun 09	30 Jun 08
	$'000	$'000
Vbase Ltd	83,963	42,573
Jet Engine Facility Ltd	12,550	12,550
Tuam Ltd	13,750	13,750
Civic Building Ltd	42,560	19,016
	152,823	**87,889**

Notes to financial statements

16. Other financial assets (continued)

Shares in subsidiary companies

The fair value of Council's investments in its subsidiary companies was assessed by independent valuers Ernst and Young, as at 30 June 2009 on the basis of their net asset value on a going concern basis.

CCHL subsidiaries were revalued with the exception of Orion New Zealand Ltd (ONZL) and Christchurch International Airport Ltd (CIAL), both of which were revalued in 2008 and were reviewed for material movements in 2009. CCHL's value is based on the value of its equity investments and increased by $18.6 million during the year. $15.7 million of this increase is due to additional shares purchased in Lyttelton Port Company Ltd, (LPC) of $9.7 million, and in Christchurch City Networks Ltd (CCNL) of $6.0 million. In addition there was an increase in the carrying value of LPC shares of $4.5 million and in Red Bus Ltd of $15 million. Offsetting this was a downward adjustment of $12.0 million in the value of CIAL's property portfolio reflecting the movements in the property market and impairment write-downs, and a $2.8 million reduction in the value of Selwyn Plantation Board Ltd.

In 2008 the value of CCHL's investments increased by $217 million. This increase was largely caused by revaluations of ONZL of $69 million, CIAL of $151 million, additional shares in CCNL of $9.5 million and LPC's carrying value reduced by $13 million.

Council's investment in Vbase Ltd increased in the year by $38.6 million. This increase includes equity advanced of $10.8 million and redeemable preference shares of $5.7 million being part of the Victory Park Board transfer (as outlined in note 9). The remainder of $22.1 million reflects the increase of Vbase's property, plant and equipment revalued in prior years.

Civic Building Ltd has increased in value in the year by $0.5 million. This increase includes equity advanced of $2.5 million offset by a reduction in the overall value of assets. The valuers have not recognised any potential development gain or impairment on the new civic building for this valuation. Cost prices have been used to estimate fair value of the building during the period of construction. For more details on the joint venture between Civic Building Limited and Ngai Tahu Properties Ltd see note 21.

Tuam Ltd, which owns the current civic office in Tuam Street, was written down to zero, reflecting the drop in property prices and the Council's departure to new premises in August 2010.

The carrying values of Council's subsidiary companies are as follows:

	Parent	
	30 Jun 09	**30 Jun 08**
	$'000	**$'000**
Christchurch City Holdings Ltd	1,373,004	1,354,350
Vbase Ltd	110,100	71,500
Tuam Ltd	-	2,510
Civic Building Ltd	2,400	1,984
	1,485,504	**1,430,344**

Enertech investment

These amounts relate to Orion Group Ltd's investments in Enertech Capital Partners (an offshore venture capital limited liability partnership). The Enertech investment has a carrying value of $3 million (2008: $3.7 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. The value is based on the group's share of partnerships net assets.

Notes to financial statements

17. Inventories

(a) Current inventories

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Inventory - raw materials and maintenance items	-	-	8,549	7,176
Inventory - work in progress	-	-	465	377
Inventory - finished goods	1,407	1,296	2,748	2,395
Biological assets	-	-	174	101
	1,407	1,296	11,936	10,049
Inventory - allowance for impairment	-	-	(317)	(153)
	1,407	1,296	11,619	9,896

(b) Non-current inventories

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Inventory - raw materials and maintenance items	-	-	-	885
	-	-	-	885
Total inventory	**1,407**	**1,296**	**11,619**	**10,781**

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

Notes to financial statements

18. Non-current assets held for sale

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Town Hall assets and other land	35,360	761	584	761
Total non-current assets held for sale	**35,360**	**761**	**584**	**761**

On 30 June 2009 the Christchurch Town Hall assets ($34.8 million) were transferred from property, plant and equipment to non-current assets held for sale as Council plans to transfer ownership of these assets to Vbase Ltd (a wholly owned Council subsidiary). Council approved this initiative following a consultation process as part of the Long Term Council Community Plan 2009-2019.

Notes to financial statements

19. Other assets

(a) Other current assets

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Other current assets	-	-	41	140
Capitalised contract set up costs	-	-	143	-
	-	-	184	140

(b) Other non-current assets

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Capitalised contract set up costs	-	-	278	-
	-	-	278	-
Total other assets	**-**	**-**	**462**	**140**

Notes to financial statements

20. Investments in associates

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Balance at start of year	6,196	6,196	36,420	37,688
Share of total recognised revenues and expenses	-	-	3,953	(528)
Dividends from associates	-	-	(584)	(2,224)
Share of revaluations	-	-	(1,247)	1,484
Total investment in associates	**6,196**	**6,196**	**38,542**	**36,420**

There is no goodwill included in the carrying value of associates (2008: Nil).

The following entities are equity accounted by the Group:

	Country of incorporation	Ownership interest	
Name of entity		**30 Jun 09 %**	**30 Jun 08 %**
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.

Notes to financial statements

20. Investments in associates (continued)

Summarised financial statements of associates:

	Group	
	30 Jun 09	30 Jun 08
	$'000	$'000
Assets	158,278	150,631
Liabilities	60,334	61,213
Revenue	70,577	60,299
Net profit/(loss)	13,046	(774)

Selwyn Plantation Board Ltd changed its balance date from 31 March to 30 June last year, and hence reported a 15 month period to 30 June 2008.

The group has not recognised its 26% share of the accumulated losses relating to 4RF Communications Ltd amounting to $8.0 million (2008: $8.8 million). The group has no obligations or rights in respect of these losses. This total includes the associate's $0.8 million profit for 2009 (2008: $0.1 million). The group's carrying value for this investment is nil (2008: Nil).

Notes to financial statements

21. Joint venture

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Interest in joint venture accounted for as a jointly-controlled operation.	$'000	$'000	$'000	$'000
Interest in the jointly-controlled operation as follows: *				
Current assets	-	-	624	-
Non-current assets	-	-	45,079	-
Current liabilities	-	-	2,561	-
Revenue	-	-	947	-
Expenses	-	-	302	-

** Christchurch City Council controls only 50 per cent of these balances*

Civic Building Ltd, (CBL), was incorporated on 12 October 2007, and, in conjunction with its wholly owned subsidiary Tuam 2 Ltd managed the Council's 50% interest in the joint venture with Ngai Tahu Property Ltd, (NTPL), to refurbish the old NZ Post building in Worcester Street that is to become the new civic offices. CBL received funding from the Council and on-lent it to Tuam 2 Ltd which was party to the unincorporated JV with NTPL.

On 30 June 2009 Tuam 2 Ltd was amalgamated into its parent, leaving CBL as the JV partner with NTPL.

Notes to financial statements

22. Construction contracts

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
For contracts in progress at balance date				
Contract costs incurred	-	-	38,899	23,893
Progress billings	-	-	36,253	20,807
Gross amounts due from customers	**-**	**-**	**2,646**	**3,086**
Retentions included in progress billings	-	-	-	42

Notes to financial statements

23. Property, plant and equipment

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Operational assets	1,057,566	1,064,014	3,185,600	3,113,463
Infrastructural assets	3,076,933	2,929,494	3,076,933	2,929,494
Restricted assets	783,228	748,915	783,228	748,915
Total property, plant and equipment	**4,917,727**	**4,742,423**	**7,045,761**	**6,791,872**

Notes to financial statements

23. Property, plant and equipment (continued)

Reconciliation of movement in property plant and equipment:

	Parent						
	Land and land Improvements	Buildings	Plant and equipment	Landfill at cost	Library books at cost	Work in progress	Total
Operational assets	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross carrying amount:							
Cost/valuation at 1 July 2007	285,613	441,846	84,071	8,217	77,002	15,155	**911,904**
Additions	25,216	18,512	7,792	-	4,688	-	**56,208**
Disposals	(1,641)	(1,167)	(690)	-	-	-	**(3,498)**
Movement in WIP	-	-	-	-	-	18,347	**18,347**
Transferred (to)/from held for sale	(573)	-	-	-	-	-	**(573)**
Net revaluation increments/(decrements)	156,304	74,841	-	-	-	-	**231,145**
Transfers	(90)	(6,867)	-	-	-	-	**(6,957)**
Cost/valuation at 30 June 2008	464,829	527,165	91,173	8,217	81,690	33,502	**1,206,576**
Additions	24,483	35,795	22,093	-	4,875	-	**87,246**
Disposals	(109)	(158)	(1,177)	-	-	-	**(1,444)**
Movement in WIP	-	-	-	-	-	(16,846)	**(16,846)**
Transferred (to)/from held for sale	254	(35,807)	-	-	-	-	**(35,553)**
Net revaluation increments/(decrements)	2,407	(15,995)	-	-	-	-	**(13,588)**
Transfers and other	(2,175)	554	-	-	-	-	**(1,621)**
Cost/valuation at 30 June 2009	**489,689**	**511,554**	**112,089**	**8,217**	**86,565**	**16,656**	**1,224,770**
Accumulated depreciation and impairment:							
Accumulated depreciation and impairment at 1 July 2007	(2,063)	(25,260)	(58,322)	(8,217)	(61,529)	-	**(155,391)**
Disposals	3	408	464	-	-	-	**875**
Net adjustments from revaluation increments/(decrements)	792	38,195	-	-	-	-	**38,987**
Depreciation expense	(1,136)	(13,714)	(7,938)	-	(4,616)	-	**(27,404)**
Transfers	-	371	-	-	-	-	**371**
Accumulated depreciation and impairment at 30 June 2008	(2,404)	-	(65,796)	(8,217)	(66,145)	-	**(142,562)**
Disposals	-	14	887	-	-	-	**901**
Net adjustments from revaluation increments/(decrements)	3,290	-	-	-	-	-	**3,290**
Classified as held for sale	-	956	-	-	-	-	**956**
Depreciation expense	(1,905)	(15,415)	(7,861)	-	(4,563)	-	**(29,744)**
Other	-	(45)	-	-	-	-	**(45)**
Accumulated depreciation and impairment at 30 June 2009	**(1,019)**	**(14,490)**	**(72,770)**	**(8,217)**	**(70,708)**	**-**	**(167,204)**
Carrying amount at 30 June 2008	462,425	527,165	25,377	-	15,545	33,502	**1,064,014**
Carrying amount at 30 June 2009	**488,670**	**497,064**	**39,319**	**-**	**15,857**	**16,656**	**1,057,566**

Notes to financial statements

23. Property, plant and equipment (continued)

	Group							
	Land and land Improvements	**Buildings**	**Plant & equipment**	**Electricity distribution system**	**Specialised assets***	**Work in progress**	**Landfill at cost assets**	**Total**
Operational assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount:								
Cost/valuation at 1 July 2007	710,348	752,980	318,285	852,462	326,633	46,996	8,217	**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)**
Movements in WIP	-	-	-	-	-	44,908	-	**44,908**
Classified as held for sale	(573)	-	-	-	-	-	-	**(573)**
Net revaluation increments/ (decrements)	165,718	70,772	-	-	(1,102)	-	-	**235,388**
Transfers	(90)	(6,865)	-	-	145	(145)	-	**(6,955)**
Cost/valuation at 30 June 2008	904,890	858,089	345,857	895,498	346,282	91,759	8,217	**3,450,592**
Additions	36,658	42,605	41,171	40,626	27,556	-	-	**188,616**
Disposals	(1,825)	(311)	(11,014)	(1,110)	-	-	-	**(14,260)**
Movements in WIP	-	-	-	-	-	23,060	-	**23,060**
Classified as held for sale	254	-	-	-	-	-	-	**254**
Net revaluation increments/ (decrements)	(16,617)	(6,952)	-	-	(5,970)	-	-	**(29,539)**
Transfers and other	(3,540)	(90)	531	-	-	-	-	**(3,099)**
Cost/valuation at 30 June 2009	**919,820**	**893,341**	**376,545**	**935,014**	**367,868**	**114,819**	**8,217**	**3,615,624**
Accumulated depreciation and impairment:								
Accumulated depreciation and impairment at 1 July 2007	(2,076)	(37,439)	(157,645)	(46)	(78,775)	-	(8,217)	**(284,198)**
Disposals	3	408	6,812	17	40	-	-	**7,280**
Net adjustments from revaluation increments/ (decrements)	791	39,083	-	-	83	-	-	**39,957**
Impairment losses charged to income statement	-	-	14	-	-	-	-	**14**
Depreciation expense	(1,138)	(29,350)	(25,501)	(29,496)	(15,067)	-	-	**(100,552)**
Transfers	-	371	-	-	-	-	-	**371**
Accumulated depreciation and impairment at 30 June 2008	(2,420)	(26,927)	(176,320)	(29,525)	(93,719)	-	(8,217)	**(337,128)**
Disposals	-	159	9,745	48	-	-	-	**9,952**
Net adjustments from revaluation increments/ (decrements)	3,290	-	-	-	2,958	-	-	**6,248**
Impairment losses charged to income statement	-	(49)	-	-	-	(4,505)	-	**(4,554)**
Depreciation expense	(1,905)	(29,718)	(27,306)	(30,426)	(15,259)	-	-	**(104,614)**
Other	-	(52)	124	-	-	-	-	**72**
Accumulated depreciation and impairment at 30 June 2009	**(1,035)**	**(56,587)**	**(193,757)**	**(59,903)**	**(106,020)**	**(4,505)**	**(8,217)**	**(430,024)**
Carrying amount at 30 June 2008	902,470	831,162	169,537	865,973	252,563	91,759	**-**	**3,113,464**
Carrying amount at 30 June 2009	**918,785**	**836,754**	**182,788**	**875,111**	**261,848**	**110,314**	**-**	**3,185,600**

Notes to financial statements

23. Property, plant and equipment (continued)

	Parent & 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 $'000**	**Total $'000**
Gross carrying amount:						
Cost/valuation at 31 July 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)**
Movement in WIP	-	-	-	-	15,300	**15,300**
Net revaluation increments/(decrements)	-	-	-	61,414	-	**61,414**
Transfers	90	3,700	3,165	-	-	**6,955**
Cost/valuation at 30 June 2008	1,555,582	653,424	340,577	336,956	109,343	**2,995,882**
Additions	49,140	8,140	5,472	2,699	-	**65,451**
Disposals	(3,090)	(262)	-	-	-	**(3,352)**
Movement in WIP	-	-	-	-	73,059	**73,059**
Net revaluation increments/(decrements)	-	38,433	-	-	-	**38,433**
Transfers and other	(3)	2,520	(3,131)	3	-	**(611)**
Cost/valuation at 30 June 2009	**1,601,629**	**702,255**	**342,918**	**339,658**	**182,402**	**3,168,862**
Accumulated depreciation and impairment:						
Accumulated depreciation and impairment at 1 July 2007	-	(11,407)	-	(6,820)	-	**(18,227)**
Disposals	1,192	10	117	-	-	**1,319**
Net adjustments from revaluation increments/(decrements)	-	-	-	10,278	-	**10,278**
Depreciation expense	(36,632)	(11,806)	(7,491)	(3,458)	-	**(59,387)**
Transfers	-	(6)	(365)	-	-	**(371)**
Accumulated depreciation and impairment at 30 June 2008	(35,440)	(23,209)	(7,739)	-	-	**(66,388)**
Disposals	1,056	48	-	-	-	**1,104**
Net adjustments from revaluation increments/(decrements)	-	35,364	-	-	-	**35,364**
Depreciation expense	(37,594)	(12,411)	(7,618)	(4,431)	-	**(62,054)**
Other	-	(320)	365	-	-	**45**
Accumulated depreciation and impairment at 30 June 2009	**(71,978)**	**(528)**	**(14,992)**	**(4,431)**	**-**	**(91,929)**
Carrying amount at 30 June 2008	1,520,142	630,215	332,838	336,956	109,343	**2,929,494**
Carrying amount at 30 June 2009	**1,529,651**	**701,727**	**327,926**	**335,227**	**182,402**	**3,076,933**

* *Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.*

Notes to financial statements

23. Property, plant and equipment (continued)

	Parent & Group					
	Restricted land & buildings at fair value	**Artworks at fair value**	**Heritage assets at fair value**	**Library books at cost**	**Work in progress**	**Total**
Restricted assets	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount:						
Cost/valuation at 1 July 2007	414,274	49,215	18,268	5,358	2,392	**489,507**
Additions	28,746	408	160	171	-	**29,485**
Disposals	(8)	-	-	-	-	**(8)**
Movement in WIP	-	-	-	-	140	**140**
Net revaluation increments/(decrements)	220,883	20,815	-	-	-	**241,698**
Cost/valuation at 30 June 2008	663,895	70,438	18,428	5,529	2,532	**760,822**
Additions	12,838	286	288	190	-	**13,602**
Disposals	-	-	(848)	-	-	**(848)**
Movement in WIP	-	-	-	-	6,970	**6,970**
Net revaluation increments/(decrements)	(1,356)	-	2,550	-	-	**1,194**
Transfers and other	2,232	-	-	-	-	**2,232**
Cost/valuation at 30 June 2009	**677,609**	**70,724**	**20,418**	**5,719**	**9,502**	**783,972**
Accumulated depreciation and impairment:						
Accumulated depreciation and impairment at 1 July 2007	(8,470)	(194)	(31)	-	-	**(8,695)**
Net adjustments from revaluation increments/(decrements)	910	245	-	-	-	**1,155**
Depreciation expense	(4,281)	(51)	(35)	-	-	**(4,367)**
Accumulated depreciation and impairment at 30 June 2008	(11,841)	-	(66)	-	-	**(11,907)**
Disposals	-	-	3	-	-	**3**
Net adjustments from revaluation increments/(decrements)	15,521	-	101	-	-	**15,622**
Depreciation expense	(4,353)	(71)	(38)	-	-	**(4,462)**
Accumulated depreciation and impairment at 30 June 2009	**(673)**	**(71)**	**-**	**-**	**-**	**(744)**
Carrying amount at 30 June 2008	652,054	70,438	18,362	5,529	2,532	**748,915**
Carrying amount at 30 June 2009	**676,936**	**70,653**	**20,418**	**5,719**	**9,502**	**783,228**

Notes to financial statements

23. Property, plant and equipment (continued)

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

Operational land and land improvements and restricted land and buildings include Park and Open Space assets. These were valued by AECOM New Zealand Limited at 30 June 2009 to a fair value of $89.3 million using the optimised depreciated replacement cost method.

Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of $1.548 billion (operational assets $958 million and restricted assets $590 million).

Stormwater, Waterways and Wetlands infrastructure assets were revalued by GHD Limited at 30 June 2008 to a fair value of $336.9 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 Limited. The fair value is assessed as the estimated market value.

Roading assets were revalued by Maunsell Limited 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 Limited 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 Limited at 30 June 2009 to a fair value of $700.8 million using the optimised depreciated replacement cost method.

Heritage and Public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of $20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with Public art being valued at fair value in accordance with NZ IAS 16.

Group

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

Orion New Zealand 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 and Mr Craig Rice, of independent valuers, PricewaterhouseCoopers. The valuations were undertaken on an optimised depreciated replacement cost basis.

Most of the company's land and non-substation building assets were revalued to fair value in accordance with NZ IAS 16 of $51.5 million as at 31 March 2007 by independent registered valuer Mr Marius Ogg of CB Richard Ellis Ltd. Additions since 1 April 2007 have been added at cost, depreciation applied and disposals removed. Various valuation approaches were undertaken relating closely to appropriate market evidence.

Mr Ogg reviewed the carrying value of the company's network land as at 31 March 2009 and determined that the carrying value was above fair value by $3.8 million, and the carrying value of this land has consequently been written down by this amount against accumulated prior revaluations in the revaluation reserve. A similar review was performed by Mr Ogg as at 31 March 2009 and 31 March 2008 of certain other land and building assets, resulting in write-downs of land assets of $0.5 million (2008: $0.1 million) and building assets of $0.1 million (2008: $0.1 million).

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 Limited (terminal facilities, sealed surfaces and infrastructure assets) as at 30 June 2007. The car park was revalued by Seagar and Partners as at 30 June 2009 and other assets were reviewed for impairment as at 30 June 2009 by independent valuers. No adjustment for impairment was considered necessary.

The company also reviewed the carrying value of capital work in progress relating to the integrated terminal project, and as a result made a $4.5 million impairment charge (see note 5) to the income statement (2008: Nil).

Vbase Ltd

Vbase Ltd's land, buildings and finance lease assets were valued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value amount of $143 million. Land was revalued to fair value using market based evidence. The building valuation was undertaken on an optimised depreciation replacement cost basis.

Notes to financial statements

24. Investment property

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of financial year	-	-	81,219	77,689
Transfer from property, plant & equipment	-	-	1,365	-
Additional capitalised expenditure	-	-	4,952	-
Net gain/(loss) from fair value adjustments	-	-	(4,426)	3,530
Balance at end of financial year	**-**	**-**	**83,110**	**81,219**

Group

Orion New Zealand Ltd

The company's investment property was valued by independent registered valuer Mr Marius Ogg of CB Richard Ellis Limited as at 31 March 2009.

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 2009 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.

Notes to financial statements

25. Intangibles

	Parent				
	Software	**Trademarks**	**Work in Progress**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount at 1 July 2007	9,147	-	-	-	**9,147**
Additions	4,840	2,850	3,938	16	**11,644**
Gross carrying amount at 30 June 2008	13,987	2,850	3,938	16	**20,791**
Additions	3,249	450	8,639	16	**12,354**
Gross carrying amount at 30 June 2009	**17,236**	**3,300**	**12,577**	**32**	**33,145**
Accumulated amortisation and impairment					
Accumulated amortisation and impairment at 1 July 2007	(5,127)	-	-	-	**(5,127)**
Amortisation expense	(1,701)	-	-	-	**(1,701)**
Accumulated amortisation and impairment at 30 June 2008	(6,828)	-	-	-	**(6,828)**
Amortisation expense	(1,700)	(147)	-	(7)	**(1,854)**
Impairment	-	-	(1,173)	-	**(1,173)**
Accumulated amortisation and impairment at 30 June 2009	**(8,528)**	**(147)**	**(1,173)**	**(7)**	**(9,855)**
Carrying amount					
Carrying amount at 30 June 2008	7,159	2,850	3,938	16	**13,963**
Carrying amount at 30 June 2009	**8,708**	**3,153**	**11,404**	**25**	**23,290**

Notes to financial statements

25. Intangibles (continued)

	Group				
	Software	**Trademarks**	**Work in Progress**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount at 1 July 2007	25,352	-	-	2,626	**27,978**
Additions including internal developments	8,380	2,850	3,938	360	**15,528**
Acquisitions through business combinations	15	-	-	-	**15**
Disposals	(1,592)	-	-	-	**(1,592)**
Gross carrying amount at 30 June 2008	32,155	2,850	3,938	2,986	**41,929**
Additions including internal developments	7,241	450	8,639	408	**16,738**
Disposals	(62)	-	-	-	**(62)**
Gross carrying amount at 30 June 2009	**39,334**	**3,300**	**12,577**	**3,394**	**58,605**
Accumulated amortisation and impairment					
Accumulated amortisation and impairment at 1 July 2007	(16,824)	-	-	(1,695)	**(18,519)**
Amortisation expense	(3,856)	-	-	(218)	**(4,074)**
Disposals	1,486	-	-	-	**1,486**
Accumulated amortisation and impairment at 30 June 2008	(19,194)	-	-	(1,913)	**(21,107)**
Amortisation expense	(4,264)	(147)	-	(219)	**(4,630)**
Impairment	60	-	(1,173)	-	**(1,113)**
Accumulated amortisation and impairment at 30 June 2009	**(23,398)**	**(147)**	**(1,173)**	**(2,132)**	**(26,850)**
Carrying amount					
Carrying amount at 30 June 2008	12,961	2,850	3,938	1,073	**20,822**
Carrying amount at 30 June 2009	**15,936**	**3,153**	**11,404**	**1,262**	**31,755**

Notes to financial statements

26. Goodwill

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Gross carrying amount				
Balance at beginning of financial year	-	-	11,686	10,323
Additional amounts recognised from business combinations	-	-	5,028	1,363
Balance at end of financial year	**-**	**-**	**16,714**	**11,686**
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(1,458)	(480)
Impairment losses for the period	-	-	-	(978)
Balance at end of financial year	**-**	**-**	**(1,458)**	**(1,458)**
Carrying amount				
At beginning of financial year	-	-	10,228	9,843
At end of financial year	**-**	**-**	**15,256**	**10,228**

The carrying amount of goodwill allocated to Christchurch City Holdings Ltd which is considered a cash-generating unit for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Christchurch City Holdings Ltd	-	-	15,256	10,228
	-	**-**	**15,256**	**10,228**

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

- The investment in City Care Ltd was revalued by independent valuers Ernst & Young as at 30 June 2009 resulting in an increase in the fair value of the investment of $2.7 million. The basis used was discounted cash flows adjusted for risks associated with the business' future operations.
- The investment in Lyttelton Port Company Ltd was revalued at 30 June 2009 on the basis of its quoted NZX price. The market capitalisation of this company significantly exceeds its original acquisition value.

Notes to financial statements

27. Creditors and other payables

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Trade payables and accrued expenses	60,172	54,802	112,689	101,227
Amounts due to related parties	4,390	5,927	-	-
GST payable	-	-	161	-
Other	-	-	5,984	9,120
Total creditors & other payables	**64,562**	**60,729**	**118,834**	**110,347**

Notes to financial statements

28. Borrowings

(a) Current borrowings

		Parent		Group	
		30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	Note	$'000	$'000	$'000	$'000
Unsecured:					
Commercial paper		-	-	23,000	25,000
Bonds and other fixed rate borrowing		-	-	17,000	50,000
Floating rate notes		-	-	7,000	-
Loans		-	19	-	64,821
Finance lease liabilities	29	-	-	61	33
Loans from subsidiaries		44,663	2,013	-	-
		44,663	2,032	47,061	139,854
Secured:					
Commercial paper		5,000	-	5,000	-
Loans		17,035	-	17,035	33
Finance lease liabilities	29	-	-	269	378
		22,035	-	22,304	411
Total current portion of borrowings		**66,698**	**2,032**	**69,365**	**140,265**

In July 2009 Christchurch City Council refinanced $7 million of the current portion of its loans. These loans were refinanced for a four year period.

Notes to financial statements

28. Borrowings (continued)

(b) Non-current borrowings

		Parent		Group	
		30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	Note	$'000	$'000	$'000	$'000
Unsecured:					
Bonds and other fixed rate instruments		-	-	70,000	87,000
Floating rate notes		-	-	50,000	57,000
Loans		-	-	238,936	154,769
Finance lease liabilities	29	-	-	4,677	562
Redeemable preference shares		-	-	-	14,402
Loan from subsidiaries		38,531	83,081	-	-
		38,531	83,081	363,613	313,733
Secured:					
Floating rate notes		60,000	-	60,000	-
Loans		43,772	34,673	48,172	41,373
Finance lease liabilities	29	-	-	949	1,217
Other		-	80	-	80
		103,772	34,753	109,121	42,670
Total non-current portion of borrowings		**142,303**	**117,834**	**472,734**	**356,403**
Total borrowings		**209,001**	**119,866**	**542,099**	**496,668**

Notes to financial statements

28. Borrowings (continued)

Parent

Secured loans

Christchurch City Council's secured debt of $125.8 million (2008: $34.7 million) is issued at both fixed and floating rate of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. As at 30 June 2009, this rate averaged 4.45%. Christchurch City Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2009 the average effective interest rate for the fixed rate debt is 6.85% (2008: 7.13%).

Security

Christchurch City Council's loans are secured over either separate or general rates of the district.

Fair value

The fair value of loans are $223 million (2008: $104 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.8% to 5.96% (2008 7.28% to 8.66%)

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

Group

Details of the material borrowings are as follows:

CCHL

CCHL's borrowings at 30 June 2009 comprised bonds and floating rate notes in five tranches ranging from $7 million to $70 million, and a loan facility of $30 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are between 6.21% and 6.87%. The borrowings were put in place under a $350 million debt issuance programme. The company also has an undrawn $20 million standby facility. 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 New Zealand Ltd

The company's bank debt of $46.8 million (2008: $43.0 million) is unsecured against the company; however a deed of negative pledge and guarantee requires the company to comply with certain covenants. This facility matures 30 September 2010 (2008: 25 August 2008) and may be extended for further periods as agreed by the lenders.

Interest rates for all borrowings are floating rate based on bank bill rates plus a margin. As at 31 March 2009 this rate averaged 3.83% (2008: 8.95%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Christchurch International Airport Ltd

The company has a $250 million funding facility with four banks to fund the ongoing business and the proposed terminal development. In addition, the company has an overdraft facility of $1 million (2008: $250 million funding facility and $1 million overdraft facility).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 7.08% to 8.55% (2008: 7.07% to 7.84%).

Lyttelton Port Company Ltd

Current and term advances of $57.1 million (2008: $58.6 million) have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is in two tranches of $95 million and $55 million respectively with renewal dates of 1 July 2011 and 1 July 2012 respectively. There was no difference between the face value and carrying amount of these loans and borrowings as at 30 June 2009 or 30 June 2008.

Fair value

The fair value of loans is $551.4 million (2008: $466.6 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.8% to 7.22% (2008: 7.28% to 8.66%).

Notes to financial statements

29. Finance leases liabilities

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
No later than one year	-	-	841	635
Later than one year and not later than five years	-	-	2,912	1,851
Later than five years	-	-	10,695	600
Minimum lease payments*	-	-	14,448	3,086
Less future finance charges	-	-	(8,492)	(896)
Present value of minimum lease payments	**-**	**-**	**5,956**	**2,190**
Minimum future lease payments				
No later than one year	-	-	330	411
Later than one year and not later than five years	-	-	1,260	1,343
Later than five years	-	-	4,366	436
Present value of minimum lease payments	**-**	**-**	**5,956**	**2,190**
Represented by				
Current portion	-	-	330	411
Non-current portion	-	-	5,626	1,779
Total finance leases	**-**	**-**	**5,956**	**2,190**

**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 and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10, 20 or 35 years. The company does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amount may be reviewed annually by Transpower and the risk free portion of the interest rate may be adjusted.

Also included above 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.

Notes to financial statements

30. Employee entitlements

(a) Current portion

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Accrued pay	454	2,263	5,603	10,282
Annual leave	9,985	8,949	23,365	19,442
Sick leave	256	257	549	524
Retirement and long service leave	801	782	2,418	2,157
Other	-	-	1,093	568
	11,496	12,251	33,028	32,973

(b) Non-current portion

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Retirement and long service leave	6,309	6,225	7,374	7,280
	6,309	6,225	7,374	7,280
Total employee entitlements	**17,805**	**18,476**	**40,402**	**40,253**

Employee benefits

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

Notes to financial statements

31. Provisions

(a) Current provisions

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Landfill aftercare	1,476	1,347	1,476	1,347
Other - Weathertight	450	400	450	400
	1,926	1,747	1,926	1,747

(b) Non-current provisions

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Landfill aftercare	13,055	11,850	13,055	11,850
Other - Weathertight	2,567	400	2,567	400
	15,622	12,250	15,622	12,250
Total provisions	**17,548**	**13,997**	**17,548**	**13,997**

Landfill aftercare

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

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; 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 $14.5 million. (2008: $13.2 million).

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

Notes to financial statements

31. Provisions (continued)

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Landfill aftercare provision	$'000	$'000	$'000	$'000
Balance at beginning of financial year	13,197	16,090	13,197	16,090
Additional / (reduction of) provision made	2,705	(1,426)	2,705	(1,426)
Amount utilised	(1,371)	(1,467)	(1,371)	(1,467)
	14,531	**13,197**	**14,531**	**13,197**
Current portion	1,476	1,347	1,476	1,347
Non-current portion	13,055	11,850	13,055	11,850
	14,531	**13,197**	**14,531**	**13,197**

Weathertight homes

The Council is processing a number of weather tight (leaky) home claims. Those lodged prior to June 2009 are covered by insurance. We have been advised that no insurer is offering cover on new weather tight home claims post June 2009.

Provision has been made for the estimated cost of known claims based on the average actual settlement costs and the number of claims settled each year.

Notes to financial statements

32. Other liabilities

(a) Other current liabilities

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Other	-	-	1,034	1,076
Service concession agreement	735	-	735	-
	735	-	1,769	1,076

(b) Other non-current liabilities

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Income in advance	-	-	600	661
Deferred income	-	-	6,237	7,183
Other	3,600	-	1,388	271
Service concession agreement	9,995	-	9,995	-
	13,595	-	18,220	8,115
Total other liabilities	**14,330**	**-**	**19,989**	**9,191**

Deferred income

On 11 September 2002 Lyttelton Port Company Ltd entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited which provided for the company to receive a $13 million prepayment of agreement charges. Should Lyttelton Port Company Ltd 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.

Service concession arrangement

On 16 May 2008, Council entered into an arrangement with Meta Processing Limited to construct the Material Recovery Facility located at 21 Parkhouse Road. The arrangement required Meta to build, own and operate the facility for a period of 15 years. After 15 years, the ownership of the facility will be transferred to Council at zero cost. The facility began operations in February 2009.

This arrangement is governed by NZ IFRIC 12, Service Concession Arrangements. The IFRIC requires Council to recognise the facility as an asset and depreciate the asset over its useful life. This asset is recognised as additions in note 23. Council is also required to recognise the Service Concession Liability, which represents the deferred benefit that the arrangement provides to the Council. This consideration is released as a credit to the income statement over the 15 year life of the arrangement. At balance date, $0.7 million (2008: Nil) was recognised as a current liability.

Notes to financial statements

33. Reserves

Equity

	Parent		
	Retained earnings $'000	**Other reserves $'000**	**Total equity $'000**
Balance at 1 July 2007	**1,672,874**	**3,817,408**	**5,490,282**
Property plant and equipment valuation gain	-	584,677	**584,677**
Investment revaluation gain/ (loss)	-	217,000	**217,000**
Cash flow hedges gain/(loss) taken to equity	-	37	**37**
Income tax on items taken directly to equity	-	(2,679)	**(2,679)**
Transfers and other	-	(290)	**(290)**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	419	(419)	**-**
Surplus for the period	40,223	-	**40,223**
Transfer to and from retained earnings	53,521	(53,521)	**-**
Balance at 30 June 2008	**1,767,037**	**4,562,213**	**6,329,250**
Property plant and equipment valuation gain	-	80,315	**80,315**
Investment valuation gain/(loss)	-	40,614	**40,614**
Unlisted shares valuation gain/(loss)	-	(219)	**(219)**
Cash flow hedges gain/(loss) taken to equity	-	(3,479)	**(3,479)**
Income tax on items taken directly to equity	-	8,837	**8,837**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	(8,951)	8,951	**-**
Transfers and other	-	185	**185**
Surplus for the period	63,359	-	**63,359**
Transfers to/(from) other reserves	44,876	(44,876)	**-**
Balance at 30 June 2009	**1,866,321**	**4,652,541**	**6,518,862**

Notes to financial statements

33. Reserves (continued)

Reserves

	Parent				
	Asset revaln $'000	Hedging $'000	Reserve Fund $'000	Capital reserves $'000	Total $'000
Balance at 1 July 2007	**1,843,683**	**(24)**	**239,896**	**1,733,853**	**3,817,408**
Property plant and equipment valuation gain	584,677	-	-	-	**584,677**
Investment revaluation gain/ (loss)	217,000	-	-	-	**217,000**
Cash flow hedges gain/(loss) taken to equity	-	37	-	-	**37**
Income tax on items taken directly to equity	(2,634)	(45)	-	-	**(2,679)**
Transfers and other	-	-	(290)	-	**(290)**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	(419)	-	-	-	**(419)**
Transfers to/(from) other reserves	-	-	(53,521)	-	**(53,521)**
Balance at 30 June 2008	**2,642,307**	**(32)**	**186,085**	**1,733,853**	**4,562,213**
Property plant and equipment valuation gain	80,315	-	-	-	**80,315**
Investment valuation gain/(loss)	40,614	-	-	-	**40,614**
Unlisted shares valuation gain/(loss)	(219)	-	-	-	**(219)**
Cash flow hedges gain/(loss) taken to equity	-	(3,479)	-	-	**(3,479)**
Income tax on items taken directly to equity	8,792	45	-	-	**8,837**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	8,951	-	-	-	**8,951**
Transfers and other	-	-	185	-	**185**
Transfers to/(from) other reserves	(6,247)	-	(38,629)	-	**(44,876)**
Balance at 30 June 2009	**2,774,513**	**(3,466)**	**147,641**	**1,733,853**	**4,652,541**

Notes to financial statements

33. Reserves (continued)

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.

Notes to financial statements

33. Reserves (continued)

Equity

	Group			
	Retained earnings $'000	**Other reserves $'000**	**Minority interest $'000**	**Total equity $'000**
Balance at 1 July 2007	**2,312,273**	**3,183,754**	**244,723**	**5,740,750**
Property plant and equipment valuation gain	-	589,890	-	**589,890**
Impairment losses	-	(220)	(26)	**(246)**
Impact of change in corporate tax rate on deferred tax liability	-	(6,967)	-	**(6,967)**
Cash flow hedges gain/(loss) taken to equity	-	(4,669)	(845)	**(5,514)**
Translation of foreign exchange differences taken to equity	-	(193)	(64)	**(257)**
Income tax on items taken directly to equity	-	(2,882)	320	**(2,562)**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	342	(342)	-	**-**
Transfers and other	-	192	(214)	**(22)**
Transferred to income statement on sale	-	(2,500)	(280)	**(2,780)**
Share of increment in reserves attributable to associates	-	1,484	-	**1,484**
Surplus for the period	80,514	-	14,012	**94,526**
Dividends	-	-	(8,672)	**(8,672)**
Transfer to/from retained earnings	53,521	(53,521)	-	**-**
Adjustment from share acquisitions	-	-	(1,366)	**(1,366)**
Balance at 30 June 2008	**2,446,650**	**3,704,026**	**247,588**	**6,398,264**
Property plant and equipment valuation gain	-	68,550	(1,228)	**67,322**
Unlisted shares valuation gain/(loss)	-	(219)	-	**(219)**
Cash flow hedges gain/(loss) taken to equity	-	(21,173)	(3,555)	**(24,728)**
Translation of foreign exchange differences taken to equity	-	2,565	855	**3,420**
Income tax on items taken directly to equity	(71)	7,609	1,579	**9,117**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	(7,897)	8,010	(113)	**-**
Transfers and other	68	532	105	**705**
Hedging reserve transferred to income statement	-	(568)	-	**(568)**
Share of increment in reserves attributable to associates	-	(1,247)	-	**(1,247)**
Surplus for the period	81,342	-	11,267	**92,609**
Dividends	-	-	(9,117)	**(9,117)**
Transfer to/from retained earnings	44,876	(44,876)	-	**-**
Adjustment from share acquisitions	-	-	(4,675)	**(4,675)**
Balance at 30 June 2009	**2,564,968**	**3,723,209**	**242,706**	**6,530,883**

Notes to financial statements

33. Reserves (continued)

Reserves

	Group						
	Asset revaln $'000	Hedging $'000	Foreign currency translation $'000	Available for sale revaln $'000	Reserve Fund $'000	Capital Reserves $'000	Total $'000
Balance at 1 July 2007	**1,201,175**	**8,400**	**(3,334)**	**2,812**	**240,848**	**1,733,853**	**3,183,754**
Property plant and equipment valuation gain	589,890	-	-	-	-	-	**589,890**
Impairment losses	(220)	-	-	-	-	-	**(220)**
Impact of change in corporate tax rate on deferred tax liability	(6,967)	-	-	-	-	-	**(6,967)**
Cash flow hedges gain/(loss) taken to equity	-	(4,669)	-	-	-	-	**(4,669)**
Translation of foreign exchange differences taken to equity	-	-	(193)	-	-	-	**(193)**
Income tax on items taken directly to equity	(4,320)	1,043	58	337	-	-	**(2,882)**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	(342)	-	-	-	-	-	**(342)**
Transfers and other	1,645	(706)	1,144	(649)	(1,242)	-	**192**
Transferred to income statement on sale	-	-	-	(2,500)	-	-	**(2,500)**
Transfers (to)/from retained earnings	-	-	-	-	(53,521)	-	**(53,521)**
Share of increment in reserves attributable to associates	1,484	-	-	-	-	-	**1,484**
Balance at 30 June 2008	**1,782,345**	**4,068**	**(2,325)**	**-**	**186,085**	**1,733,853**	**3,704,026**
Property plant and equipment valuation gain	68,550	-	-	-	-	-	**68,550**
Unlisted shares valuation gain/(loss)	(219)	-	-	-	-	-	**(219)**
Cash flow hedges gain/(loss) taken to equity	-	(21,173)	-	-	-	-	**(21,173)**
Translation of foreign exchange differences taken to equity	-	-	2,565	-	-	-	**2,565**
Income tax on items taken directly to equity	2,799	5,665	(855)	-	-	-	**7,609**
Transfer to/(from) retained earnings on disposal of property, plant and equipment	8,010	-	-	-	-	-	**8,010**
Transfers and other	(384)	116	615	-	185	-	**532**
Hedging reserve transferred to income statement	-	(568)	-	-	-	-	**(568)**
Transfers (to)/from retained earnings	(6,247)	-	-	-	(38,629)	-	**(44,876)**
Share of increment in reserves attributable to associates	(1,247)	-	-	-	-	-	**(1,247)**
Balance at 30 June 2009	**1,853,607**	**(11,892)**	**-**	**-**	**147,641**	**1,733,853**	**3,723,209**

Notes to financial statements

34. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Surplus for the period	63,359	40,223	92,609	94,526
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	102,530	97,041	186,176	174,992
Vested, donated and subsidised assets	(24,798)	(15,143)	(31,906)	(23,839)
(Gains)/losses in fair value of investment property	-	-	4,426	(3,530)
(Gains)/losses in fair value of derivative financial instruments	9	-	9	407
Share of associates' loss/(profit) (less dividends)	-	-	(3,953)	528
Net foreign exchange (gains)/losses	-	-	(40)	(10)
Deferred tax charged/(credited) to income	788	652	(4,494)	5,406
Finance lease income	-	-	(2,079)	(1,940)
Changes in fair value of assets classified as fair value through the income statement	-	-	3,826	43
Deferred tax adjustment	-	-	-	(6,967)
Realisation of available for sale assets revaluation reserve	-	-	-	(2,780)
(Gains)/losses in fair value of Endeavour iCap	(2,049)	-	(2,049)	-
Other non cash movements	-	-	(5,172)	9,147
Net changes in non-cash items	76,480	82,550	144,744	151,457
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	(2,768)	(1,531)	(2,875)	(1,984)
Movement in capital creditors	(4,958)	(1,509)	(7,414)	(2,342)
Recognition of service concession arrangement	(10,730)	-	(10,730)	-
Net changes in investing/financing activities	(18,456)	(3,040)	(21,019)	(4,326)
Add/(less) movement in working capital items				
Current trade and other receivables	1,740	(21,423)	(7,700)	(7,768)
Current inventories	(111)	20	(1,723)	(3,608)
Current prepayments	-	-	(842)	(783)
(Increase)/decrease in current tax balances	-	-	7,136	(2,900)
Other current assets	-	-	(44)	(31)
Non-current receivables	3,000	-	1,520	(1,606)
Non-current inventories	-	-	885	(160)
Non current prepayments	-	-	3,810	(3,810)
Current payables	(152)	11,761	8,487	7,026
Current provisions and employee benefits	(830)	286	(20)	7,876
Increase/(decrease) in deferred tax balances	-	-	-	-
Other current liabilities	4,562	-	4,520	(935)
Non-current provisions	(117)	(2,936)	(107)	(3,430)
Other non-current liabilities	13,595	-	10,105	1,307
Net changes in net assets and liabilities	21,687	(12,292)	26,027	(8,822)
Net cash from operating activities	**143,070**	**107,441**	**242,361**	**232,835**

Notes to financial statements

35. Capital commitments and operating leases

(a) Capital and other operating commitments

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Property, plant & equipment	62,881	49,456	225,116	60,952
Electricity distribution network	-	-	6,031	9,075
Intangible assets	1,051	120	3,404	3,075
Other	-	-	263	1,670
Total capital commitments	**63,932**	**49,576**	**234,814**	**74,772**
Other operating commitments	13,979	16,901	13,979	16,901
Total other operating commitments	**13,979**	**16,901**	**13,979**	**16,901**

Included in the Group property, plant and equipment value above is $17.8 million (2008: Nil) which is related to the joint venture that the Group is party to. See note 21 for more information on the joint venture.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
No later than one year	3,496	3,347	6,550	7,381
Later than one year and not later than five years	6,474	7,311	13,224	13,817
Later than five years	4,692	4,604	11,522	10,525
Total non-cancellable operating lease liabilities	**14,662**	**15,262**	**31,296**	**31,723**

Parent

The Council leases computer equipment, property and motor vehicles.

Effective 31 July 2010 Council will lease the new civic building in Worcester Street from Civic Building Ltd, a wholly owned subsidiary of Christchurch City Council. Civic Building Ltd owns the Council's 50% interest in the unincorporated joint venture with Ngai Tahu Property Ltd.

The lease agreement was not signed at 30 June 2009 but Council has approved and budgeted for annual lease payments of $8.2 million plus GST. The lease has an initial term of 24 years with 3 rights of renewal of 24 years.

Notes to financial statements

35. Capital commitments and operating leases (continued)

(c) Non-cancellable operating lease receivables

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
No later than one year	8,022	5,804	36,135	35,675
Later than one year and not later than five years	23,992	18,187	95,394	93,841
Later than five years	45,874	53,037	134,971	116,618
Total non-cancellable operating lease receivables	**77,888**	**77,028**	**266,500**	**246,134**

Parent

The Council leases properties to various parties.

Group

Christchurch International Airport Ltd

Non-cancellable operating lease receivables $111.3 million (2008: $128.2 million). The company has a number of property leases that generate rental income.

Lyttelton Port Company Ltd

Non-cancellable operating lease receivables $69.5 million (2008: $34.5 million). The company leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods up to 12 years. There were no contingent rents recognised as income during the year.

Notes to financial statements

36. Contingent liabilities and contingent assets

	Parent		Group	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
	$'000	$'000	$'000	$'000
Contingent liabilities				
Uncalled capital in Christchurch City Holdings Ltd	350,138	350,138	-	-
Uncalled capital in Tuam Limited	7,000	7,000	-	-
Uncalled capital in Transwaste Canterbury Ltd	1,556	1,556	1,556	1,556
Uncalled capital in Civic Building Ltd	10,000	10,000	-	-
Professional Indemnity Weathertight Homes insurance claims 1.	-	1,802	-	1,802
Other Professional Indemnity insurance claims	200	200	200	200
Construction Contract Claim 2.	-	3,800	-	3,800
Additional funding AMI Stadium 3.	-	20,000	-	20,000
Contract performance bond - City Care Ltd	-	-	6,240	7,740
Contract performance bond - Red Bus Ltd	-	-	1,130	1,080
Contract performance bond - Orion New Zealand Ltd	-	-	500	250
Lyttleton Port Company Ltd - port noise mitigation 4.	-	-	1,500	-
IRU contracts under CFNL purchase	-	-	525	-
Christchurch Symphony Orchestra - Guarantee 5.	200	100	200	100
Transwaste Canterbury Ltd 6.	-	-	3,934	3,545
Total contingent liabilities	**369,094**	**394,596**	**15,785**	**40,073**
Contingent assets				
Vested asset - Nurses Chapel (at valuation) 7.	-	440	-	440
Total contingent assets	**-**	**440**	**-**	**440**

Notes to financial statements

36. Contingent liabilities and contingent assets (continued)

1. The Council through its insurers is processing a number of weather-tight home claims. Provision has been made within the accounts for the estimated cost of known claims currently outstanding. In the 2008 accounts this estimate was shown as a contingency. The Council has no reliable means of estimating what claims may be lodged prior to the cut-off date in 2015. RiskPool have made a call on the Council for $186k being its share of a deficit in RiskPool's funds for the years 2002-03 and 2003-04 and have indicated that over the next two years one or two further calls of a similar size may be made.
2. The Council's dispute with a Contractor for additional costs incurred on a construction project was resolved for less than the estimated contingency.
3. When the Council approved $40 million of funding for the Deans Stand at AMI Stadium in June 2007 it agreed at the same time to underwrite a further $20 million which was to be sought from other entities. The Government announced in April 2009 that it would provide $15 million of this funding and Council provided the final $5 million by subscribing for further equity in Vbase Limited. This funding has since been received.
4. The agreements recognised the need for the Lyttelton Port Company Ltd and the community to co-exist and provided for the installation at the Company's expense, of acoustic treatment for identified affected dwellings in accordance with desired District Plan amendments. The desired District Plan amendments have been made operative provisions through a successful application to the Environment Court under section 293 of the Resource Management Act. A Port Noise Liaison Committee, comprising representatives of the various parties, has been established to administer the terms of the new operative provisions in the District Plan.

   No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The Directors have estimated that the maximum amount payable by Lyttelton Port Company Ltd under this agreement would be $1.5 million in total over the next ten years.
5. In March 1998 the Council guaranteed a $100k bank overdraft for the Canterbury Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further $100k to be guaranteed if required. A guarantee for the additional $100k was activated in June 2009. This guarantee was not reported in previous years.
6. Christchurch City Council's share of the contingencies of associates is $3.9 million (2008: $3.5 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to the company. It is anticipated that no material liabilities will arise.
7. This matter was resolved during the year. Should the Council acquire the Nurses Chapel the transaction will be treated in a manner similar to other asset purchases.
8. 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 2008, the Scheme had a past service surplus of $28.3 million (9.9% 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 1.0 times contributors' contributions at present. The 1.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2009 is not available at the date of preparation of these financial statements.

Notes to financial statements

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

Significant accounting policies

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

Market risk

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

Interest rate risk management

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps contracts and forward interest rate contracts.

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

	Parent					
	Fixed	**Variable**	**Non-interest bearing**	**Fixed**	**Variable**	**Non-interest bearing**
	30 Jun 2009	**30 Jun 2009**	**30 Jun 2009**	**30 Jun 2008**	**30 Jun 2008**	**30 Jun 2008**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	10,000	74,383	-	-	55,427	-
Short term and term deposits	-	17,000	-	45,400	30,000	-
Interest bearing loans and advances	142,449	4,500	9,152	67,471	23,299	-
Other - Stocks, bonds and local authority stock	53,242	16,682	-	61,094	21,398	-
	205,691	**112,565**	**9,152**	**173,965**	**130,124**	**-**
Financial liabilities						
Commercial paper	-	(5,000)	-	-	-	-
Bonds and other fixed rate borrowing	-	-	-	-	-	-
Floating rate notes	(47,000)	(13,000)	-	-	-	-
Loans	(143,607)	(394)	-	(98,453)	(21,413)	-
	(190,607)	**(18,394)**	**-**	**(98,453)**	**(21,413)**	**-**

Notes to financial statements

37. Financial instrument risks (continued)

	Group					
	Fixed	**Variable**	**Non-interest bearing**	**Fixed**	**Variable**	**Non-interest bearing**
	30 Jun 2009	**30 Jun 2009**	**30 Jun 2009**	**30 Jun 2008**	**30 Jun 2008**	**30 Jun 2008**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Cash and cash equivalents	11,000	97,641	1,189	-	106,727	1,199
Short term deposits with maturities of 4 to 12 months	35,192	17,000	-	48,499	35,103	-
Interest bearing loans and advances	5,427	-	412	3,777	-	3,632
Finance lease receivables	29,174	-	-	27,450	-	-
Stocks, bonds and local authority stock	53,242	16,682	-	61,094	21,398	-
	134,035	**131,323**	**1,601**	**140,820**	**163,228**	**4,831**
Financial liabilities						
Bank overdrafts	-	-	-			
Commercial paper	(23,000)	(5,000)	-	(25,000)	-	-
Bonds and other fixed rate borrowing	(87,000)	-	-	(137,000)	-	-
Floating rate notes	(104,000)	(13,000)	-	(57,000)	-	-
Loans	(256,807)	(47,336)	-	(194,741)	(66,335)	-
Finance lease liabilities	(1,339)	(4,617)	-	(1,727)	(463)	-
Other - Redeemable preference shares	-	-	-	(14,402)	-	-
	(472,146)	**(69,953)**	**-**	**(429,870)**	**(66,798)**	**-**

Interest rate swap contracts

Under interest rate swap contracts, the Council and the Group agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the borrower 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 on the following page.

Notes to financial statements

37. Financial instrument risks (continued)

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

Parent				
	Notional principal amount		Fair value	
	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
	$'000	$'000	$'000	$'000
Floating for fixed contracts				
Less than 1 year	10,000	25,000	15	105
1 to 2 years	5,000	10,000	334	(126)
2 to 5 years	-	5,000	-	48
More than 5 years	68,200	-	(3,861)	-
	83,200	**40,000**	**(3,512)**	**27**

Group				
	Notional principal amount		Fair value	
	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
	$'000	$'000	$'000	$'000
Floating for fixed contracts				
Less than 1 year	58,000	68,900	(1,531)	663
1 to 2 years	60,000	88,000	(3,333)	1,590
2 to 5 years	88,000	58,000	(829)	3,585
More than 5 years	247,200	125,000	(14,859)	2,958
	453,200	**339,900**	**(20,552)**	**8,796**
Fixed for floating contracts				
Less than 1 year	17,000	-	20	-
1 to 2 years	-	17,000	-	(194)
	17,000	**17,000**	**20**	**(194)**

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 investment is held as a long term asset with no intention of sale, and such fluctuations do not impact on the group's profits.

The Group 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

37. 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 Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

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

	Group			
Foreign currency risk	**USD**	**AUD**	**EURO**	**Other**
30 June 2009	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	-	132	18	5
Trade payables	(310)	(39)	(334)	-
Net balance sheet exposure before hedging activity	(310)	93	(316)	5
Estimated forecast purchases	(431)	(451)	(2,440)	(3)
Net cash flow exposure before hedging activity	(431)	(451)	(2,440)	(3)
Forward exchange contracts				
Notional amounts	276	154	2,218	-
Foreign currency on hand	325	55	499	-
Net unhedged exposure	**(140)**	**(149)**	**(39)**	**2**

Notes to financial statements

37. Financial instrument risks (continued)

	Group			
Foreign currency risk	**USD**	**AUD**	**EURO**	**Other**
30 June 2008	**$'000**	**$'000**	**$'000**	**$'000**
Trade payables	(105)	(124)	(16)	-
Net balance sheet exposure before hedging activity	(105)	(124)	(16)	-
Estimated forecast purchases	-	-	(542)	-
Net cash flow exposure before hedging activity	-	-	(542)	-
Forward exchange contracts				
Notional amounts	-	-	182	-
Net unhedged exposure	**(105)**	**(124)**	**(376)**	**-**

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 & 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 New Zealand 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 62.0% (2008: 71.6%) of trade receivables due from 10 customers. City Care Ltd also has a concentration of credit risk in respect of its transactions with 47% (2008: 54%) of its revenue derived from its ultimate shareholder, the Council.

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 New Zealand 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.

Notes to financial statements

37. Financial instrument risks (continued)

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

		Parent		Group	
		30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
		$'000	$'000	$'000	$'000
Maximum exposure to credit risk					
Cash at bank, term deposits and foreign currency		101,383	130,827	162,022	203,315
Debtors and other receivables		42,361	47,101	104,634	98,732
Loans		156,101	90,770	5,839	7,409
Local authority stock		42,245	46,250	42,245	46,250
Derivative financial instrument assets		349	158	1,514	8,934
Stocks and bonds		27,679	36,142	27,679	36,142
		370,118	**351,248**	**343,933**	**400,782**
Counterparties					
Cash at bank, term deposits and foreign currency	AA	100,383	99,927	157,822	164,313
	A	-	30,900	3,200	37,900
	Lower than BBB or unrated	1,000	-	1,000	1,102
		101,383	130,827	162,022	203,315
Loans	Lower than BBB or unrated	156,101	90,770	5,839	7,409
		156,101	90,770	5,839	7,409
Local authority stock	Lower than BBB or unrated	42,245	46,250	42,245	46,250
		42,245	46,250	42,245	46,250
Derivative financial instrument assets	AA	349	158	1,514	8,934
		349	158	1,514	8,934
Stocks and Bonds	AA	11,000	19,000	11,000	19,000
	A	6,482	6,500	6,482	6,500
	Lower than BBB or unrated	10,197	10,642	10,197	10,642
		27,679	36,142	27,679	36,142

Notes to financial statements

37. Financial instrument risks (continued)

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.

The following tables analyse the parent company's and group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows:

			Parent			
30 June 2009	**Balance sheet**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**	**5 years +**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities:						
Creditors and other payables	64,562	64,562	64,562	-	-	-
Net settled derivative liabilities	3,861	1,748	1,382	775	(280)	(129)
Commercial paper	5,000	5,000	5,000	-	-	-
Floating rate notes	60,000	83,360	(11,590)	4,455	90,495	-
Loans	144,001	184,910	70,303	10,528	47,541	56,538
Financial guarantees	-	200	200	-	-	-
	277,424	**339,780**	**129,857**	**15,758**	**137,756**	**56,409**

Notes to financial statements

37. Financial instrument risks (continued)

		Parent				
30 June 2008	**Balance sheet $'000**	**Contractual cash flows $'000**	**Less than 1 year $'000**	**1-2 years $'000**	**2-5 years $'000**	**5 years + $'000**
Financial liabilities:						
Creditors and other payables	60,729	60,729	60,729	-	-	-
Net settled derivative liabilities	131	(95)	-	(95)	-	-
Loans	119,866	160,001	15,160	51,838	21,928	71,075
Financial guarantees	-	100	100	-	-	-
	180,726	**220,735**	**75,989**	**51,743**	**21,928**	**71,075**

		Group				
30 June 2009	**Balance sheet $'000**	**Contractual cash flows $'000**	**Less than 1 year $'000**	**1-2 years $'000**	**2-5 years $'000**	**5 years + $'000**
Financial liabilities:						
Creditors and other payables	118,834	118,834	118,834	-	-	-
Net settled derivative liabilities	22,438	22,241	13,029	4,542	2,016	2,654
Commercial paper	28,000	28,000	28,000	-	-	-
Bonds and other fixed rate borrowing	87,000	121,191	22,337	9,618	14,427	74,809
Floating rate notes	117,000	169,589	(2,849)	9,745	100,652	62,041
Loans	304,143	351,870	121,523	90,275	99,011	41,061
Finance lease liabilities	5,956	14,448	841	813	2,099	10,695
Financial guarantees	-	223	223	-	-	-
	683,371	**826,396**	**301,938**	**114,993**	**218,205**	**191,260**

Notes to financial statements

37. Financial instrument risks (continued)

30 June 2008	Group Balance sheet $'000	Contractual cash flows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5 years + $'000
Financial liabilities:						
Creditors and other payables	110,347	110,347	110,347	-	-	-
Net settled derivative liabilities	553	(10,042)	(1,650)	(1,882)	(3,821)	(2,689)
Commercial paper	25,000	25,000	25,000	-	-	-
Bonds and other fixed rate borrowing	137,000	202,518	56,655	21,539	23,422	100,902
Floating rate notes	57,000	78,935	5,027	12,496	4,022	57,390
Loans	261,076	312,690	128,694	19,000	142,297	22,699
Finance lease liabilities	2,190	3,086	635	487	1,364	600
Financial guarantees	-	100	100	-	-	-
Redeemable Preference Shares	14,402	19,442	1,008	1,008	3,024	14,402
	607,568	**742,076**	**325,816**	**52,648**	**170,308**	**193,304**

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:

	Parent							
	30 Jun 2009				30 Jun 2008			
Interest rate risk	-100bps Income Statement	-100bps Other equity (excl REs)	+100bps Income Statement	+100bps Other equity (excl REs)	-100bps Income Statement	-100bps Other equity (excl REs)	+100bps Income Statement	+100bps Other equity (excl REs)
Financial assets								
Cash and cash equivalents	(744)	-	744	-	(554)	-	554	-
Short term and term deposits	(170)	-	170	-	(300)	-	300	-
Loans to related parties	(45)	-	45	-	(232)	-	232	-
Stocks, bonds and local authority stock	(167)	-	167	-	(214)	-	214	-
Financial liabilities								
Commercial paper	50	-	(50)	-	-	-	-	-
Floating rate note	130	-	(130)	-	-	-	-	-
Loans	4	-	(4)	-	214	-	(214)	-
Derivatives - hedge accounted	5	(5,027)	(3)	4,592	-	-	-	-
Total sensitivity to interest rates	**(937)**	**(5,027)**	**939**	**4,592**	**(1,086)**	**-**	**1,086**	**-**

Notes to financial statements

37. Financial instrument risks (continued)

	Parent							
	30 Jun 2009				30 Jun 2008			
Equity price risk	**-10% Profit**	**-10% Other equity (excl REs)**	**+10% Profit**	**+10% Other equity (excl REs)**	**-10% Profit**	**-10% Other equity (excl REs)**	**+10% Profit**	**+10% Other equity (excl REs)**
Other financial assets - listed shares	-	(18,534)	-	18,534	-	(17,114)	-	17,114
Total sensitivity to foreign exchange risk	**-**	**(18,534)**	**-**	**18,534**	**-**	**(17,114)**	**-**	**17,114**

	Group							
	30 Jun 2009				30 Jun 2008			
Interest rate risk	**-100bps Income Statement**	**-100bps Other equity (excl REs)**	**+100bps Income Statement**	**+100bps Other equity (excl REs)**	**-100bps Income Statement**	**-100bps Other equity (excl REs)**	**+100bps Income Statement**	**+100bps Other equity (excl REs)**
Financial assets								
Cash and cash equivalents	(976)	-	976	-	(1,067)	-	1,067	-
Short term and term deposits	(170)	-	170	-	(351)	-	351	-
Stocks, bonds and local authority stock	(167)	-	167	-	(214)	-	214	-
Financial liabilities								
Commercial paper	50	-	(50)	-	-	-	-	-
Bonds	130	-	(130)	-	-	-	-	-
Loans	473	-	(473)	-	663	-	(663)	-
Finance lease liabilities	46	-	(46)	-	5	-	(5)	-
Derivatives - hedge accounted	2,315	(10,080)	(2,504)	9,528	(866)	(8,842)	856	8,301
Total sensitivity to interest rates	**1,701**	**(10,080)**	**(1,890)**	**9,528**	**(1,830)**	**(8,842)**	**1,820**	**8,301**

Notes to financial statements

37. Financial instrument risks (continued)

	Group							
	30 Jun 2009				30 Jun 2008			
	-10% Profit	-10% Other equity (excl REs)	+10% Profit	+10% Other equity (excl REs)	-10% Profit	-10% Other equity (excl REs)	+10% Profit	+10% Other equity (excl REs)
Foreign exchange risk								
Cash and cash equivalents	92	-	(84)	-	10	-	(10)	-
Trade receivables	17	-	(14)	-	-	-	-	-
Creditors and other payables	(72)	-	65	-	(25)	-	24	-
Derivatives - hedge accounted	-	24	-	(24)	-	-	-	-
Total sensitivity to foreign exchange risk	**37**	**24**	**(33)**	**(24)**	**(15)**	**-**	**14**	**-**

Fair value of financial instruments

Apart from the fair values mentioned in notes 16 and 28, 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 are traded on active liquid markets are determined with reference to quoted market prices.

Notes to financial statements

37. Financial instrument risks (continued)

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 NZ IFRS 7:

	Parent		Group	
	30 Jun 09 $'000	30 Jun 08 $'000	30 Jun 09 $'000	30 Jun 08 $'000
Financial assets				
Fair value through income statement - held for trading				
Derivative financial instrument assets	-	-	2	7
Unlisted shares	4,829	2,410	7,829	6,094
	4,829	2,410	7,831	6,101
Derivatives that are hedge accounted				
Derivative financial instrument assets	349	158	1,512	8,927
Loans and receivables				
Cash and cash equivalents	84,383	55,427	109,830	107,926
Debtors and other receivables	42,361	47,101	104,634	98,732
Other financial assets				
- short and term deposits	17,000	75,400	52,192	83,602
- foreign currency	-	-	-	11,787
- loans	3,278	2,881	5,839	3,777
- loans to related parties	152,823	87,889	-	3,632
- local authority stock	42,245	46,168	42,245	46,168
- stocks and bonds	27,679	36,324	27,679	36,324
	369,769	351,190	342,419	391,948
At cost				
Other financial assets				
Theatre Royal	2,300	2,300	2,300	2,300
Fair value through equity				
Other financial assets				
- shares in subsidiary companies	1,485,504	1,430,344	-	-
- other unlisted shares	1,398	1,617	1,398	1,617
	1,486,902	1,431,961	1,398	1,617
Total financial assets	**1,864,149**	**1,788,019**	**355,460**	**410,893**
Financial liabilities				
Fair value through income statement - held for trading				
Derivative financial instrument liabilities	-	-	3,358	422
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	3,861	131	19,080	131
Financial liabilities at amortised cost				
Creditors and other payables	64,562	60,729	118,834	110,347
Borrowings	209,001	119,866	542,099	496,668
	273,563	180,595	660,933	607,015
Total financial liabilities	**277,424**	**180,726**	**683,371**	**607,568**

Notes to financial statements

38. Related parties

Council is the ultimate parent of the group. Details of subsidiaries and associates over which Council has significant influence, are set out on pages 190 to 205.

(a) Receipts from related parties

	30 Jun 09	30 Jun 08
	$'000	$'000
Rates received by CCC		
Vbase Ltd	471	434
Christchurch City Holdings Ltd	4,112	3,910
Tuam Ltd	143	159
Civic Building Ltd	56	-
Services provided by CCC		
Christchurch City Holdings Ltd	3,715	1,469
Vbase Ltd	494	582
Civic Building Ltd	47	-
Tuam Ltd	31	41
Interest received/receivable by CCC		
Tuam Ltd	987	990
Civic Building Ltd	2,520	14
Vbase Ltd	6,056	4,138
Subvention payments paid to CCC		
Christchurch City Holdings Ltd	1,696	3,871
Dividends paid/payable to CCC		
Christchurch City Holdings Ltd	36,731	32,601
Transwaste Ltd	558	1,580
Share buy back		
Vbase Ltd	4,321	-

Notes to financial statements

38. Related parties (continued)

(b) Payments to related parties

	30 Jun 09	30 Jun 08
	$'000	**$'000**
Interest paid/payable by CCC		
Christchurch City Holdings Ltd	5,475	5,665
Purchase of goods / services		
Christchurch City Holdings Ltd	73,710	68,709
Tuam Ltd	1,378	1,363
Vbase Ltd	592	479
Transwaste Canterbury Ltd	98	42
Share purchases		
Vbase Ltd	10,750	750
Civic Building Ltd	2,456	1,984
Other payments		
Loan repayment to Christchurch City Holdings Ltd	1,900	1,800
Loan repayment to Vbase Ltd	4,321	-
Loans to related parties		
Civic Building Ltd	23,544	19,016
Vbase Limited	32,650	11,850

Notes to financial statements

38. Related parties (continued)

(c) Year-end balances arising from transactions

	30 Jun 09	30 Jun 08
	$'000	**$'000**
Year end balance arising from transactions		
Receivables from related parties		
Christchurch City Holdings Ltd	420	5,842
Civic Building Ltd	122	-
Tuam Ltd	5	-
Vbase Ltd	1,440	13
Payables to related parties		
Christchurch City Holdings Ltd	4,344	5,851
Tuam Ltd	5	35
Transwaste Canterbury Ltd	13	2
Vbase Ltd	28	39
Loans from related parties		
Christchurch City Holdings Ltd	83,194	85,094
Loans to related parties		
Tuam Ltd	13,750	13,750
Civic Building Ltd	42,560	19,016
Vbase Ltd	87,773	55,123
Theatre Royal	61	75
Redeemable preference shares - Vbase Ltd	8,740	-

Notes to financial statements

38. Related parties (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:

	30 Jun 09 $'000	30 Jun 08 $'000
Transactions		
Funding to Canterbury Development Corporation	3,737	3,900
Sales to Canterbury Development Corporation	3	88
- Norm Withers and Bob Shearing are directors		
Funding to CEDF Trustee Ltd	1,000	1,300
- Bob Shearing is a director		
Loan repayment by Theatre Royal Charitable Foundation	7	4
- Barry Corbett is a director		
Funding to Christchurch and Canterbury Marketing Ltd	2,977	4,426
Sales to Christchurch and Canterbury Marketing Ltd	65	-
- Norm Withers is a director		
Purchases from R A Shearing Contractors Ltd	-	2
- Bob Shearing is a director		
Funding to the Canterbury Museum Trust	5,181	4,941
- Bob Parker, Helen Broughton and Mike Wall are trustees		
Grants payments to Terranova Charitable Trust	148	294
Sales to Terranova Charitable Trust	333	142
- Sally Buck is a trustee		
Funding to Orana Wildlife Trust	250	240
Sales to Orana Wildlife Trust	4	5
- Mike Wall is a trustee		
Funding to Riccarton Bush Trust	245	250
Sales to Riccarton Bush Trust	48	45
- Bob Shearing and Mike Wall are trustees		
Funding to Garden City Trust	112	28
- Yani Johanson is a trustee		
Grants paid to Arts Centre of Christchurch Trust	429	412
- Sue Wells is a trustee		

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 40 Remuneration.

Notes to financial statements

39. Major budget variations

Income statement

Explanations for major variance from the Council's Plan figures are as follows:

	30 Jun 09
	$'000
Planned net surplus before tax	41,977
Revenue:	
Additional rates revenue	217
Reduced rental income	(642)
Reduced Interest received due to lower interest rates	(4,141)
Lower development contributions	(274)
Additional subvention receipts due to higher tax losses (refer note 11 (a))	5,912
Dividends received lower than plan	(2,166)
Additional NZ Transport Agency subsidies received due to timing of projects	2,430
Parking Fees received lower than plan	(858)
Licence Fees received higher than plan	2,501
Additional court recoveries due to increased accruals for parking revenue	3,181
Capital grants higher than plan	1,680
Other gains (refer Note 4)	4,817
Other revenue	4,244
Revenue favourable to plan	16,901
Expenditure:	
Depreciation and amortisation lower than plan due to the timing of the capital programme	2,769
Reduced finance costs due to timing of capital programme and lower interest rates	4,674
Additional employee costs due to higher annual leave accrual and project labour costs	(3,414)
Increase in provisions due to additional weathertight home provisions and higher aftercare costs at Burwood Landfill	(4,922)
Other expenses	(3,149)
Lower than budgeted grants and levies paid	448
Other losses (refer Note 4)	(9)
Expenditure unfavourable to plan	(3,603)
Assets vested in Council	8,872
Total variances	**22,170**
Actual net surplus before tax	**64,147**

Notes to financial statements

39. Major budget variations (continued)

Statement of changes in equity

Total equity of $6.5 billion was $208 million higher than budget. The significant variances relate to:

- valuation gains of $230 million relating to the prior year were unbudgeted 1
- net surplus after tax was higher than budget by $21 million
- property, plant and equipment and investment valuations gains in the year were below budget by $49 million. Asset revaluations mainly related to waste water, heritage assets and parks improvements
- other equity movements includes a loss on valuation of cashflow hedges of $3.5 million

1. The 2009 annual plan was finalised before the 2008 annual report. The annual plan opening balance does not reflect $217 million of revaluation gains on subsidiary investments and $13 million revaluation gain on property, plant and equipment.

Balance sheet

Total assets of $6.8 billion are higher than budget by $142 million

Current assets of $201 million are higher than budget by $58 million mainly due to the reclassification of the Town Hall ($34.8 million) as a non current asset held for sale.

Non current assets of $6.6 billion are higher than budget by $85 million. The significant variances are as a result of unbudgeted revaluation of subsidiaries of $258 million ($217 million relates to the prior year), these were offset by:

- lower than planned property, plant and equipment revaluation in current and prior years of $77 million
- lower capital expenditure of $13 million (includes non cash additions of $16 million)
- reduced cash reserves of $54 million
- the transfer of the Town Hall to current assets of $34.8 million

Total liabilities of $329 million are lower than budget by $66 million

Total borrowings are lower than budget by $96 million due to reduced capital expenditure of $29 million and the use of cash reserves of $54 million.

Creditors and other payables are $16 million higher than planned due to the high level of project work at year end.

All other liabilities were higher than budget by $15 million mainly as a result of the recognition of the service concession arrangement of $11 million and the fair value of the cash flow hedges of $3.9 million in the year.

Notes to financial statements

40. 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 2009 was $452,945 – this compares with $370,825 for the year ending 30 June 2008.

The Chief Executive's remuneration package as at 30 June 2009 was $456,644.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002 the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ending 30 June 2009 the Council made seven payments of $13,000, $9,000, $8,500, $6,700, $5,000 and $3,000(2) that require disclosure (2008: $47,470, $14,063, $8,500)

(c) Key management personnel

	Parent		Group	
	30 Jun 09	**30 Jun 08**	**30 Jun 09**	**30 Jun 08**
	$'000	**$'000**	**$'000**	**$'000**
The compensation of Council's Executive team (excluding the Chief Executive) is set out below:				
Short term benefits	1,885	1,868	1,885	1,868
	1,885	1,868	1,885	1,868

Total key management personnel remuneration includes that of the executives. Details of the remuneration of the Chief Executive and the elected members, are set out in notes a) and d).

Notes to financial statements

40. Remuneration (continued)

d) Elected Members

	30 Jun 2009	30 Jun 2009	30 Jun 2009	30 Jun 2008	30 Jun 2008	30 Jun 2008
	Council Remuneration	Directors Fees	Total	Council Remuneration	Directors Fees	Total
	$	$	$	$	$	$
Helen Broughton	86,270	-	**86,270**	83,565	-	**83,565**
Sally Buck	87,239	20,000	**107,239**	83,395	18,000	**101,395**
Graham Condon	-	-	**-**	15,413	11,875	**27,288**
Barry Corbett	83,499	32,285	**115,784**	81,780	30,708	**112,488**
David Cox	87,355	24,219	**111,574**	86,705	24,833	**111,538**
Anna Crighton	-	-	**-**	24,676	-	**24,676**
Carole Evans	-	-	**-**	28,929	-	**28,929**
Pat Harrow	-	-	**-**	24,293	-	**24,293**
Bob Parker	170,204	44,785	**214,989**	135,580	17,272	**152,852**
Garry Moore	-	-	**-**	47,236	13,350	**60,586**
Bob Shearing	84,281	44,785	**129,066**	81,780	17,270	**99,050**
Gail Sheriff	83,499	52,400	**135,899**	81,780	36,000	**117,780**
Sue Wells	92,989	32,285	**125,274**	91,258	30,708	**121,966**
Norm Withers	96,408	12,500	**108,908**	90,618	-	**90,618**
Ngaire Button	86,461	-	**86,461**	59,646	-	**59,646**
Yani Johanson	84,723	-	**84,723**	57,572	-	**57,572**
Claudia Reid	84,230	11,675	**95,905**	57,530	-	**57,530**
Mike Wall	83,499	-	**83,499**	57,624	-	**57,624**
Chrissie Williams	83,731	26,613	**110,344**	57,485	-	**57,485**
Total Elected Members compensation	**1,294,388**	**301,547**	**1,595,935**	**1,246,865**	**200,016**	**1,446,881**

See note 38 Related Parties for detail on transactions between Council and elected members and key management personnel.

Notes to financial statements

41. Business combinations

CCC Two Limited

On 4 August 2009 Council subsidiary company CCC Two Limited purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group').

Meta New Zealand Limited operated waste transfer stations under contract to Christchurch City Council and also ran the 'Super Shed' which resells items removed from the waste stream. Meta Processing Limited ran the Materials Recovery Facility recycling operation under contract to Christchurch City Council. Meta Transport Limited transported waste, primarily between Meta sites and the Living Earth composting plant. Reworks Limited operated a construction and demolition waste recycling operation. This operation was ceased prior to acquisition, with CCC Two Limited acquiring some of its assets and liabilities but not its business operations.

CCC Two Limited purchased all of Meta Group's operations, except the construction and demolition waste operations as noted above, as a going concern. CCC Two Limited did not acquire any equity instruments in any of the Meta Group of companies.

To facilitate the purchase Council invested $1,100,000 in CCC Two Limited by way of fully paid $1 redeemable preference shares. Council also lent CCC Two Limited $18,000,000. CCC Two acquired the assets and liabilities of the Meta Group for $17,074,734. Costs of $75,485 were directly attributable to the acquisition, and this amount is included in the total purchase price set out below.

The provisional fair value of the assets and liabilities acquired as at 4 August 2009 were as follows:

Property, plant and equipment	15,851,775
Stock	316,000
Debtors	1,810,868
Creditors and lease liabilities	(2,466,553)
Intangibles and Goodwill	1,638,128
Total	**$17,150,218**

CCC Two Limited did not acquire any contingent liabilities as part of the acquisition.
As part of the acquisition CCC Two Limited purchased a number of intangible assets, including registered intellectual property, business records and a number of business arrangements. At the time of issuing these financial statements CCC Two Limited has not obtained an independent valuation of those intangibles as distinct from goodwill, therefore all of the intangibles purchased have been treated as goodwill.

At the time of issuing these financial statements there is no indication of impairment of any tangible or intangible assets and the price paid remains the best indicator of value.
Prior to the purchase Council determined that the purchase was significant in terms of Council's Significance Policy. However, because of the commercial sensitivity and urgency of this matter, and in accordance with its Significance Policy, Council resolved not to undertake a special consultative procedure.

Notes to financial statements

41. Business combinations (continued)

Ellerslie International Flower Show
Council purchased the business and assets of the Ellerslie International Flower Show on 30 November 2007.
Council paid $3 million and acquired the following:

Property, plant and equipment	150,000
Trade marks	2,850,000
Total	**$3,000,000**

Notes to financial statements

42. 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 ratepayer's to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

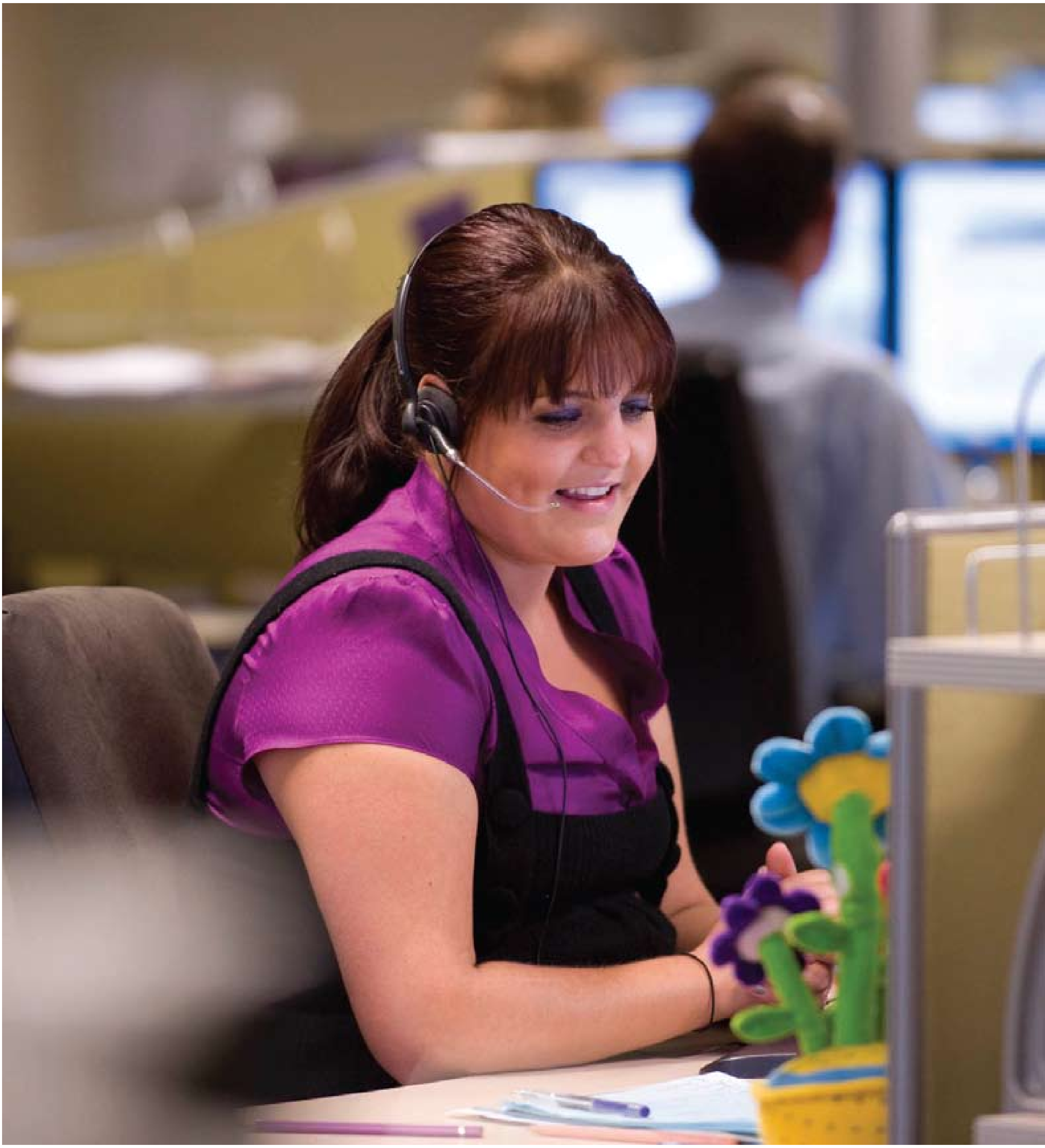
The Act requires Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of Council's LTCCP 2006-16 as amended by the Annual Plan 2008-09.

Notes to financial statements

43. Subsequent events

Other than the purchase of the assets and liabilities of Meta Limited as detailed in note 41, there were no other known subsequent balance date events in relation to the Council or its subsidiaries that materially affect the financial statements.

Customer Services Representative **Charlotte Morris** helps with a customer enquiry.

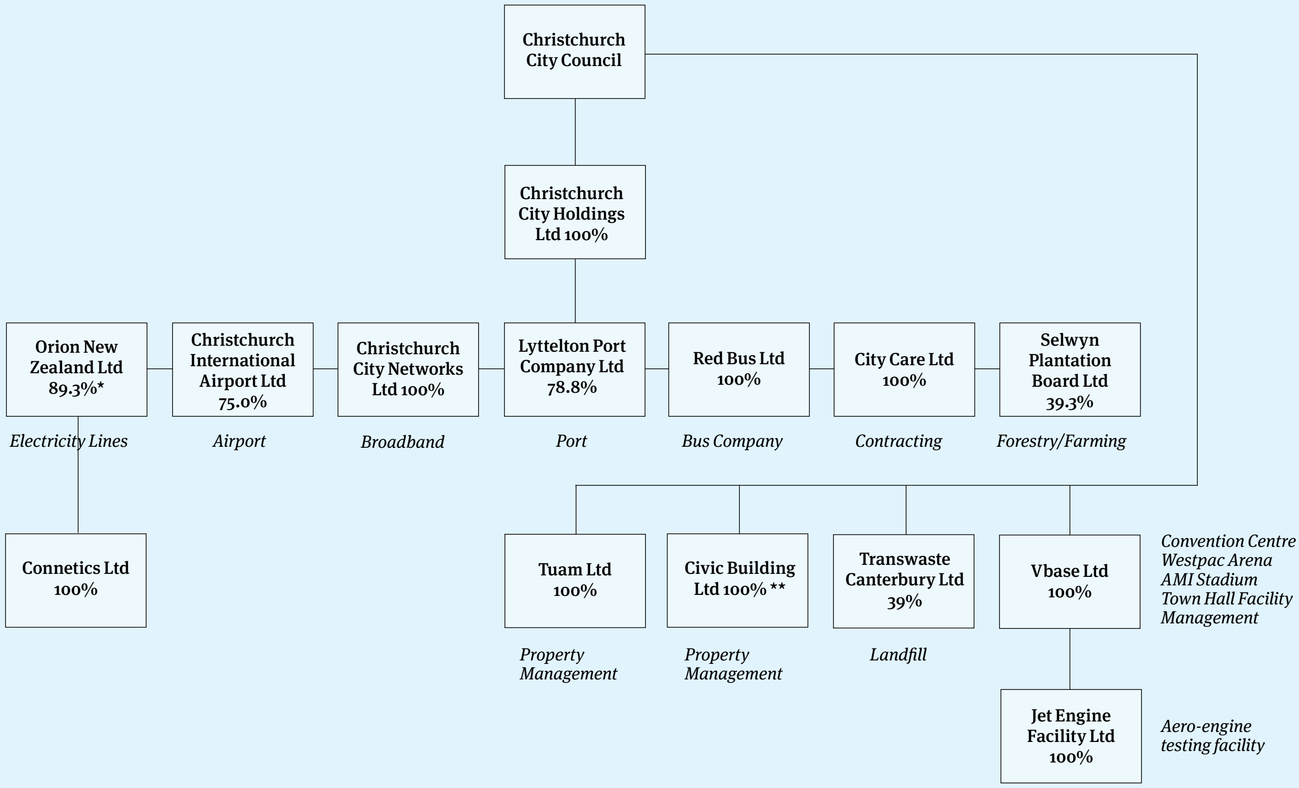


Group structure

Annual Report 2009
Christchurch Otautahi

Through its wholly owned investment arm Christchurch City Holdings Limited (CCHL), the Council has a stake in a number of trading companies from which it derives income. This section contains details about these subsidiary companies.

Group structure



* *Orion Group Ltd and Orion New Zealand Ltd were amalgamated on 31 March 2009*

** *Civic Building Ltd and Tuam 2 Ltd were amalgamated on 30 June 2009*

Summary financial table

	Income	Net Result (after tax and minority interest)	
	2009	2009	2008
	$'000	$'000	$'000
Christchurch City Holdings Ltd (parent)	64,176	46,723	51,501
Christchurch City Networks Ltd	3,514	1,365	(306)
Christchurch International Airport Ltd	86,774	14,686	23,359
City Care Ltd	141,519	3,659	3,261
Lyttelton Port Company Ltd	84,987	10,056	10,345
Orion New Zealand Ltd	230,054	49,860	65,503
Red Bus Ltd	36,881	4,073	2,694
Vbase Ltd	29,442	(3,353)	(335)
Tuam Ltd	(4,262)	(5,367)	1,745
Civic Building Ltd	660	(1,616)	(664)
Transwaste Canterbury Ltd	25,334	4,310	4,134
Selwyn Plantation Board Ltd	21,499	5,789	(5,433)
Riccarton Bush Ltd	574	150	11

For more detail please refer to the individual company reports.

Individual organisation descriptions

Christchurch City Holdings Ltd

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

Subsidiary companies

- Orion New Zealand 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

	2009 Actual	2009 Target
Dividend payment (i)	$36.7 million	$38 million
Treasury management policies and practices are consistent with best practice.	Achieved	Review & update

(i) CCHL met its targeted distributions to the Council of $38.0 million through a combination of dividends paid of $36.7 million and subvention payments to the value of $1.3 million that CCHL was entitled to, but voluntarily elected not to receive at the request of Christchurch City Council.

Financial summary - parent

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	64,176	68,091
Operating and other expenses	17,406	16,613
Operating profit (deficit) before tax	46,770	51,478
Tax expense (benefit)	47	(23)
Net profit (deficit) for the year	**46,723**	**51,501**

Individual organisation descriptions

Christchurch City Networks Ltd

This company is a council controlled trading enterprise, 100% owned by Christchurch City Holdings Ltd. In May 2009 the company launched their new trading name Enable Networks.

Enable Networks has installed over 55 km of fibre network around Christchurch CBD. The total network of 112 kms has a coverage of over 50% of businesses, government, education and health entities. The company is continuing to expand this coverage over the next three years.

Enable Networks is set to release a new Ethernet over fibre service which will provide a lower cost connection for SME business. This network will also be used to deliver a high speed fibre network to Christchurch Schools.

Nature and scope of activities
Christchurch City Networks Ltd (CCNL) commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan 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

	2009 Actual	2009 Target
Installation of telecommunications ducting in the 2008/09 year	112 km	>80km
Network reliability	99.9%	99.9%

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	3,514	614
Operating and other expenses	1,550	912
Operating profit (deficit) before tax	1,964	(298)
Tax expense (benefit)	599	8
Net profit (deficit) for the year	**1,365**	**(306)**

Individual organisation descriptions

Christchurch International Airport Ltd

The international gateway to the South Island, Christchurch International Airport Ltd (CIAL), hosts just under 6 million passengers a year, arriving or departing on over 82,000 aircraft servicing destinations as close as Timaru and as distant as Tokyo.

Ten airlines arrive from ten international and 16 domestic airports, meaning a wide range of direct services 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

A company 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 actively markets 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. The Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through 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

	2009 Actual	2009 Target
Dividend payment	12.9 million	11.0 million
Domestic passengers	4.33 million	4.32 million
International passengers	1.57 million	1.67 million

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	86,774	89,433
Operating and other expenses	64,685	56,532
Operating and other expenses	22,089	32,901
Tax expense (benefit)	7,403	9,542
Net profit (deficit) for the year	**14,686**	**23,359**

Individual organisation descriptions

City Care Ltd

City Care Ltd continued its strategic development of operations throughout the country. In October 2008 City Care commenced a vegetation control and mowing services contract with Whakatane District Council. The contract, along with the new maintenance contract for Tauranga City Council, has strengthened the company's presence in Tauranga and extended its operations in the Bay of Plenty region.

Capacity Infrastructure Services Ltd awarded their Wellington City, Upper Hutt City and Hutt City Councils' water operations and maintenance services contract to City Care in mid-2009. This contract, servicing a population of over 326,000 people, will be run out of City Care's existing Wellington branch office, and will bring around 40 additional employees to the company.

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. 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

	2009 Actual	2009 Target
Tonnes of CO_2 emissions per $1 million of revenue	52	<65
Gigajoules of energy consumed per $1 million of revenue	804	<1000
Provide a quality service as attested by maintaining accreditation to quality standards:		
ISO 9001 Quality Management	Maintained	Maintained

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	141,519	115,228
Operating and other expenses	136,372	110,386
Operating profit (deficit) before tax	5,147	4,842
Tax expense (benefit)	1,488	1,581
Net profit (deficit) for the year	**3,659**	**3,261**

Individual organisation descriptions

Lyttelton Port Company Ltd

Lyttelton Port is the gateway to the South Island of New Zealand and a world class supplier of port services. This year the port handled approximately 9.5 million tonnes of cargo.

Lyttelton has the largest export coal facility in New Zealand, currently handling over two million tonnes a year for Solid Energy. This contract was extended during the year securing the flow of coal through the port up until 2026. Other achievements are the continued growth in total container volumes; up by 3.7% on last year to a record 259,933 TEUs (twenty-foot equivalent units), and the implementation of a Rail Shuttle service from City Depot (inland port) to the wharf side, in conjunction with KiwiRail.

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 78.8% 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

Because it is a public listed company Lyttelton Port Company does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009	2008
	Actual	Actual
	$'000	$'000
Operating revenue	84,987	83,442
Operating and other expenses	70,524	67,940
Operating profit (deficit) before tax	14,463	15,502
Tax expense (benefit)	4,407	5,157
Net profit (deficit) for the year	**10,056**	**10,345**

Individual organisation descriptions

Orion New Zealand 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 electricity network covers 8,000 square kilometres of diverse geography, including Christchurch City, Banks Peninsula, farming communities and the high country.

Orion's network delivers electricity to more than 190,000 homes and businesses. Electricity retailers pay Orion for this network delivery service and in turn charge homes and businesses for it.

The company invested over $36 million on capital expenditure, including projects to connect new customers, reinforce the network and replace ageing equipment and implemented the first stage of a fully integrated network management system, to be completed by mid-2010. This will streamline network control room functions and improve management of both day-to-day operations and major events.

On 31 March 2009 the parent company, Orion Group Ltd, was amalgamated into Orion New Zealand Ltd. Christchurch City Council has an 89.3% shareholding in Orion New Zealand Ltd through Christchurch City Holdings Ltd.

Subsidiary companies

- Connetics 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 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

	2009 Actual	2009 Target
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI)	63	< 68
Overall network - 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 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	230,054	212,814
Operating and other expenses	159,629	138,862
Operating profit (deficit) before tax	70,425	73,952
Tax expense (benefit)	20,565	8,449
Net profit (deficit) for the year	**49,860**	**65,503**

Individual organisation descriptions

Red Bus Ltd

Red Bus achieved strong passenger growth of 3.6% across the urban network, with 10.8 million passengers exceeding its target of 10.5 million.

The company tendered successfully on Ministry of Education and Environment Canterbury school services and Environment Canterbury urban Christchurch services.

Red Bus is committed to a $19.4 million fleet replacement programme which will result in 68% of the fleet complying with Euro 2 emission standards or higher.

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

	2009	2009
	Actual	**Target**
Service trips starting on time	95.7%	≥99%
Current fleet with engines complying to Euro-2 and Euro-3 emissions standards or better	67%	>65%

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	**2009**	**2008**
	Actual	**Actual**
	$'000	**$'000**
Operating revenue	36,881	33,482
Operating and other expenses	30,951	29,423
Operating profit (deficit) before tax	5,930	4,059
Tax expense (benefit)	1,857	1,365
Net profit (deficit) for the year	**4,073**	**2,694**

Individual organisation descriptions

Vbase Ltd

Vbase Ltd is 100% owned by Christchurch City Council.

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 Arena
- The Christchurch Town Hall
- The Christchurch Convention Centre
- AMI Stadium,
- Contractual 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 Arena 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's policy is for 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

	2009 Actual	2009 Target
Secure events that will attract national and international visitors to Christchurch and generate positive economic impact	$45.3 million	Economic impact > $50 million
Meet all relevant legislative and contractual requirements	Achieved	No breaches to be recorded

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	29,442	18,085
Operating and other expenses	35,340	18,568
Operating profit (deficit) before tax	(5,898)	(483)
Tax expense (benefit)	(2,545)	(148)
Net profit (deficit) for the year	**(3,353)**	**(335)**

Individual organisation descriptions

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

	2009 Actual	2009 Target
To ensure future use options for the Tuam Street property take into account the objectives of the Central City South master plan	Target on hold in consultation with CCC	
The company meets all relevant legislative and contractual requirements.	No breaches	No breaches

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	(4,262)	3,331
Operating and other expenses	1,102	1,494
Operating profit (deficit) before tax	(5,364)	1,837
Tax expense (benefit)	3	92
Net profit (deficit) for the year	**(5,367)**	**1,745**

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 managed the Council's 50% interest in the joint venture (JV) with Ngāi Tahu Property Ltd (NTPL), refurbishing the old NZ Post building in Worcester Street that is to become the new civic offices. CBL received funding from the Council and on-lent it to Tuam 2 Ltd which was party to the unincorporated JV with NTPL.

On 30 June 2009 Tuam 2 Ltd was amalgamated into its parent, with CBL becoming the Council's JV partner. The amalgamation reflected the group's underlying operations and was made both because of this and because of the resulting efficiencies.

Nature and scope of activities
Civic Building Ltd 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 August 2010.

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

	2009 Actual	2009 Target
Meet key milestones in the timetable to design and build the new Civic Building	Planning and design completed on time	Achieve

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	660	6
Operating and other expenses	2,861	824
Operating profit (deficit) before tax	(2,201)	(818)
Tax expense (benefit)	(585)	(154)
Net profit (deficit) for the year	**(1,616)**	**(664)**

Individual organisation descriptions

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

	2009 Actual	2009 Target
Operate with no breaches of Resource Management Act consents	Achieved	No breaches
Access to landfill	Achieved	<99% normal access hours

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual $'000	2008 Actual $'000
Operating revenue	25,334	25,557
Operating and other expenses	19,266	19,499
Operating profit (deficit) before tax	6,068	6,058
Tax expense (benefit)	1,758	1,924
Net profit (deficit) for the year	**4,310**	**4,134**

SPBL

Individual organisation descriptions

Selwyn Plantation Board Ltd

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.

A significant amount of work was required in the new and first rotation log harvest areas of Lowmount forest to facilitate continuous harvesting in all weather conditions. The company, through its forestry managers PF Olsen Ltd, introduced an accelerated harvest engineering programme in the hill forests, which allowed uninterrupted log harvesting throughout the year and the ability to meet supply obligations into domestic and export customers.

The last 12 months were challenging for the farming operations, however, despite the impact of the recession, rising costs and lengthy dry spells at critical times of the year, overall performance improved. All but 10 hectares of land has been converted to farming and this last remnant will be completed before spring sowing.

The trading result for the year was significantly impacted by a $9.0 million forest revaluation increase and a $2.2 million increase in the value of farm land, offset by a $5.2 million decrease in the value of other land assets.

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

	2009 Actual	2009 Target
Harvesting (tonnes)	146,271	150,000
Thinning (hectares)	256	185

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	2009 Actual 12 months $'000	2008 Actual 15 months $'000
Operating revenue	21,499	15,966
Operating and other expenses	15,545	18,606
Operating profit (deficit) before tax	5,954	(2,640)
Land and buildings decrement	-	3,964
Tax expense (benefit)	165	(1,171)
Net profit (deficit) for the year	**5,789**	**(5,433)**

Individual organisation descriptions

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

	2009 Actual	2009 Target
Achieve resource consent for Integrated Development Project (IDP) by 30 Jun 2009	Stage 1 Lodged 1 August 2009	Achieve
Improve interpretation and signage in the bush	26 signs purchased, to be installed Spring 09	Achieve

Financial summary

Statement of financial performance for the year ended 30 Jun 2009	**2009 Actual $'000**	**2008 Actual $'000**
Operating revenue	574	423
Operating and other expenses	424	412
Operating profit (deficit) before tax	150	11
Tax expense (benefit)	-	-
Net profit (deficit) for the year	**150**	**11**

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 Ltd.

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

	2009 Actual	2009 Target
Obtain resource consents for water use and irrigation by 2009	Ongoing	Achieved

Shift Engineer **John Miles** works to ensure the smooth running of the Christchurch Wastewater Treatment Plant.

Monitoring

Annual Report 2009
Christchurch Otautahi

This section contains information about the Council's capital endowment fund and includes a members' interest register for subsidiary companies.

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 230 in Volume 1 of the Council's LTCCP 2009-19.

The investment objectives were met. This was achieved by minimising the risk of capital loss by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives as outlined in Council's Investment Policy.

Capital endowment fund – funding allocations		**2009**	**2008**
		Actual	**Actual**
	Note	**$'000**	**$'000**
Total available income from fund		4,533	3,207
Economic development 70%		3,173	2,245
Brought forward from previous year		724	1,539
Available to allocate		3,897	3,784
Less allocated:			
Economic development projects		(1,722)	(1,960)
Golf sponsorship		(450)	(400)
Ferrymead Historic Park		-	(150)
Marketing initiatives		(550)	(550)
Balance available for economic development projects		**1,175**	**724**
Civic and community 30%		1,360	962
Brought forward from previous year		2,156	1,664
Available to allocate		3,516	2,626
Less allocated:			
Events and festivals		(1,390)	(360)
Garden City		(80)	(110)
Rapaki Marae		(400)	-
Balance available for civic and community projects	1	**1,646**	**2,156**
Total Cash Carried Forward		**2,821**	**2,880**

Fund capital	Note	2009 Actual $'000	2008 Actual $'000
Fund capital at 1 July			
Core fund		85,925	82,486
Fluctuation reserve		3,500	3,500
Unallocated income		2,880	3,203
Total fund balance at 1 July		**92,305**	**89,189**
During the year:			
Total income received by the fund		6,368	6,646
Less distributed		(4,592)	(3,530)
Less transferred to capital for inflation provision		(1,699)	(3,439)
Balance to unallocated income		**77**	**(323)**
Allocation from Council's special dividends received		-	-
Fund capital at 30 June			
Core fund		87,624	85,925
Fluctuation reserve		3,500	3,500
Unallocated income	1	2,821	2,880
Total fund balance at 30 June		**93,945**	**92,305**

1. $500,000 committed to IPC Athletics World Championships in 2009/10

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 2009.

Christchurch City Holdings Limited (100% owned)

Sarah Astor
Barry Corbett (Cr)
William Dwyer
Bruce Irvine
Robert Parker (Mayor)
Andrew Pearce
Robert Shearing (Cr)
Susan Wells (Cr)

Christchurch City Networks Limited (100% owned)

William J. Dwyer
Robert Lineham
William (Bill) Luff
Murray Milner
Wes Bernard (1)

City Care Limited (100% owned)

W. Derek Crombie
Anthony King
Hugh Martyn
David Spence (3)
Trevor Thornton
Margaret Devlin (4)

Christchurch International Airport Limited (75% owned)

James Boult
Sydney Bradley (3)
Philip Carter
Ann Harper
W. Hanlin Johnstone
Susan Sheldon
David MacKenzie (2)

Lyttelton Port Company Limited (77.8% owned)

Roderick Carr
Rodger Fisher
Alan Grant
William (Bill) Luff
David MacKenzie (5)
Barnaby Sundstrum
Trevor Burt (6)

Orion New Zealand Limited (89.3% owned)

Michael Andrews
Craig Boyce
John Dobson
George Gould
William Heaps (7)
Gail Sheriff
Geoffrey Vazey (1)

Red Bus Limited (100% owned)

Barry McFedries (8)
Ross McRobie
Tony Mountford
Peter Rae
Christine Williams
Timothy Keenan (9)

Vbase Limited * (100% owned)

David Cox (Cr)
W. Gill Cox
Christopher Doig
Dominique Dowding
Bruce Irvine (13)
W. Hanlin Johnstone
Arthur (Jim) Keegan
Simon Mortlock

Tuam Limited (100% owned)

David Cox (Cr)
W. Gill Cox
Christopher Doig
Dominique Dowding
Bruce Irvine (13)
W. Hanlin Johnstone
Arthur (Jim) Keegan
Simon Mortlock

Civic Building Limited (100% owned)

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

Transwaste Canterbury Limited (38.9% owned)

Robert Brine
Sally Buck (Cr)
Judith Burgess
Gerry Clemens
W. Gill Cox
Raymond Harris
Thomas Nickels
Robert McKenzie

Selwyn Plantation Board Limited (39.3% owned)

Allan Berge
Jens Christensen
Peter Coakley (10)
Graham Heenan (10)
Raymond Polson
Sarah Astor (11)
John Morten (12)

Notes:

(1) appointed 1 April 2009
(2) appointed 5 August 2008
(3) resigned 31 October 2008
(4) appointed 31 October 2008
(5) resigned 12 November 2008
(6) appointed 12 November 2008
(7) resigned 9 September 2008
(8) resigned 21 October 2008
(9) appointed 22 October 2008
(10) resigned 23 September 2008
(11) appointed 23 September 2008
(12) appointed 10 September 2008
(13) resigned 3 December 2008

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Christchurch City Council