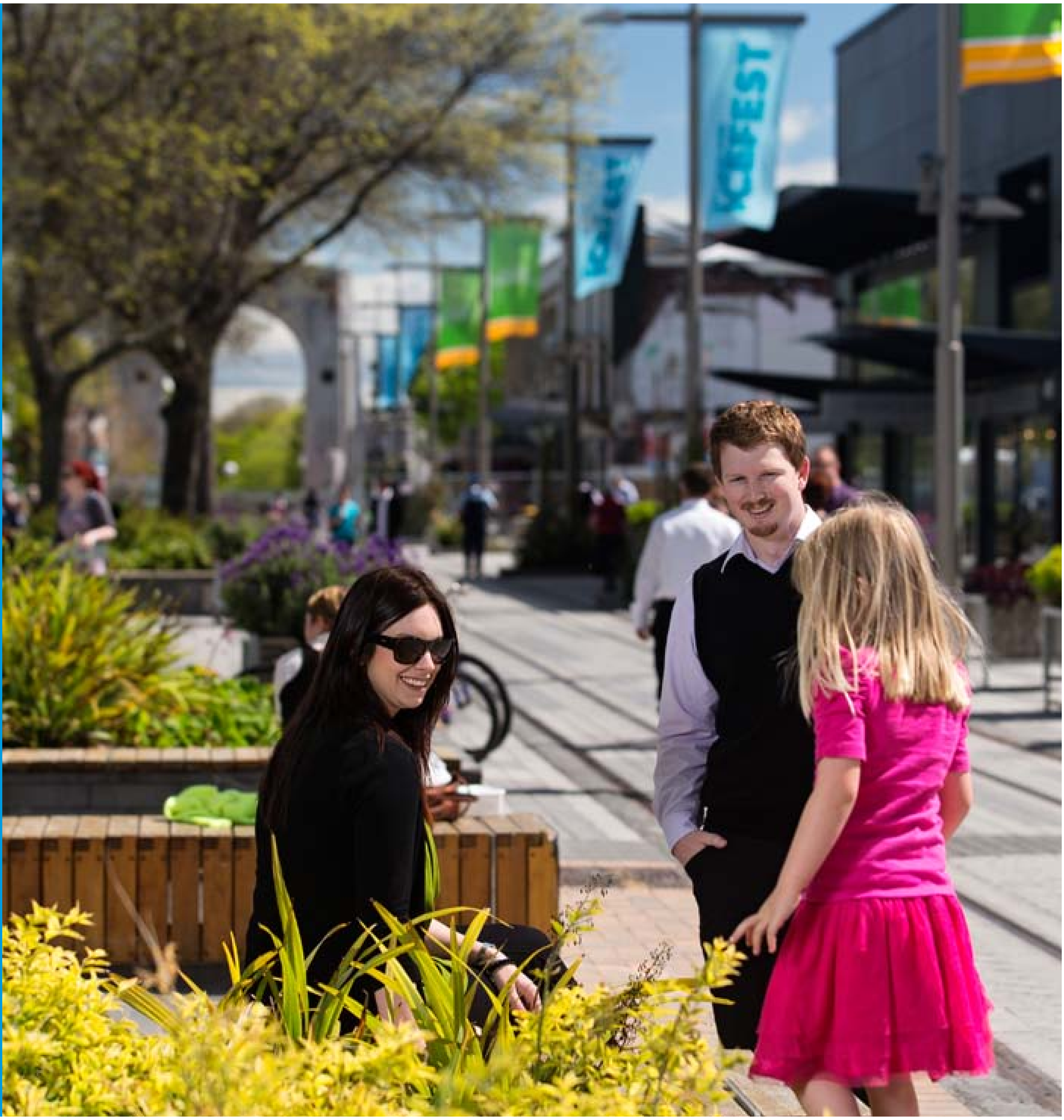
Christchurch City Council

Annual Report 2012 *Christchurch Ōtautahi*



Christchurch City Council

Annual Report 2012
Christchurch Ōtautahi

Published by Christchurch City Council
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New Zealand.
Tel: +64 3 941 8999
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Web: www.ccc.govt.nz

Cover Image: A family enjoys the sun in Re:START, Cashel Mall.

ISBN 978-0-9876571-9-0

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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.

Customer Services Representative Raina Bruorton at work in the Council's Civic Offices.

Introduction

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Welcome to the Christchurch City Council's Annual Report 2012. The introduction to this report describes the city we live in and outlines the Council's continued response to the 2010–2011 Canterbury earthquakes and its 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 2011 to June 2012 sets out what the Christchurch City Council (Council) did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how 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. It also shows how Council continues to respond to the series of earthquakes that have damaged our city.

The report shows Council's overall financial position and performance as measured by its achievement against its financial key performance indicators.

In a normal year Council would expect to receive an 'unqualified' audit report from Audit New Zealand and the Auditor General. This would mean, amongst other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However, for the 2012 annual report Council is not yet able to make a reasonable estimate of the value of damage that earthquakes have caused to the Council's physical assets, as was the case for the 2011 annual report. Our best estimate is that our assets, historically valued at approximately $5.5 billion, have suffered at least $1.5 billion of damage; $0.2 billion of impairment to our assets has been recognised in these financial statements. It is our view that any adjustment to the accounts on the basis of this estimate would be misleading to the reader and for this reason Council has chosen not to reflect the value of earthquake damage in its 2012 financial statements.

Consequently Council has not complied with accounting standards that require the value of damaged or destroyed physical assets to be removed from the value of our assets. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on Council's financial management or its ability to fund the rebuild of its infrastructure. It simply reflects the fundamental uncertainty around the actual value of earthquake damage.

Further information about the earthquake damage to Council's assets, how Council has accounted for this damage and the surrounding uncertainty is included in an introductory note to the financial statements, *Impact of the 2010 and 2011 Canterbury Earthquakes*.

Message from the Mayor and Chief Executive

Over the past 12 months we have seen unprecedented levels of activity across our community as we respond to the earthquakes – fixing what was damaged and making the most of new opportunities.

It has been a challenging period for Christchurch but we are now beginning to move into an exciting time for our city as we lay the foundations of a safe, modern, green future. We are proud of the work the Council did in developing the draft Central City Plan and capturing 106,000 ideas from residents before working with the Canterbury Earthquake Recovery Agency (CERA) and key partners to finalise the Christchurch Central Recovery Plan.

Residents have also proved eager to get involved and have their say on the rebuild and recovery of their suburban centres. Over the past 18 months, we have engaged with six suburban centres and heard from thousands of people who have put forward great ideas, hopes and dreams; and challenges to overcome. We have now prepared master plans for three important community hubs - Selwyn Street, Lyttelton and Sydenham with Linwood Village being completed in August 2012. Staff continue to work with four other communities on their plans.

The $2.2 billion rebuild of Christchurch's earthquake-damaged horizontal infrastructure remains a massive undertaking. The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) - a partnership between us, CERA and the New Zealand Transport Agency (NZTA) as well as five construction companies – expects the rebuild will take at least five years. SCIRT is making good progress – as of July they'd laid 26 kilometres of new sewer mains, 15 kilometres of new water supply pipes, and 41,000 square metres of new roads (that's about the size of six rugby fields).

Providing ongoing, temporary services to the red zone has also been a costly exercise. Council staff are working to reduce these costs as quickly as possible while maintaining services to those still living in the red zones. For the 15 month period from September 2010 to November 2011, the cost of providing roading, water, wastewater, rubbish collection and storm water services to residential red zone properties averaged $16,197 per property. The provision of the same services to non-red zone properties was around $620 per property.

The numbers once again highlight the huge impact of the earthquakes on our lives and the business of Council. The future of the 1,600 buildings we own, including commercial buildings and community housing, remains uncertain. Over the past six months we've unfortunately had to close a lot of facilities where detailed engineering assessments have found they are not safe for people to occupy. We're now moving into a more positive stage of repairing and rebuilding many of our facilities.

Through this upheaval, we're proud of the levels of service we've delivered for the year and our performance against the Annual Plan. Residents' satisfaction surveys show 70 percent of people remain satisfied or very satisfied with the services provided by the Council.

Innovations include new services and tools to make the consenting process for earthquake repairs and rebuilds faster, including Build Express and Go Ahead. We've also opened Rebuild Central, a new Council facility dedicated to providing a one-stop shop to assist property owners and businesses who are looking to rebuild back in the Central City.

We've opened Graham Condon Recreation and Sport Centre, a new learn-to-swim pool at Pioneer and the ASB Football Park is complete and the facilities are proving popular.

The Council had an accounting surplus of $188 million for the 2011/12 financial year compared to a planned accounting surplus of $277 million. The Council plans an accounting surplus, as under accounting standards we are required to include as revenue, Capital revenues received to fund future development and interest received on funds held on the balance sheet for special purposes.

The Council is still facing significant financial costs as a direct result of the recent earthquakes. If Council was to adjust its accounting surplus for the effect of the earthquake and non-operating income there would have been an operating deficit of $16 million. This deficit compares to a budgeted non-earthquake operating deficit of $25 million. Council has planned for operating deficits for three years totalling $73.8 million. These deficits are being funded by the Special Earthquake Charge of 1.76% per annum for 2012/13 and 1.82% per annum for the next four years.

The Council develops a Long Term Plan (LTP) every three years, which sets out the activities and services the Council will provide. We're kicking off the development of a new plan in 2013 and it's a really important opportunity for residents to shape Christchurch's future direction. With our current financial situation, we're facing more challenges and more choices than ever before. We'll embark on public consultation so residents have many chances to tell us what sort of city they want to live in. This will set the plan's direction and shape the goals - we call them community outcomes - that steer all the Council's activities.

While many challenges remain, we're well on our way towards creating a city which is vibrant and is one of the best places in the world to live and work for many generations to come.

Bob Parker
Mayor of Christchurch

Tony Marryatt
Chief Executive
Christchurch City Council

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 other than the exceptions detailed below.

Section 111 of the Local Government Act requires the Council to prepare information in accordance with generally accepted accounting practice. Generally accepted accounting practice includes New Zealand equivalents to International Financial Standards (NZ IFRS) and International Accounting Standards (NZ IAS).

Because of the reasons set out in the introductory note to the Financial Statements, *Impact of the 2010 and 2011 Canterbury earthquakes* on pages 127 to 134, it has not been possible to comply with:

- **NZ IAS 36 – Impairment of Assets**
  Assets with earthquake damage have been written off when it is certain that they have been destroyed. $191 million of impairment has been recognised in 2012 for the earthquake damage to network assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.
- **NZ IAS 16 – Property Plant and Equipment**
  Assets due for valuation in 2012 were operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. Other than public art assets, the assets due for revaluation in 2012 and 2011 have not been revalued and therefore, their carrying value represents their depreciated 2008 and 2009 fair values. Evidence suggests that all other asset categories should have been revalued in 2012. This did not occur. Further information about the reasons for this are set out in the introductory note to the financial statements and in note 23.

Bob Parker
Mayor of Christchurch

Tony Marryatt
Chief Executive
Christchurch City Council

Christchurch at a glance

Christchurch is the urban centre of Canterbury, bounded by the Pacific Ocean and Waimakariri and Selwyn Districts.

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 that 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 Limited (CIAL) saw more than 5.5 million travellers in 2011/12 and Lyttelton Port is the South Island's biggest.

Recently Christchurch has been through a challenging period and the city is working to rebuild damaged buildings and infrastructure following a string of destructive earthquakes that started on 4 September 2010. The rebuild will take many years to complete, but good progress is already being made.

The Council is working with Central Government on the rebuild of our Central City. The organisation is also working in a partnership to carry out the massive repair of the city's damaged horizontal infrastructure – our roads, parks and underground water, wastewater and storm water networks.

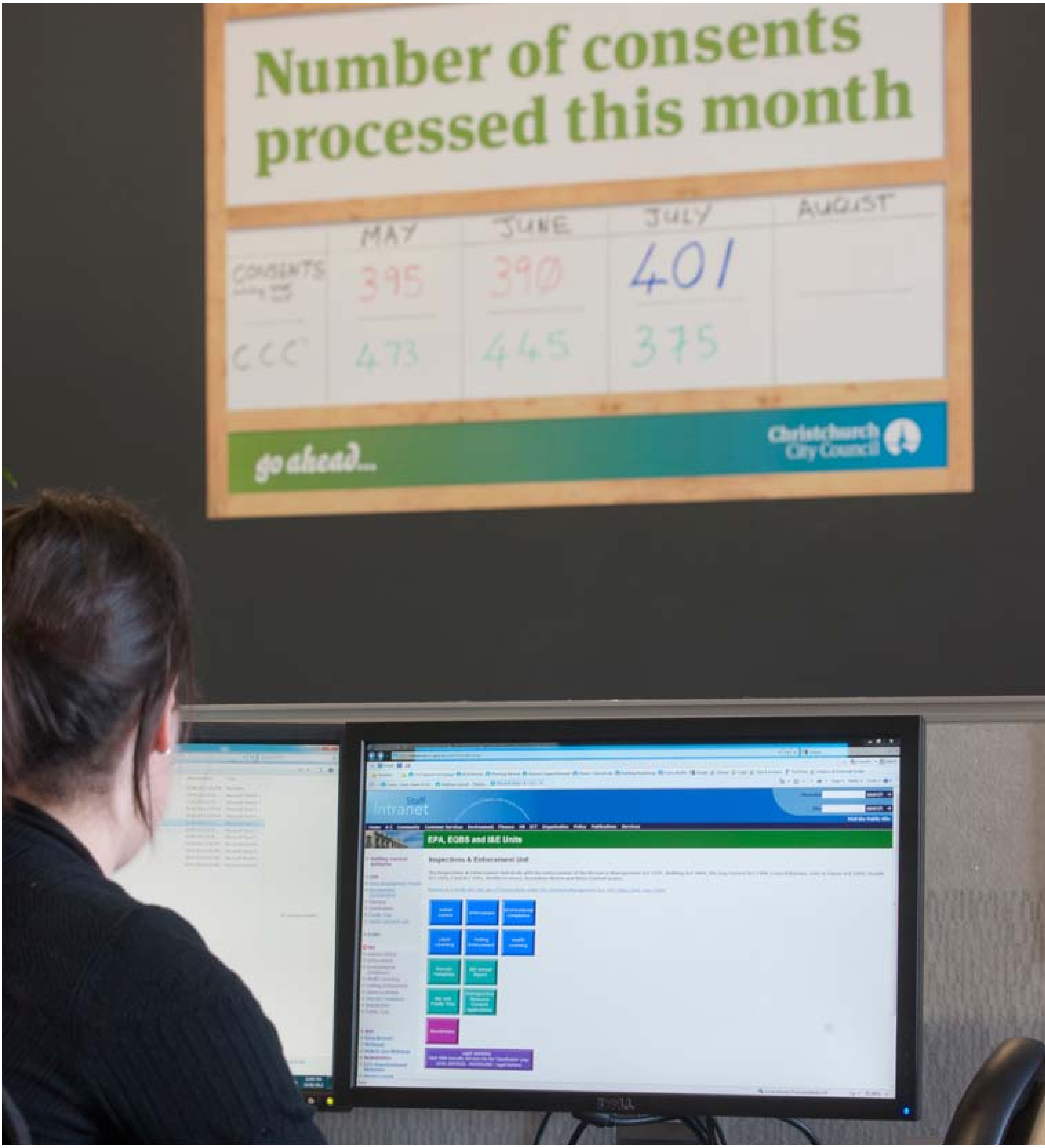
Despite the large task ahead, our city is already taking steps toward the future. Many of our businesses, parks and public facilities are back up and running for our residents to enjoy. Good progress will continue to be made over coming months and years as our city rebuilds and looks to the future.

Snapshot of the City

Population – 367,700 people live in Christchurch.

The above information was sourced from Statistics New Zealand 2006 Census of Population and June 2011 population.

Customer Information Services Officer Lauren McDonald at work on the third floor of the Civic Offices.



Highlights

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The Council delivers the core services necessary to keep the city running including water supply, wastewater removal 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, along with our earthquake response and recovery activities, are outlined in this section.

Our achievements

Recovering from the earthquakes and continuing to provide essential services remains the focus for much of the Council's work over the past financial year. Highlights are set out below:

Central City Plan
The bold vision in the Government's blueprint for the central city was based on our own Central City Plan, developed following the "share an idea" community process last year. The blueprint gives us direction as a City as it locates major facilities and defines precincts within a vibrant, green, low-rise setting.

Suburban centres
Work is underway on a series of suburban centre master plans to support recovery in centres badly affected by the earthquakes. We've completed master plans for Lyttelton, Sydenham and Selwyn Street Shops with the master plan for Linwood Village being completed in August 2012. We have also completed a draft for public comment for Sumner Village Centre, and work is ongoing for Ferry Road, Edgeware and New Brighton.

Facilities rebuild
We've embarked on a programme to look at the future of the 1,600 buildings we own, with detailed engineering evaluations (DEE) progressing well. A new database allows members of the public to easily search for the status of a facility and see when it will receive a DEE assessment. Looking ahead, Council will consider a priority list of repairs and make decisions on where work will begin.

Earthquake commemorative events
The Council held public commemorative events to mark the first anniversary of the 22 February 2011 earthquake and allow the community to collectively reflect on the events of the past year. The Civic Memorial Service in North Hagley Park was a time for remembering the lost as well as looking ahead to the future.

Earthquake heroes were recognised during the first Christchurch Earthquake Awards held later that day. The awards honour people who undertook acts of kindness, service or heroism during the earthquakes.

Walk-in customer services
Despite the disruption caused by the earthquakes, walk-in services are still provided at all locations except Sockburn. There were interruptions at Beckenham, Fendalton, Lyttelton, Linwood and Civic Offices, but all except Sockburn have been restored in a temporary or permanent form. We've increased capacity at Riccarton Service centre to cater for Sockburn's temporary closure.

Art gallery
Christchurch Art Gallery remains closed but Gallery staff have staged four new Outer Spaces projects and a quick-changing series of exhibitions in an upstairs space in Madras Street. The Gallery has also staged the hugely successful return of Michael Parekowhai's *On first looking at Chapman's Homer* installation.

Libraries
Our libraries are using new and different approaches to meet changing customer needs and usage patterns as some libraries remain closed. Visitor numbers, collection use and website visits remain strong. New temporary services at Central Library Peterborough, Central South City Library and the Central Tuam, and Mini Linwood Library are proving extremely popular with residents and visitors.

Recreation, leisure and events
We've opened the Graham Condon Recreation and Sport Centre, a new learn-to-swim pool at Pioneer and the ASB Football Park is complete. These facilities are proving very popular. There were more than 2,850,000 visits to Council pools, gyms and group fitness classes in 2011/12.

The Council, with Government support, set up the Christchurch Events Village in Hagley Park to provide a central and safe venue for events. Events such as Garden City Summertimes, World Buskers' Festival and the Christchurch Arts Festival used this venue and attracted strong interest and participation.

Regulatory services
We're introducing a range of services and tools to make the consenting process for earthquake repairs and rebuilds faster, including Build Express and Go Ahead. We've also opened Rebuild Central, a new Council facility dedicated to providing a one-stop shop to assist property owners and businesses who are looking to rebuild back in the Central City or are located within the Sydenham and Lyttelton Master Plan areas.

Refuse minimisation and disposal
The kerbside collection system continues to perform despite surges of material after each earthquake. We've also established the Burwood Resource Recovery Park to handle construction and demolition waste. The compost plant has been repaired and is fully functioning. Reconstruction is due to finish by September 2013.

Infrastructure repairs
The $2.2 billion rebuild of Christchurch's earthquake-damaged horizontal infrastructure remains a massive undertaking. SCIRT expects the rebuild will take at least five years. Together we're repairing our horizontal infrastructure - underground sewers, storm water and water pipes, roads and parks.

- **Wastewater collection and treatment –** Repairs to the extensively damaged wastewater treatment plant are progressing well and about 11 kilometres of pressure sewer mains have been built. Continuous overflows to the City's waterways stopped on 23 September 2011. The construction of a large pressure sewer and pumping station in Wigram starts soon. The wastewater reticulation system was significantly damaged in the earthquakes. Design work has progressed well on replacing two key pump stations in the east of the city. The number of portable toilets in circulation has dropped from 2,900 in May 2011 to around 140 in June 2012.
- **Water supply –** About five percent, or 150 kilometres of the city's network of water pipes were damaged in the earthquakes and we've made temporary repairs. Chlorine dosing from the water supplies on the eastern side of the city ended in November 2011 and the entire urban area was returned to an untreated water supply. More than half the city's wells were repaired over the last 12 months and six new wells have been drilled. Significant repairs were made to the city's reservoirs including works to rebuild lost capacity from the Huntsbury Reservoir. The upgrade and commissioning of the Duvachelle drinking water treatment plant was completed in the year.
- **Streets and transport –** The city's road network suffered an enormous amount of earthquake damage, with 85 kilometres of roads severely damage, so we've diverted resources to temporary repairs, planned the rebuild of damaged assets and fully repaired some assets. SCIRT will fully repair our roads over the next five years.

  We developed and launched the Transport for Christchurch website (www.transportforchch.govt.nz) to assist travellers to find the quickest and safest route around the city, and a temporary inner city bus exchange was built and is now operating with real-time bus information.
- **Parks, open spaces and waterways -** Waterways and the storm water pipe network were seriously damaged by the earthquakes. Land subsidence means we've rebuilt many stop-banks and we've worked on storm water pipe outlets to prevent flooding during high tides. Several waterway and open drain sections required bank remediation works and the removal of large amounts of silt. Rockfall risks and land changes saw half the Port Hills tracks closed. We've repaired and reopened as many tracks as possible to the public and have also dealt with everything from snow storms to bush fires.

The exterior of the Civic Offices, from Worcester Boulevard.

Your Council

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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. The last full election was held on 9 October 2010.

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 2005, Council asked 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 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 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 community units are tasked with providing specific services to the community and organisation. The services and activities provided by the 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 Council Activities and Services. Find out more about these groups in the sections: *Our activities at a glance*, or for an in-depth view, *Council activities and services*.

Community Outcomes

Christchurch people have described what sort of city they want to live in; they have set nine goals for our future and the Council is responsible for achieving them. We call these nine goals our Community Outcomes and everything the Council does is focused on reaching them.

Our residents want Christchurch to 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

How did we identify our goals?

In 2005, before the release of the Christchurch Long Term Council Community Plan 2006–2016 (LTCCP), Council asked residents what sort of city they wanted to live in. It reviewed public consultations, interviewed stakeholders and considered Government strategies. The result was the set of nine goals – which were confirmed by elected members and now steer Council activities.

The Community Outcomes are aligned with other Council planning documents and processes, which themselves are the result of consultation with the community. Submissions on significant policies, such as the City Plan, were considered as part of the Community Outcomes identification process. Christchurch people have described what sort of city they want to live in; they have set nine goals for our future and the Council is responsible for achieving them. We call these nine goals our Community Outcomes and everything the Council does is focused on reaching them.

How do we achieve our goals?

Our goals must be measurable. That way, the Council can see where it is operating correctly and where there is room for improvement. To do this, we have set up a range of monitoring processes for each goal. These are outlined in more detail in the following section.

The Community Outcomes are set for the city as a whole: the Council is just one contributor to their achievement, and works with a wide range of community groups and other agencies to attain them. By promoting partnerships and working alongside other local and regional organisations, Central Government, non-governmental organisations, Māori and the public sector, we are more likely to achieve lasting results in the community.

How are we doing as a community?

The Council routinely monitors performance in these areas to make sure it is on the right track.

Many Council services, along with services provided by other organisations that contribute towards these outcomes, were severely affected (or even completely suspended) at one stage or another through the course of the last two years. Also, in many instances the measurement systems and devices used to arrive at performance results were severely compromised. As a result our performance against Community Outcomes goals has not been measured in 2012.

Community Outcomes (continued)

1. Security

A safe city

Community Outcome
We live free from crime, violence, abuse and injury. We are safe at home and in the community. Risks from hazards are managed and mitigated.

We will know we are succeeding when:
- rates of crime and injury decline.
- people feel safe at all times in Christchurch.
- we have excellent safety networks, support people and services.

Progress is measured using these headline indicators:
- hospital treatment for accidents
- total offences
- notifications to child protection agencies
- perceptions of safety
- road casualty statistics

Community Outcomes (continued)

2. Community

A city of inclusive and diverse communities

Community Outcome
Our diversity is seen, heard, valued and celebrated. All people feel a sense of belonging and participate in the community.

We will know we are succeeding when:

- our city is built on strong communities.
- a diverse range of people feel at home in Christchurch.
- everybody is able to participate, particularly those who are most vulnerable.

Progress is measured using these headline indicators:

- New Zealand deprivation index
- income gap between low and high income earners
- perceptions of ethnic diversity
- Māori language speakers
- perceptions of quality of life
- perceptions of community support

Community Outcomes (continued)

3. Environment

A city of people who value and protect the natural environment

Community Outcome
Our lifestyles reflect our commitment to guardianship of the natural environment in and around Christchurch. We actively work to protect, enhance and restore our environment for future generations.

We will know we are succeeding when:

- everybody takes responsibility for their impact on the natural environment.
- biodiversity is restored, protected and enhanced.
- we manage our city to minimise damage to the environment.

Progress is measured using these headline indicators:

- tonnes of waste to landfill
- liquid waste
- total ground water use
- renewable versus non-renewable energy consumption
- waste recycling
- recreational water quality
- number and area of ecological heritage sites

Community Outcomes (continued)

4. Governance

A well-governed city

Community Outcome
Our values and ideas are reflected in the actions of our decision makers.

Our decision-makers manage public funds responsibly, respond to current needs and plan for the future.

We will know we are succeeding when:

- everybody actively participates in public decision-making.
- everybody feels represented by their decision-makers.
- our decision-makers plan for a sustainable Christchurch.

Progress is measured using these headline indicators:

- confidence in Council decision making
- representation on school boards of trustees
- census response rates
- voter turnout at Council elections
- voter turnout at general elections

Community Outcomes (continued)

5. Prosperous

A prosperous city

Community Outcome
We have a strong economy that is based on a range of successful and innovative businesses. We value sustainable wealth creation, invest in ourselves and in our future.

We will know we are succeeding when:

- Christchurch has a strong, healthy economy.
- standards of living improve for everyone.
- our economic development prioritises future wellbeing.

Progress is measured using these headline indicators:

- economic activity index
- full and part-time employment rates
- unemployment rate
- personal, family and household income
- volume of commercial waste recycling

Community Outcomes (continued)

6. Healthy

A healthy city

Community Outcome
We live long, healthy and happy lives.

We will know we are succeeding when:

- we all have access to affordable health services that meet our needs.
- more people in Christchurch live healthy lifestyles.
- our city environment supports the health of the community.

Progress is measured using these headline indicators:

- self reported health status
- life expectancy
- frequency of physical activity
- type 2 diabetes rates
- barriers to accessing medical services
- number of days exceeding air quality guidelines

Community Outcomes (continued)

7. Recreation

A city for recreation, fun and creativity

Community Outcome
We value leisure time and recognise that the arts, sports and other recreational activities contribute to our economy, identity, health and wellbeing.

We will know we are succeeding when:

- more people participate in leisure activities.
- more people participate in physical and sporting activities.
- everybody is included in the creation and enjoyment of the arts.

Progress is measured using these headline indicators:

- main leisure pursuits in free time
- satisfaction with free time
- numbers of people taking part in the arts
- culturally rich and diverse arts scene

Community Outcomes (continued)

8. Knowledge

A city of lifelong learning

Community Outcome
Our learning opportunities help us to participate in the community and the economy. Quality education is available for people of all ages.

We will know we are succeeding when:

- everybody receives a good basic education.
- Christchurch people are skilled people.
- a broad range of learning opportunities is available in Christchurch.

Progress is measured using these headline indicators:

- highest qualification gained
- numbers of children who have attended early childhood education
- school leavers with no qualifications
- literacy and numeracy performance

Community Outcomes (continued)

9. Development

An attractive and well-designed city

Community Outcome
Christchurch has a vibrant centre, attractive neighbourhoods and well-designed transport networks. Our lifestyles and heritage are enhanced by our urban environment.

We will know we are succeeding when:

- Christchurch is attractive and well maintained.
- our heritage is protected for future generations.
- we design our city to meet current needs and future challenges.

Progress is measured using these headline indicators:

- perceptions of look and feel of the city
- bus patronage figures
- modes of transport to work
- residual income after housing costs
- hectares of public open space
- perceptions of problems in Christchurch
- number of heritage buildings, sites and objects

The elected Council

Back Row (from left): Councillor Sally Buck *M.Ed (Dist), Dip.Tchg., Dip. TESOL,* ***Councillor Barry Corbett, Councillor Jamie Gough, Councillor Jimmy Chen*** *MComm B.Sc,* ***Councillor Aaron Keown, Councillor Helen Broughton*** *MA (Hons), Dip.Ed. (councilling), Dip. TESOL,* ***Councillor Yani Johanson****.*

Front Row (from left): Deputy Mayor Ngaire Button, Mayor Bob Parker, Councillor Tim Carter *M.E.M., BE (Hons),* ***Councillor Glenn Livingstone*** *B.A., B.Th,* ***Councillor Peter Beck, Councillor Sue Wells*** *B.A*

Absent:
Councillor Claudia Reid.

Chief Executive and Executive Team

Back Row (from left): Chris Till *Human Resources,* ***Paul Anderson*** *Corporate Services,* ***Michael Aitken*** *Community Services,* ***Jane Parfitt*** *City Environment,* ***Kevin Locke*** *Capital Programme.*

Front Row (from left): Tony Marryatt *Chief Executive,* ***Lydia Aydon*** *Public Affairs,* ***Peter Mitchell*** *Regulation and Democracy Services,* ***Michael Theelen*** *Strategy and Planning.*

Community Board Members

Community Board members representing Akaroa-Wairewa
Pam Richardson (Chairperson) – JP MNZM
Bryan Morgan (Deputy Chairperson)
Stewart Miller – QSM
Leigh Hickey
Lyndon Graham – JP

Councillor
Claudia Reid

Community Board members representing Burwood-Pegasus Ward
Linda Stewart (Chairperson) – Dip. Bus. NVP, Accred. Bus. Mentor
Tim Baker (Deputy Chairperson)
Tim Sintes
David East – B.Sc.
Julie Gorman

Councillors
Glenn Livingstone – B.A., B.Th
Peter Beck – M.A., CTheo, AFNZIM

Community Board members representing Fendalton-Waimairi Ward
Val Carter (Chairperson)
Cheryl Colley (Deputy Chairperson) – JP, MA (Hons) BBS, Dip.Tchg.
Faimeh, Lady Burke – MA
David Cartwright
David Halstead

Councillors
Sally Buck – M.Ed. (Dist), Dip. Tchg., Dip. TESOL
Jamie Gough

Community Board members representing Hagley-Ferrymead Ward
Bob Todd (Chairperson) – OBE JP
Islay McLeod (Deputy Chairperson)
David Cox – MNZM, FNZIM
Brenda Lowe-Johnson – JP
Nathan Ryan

Councillors
Tim Carter – M.E.M., B.E. (Hons)
Yani Johanson

Community Board members representing Lyttelton-Mt Herbert
Paula Smith (Chairperson) – B.Sc. (Hons), Dip. L.A., Dip. Hort.
Jeremy Agar (Deputy Chairperson) – MA
Ann Jolliffe
Andrew Turner
Adrian Te Patu

Councillor
Claudia Reid

Community Board members representing Riccarton-Wigram Ward
Mike Mora (Chairperson)
Dr Judy Kirk (Deputy Chairperson) – B. Sc. (Hons), Dip. Tchg. (Dist), PhD (Educ. Cant.) NZCER C registered tester
Natalie Bryden
Peter Laloli
Sam Johnson

Councillors
Helen Broughton – MA (Hons), Dip.Ed. (Counselling), Dip.Tchg.
Jimmy Chen – MComm, B.Sc.

Community Board members representing Shirley-Papanui Ward
Chris Mene (Chairperson)
Kathy Condon (Deputy Chairperson)
Anna Button
Pauline Cotter – Trained Teachers Certificate NZED
Chris English – Grad.Dip Mgt, B.Com, Dip. Tchg, FNZIM

Councillors
Ngaire Button (Deputy Mayor)
Aaron Keown

Community Board members representing Spreydon-Heathcote Ward
Phil Clearwater (Chairperson) – MA (Hons)
Tim Scandrett (Deputy Chairperson)
Rev Paul McMahon – BA (Hons), MTh
Karolin Potter – JP
Dr Helene Mautner – PhD

Councillors
Barry Corbett
Sue Wells – B.A.

Governance and management

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

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, and 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 LTCCP 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 Limited (CCHL), a wholly owned subsidiary of the Council, groups trading activities under one umbrella and keeps the Council at arms-length from the activities of Council-Controlled Trading Organisations (CCTOs).

The CCTOs include: Orion New Zealand Limited, Christchurch International Airport Limited (CIAL), City Care Limited, Lyttelton Port Company Limited, Red Bus Limited, Enable Services Limited (ESL) and EcoCentral Limited. Each is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the CCTOs 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 section: *Group Structure*.

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 Limited (MKT), a company that represents the six Ngāi Tahu Rūnanga 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 the Council's 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 MOU 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.

Our activities at a glance

The work carried out by the Council is organised into categories called Council activities and services. They are summarised below.

Impact of the earthquakes on levels of service and targets
Each Council activity has a number of non-financial performance measures which are set during the LTCCP or Annual Plan process, against which the performance of the activity is monitored on an annual basis. The 2011/12 Annual Plan was approved by Council on 30 June 2011. During the approval process it was recognised that a number of performance measures were impacted by the earthquakes, such as the provision of parking (due to the red zone cordon), and the damage to the wastewater, water and roading networks. As a result affected measures were either:

- adjusted to recognise the impact of the earthquakes, such as adjusting targets e.g. lowering customer satisfaction targets;
- suspended - these measures/targets have not been measured against;
- discontinued to be revised during 2011/12; or
- to be re-evaluated by 1 January 2012.

The suspension of performance measures was concentrated in the infrastructure activities which suffered the greatest earthquake damage. 6% of all performance measures were suspended and these were in the following activities:

- Water Supply (30% of the activities' targets);
- Wastewater Collection and Treatment (73% of the activities' targets); and
- Streets and Transport (20% of the activities' targets).

In a normal year these activities would have been measured against targets for responding to water supply leaks, wastewater blockages and road repairs. Given the level of damage and emergency measures in place at 30 June 2011 when the targets were set, appropriate levels of service or targets could not be determined which resulted in the suspension of the measures. Council's focus in 2012 was the restoration of services and working with SCIRT on the repair and rebuild of the networks. The progress made towards the restoration of the networks has meant that the levels of service and targets agreed in the 2012/13 Annual Plan include almost all of the performance measures which were suspended in the 2011/12 Annual Plan.

The performance measures that were described as 'discontinued to be revised during 2011/12' related solely to the Regional Economic Development, Business Support and Workforce Development activity within Economic Development. These measures accounted for 4% of all performance measures. Although the measures were stated as discontinued in the Annual Plan they have been reported against in the *Economic Development* section. Replacement measures have been agreed with Council and were reflected in the 2012/13 Annual Plan.

6% of all performance measures in the Annual Plan were described as 're-evaluate by 1 January 2012 when more information will be available'. These were in;

- Streets and Transport (24% of the activities' targets) and
- Parks (9% of the activities' targets)

and reflect that at 30 June 2011 it was not possible to set targets which could be measured against, but it was expected that targets would be able to be set later in the year. During the year a small number for these targets (six) were suspended by Council. Performance was measured against the remaining performance measures and for a number it is stated that the 2011/12 performance is being used to establish a new baseline. All but one of the measures which was described as 're-evaluate by 1 January 2012 when more information will be available' have been reinstated in the 2012/13 Annual Plan.

The performance measures and targets for all activities in the 2012/13 Annual Plan have been adjusted, where required, or new levels of service have been developed that take into account the level of damage, impact of the earthquakes or reflect the post earthquake environment. More detail about the achievements of each activity and where it is heading are detailed in the *Council activities and services* section.

City planning and development
City planning and 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.

Council developed a draft Central City Plan that captured 106,000 ideas from residents and then worked with CERA and key partners to finalise the Christchurch Central Recovery Plan.

Over the past 18 months, we have engaged with eight suburban centres and heard from thousands of people about their challenges, hopes and dreams. We have now prepared master plans for three important community hubs - Selwyn Street, Lyttelton and Sydenham and continue to work with five other communities on their plans.

Our activities at a glance (continued)

Community support
Community support helps build strong, active communities by providing residents and residents' groups with services and support such as, community facilities, early learning centres, community grants, social housing, strengthening communities, civil defence and emergency management.

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

Council's Community support activity has become more important to the welfare of residents and groups in Christchurch during the immediate response to earthquakes and during the City's long term recovery.

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

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.

The Central Library and Art Gallery are among the facilities which suffered damage in the Canterbury earthquakes and have been closed to the public. Making repairs and providing alternative services is a priority for the Council.

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 CCHL the Council owns shares in a number of major local companies including: Orion New Zealand Limited, CIAL, City Care Limited, Lyttelton Port Company Limited, Red Bus Limited, EcoCentral Limited and ESL. CCHL serves to group the activities of these CCTOs under one umbrella and keeps Council at arms-length from their activities. These and other companies owned by the Council are investments which meet 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. Find out more about these organisations in the section: *Group structure*.

The Christchurch economy and the tourism industry have been badly affected by the earthquakes through damage to facilities and infrastructure and news of the Canterbury earthquakes has had a major adverse impact on visitor numbers. Enabling and encouraging the recovery of the Christchurch economy will be a major focus of the Council in the coming years.

The Council and Christchurch and Canterbury Tourism, with partners CIAL and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy.

Parks, open spaces and reserves
The Council manages the city's parks, waterways and drainage infrastructure. Maintaining Christchurch's image as the Garden City requires being sensitive to the needs of the community and visitors while continuing to develop the extensive parks network and maintain and enhance our waterways and drainage infrastructure.

The Council, and SCIRT are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, wastewater, and road network assets over the coming years. In the meantime Council will continue to maintain the existing parks, open spaces and waterways assets to meet immediate operational needs.

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.

Our activities at a glance (continued)

Many Council sports and recreation facilities were damaged in the earthquakes and decisions are being made about their future as part of the Council's facilities rebuild programme. The Council is providing recreation services for the community from our remaining facilities and the new ones at Pioneer and Graham Condon.

Refuse minimisation and disposal

The Council provides solid waste collection, treatment and disposal services in order to protect the community and environment. 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, Council implemented the kerbside three wheelie bin waste collection system. The system – with a bin for each of recycling, compost, and general rubbish – has increased the amount and range of material that residents recycle thereby significantly reducing 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.

Building Operations and Resource Consents are working hard to ensure the consents process stays on track in the rebuild environment. Key areas of work have included improving services for pre-application meetings. Staff monitor earthquake-related consents and the use of tablet PCs by inspectors has improved communication with project managers and contracted companies. A new service, Rebuild Central, has been launched as a one-stop service for those who want building consent and planning advice with their plans for the Central City rebuild.

Streets and transport

The Council manages the city's streets and transport so that people 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.

The Council, CERA, NZTA, and SCIRT are responsible for rebuilding the City's damaged infrastructure. As this work is undertaken over the forthcoming years the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

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.

Work to repair and replace damaged city infrastructure has been ongoing since the Canterbury earthquakes. SCIRT has begun progressing the rebuild which is expected to take a further four years. As the replacement work is undertaken the Council will continue to maintain the existing networks to meet the needs of the community.

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 does monitor water quality on a daily basis.

SCIRT is repairing the City's network of water pipes and replacing damaged water mains and sub-mains. As this work is undertaken over the next four years, the Council will continue to maintain the existing water supply network to meet the immediate needs of the community.

Corporate activities

Corporate activities encompass a range of areas which cannot be directly attributed to other groups of activities within Council. These activities include property costs, managing investments, services provided to external organisations, managing revenue from CCTOs and other income, such as revenue from regional fuel tax. Overall the corporate activities generate a significant surplus, which is used to reduce the rates collected from residents.

Biannual survey of residents

The Biannual Survey of Residents evaluates the Council's performance for the financial year 2011/12.

The latest survey in March 2012 showed satisfaction levels remain high, despite the disruption and increased demands placed on the Council by major earthquakes in 2010 and 2011. Seventy percent of residents are either satisfied or very satisfied with the performance of the Council in delivering its services.

The Council began surveying residents in 1991 to gauge customer satisfaction and residents' perceptions of city issues. In 2007, the Council switched to a biannual format to better track and respond to emerging issues in the community.

The City continues to embrace the wheelie bins service, with 97 percent of residents surveyed satisfied with the collection of recyclable waste. Only one percent were dissatisfied. Ninety-five percent were happy with the collection of their red bin waste and 82 percent liked the collection of the organic waste.

Residents were also happy with Christchurch's festivals and events such as the Ellerslie International Flower Show, Classical Sparks and the World Buskers Festival, with 90 percent saying the Council does a good job.

Water supply services, where taste, water pressure and presence of sediment were considered, also drew a high level of satisfaction from 85 percent of residents. Awareness of the Council's water conservation messages was also high, with 91 percent of residents recalling the campaign.

Other areas where residents believe the Council provide great service are gardens and parks and library services.

Areas where residents believe Council could improve include road and footpath maintenance, and the need for more transparency and democratic process.

While 40 percent of residents were satisfied with the condition of Christchurch roads, 44 percent were dissatisfied. Footpaths were also an area some residents thought needed improvement, with 37 percent of residents dissatisfied with their condition.

Many residents also commented on the need for more transparency around Council decisions. While 37 percent of those surveyed were satisfied that the Council makes decisions which are in the best interest of the City, 42 percent were dissatisfied. In their understanding of how Council makes decisions, 46 percent of people said they did not have a full understanding of this process.

Families skating outdoors at the New Zealand IceFest in Hagley Park.

Council activities and services

Annual Report 2012
Christchurch Ōtautahi

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

Council activities and services

Summary financial chart

The Council has allocated its service delivery activities into groups, to facilitate management and reporting. The following pages contain information on the council activities and services listed below.

As discussed in the *Our activities at a glance* section, a number of non-financial performance targets, notably those around damaged infrastructure and facilities, were suspended by Council during 2011/12 and were removed from the Annual Plan because they could not be achieved, for example wastewater collection and treatment where the network suffered severe earthquake damage. A small number of performance targets were also suspended but not removed from the Annual Plan. These levels of service will be reinstated in future Annual Plans and the 2013-22 LTP once the condition of the assets and the phasing of their repair or replacement is clear.

				2012	2011
Cost of services for the year ending 30 June 2012	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	$000	$000	$000	$000	$000
City planning and development	29,040	15,049	13,991	25,184	16,561
Community support	46,744	41,605	5,139	24,046	63,596
Cultural and learning services	44,312	6,211	38,101	42,477	38,135
Democracy and governance	10,700	(1)	10,701	10,768	9,492
Economic development	9,455	179	9,276	9,452	8,615
Parks, open spaces and waterways	66,808	32,414	34,394	37,522	34,094
Recreation and leisure	43,724	45,255	(1,531)	18,179	(15,891)
Refuse minimisation and disposal	44,751	6,404	38,347	30,956	28,494
Regulatory services	47,043	25,086	21,957	9,530	13,364
Streets and transport	149,572	72,714	76,858	(386)	87,817
Wastewater collection and treatment	159,394	302,246	(142,852)	(102,863)	23,852
Water supply	40,387	63,528	(23,141)	7,604	17,952
Corporate activities	62,361	453,020	(390,659)	(386,057)	(367,277)
Total cost of service delivery	**754,291**	**1,063,710**	**(309,419)**	**(273,588)**	**(41,196)**

A reconciliation of the cost of services summary above to the statement of comprehensive income is shown in note 2 of the financial statements section.

Council activities and services

Summary financial chart (continued)

Capital summary for the year ending 30 June 2012	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
City planning and development	42	-	356
Community support	2,674	3,470	2,158
Cultural and learning services	8,065	6,865	7,538
Democracy and governance	-	-	-
Economic development	87	160	217
Parks, open spaces and waterways	30,029	42,885	15,134
Recreation and leisure	6,401	4,310	10,403
Refuse minimisation and disposal	4,395	7,934	3,010
Regulatory services	122	45	6
Streets and transport	32,029	134,003	34,197
Wastewater collection and treatment	127,931	160,888	34,121
Water supply	32,826	23,091	11,773
Corporate activities	161,276	98,259	98,387
Gross capital cost	**405,877**	**481,910**	**217,300**

Council activities and services

City planning and development

What is city planning and development, and what does the Council do?

City planning and 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 with respect to post earthquake recovery of the Central City, recovery of suburban centres, the regulation of land use through the District Plan (which includes changes to the Banks Peninsula Plan and the City 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 well-being 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 Canterbury Earthquake Recovery Act 2011 provides direction on the recovery strategy and recovery plans, and requires that the Council develops a recovery plan for the Central City (the Central City Plan).

The Council's performance impacts 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 environmental resources and assets, including 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. Further, by being proactive in the recovery of our Central City the Council is ensuring that the Central City Plan will deliver a quick, effective and sustainable recovery for the area within the four avenues.

What activities are involved in city planning and development?

City and community long–term policy and planning

The Council develops strategies, policies and plans which set out how the Council intends to work in future, and guide development across the City and Banks Peninsula. We monitor their effectiveness as well as our progress as a city towards achieving our community outcomes.

District plan

The Christchurch City District Plan, which includes Banks Peninsula, sets out policies and rules for land use. It promotes sustainable land use and helps the Council to implement strategies such as the Greater Christchurch Urban Development Strategy. The District Plan is prepared and reviewed according to statutory requirements as are private and Council led plan changes.

Heritage protection

A city's heritage helps to sustain a sense of community identity, provides links to the past and helps to attract visitors. The Council is committed to protecting the heritage of our City and works with developers, landowners and other stakeholders to conserve heritage buildings, areas and other items.

Since the 2010/11 earthquakes Council has continued its heritage protection role, although CERA is responsible for decision-making regarding the demolition and 'make safe' of heritage buildings damaged in the earthquakes.

Energy conservation

Council works with community and business groups to reduce the total amount of energy we use and to increase the use of renewable energy. Expected benefits are reduced costs, fewer adverse environmental effects (such as air pollution), and a sustainable supply of energy for future generations.

Council activities and services

City planning and development (continued)

What did we achieve?

A storm water discharge consent has been approved by Environment Canterbury based on the Storm Water Management Plan for the South West catchment, and an application lodged for the Styx catchment, based on the completed Styx Storm water Management Plan. A Situational Analysis report has been prepared for a long term Wastewater Strategy for Christchurch, in consultation with neighbouring local authorities, and a draft Strategy is in preparation. In association with CERA, work has been undertaken to address Port Hills land instability issues and other natural environment matters associated with earthquake recovery.

Several alcohol bans have been put in place to respond to the changed pattern of alcohol related issues following the earthquakes; namely a permanent alcohol ban in Riccarton and temporary alcohol bans in Merivale and Papanui (the Council has commenced a process to introduce these two as permanent bans). In addition a temporary alcohol ban was introduced around the temporary events area in Hagley Park during the Rugby World Cup and key summer events, as well as a permanent alcohol ban on New Years Eve at Okains Bay. In addition the Councils Gambling Venue Policy has been reviewed and a draft Brothels Location and Signage Advertising Commercial Sexual Services bylaw developed for consultation in the light of post earthquake impacts.

In the District planning activity four plan changes were notified (a mix of private and Council led plan changes), seven hearings were completed and 11 Plan Change Decisions were released. Fourteen Plan Changes have been made operative and three plan changes were under appeal with Court hearings or out of Court discussions taking place. Appeals against Proposed Change 1 to the Canterbury Regional Council's Regional Policy Statement were under negotiation between appellants and Urban Development Strategy partners before ministerial intervention in late 2011.

In August 2011 the Council released the draft Central City Recovery Plan for consultation. Following a formal hearings and deliberations process the draft plan approved by Council was sent to the Minister for Canterbury Earthquake Recovery for his approval. While awaiting that approval several small temporary projects to support central city recovery and transition to recovery have been implemented.

Work has been undertaken on a series of suburban centre master plans aimed at supporting recovery in centres badly affected by the earthquakes. Master plans have been completed for Lyttelton and Sydenham, are nearing completion for Linwood Village, Selwyn Street Shops, and are on-going for Sumner, Ferry Rd/Main Rd, Edgeware and New Brighton. For those centres where master plans will not be developed a case management approach has been set up to assist property owners by arranging architectural and urban design advice on their building proposals, and helping owners to navigate through the Council's (resource and building) consent processes.

There has been ongoing work to facilitate the protection of listed heritage buildings and to retrieve and store heritage fabric from demolished buildings. This has included advice on Heritage Incentive Grants, in particular to access the independent Canterbury Earthquake Heritage Building Fund Trust. Advice has also been provided to SCIRT and facilities managers regarding Council-owned heritage buildings and monuments and bridges.

Council activities and services

City planning and development (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
City and Community Long-Term Policy and Planning	Advice is provided on key issues that affect the social, cultural, environmental and economic well-being of Christchurch.	At least 85% of milestones agreed for each year are achieved.	Due to the ad hoc and fluid nature of information requirements stemming from the impact of the earthquake formal measuring of the advice given has not been possible in 2011/12.
		Council approves a work programme by 30 June for the following financial year.	Considered by Council in June, to be finally adopted by Council in July 2012.
	Area Plans are progressed.	Draft Belfast Area Plan (BAP) implementation plan is completed by March 2012.	A draft implementation plan for the BAP was completed by March 2012.
		Progress on the South West Area Plan (SWAP) implementation plan is reported on annually.	Report presented to Riccarton/Wigram Community Board February 2012.
	Community Outcomes are monitored.	Regularly updated Community Outcomes reports are available to the public (ongoing).	Community outcomes data monitoring sheets were not able to be maintained on an ongoing basis.
	Community Outcomes are reviewed according to statutory requirements.	Review of Community Outcomes completed by 30 June 2013.	New Community Outcomes for 2013 LTP approved in principle by the LTP Committee in May 2012.
	Develop the Central City Plan (The Recovery Plan).	1. Draft plan presented to Council by 31 August 2011.	Draft plan presented to Council on 11 August 2011.
		2. Final plan presented to Council for approval and presentation to the Minister of Earthquake Recovery by 16 December 2011.	Final plan presented to Council 15 December 2011.
		3. The Central City Plan implementation commences as per the action plan - 30 June 2012.	Transitional city implementation projects delivered as per schedule agreed with General Manager Strategy and Planning by 30 June 2012.
	Development of policy and plans to implement the Councils components of the Greater Christchurch Urban Development Strategy (UDS) Action Plan.	Council approves a work programme, based on the approved Urban Development Strategy Action Plan, at a time to be determined over the next nine months once the permanent Urban Development Strategy IMG Manager's appointment.	Considered by Council in June, to be finally adopted by Council in July 2012.
		Milestones to be set according to outcomes of Environment Court Adjournment of PC1.	Council officers have kept abreast of the movements on PC1 and Chapters 12A & 27 and acted accordingly.
District Plan	Prioritised programme of Plan changes is prepared and approved by the Council on an annual basis.	A prioritised work programme, matched to staff capacity and availability, to be presented for Council approval annually by 30 June for the following financial year.	Considered by Council in June, to be finally adopted by Council in July 2012.
	Processing of all privately requested plan changes complies with statutory processes and time frames, and according to CERA requirements.	100%	All private plan changes have met statutory requirements.

Council activities and services

City planning and development (continued)

Activity	Level of Service	Target	Actual Results
District Plan	The Christchurch City District Plan is fully operative.	Both territorial sections of the Plan are fully operative by 31 March 2012.	There are two minor outstanding issues which stopped the two sections of the District Plan being made fully operative, these are: for Banks Peninsula District Plan - the financial contributions rules; for the City Plan - the Opawa Road designation.
Energy Conservation	A programme is developed to contain increase in the amount of energy used in Christchurch (to reduce increase in energy use to +12.0% per year by 2014).	by November 2011	Across all fuels, use in Christchurch was down by 6.1%. However, diesel use is up, probably due to increased use of heavy earth moving equipment and with the central city remaining closed by the earthquakes this has resulted in changes to energy use.
	Programme developed to encourage an increase in the proportion of renewable energy used in the City (to 23% by 2014).	by November 2011	Renewable energy use is already high, but usage dropped across all types in 2011.
Heritage Protection	All grants meet Heritage Incentives Grants policy and guidelines.	100%	All grants have met Heritage Incentive Grants policy and guidelines.

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

The coming year will see implementation of the priority projects in the ministerial approved Central Recovery City Plan and a continuation of the temporary projects to support recovery.

In the natural environment area, work will progress on the preparation of a Storm Water Management Plan for the Avon River, the Wastewater Strategy will be consulted on and finalised, and a study of coastal processes and issues will be undertaken.

Preparation of master plans will continue, with the aim of having all eight completed within the coming financial year. Implementation will begin on priority projects identified within the plans, and case management work will continue in response to requests for assistance.

The City Plan and Banks Peninsula Plan which together make up the District Plan for Christchurch will be made operative (i.e. come fully into force). Changes to that Plan proposed by Council or other interested parties will progress through the statutory process required before they become operative.

Work to bring greenfields to readiness for housing development has been accelerated to assist in making subdivisions available for residential building.

The Council has proposed a Brothels Location and Commercial Sexual Services Signage Bylaw. The process to complete this bylaw will be completed and the Council will make decisions on permanent alcohol bans in Merivale and Papanui. The Council's Alcohol Policy will be reviewed in accordance with new legislation.

Service delivery in 2012/13

Although city planning and development activities will have a large earthquake recovery focus in 2012/13, there will be no change to the Council's capacity to deliver this activity. All activities will be focused on the Central City Plan, suburban centre plans, urban renewal and regeneration, heritage conservation, and support for housing development. Council's staff resources have been increased to cope with the requirement for increased capability in these areas.

Council activities and services

City planning and development (continued)

What did it cost?

City planning and development Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
City & Community long-term policy and planning	16,951	601	16,350	17,998	9,686
District plan	2,981	468	2,513	2,812	3,581
Heritage protection	8,416	4,917	3,499	4,454	3,149
Energy conservation	692	693	(1)	(80)	145
Capital revenues	-	8,370	(8,370)	-	-
Cost of service	**29,040**	**15,049**	**13,991**	**25,184**	**16,561**
Capital expenditure					
Renewals and replacements			26	-	323
Improved service levels			-	-	-
Increased demand			16	-	33
Total capital expenditure			**42**	**-**	**356**

Explanation of significant cost of service variances

City planning and development's net cost was $11.2 million lower than plan and $2.6 million lower than the previous year.

The $11.2 million variance on this year's plan is a result of savings in all four activities. The City & Community long-term policy and planning activity had savings of $1.6 million; on consultants fees for the Central City Plan of $0.6 million; urban development strategy regional policy statement $0.5 million and suburban centres master plans $0.5 million. The variance of $0.3 million in the District Plan activity was a result of $0.6 million savings on legal fees and lower than expected revenue of $0.3 million from private plan change applications. The Heritage protection activity had $1.0 million of savings on grants to the Arts Centre, Heritage Incentive applicants, Music Centre and character housing. These grant savings have been requested to be carried forward to the next financial year. The capital revenues variance is as a result of insurance recoveries received.

The $2.6 million variance on last year is the result of a higher spend in City and Community long-term policy and planning of $6.7 million offset by lower spending in the District Plan activity of $1.0 million and insurance recoveries of $8.4 million received this year. The $6.7 million variance in City and Community long-term policy and planning is mainly due to additional consultants costs for the development of the Central City Plan of $2.0 million and additional staff costs of $3.7 million. The $1.0 million variance of District Plan is due to lower legal fees of $0.2 million, doubtful debts of $0.3 million and staff costs of $0.5 million.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Community support

What is community support and what does the Council do?

Community Support provides social housing, community facilities, project funding, community development programmes, emergency management and walk-in customer services 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, community development 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 and build resilience across all sectors of our communities.

Why is the Council involved in community support?

We provide opportunities for meeting, socialising and developing 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.

Community support activities contribute to the cultural and social well-being of the community through the achievement of the City's Strong Communities and Liveable City Community Outcomes. This contribution is made through 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. Through involving communities in Council decision making processes and helping them stand on their own feet they are able to build resilience and prosper.

How does it affect me?

Community support services mean you have help when disaster hits. Community groups in your area receive funding for projects that will make your neighbourhood a better and safer 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, stronger community.

What activities are included in community support?

Civil Defence and emergency management

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 community grant funding to community groups for projects and initiatives that benefit wider Christchurch, local communities and communities of interest.

Community facilities

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

Community facilities allow activities to take place which fulfil a wide variety of social, educational and recreational needs. They are places for people to meet, play and learn.

Early learning centres

We operate one early learning centre located at Pioneer Sports and Recreation centre where we provide education and care for children zero to six years. We support an additional 13 facilities which are operated by the community.

Social housing

We provide affordable rental 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.

The Council's social housing portfolio primarily consists of one bedroom flats with a limited number of bedsit and studio units and a small number of two bedroom units. Due to the composition of the units, the predominant target market is single people and couples.

Strengthening communities

Community development projects planned, facilitated or delivered by the Council, voluntary organisations, iwi and other stakeholders, help to build and promote strong communities. Projects are promoted to many communities of interest through support to various groups representing youth, people with disabilities, the elderly, multi-cultural groups, and voluntary and not-for-profit environmental, arts and social service groups.

The Safer Christchurch team works to achieve the goals of the Safer Christchurch Strategy, specifically in the areas of injury prevention and crime prevention (including graffiti vandalism mitigation). The aim is to make Christchurch the safest city in New Zealand and to maintain Christchurch's accreditation as an International Safe Community.

Walk-in Customer Services

Walk-in customer service points are normally provided at 11 locations around greater Christchurch, from Papanui in the north to Akaroa in the south, including Civic Offices. Shirley and Papanui are open on Saturday mornings to receive payments for all council services, provision of information, and registering requests for service.

Council activities and services

Community support (continued)

What did we achieve?

Early learning centres
Pioneer Early Learning Centre continues to provide flexible care to support the Sports and Recreation facility and local community needs. The most recent Education Review Office report December 2010, conducted tri-annually confirmed we provide high quality education and care. Children experienced quality interactions in a positive, supportive, stimulating environment. Council's provision of Early Learning Centre (ELC) activities supports the community outcome goals of community and prosperity. QEII Park Preschool has remained closed due to significant damage following the 22 February 2011 earthquake.

Social Housing and Community facilities
Social housing is a key contributor to the community outcome and traditionally provides over 2,649 tenancies with an average occupancy rate of 97 per cent. However, following the earthquakes the number of habitable units has decreased to 2,246 units and it is possible this will decrease further. The current occupancy rate is 98% per cent.

Safer Christchurch
Safer Christchurch is linked directly to the "safe city" Community Outcome and successfully initiated a number of new initiatives during the 2012 financial year including;

- the Graffiti Office citywide graffiti scan;
- a new graffiti database, namely 'Tag Force';
- a now proven Christchurch Safe City Officer service;
- a combined Crime Prevention Through Environmental Design/ Injury Prevention Through Environmental Design mall safety accreditation project; and
- the Switch On to Prevent an Injury project.

Another planned campaign is the Winter Home Safety initiative.

The Crime Prevention Through Environmental Design / Injury Prevention Through Environmental Design mall safety accreditation project has produced an award for 'The Hub' shopping mall in Hornby.

Continuing with this work was the strengthening of stakeholder relationships as well as identifying and building new collaborations.

Community grants
In the 2011/12 funding year, over $7.4 million was distributed through the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to 802 projects across the city. A high level of customer satisfaction was achieved.

These grants directly contribute to the capacity and capability of the community organisations to undertake their respective tasks and operations. The broader outcomes achieved through these community organisations and their personnel are the continued support and development for their communities of interest and contribution towards the community outcome goals of community, security, recreation, prosperity and knowledge.

Strengthening communities
Strengthening communities teams continued to provide expert information, advice and guidance to a range of partners (including other Council units, and other Government agencies and community groups) throughout the year. By providing networking opportunities across the city, the teams maintained close links to community groups and residents associations. Using their expert local knowledge, Strengthening Communities Teams have played a key role in the aftermath of the earthquakes, providing an insight on how community groups have fared and in the development and presentation of 54 local community profiles that have been used by a wide range of decision-makers. Furthermore staff continued to:

- meet with community organisations across a geographical, ward based area and a number of sectors such as arts, recreation, social services, safety, older adults, disability and multi-cultural sectors, in order to develop capacity and promote community and sector led initiatives.
- meet with local residents groups to identify and document local neighbourhood issues. Staff engaged with agencies such as Age Concern, the Christchurch Migrant Centre, Neighbourhood Support, NZ Police, Fire Service and CERA to assist with community preparedness.
- facilitate a number of community and network liaison meetings to foster collaboration and enhance community connectedness.
- work with government departments such as Ministry of Social Development, Department of Internal Affairs and Te Puni Kokiri on "cross government funding" to support community organisations who provided support and services to communities, families and individuals following the earthquakes.
- assessing applications for funding support from community organisations delivering services and support to the wider Christchurch and Banks Peninsula communities.

Council activities and services

Community support (continued)

Civil Defence and Emergency Management
The Civil Defence Emergency Management (CDEM) Act requires Civil Defence Emergency Groups and their members to respond to and manage the adverse effects of any emergency in their area and to carry out recovery activities.

The Emergency Operations Centre was activated for two days in response to the earthquake that struck the City on 23 December 2011. The response to this earthquake involved Council staff, Emergency Services, welfare agencies. Christchurch's Neighbourhood Support Coordinator working along side Council's Strengthening Christchurch team contact and many community groups to assess the affected communities' well-being. Liquefaction was again an issue as a result of this earthquake.

A report capturing the earthquake response learning points was produced by an independent consultant following interviews/surveys involving 98 individuals from Council and other organisations involved in the response. A Council project team was established to implement the learning points following this matter being reported to Council.

The Ministry of Civil Defence & Emergency Management has arranged for a national review of the response to the February 2011 earthquake. Several Council staff were interviewed as part of the national review – the report is expected to be released in September/October 2012.

In November 2011 a recognition dinner was held to thank the CDEM volunteers for the work they had undertaken during the response phase of September 2010 and February 2011 earthquakes. Each of the City's CDEM volunteer teams were presented with an award by the Mayor. There has been a noticeable drop off in the number of active CDEM volunteers following the earthquakes due to fatigue and several volunteers' homes being in the red zone.

A tsunami alerting system (sirens) was installed along the Christchurch coastline from Waimairi Beach to Sumner during May/June 2012 - in total 22 sirens have been installed.

Staff continue to work with CDEM partner organisations such as the Canterbury CDEM Group Office, Emergency Services and welfare agencies to strengthen working relationships and for joint planning.

CDEM education programmes continued to be rolled out to primary schools and community groups although there has been a drop in demand from schools for these education programmes following the earthquakes.

Walk-in Customer Services
Despite the disruption caused by the earthquakes, walk-in services continued to be provided at all locations except Sockburn. There were interruptions at Fendalton, Lyttelton, Linwood and Civic Offices, but all except Sockburn have been restored.

Visiting residents for feedback following the February 2011 Earthquake.

Council activities and services

Community support (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Build Stronger Communities	Community development projects are provided.	Successfully deliver projects across each target area and within budget allocation.	93 projects, at a minimum, delivered across target areas.
	Safety Projects – working towards making Christchurch Safer.	Maintain Safe City Accreditation every 5 years.	Re-accreditation is scheduled for 2013 and the re-application submission is due April 2013.
Early Learning Centres	Provide five day a week half, full-day and flexible-hours care at early learning centres.	18-25% of attendees at Pioneer attend the Leisure Centres.	22%
		Maintain 75-85% occupancy.	77%
		Provide 113,520 hours of childcare per annum Pioneer ELC.	Actual achieved 84,480 hours, 5.30am – 4.30pm Monday – Friday (except snow days).
	Quality, high standard of professional childcare is provided that satisfies customers needs.	80-99% of ELC staff are trained, qualified and registered teachers.	97%
		85-95% customer satisfaction with quality of care.	Customer Survey 97% satisfaction rate.
Civil Defence Emergency Management	An Emergency Operations Centre (EOC) is available for the coordination of a multi-agency response in the event of an emergency.	At all times	Currently Primary EOC is located at 53 Hereford Street with the alternate located at 121 Tuam Street. Both of these sites are operational.
	Approved Civil Defence and Emergency Management Plans covering local response and recovery arrangements and specific contingencies are in place.	At all times	Recovery Plan needs review. All other plans are up to date.
	Build upon national/regional initiatives to promote the need for individuals to be prepared for when a disaster occurs.	Two major civil defence and emergency management promotions occurs annually via Council publications.	A major promotion informing our communities of the tsunami siren and tsunami risk was conducted in May 2012.
	Fully equipped Light Rescue Response Teams maintain their national registered status.	Three teams	All three teams currently meet the national registered standards. Teams have been deployed to the flooding in Nelson-Tasman as well as all earthquake related responses. The Teams also have been carrying out regular team trainings.
	Key sections of the community are informed of a pending civil defence emergency in a timely manner (those that are registered with the on-line alerting system).	Communication sent within one hour of civil defence and emergency management confirming warnings.	Procedures are in place to activate the alerting system within an hour of any pending CDEM Emergencies. Although the system was not used last year there has been testing done to the CDEM Team to confirm it is operational.
	Relevant hazards and risks are identified and managed in the City's District and Civil Defence Emergency plans.	Hazards and risks framework maintained at all times.	Target has not been achieved.
Community Facilities	The portfolio of community centres/halls/cottages is maintained.	Maintain the number of community centres, halls and cottages at a minimum of 45.	36 centres are currently open. Community facilities are lower as a result of closures due to ongoing DEE assessments.

Council activities and services

Community support (continued)

Activity	Level of Service	Target	Actual Results
Community Grants	Grants schemes are properly administered.	Administer grant schemes in a manner that is consistent with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative NZ scheme.	The 2011/12 Funding Schemes have been administered in accordance with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative Communities Scheme.
Social Housing	Council housing complexes are well managed.	Maintain average occupancy rate at 97%.	Average year end actual 98%.
	Maintain portfolio of rental units and owner/occupier units.	Minimum of 2,420 rental units and 28 Owner / Occupier units.	Due to earthquake events the number of current habitable units is reduced to 2,246.
	Tenants are satisfied with quality of tenancy service provided.	More than 80% of tenants surveyed are satisfied with the quality of the tenancy service provided.	78% satisfied.
Walk-in Customer Services	All walk-in customer services staff are identifiable as Council employees.	All front-line staff have a suitable corporate uniform.	All walk-in customer services staff have a suitable corporate uniform.
	Customer service centres are provided.	Maintain current level of service (LOS): Walk-in services at 11 locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton).	9 at the moment; Linwood and Sockburn not operational.
	Customers are satisfied with walk-in services.	95% of customers are satisfied with walk-in services.	97%
	Number of walk-in customer service hours provided.	Total of 408.5 hours per week.	328.0 hours per week. Hours were lower than target due to the closure of Sockburn and Linwood Service Centres.
	There are minimal wait-times for walk-in services.	Less than 3 minutes, 80% of the time.	Survey result was less than 3 minutes 100% of the time.

What assets do we use to deliver these activities?

The major assets involved in delivering Community support activities is the Council's social housing portfolio, its facilities, community centres, halls and cottages, and early learning centre facilities.

The Council has traditionally provided over 2,649 social housing tenancies, but due to earthquake damage the number of habitable units has decreased to 2,246 units. A repair programme / replacement programme is progressing.

Council's community facilities have also been significantly impacted. A number of facilities have been demolished or have been deemed beyond economic repair, such as the Mount Pleasant, Sumner, St Albans and Shirley Community Centres. Work continues to determine the status of other buildings and when and how they can be repaired or replaced.

The QEII Park Preschool was closed due to significant damage following the 22 February earthquake, but the Pioneer Pre School remains open.

Where are we heading?

Early learning centres
Pioneer Early Learning Centre will continue under Council ownership and management. The Council will continue to support and fund a number of community education and care services.

Council activities and services

Community support (continued)

Strengthening communities
Strengthening communities teams will continue to provide expert local knowledge to our partners and other community stakeholders.

This will involve:
- updating all community profiles to provide an evidence base upon which decisions can be made.
- working with community organisations and the voluntary and not-for-profit sector to provide networking opportunities, support, advice, information and advocacy services to facilitate stronger communities.
- providing direct advice to groups in relation to governance skills, funding application skills and strategic planning.
- providing sector-based or geographic networking opportunities for community organisations.
- providing funding information.

Community grants
We will continue to provide contestable community grants to support community organisations to undertake projects and services that support and provide benefit to the wider Christchurch community, local communities and communities of interest. Providing support to community organisations enables the community and the many diverse communities of interest within the city to help themselves and to use the funding support to seek leverage opportunities to achieve the needs and aspirations of their community members.

Civil Defence Emergency Management
The CDEM team will continue to provide expert knowledge to our partners and community stakeholders. This will involve:

- the Earthquake Learning Points Project Team will work on the following:
  - development of an Emergency Operations Centre Procedure and Knowledgebase;
  - number and location of civil defence welfare centres and sector posts required;
  - civil defence training;
  - role of elected members during an emergency.
- the first public testing of the tsunami alerting system (sirens) occurred on 22 July 2012. Thereafter, the tsunami alerting system will be tested on the Sunday mornings when daylight saving begins and ends.
- increasing community resilience by working with various communities to develop their own community emergency response plan. This work follows on from the work undertaken as a pilot with the South New Brighton/ Southshore community in 2009/10.
- public education through events such as the national Exercise Shakeout (26 September 2012) whereby the Ministry of Civil Defence & Emergency Management is working with local authority members of CDEM Groups throughout the country to have at least one million people in NZ ‘drop, cover, and hold’ to promote what to do during an earthquake.
- delivery of CDEM public education programmes to primary schools and various community groups will continue.
- staff will also continue to work with members of the Canterbury CDEM Group on joint planning and training. This will include the development of the ‘second generation’ CDEM Group Plan for Canterbury.

Social Housing and Community facilities
Because of the damage to a number of our social housing complexes and community facilities, and the possibility that some cannot be rebuilt, the opportunity will be taken to review where replacement social housing units and community facilities will be rebuilt to ensure they are built in appropriate locations and to the appropriate standard. At the time of writing, the only community facility approved by the Council for rebuild is the Linwood Community Arts Centre.

Safer Christchurch
In the next year, Safer Christchurch will be concentrating on greater collaboration amongst all stakeholders to deliver measurable safety projects across the city. Crime Prevention through Environmental Design continues to be a key component of future planning for Christchurch, and Safer Christchurch plan to continue and build our expertise and knowledge in this field. The Safer Christchurch Interagency Group will continue to build on the positive collaborative approach by key stakeholders and providing updates on notable issues and projects.

Service delivery in 2012/13

In the 2012/13 year the Council’s ability to deliver Community support activities will be limited by the damage to social housing and community facilities assets. The process of determining the appropriate repair or replacement strategy for damaged buildings, and agreeing this strategy with insurers, is time consuming. The Council does not expect to be able to provide pre-earthquake levels of service for Community facilities, Social housing, and Early learning centres during the 2012/13 year. Other Community support activities, however, are largely unaffected by the Canterbury earthquakes or damage to Council assets.

Council activities and services

Community support (continued)

What did it cost?

Community support Statement of cost of services for the year ending 30 June 2012	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	2012	2012	2012	2012	2011
	$000	$000	$000	$000	$000
Operational service result					
Community facilities	3,534	1,906	1,628	1,842	2,933
Early learning centres	851	704	147	95	517
Strengthening communities	5,004	286	4,718	5,040	4,135
Community grants	12,349	347	12,002	10,545	15,718
Social housing	17,938	14,286	3,652	3,149	639
Civil Defence and emergency management	5,032	6,055	(1,023)	1,007	43,656
Walk in customer services	2,036	34	2,002	2,368	2,262
Capital revenues	-	17,987	(17,987)	-	(6,264)
Cost of service	**46,744**	**41,605**	**5,139**	**24,046**	**63,596**
Capital expenditure					
Renewals and replacements			2,674	3,449	2,055
Improved service levels			-	-	103
Increased demand			-	21	-
Total capital expenditure			**2,674**	**3,470**	**2,158**

Explanation of significant cost of service variances

Community facilities
Community facilities net cost of service for 2012 is $1.3 million lower than 2011. In 2011 there was a $1.6 million write-off of assets following the February 2011 earthquake. After deducting the asset write-off there is a $0.3 million unfavourable variance caused by lost revenues due to the closure of additional community facilities. The net cost of service for 2012 is $0.2 million lower than plan due to a reduced depreciation charge of $0.2 million.

Early learning centres
Early learning centres net cost of service for 2012 is $0.4 million lower than 2011. In 2011 the QEII ELC was closed after the February earthquake resulting in high redundancy costs. There is now only the Pioneer ELC which is owned and operated by the Council.

Strengthening communities
Strengthening communities net cost of service for 2012 is $0.6 million higher than 2011. In 2012, following the earthquakes there was a re-structure of Strengthening Communities which resulted in redundancy costs and two extra earthquake positions created. In addition, there were higher internal property charges.

Community grants
Community grants net cost of service for 2012 is $1.5 million higher than plan as a result of $1.7 million paid out from the Earthquake Mayoral Relief Fund which was not included in the Annual Plan. The net cost of service for 2012 is $3.7 million lower than 2011 due to grants to the City Mission of $2 million and the transfer to the Rod Donald Banks Peninsula Trust of $3.7 million being made in 2011, offset by the $1.7 million unplanned Mayoral Relief Fund grants in 2012.

Social housing
Social housing net cost of service for 2012 is $0.5 million higher than plan as a result of higher than planned depreciation and the recommencement of redecorations on undamaged housing units. The $1.2 million loss of revenue resulting from vacated housing units due to earthquake damage was off-set by the $1.2 million insurance premium savings as a result of only limited cover being obtained. The plan had provided for full insurance cover at a significantly higher premium.

The net cost of service for 2012 is $3.0 million higher than 2011, due to $1.1 million less revenue from rental income and higher insurance costs of $0.9 million. Other cost increases were rates $0.1 million, maintenance $0.2 million and depreciation $0.4 million.

Council activities and services

Community support (continued)

Civil Defence and Emergency Management
The Civil Defence and Emergency Management Activity was under plan by $2.0 million. All response costs incurred since the September 2010 earthquake were reviewed which resulted in additional recoveries totalling $3.2 million being identified and accounted for. Partially off-setting these were $1.2 million in Recovery Management Office expenditures that were incurred this financial year for the December 2011 earthquake event.

Net expenditure in this financial year was reduced from the $43.7 million incurred in 2011 to $1.0 million recovery as a result of there being only one earthquake event requiring a small scale set up and operation of the Emergency Response Centres.

Walk in customer services
Walk in customer services net cost of service differed from plan by a favourable $0.3 million and differed from 2011 by a favourable $0.3 million. This was due to reduced staff costs as a result of the closure of the Sockburn service centre, temporary closures at Lyttelton, Fendalton and Civic Offices and reduced volumes and services at the main Civic service centre.

Capital revenues
Capital revenues were $17.9 million greater than plan and $11.7 million higher than 2011 due to the receipt of earthquake recoveries in relation to community facilities and social housing.

Significant capital expenditure

$2.0 million was spent on social housing and $0.5 million was spent on a Tsunami Warning System.

Explanation of significant capital expenditure variances

The earthquakes have resulted in continued delays of the social housing renewal and replacement programme ($1.2 million) while the detailed engineering evaluations are carried out.

Council activities and services

Cultural and learning services

What are cultural and learning services?

These are the galleries, museums and libraries that enable residents to access art, historical and other educational material.

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.

Culture and learning services activities contribute to 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.

The activities also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a city for recreation, fun and creativity and a city of lifelong learning – three of the nine goals for our city that are included in our Community Outcomes.

This contribution is made by providing accessible and welcoming public buildings, providing and supporting a range of arts, festivals and events, and by providing books, information and learning programmes.

How does it affect me?

Every time you visit the Christchurch Art Gallery or access its off-site offerings, and when you visit 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 and museums
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. When it is open, Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. Council funding is provided to the Canterbury Museum as required by statute.

Libraries
City libraries provide recreational and learning material, create opportunities for life-long learning and literacy, and provide community spaces for the public. Christchurch libraries continue to be very well patronised following the earthquakes and rated highly in a recent Council survey with 97% of surveyed residents satisfied with library services.

What did we achieve?

Art gallery and museums
Christchurch Art Gallery, which was closed after 22 February 2011 for Civil Defence Emergency Operations Centre use, was vacated in September 2011. Pending an adjacent demolition, the art collection was moved to a safer area within the building and it will remain here during the forthcoming period of repairs.

Continuing closure has resulted in many exhibitions being cancelled, but Gallery staff have staged four new Outer Spaces projects, in addition to staging a quick-changing series of exhibitions in an upstairs space in Madras Street. The Gallery has also staged the return of Michael Parekowhai's *On first looking at Chapman's Homer* on its return to New Zealand from the 2011 Venice Biennale and its exhibition in Paris.

Neil Pardington's 'The Vault' opened at Te Manawa in Palmerston North, the last venue for this Christchurch Art Gallery's touring exhibition, in late May 2012. The Gallery has addressed a range of collection-information related projects, making information available on its website, now also available on mobile phones. It has continued the production of its quarterly magazine, *Bulletin*. Despite its continuing closure, the Gallery has contributed towards community and recreation community outcomes.

Council activities and services

Cultural and learning services (continued)

Libraries
Earthquake recovery has continued to be a key focus for Libraries. Considerable progress has been made in terms of reopening libraries and reinstating library services where possible, sometimes using new or different approaches to meet changed customer needs and usage patterns. Visitor numbers, collection use and website visits have remained strong.

At the time of writing, the Central, Linwood, Sumner and Bishopdale libraries remain closed. However, the following libraries have reopened to the public: Papanui, Upper Riccarton and Fendalton, and new temporary services have been established at Central Library Peterborough, Central South City Library and Mini Linwood Library. These new libraries are proving to be extremely popular with residents and visitors. Provision of Central Library Peterborough in particular has enabled access to the Central Library magazine collection, Family History Collection, Nga Pounamu Māori Collection and selected World Language resources.

Additional Libraries and Information activities of note of the past year include:

- contributions to the Central City Plan on a replacement Central Library as well as the Facilities Rebuild Plan and Transitional Facilities Plan.
- update of the Libraries 2025 Facilities Plan to reflect post earthquake reality (in draft format).
- roll out of RFID self service technology to four libraries: Papanui, Central Library Peterborough, Upper Riccarton and Fendalton.
- ongoing service planning and community engagement for Aranui Library which is under construction.
- decant of Central Library collections – a three month project commencing in March 2012 to remove the 300,000 items from the Gloucester Street building, including heritage resources and archives.
- staff redeployment, which has been a constant with many library staff working across the city in different teams and often performing different roles.
- closure of Content and Bindery facilities at Smith Street due to an unfavourable DEE assessment has necessitated the relocation of these teams to other premises.

Mayor Bob Parker opens Aranui Library in September 2012.

Council activities and services

Cultural and learning services (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Art Gallery and Museums	Administer the Canterbury Museum levy as per statutory requirements.	Canterbury Museum levy funding paid as required.	Canterbury Museum levy funding was paid as required and as agreed in the Annual Plan.
	Akaroa Museum: hours of opening.	Minimum of 2,093 opening hours pa.	Open for 2,035 hours, 58 under target due to 5.5 hours lost to snow weather, 6 hours lost post 24 December 2011 earthquake and 55 hours lost due to closure following DEE inspection.
	Akaroa Museum: number of visitors per annum.	Visitors per annum for Akaroa Museum to be a range of 14,250 - 15,750.	14,424 visitors for the year.
	Collection items available on web.	80% of collection on line with images.	98% of collection items now available in Collections Online database.
	Exhibitions and publications presented.	15-18 exhibitions presented pa.	Due to the continuing closure of the Art Gallery, this meant that the normal number of exhibitions was not presented. However, 11 Outer Spaces projects presented.
		4-6 publications pa, with at least 1 significant publication every 2 years.	4 editions of *Bulletin* produced.
	Hours of opening.	Minimum hours open to the public: approx 2,793 hrs per annum by June 2012.	767 hours open to the public in 2011-12 following the closure of the Gallery. All hours recorded were at an off-site exhibition space.
	Number of visitors per annum.	Visitors pa within a range of 370,000 - 410,000.	Following the closure of the Gallery there were 4,093 visitors to off-site exhibition spaces.
	Public programmes and school-specific programmes delivered.	Average of 25,000 attending advertised public programmes pa.	Following the closure of the Gallery 8,738 attended public programmes. Numbers were achieved by stand-alone programmes and partnerships with other cultural bodies.
		Maintain at 10,000 attended school programmes pa.	8,580 attended school programmes to year end.
	Visitor satisfaction with their Gallery experience.	At least 90% of visitors rate their experience as good, very good, or excellent.	Following the closure of the Gallery, this survey was not conducted.
Libraries	Collections are available to and meet the needs of the community.	Maintain collections at 2.9 to 3.5 items per capita.	3.4 items per capita.
	Collections are available to and meet the needs of the community.	Maintain number of issues per capita of city population, per year, at national average or better, excluding period of closure.	16.6 issues per capita against national average 12.8 issues per capita.
	Provide programmes and events to meet customers diverse lifelong learning needs.	Participation of 150 - 200 per 1000 of population. To be reviewed when Central, Linwood, Fendalton, Papanui and Upper Riccarton Libraries have reopened.	219 attendees per 1000 of population.

Council activities and services

Cultural and learning services (continued)

Activity	Level of Service	Target	Actual Results
Libraries	Residents have access to a physical library relevant to local community need or profile.	Aranui Library. Planning and development ongoing in accordance with Project Plan.	Target met. Construction on track and library due to open on 8 September 2012.
		Central Feasibility Study by June 2012.	Work incorporated into the Central City Plan completed in December 2011 demonstrating the role of the central library in the Central City rebuild.
		Maintain a mobile library service.	Mobile hours modified to adapt to changed needs post earthquake. Extended hours temporarily to cover gaps caused by library closures – these locations included Durham Street, Sumner, Fendalton, Bishopdale and Upper Riccarton.
		Maintain visits per capita of national average or better, per annum, for level 1 NZ Public Libraries excluding periods of closure.	11.0 visits per capita against national average of 9.3 visits per capita.
		Preliminary planning for Halswell Library development completed by June 2012.	Vision concept for library identified and completed. Project team appointed to commence next phase.
		Provide for 10 voluntary libraries - rent free facilities including building and maintenance.	Five facilities provided, the remaining five were not accessible due to full or partial demolition or damaged facilities or awaiting engineering assessment.
		Provide for 10 voluntary libraries - support for collections.	Support for collections provided for 5 remaining voluntary libraries.
		Weekly Opening Hours - Large suburban: 57 to 67 hrs excluding periods of closure.	Level of service increased markedly from July 2011 with opening of Central Peterborough (December 2011), Upper Riccarton (January 2012) and Fendalton (May 2012). Target met due to subject to closure clause.
		Weekly Opening Hours - Medium suburban: 48 to 57 hrs excluding periods of closure.	Target met due to subject to closure clause. During the year Papanui opened (September 2011) but Bishopdale closed in November 2011 and Linwood operated as a mini library throughout the year.
		Weekly Opening Hours - Metropolitan 72 hrs excluding periods of closure.	Central Library remained closed for the year due to its location in the red zone and the damage incurred. Target met due to subject to closure clause.
		Weekly Opening Hours - Neighbourhood: 36 to 57 hrs excluding periods of closure.	Target met due to Central South City and Mini Linwood adding to numbers. Sumner remained closed due to earthquake damage.
	Residents have access to information via walk-in, library website, phone, email, professional assistance and online customer self service and on-site access to computers / internet.	Implement ancillary services, as identified, on public PCs and for wireless service by June 2012.	100% PCs ready when required.
		Maintain the number of reference and research enquiries from customers per year at national average or better.	1.9 enquiries per capita against national average of 1.7.
		Online catalogue, library website and digital content attracts at least 6.5 million external page views to the online catalogue.	7.4 million
		Online catalogue, library website and digital content attracts at least 7.5 million page views to the website.	10 million page views.

Council activities and services

Cultural and learning services (continued)

What assets do we use to deliver these activities?

The major assets involved in delivering Cultural and learning services activities are the Council's libraries, the Christchurch Art Gallery and the Akaroa Museum, along with the collections held in those facilities.

Redcliffs, Woolston and St Martin's Libraries have been demolished and the Central and Sumner Libraries have suffered significant earthquake damage. Linwood Library also sustained subsequent fire damage as the result of an arson attack. Papanui, Upper Riccarton and Fendalton libraries reopened during the year, in October, January and May respectively. Fendalton Library was the first library facility to receive significant earthquake repairs.

Where are we heading?

Art gallery and museums

The Canterbury Museum was open from September 2011 until March 2012, but closed again for further engineering inspections. It was partially re-opened on 2 July and is expected to be fully open by October 2012. Christchurch Art Gallery is not expected to re-open until the latter half of 2013, but will continue with back-of-house activities and Outer Spaces projects. Activity at the Akaroa Museum was less disrupted during the past financial year, but was recently closed pending further assessment of its buildings. It will continue to focus on cataloguing its collections, all of which are on display or in the new storage area.

Libraries

Planning is well underway to open another temporary Central Service in the Rexel Building in Tuam Street, which opened in July 2012. This will replace the little shop-front library at South City Mall and will enable access to more high demand and specialised Central Library resources that are currently in storage.

The long anticipated Aranui Library opened in early September 2012 and planning continues for the replacement library for Halswell which is likely to open in late 2014.

The Smart Library model utilising RFID technology will continue to roll out during the year ahead, including Central Library, Tuam, Aranui, South and Shirley libraries.

Replacement mobile library vehicles will be operational in October 2012, thanks to the generosity and support of Rotary and the Cotton On Foundation. Being smaller and more versatile than the existing library bus, the new vans will enable services to be offered in a wider variety of places in response to changing customer demand.

Service delivery in 2012/13

The Christchurch Art Gallery building was vacated by staff in mid-September 2011 to allow for an adjacent apartment building to be demolished. It will be repaired with increased seismic capability and re-opened to the public as soon as practicable after that. While the date of re-opening is not yet known, it is hoped that this will be within the 2013 calendar year.

While library services have been disrupted, the Council established temporary library facilities in Linwood, South City Mall and Peterborough Street. As noted above, the small library at South City Mall was replaced in July by a larger facility at 121 Tuam Street. The temporary Peterborough and Tuam libraries will enable comprehensive access to specialised Central Library collections. As a result, the Council expects to continue to maintain pre-earthquake levels of service in 2012/13.

Council activities and services

Cultural and learning services (continued)

What did it cost?

Cultural and learning services Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
Libraries	30,390	3,859	26,531	28,405	26,156
Art gallery and museums	13,922	766	13,156	14,267	12,246
Capital revenues	-	1,586	(1,586)	(195)	(267)
Cost of service	**44,312**	**6,211**	**38,101**	**42,477**	**38,135**
Capital expenditure					
Renewals and replacements			3,847	5,901	5,099
Improved service levels			4,218	757	2,439
Increased demand			-	207	-
Total capital expenditure			**8,065**	**6,865**	**7,538**

Explanation of significant cost of service variances

Libraries
Libraries' net cost of service was $1.9 million below plan, this was the result of decreased operational and staff costs directly related to closed facilities following the earthquakes.

Art gallery and museums
Art galleries and museums net cost of service was $1.1 million below plan, this was due to the closure of the Art Gallery and less exhibitions provided. The net cost of service in 2012 is $0.9 million higher than 2011 as a result of additional revenue received for the Ron Mueck Exhibition in 2011.

Capital Revenues
Earthquake Capital Recoveries received for the Libraries and Art Gallery.

Significant capital expenditure

$4.0 million was spent on library book purchases; $1.6 million on the new Aranui Library; $1.3 million on various renewals and replacement projects in the libraries and Art Gallery; $0.6 million on the Library RFID Project and $0.5 million on Art Gallery acquisitions.

Explanation of significant capital expenditure variances

The $1.2 million variance on this years plan is a result of the $1.6 million spent on the new Aranui Library, which was carried forward from the previous year, being offset by savings of $0.4 million on library book purchases.

The $0.5 million variance on last year is a result of an increased spend of $1.3 million on the new Aranui Library offset by a decreased spend on library book purchases of $0.6 million and $0.2 million on the Library RFID Project.

Council activities and services

Democracy and governance

What is democracy and governance?

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 and community boards) 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.

Democracy and governance activities contribute to 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.

They also contribute toward the achievement of the city's Community Outcomes. Democracy and governance activities help make Christchurch a city of diverse and inclusive communities and a well-governed city – two of the nine goals for our city that are included in our Community Outcomes. This contribution is made by ensuring everyone's views are heard before decisions are made and by enabling elected members to make the best decisions for the city.

How does it affect me?

The activities of the 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?

City governance and decision–making
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.

Public participation in democratic processes
Christchurch residents are encouraged to participate in the democratic processes of Council through local elections held every three years; and by having their say at consultation and decision–making times. It is important that decisions take into account the views of the community, in particular the views of those directly affected.

What did we achieve?

Three by-elections were held: one for the vacant Councillor seat for the Burwood/Pegasus ward was held in February, and two for vacant Community Board seats – one for the Spreydon/Heathcote ward, and one for the Riccarton/Wigram ward – which were held in May and June respectively.

The Council retained its bimonthly meeting timeframe and added two additional meetings per month with the focus being solely on earthquake recovery. The eight Community Boards continued to meet either monthly or bimonthly.

Submissions on the Draft Central City Plan closed in September. Around 2,900 submissions were received. The Council held hearings for those submissions in October, after which the Central City Plan was finalised and presented to the Minister of Earthquake Recovery in December for consideration and approval.

Around 2,700 submissions were received on the Draft Annual Plan 2012/13. Public information sessions were held to share information on the Draft's contents, particularly the proposals for the Major Community Facilities.

The Community Boards worked with a range of agencies to advocate for and support their communities on a range of local earthquake recovery efforts. The Boards also continued to fund and support local organisations and community development projects.

Council activities and services

Democracy and governance (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
City Governance and Decision-making	Council and Community Board decisions comply with statutory requirements.	100%	100%
	Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch.	48%	37% The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure residents are informed about the Council's vision, its programme of decision-making, and the rationale for why decisions were made.
	Percentage of residents who understand how Council makes decisions.	40%	34% The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure residents are informed about the Council's vision, its programme of decision-making, and the rationale for why decisions were made.
Public Participation in Democratic Processes	All elections and polls comply with relevant legislation.	100%	100%
	Percentage of residents that feel the public has some or a large influence on decisions the Council makes.	61%	39% The Council will be considering and implementing a range of communications initiatives in 2012/13 to ensure residents are informed about the Council's vision, its programme of decision-making, and the rationale for why decisions were made.

What assets do we use to deliver these activities?

No major assets were used in delivering these activities.

Where are we heading?

The Council's governance and decision-making will continue to be focused on a range of earthquake recovery efforts.

A number of consultation processes will be undertaken that will provide residents with the opportunity to submit their views on topical issues. These include: the new Christchurch Transport Plan; the review of the 2006 Waste Management Plan; and the proposed Brothels (Location and Commercial Sexual Services Signage) Bylaw 2012.

Another key focus for the Council will be the development of its LTP for the 2013/2022 period.

Service delivery in 2012/13

Although the Democracy and Governance activities will continue to have a large earthquake recovery focus in 2012/13, there will be no change to the Council's ability to deliver them.

Council activities and services

Democracy and governance (continued)

What did it cost?

Democracy and governance Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
City governance and decision-making	8,689	-	8,689	8,922	7,267
Public participation in democratic processes	2,011	(1)	2,012	1,846	2,225
Cost of service	**10,700**	**(1)**	**10,701**	**10,768**	**9,492**
Capital expenditure					
Renewals and replacements	-	-	-	-	-
Improved service levels	-	-	-	-	-
Increased demand	-	-	-	-	-
Total capital expenditure	**-**	**-**	**-**	**-**	**-**

Explanation of significant cost of service variances

City governance and decision-making
The number of formal elected member meetings have returned to normal levels in 2012. In 2011 there were fewer meetings and costs were well below plan.

Public participation in democratic process
Costs have decreased from 2011 as a result of election costs incurred that year. Costs are higher than plan due to the unexpected requirement to hold three by-elections during the year.

Significant capital expenditure

There was no capital expenditure.

Explanation of significant capital expenditure variances

There were no variances.

Council activities and services

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 sound 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, and for contributing towards the achievement of the City's Community Outcomes.

Economic development activities contribute to 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 a significant impact through tourism and promotion of the region. These and other economic development activities carried out by the Council help make Christchurch a prosperous city – one of the nine goals included in our Community Outcomes.

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, business support and welfare development
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.

What did we achieve?

Significant support and input has been provided to the development of the Economic Recovery Programme (led by CERA). The Christchurch Economic Development Strategy (CEDS) has been revised in the post-earthquakes context.

Through support to Recovery Canterbury 600 company assessments have been carried out, $5 million funding has been raised by the Canterbury Business Recovery Trust, $0.45 million of voucher funding allocated to assist companies to recover from the earthquakes and five earthquake recovery workshops run.

In support of existing and new high growth potential sectors, initial gap analysis and research to assess earthquake impacts in Christchurch has been carried out for Greater Christchurch. Eight firms have been provided with customised high performance workplace services and 150 company engagements, assessments and/or action plans to boost company capability and growth have been carried out.

Progress has continued on some of the key CEDS projects:

- Project Workforce – the Canterbury Employment and Skills Board has been established and a labour demand and supply schedule developed.
- Project Infrastructure has updated the infrastructure audit and created a new action plan post earthquakes.
- Project Capital Cluster – a cluster of debt and capital providers has increased the investment readiness of ten local companies.
- Project Innovation – significant progress has been made in developing an overarching innovation strategy for the region that will channel national funding and incentives via this structure. In the meantime two projects have attracted external funding.

Council activities and services

Economic development (continued)

The Christchurch tourism industry has been badly affected by the earthquakes through damage to facilities and infrastructure, and news of the Canterbury earthquakes has had a major adverse impact on incoming visitor numbers. There are some indications of improvement from the very low post earthquakes base, with December quarter holiday arrivals being 8.3% better than the year on year equivalent for the September quarter.

Medium term strategic planning for Christchurch and Canterbury Tourism has been carried out as well as developing a Tourism Recovery programme.

Despite the very difficult situation for the tourism sector travel agents and tour marketers have continued to be hosted. Promotion of SI self drive holidays has been successful in driving more than 166,000 visits to the related webpage with many subsequently booking these holidays.

A temporary Visitor Information Centre has been established in the Botanic Gardens. More than 250,000 visitors have made use of this and the Akaroa Visitor Information Centre.

How did we measure up?

Regional economic development, business support and welfare development
New Levels of Service have been developed, approved by the boards of Canterbury Development Corporation and Christchurch and Canterbury Marketing and are being delivered. These will also be incorporated into the next Annual Plan and LTP.

Activity	Level of Service	Target	Actual Results
City Promotions	Residents are satisfied with the information available about events, activities and attractions in Christchurch.	80% (Annual residents survey).	Target was 80%, level of satisfaction was 85%.
Civic and International Relations	All Sister City Committee annual plans are assessed and within-budget funding approved for activities meeting the requirements of the International Relations Policy for culture, education and business.	100% of plans assessed (by staff).	All sister city committee annual plans were assessed and 'within-budget' funding was approved for activities meeting the requirements of the IR policy.
	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes.	All major events delivered annually – Season Opening function, Antarctic Festival, Antarctic UC scholarship.	All major events delivered.
		Council remains an active partner within Antarctic Link Community (ALC).	Council remains an active partner within the ALC community.
Regional Economic Development, Business Support and Workforce Development	Canterbury Development Corporation (CDC) develops Centres of Expertise in Economic Research, Workforce, and Investment.	Analysis of Christchurch economy carried out as per Core Cities model completed by 31 December 2011.	Analysis of Christchurch economy carried out by Council and CDC using Core Cities model.
		Develop an Economic Observatory of web-based regional economic information including specific information on Christchurch's Post-Earthquake recovery by 31 December 2011.	Database developed of web-based regional economic information including specific information on Christchurch's Post-Earthquake recovery developed – http://www.cdc.org.nz/facts-figures/.
		Economic models are maintained up to date to support economic analysis.	Economic models have been maintained in up to date form.
		Maintain current web based regional economic information.	Current web based regional economic information has been maintained – http://www.cdc.org.nz/facts-figures/.
	Christchurch and Canterbury Tourism (CCT) promotes Christchurch and Canterbury as the best value destination for business events and trade exhibitions.	18% market share of conference delegate days by 2015, unless agreed otherwise by the CCT Board. (2011-17%). Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Target not achieved, however 11 incentive buyers hosted from Thailand in August 2011, two Australian incentive buyer familiarisation visits occurred in April and May 2012 consisting of a total of fourteen buyers.
	Christchurch and Canterbury Tourism (CCT) promotes Christchurch and Canterbury as the best value destination for business events and trade exhibitions.	3% increase in conference delegate days PA (ongoing), unless agreed otherwise by the CCT Board. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Target not achieved, however 11 incentive buyers hosted from Thailand in August 2011, two Australian incentive buyer familiarisation visits occurred in April and May 2012 consisting of a total of fourteen buyers.

Council activities and services

Economic development (continued)

Activity	Level of Service	Target	Actual Results
Regional Economic Development, Business Support and Workforce Development	Council to work with Christchurch and Canterbury Tourism to implement strategic plan that supports and delivers on Visitor Strategy.	3 year strategic plan completed annually by 15 June. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	CCT developed a new medium term visitor strategy for Christchurch and Canterbury, taking account of the post earthquake environment.
		Visitors Strategy implementation progress is monitored and reviewed with key stakeholders as part of the strategic planning process. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Not achieved. In the post earthquake environment CCT has focused on developing the Tourism Recovery Programme.
	CCT provides support to and works collaboratively with tourism business partners and suppliers.	Private sector funding contribution for Domestic and Australian consumer campaigns is at least $1.2m per annum, unless agreed otherwise by CCT Board. Discontinued – All levels of service and targets to be revised in the light of the earthquake.	CCT, CTP and Tourism New Zealand have jointly initiated a South Island campaign valued at over $1.95 million. Other South Island local body funding contributed $0.3 million to this campaign.
	CCT supports tourism operators to improve the environmental and cultural sustainability of their businesses.	10% increase PA in businesses adopting environmental programmes (Green Globe, carbon Zero and Qualmark). Dependent on funding (check on 19 Jul 2008), unless agreed otherwise by CCT Board. Discontinued – All levels of service and targets to be revised.	Qualmark presentation delivered to the Business Partner forum on 20 March 2012.
		5% PA increase in Qualmark licensed operators with a starting base in 2007 of 285, unless agreed otherwise by CCT Board. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Qualmark presentation delivered to the Business Partner forum on 20 March 2012. As at the end of June 2012 there were 239 Qualmark certified operators in the region. CCT will encourage the growth of licensed operators to pre-earthquake levels (351 June 2011).
	CDC develops Centres of Expertise in Economic Research, Workforce, and Investment.	10 high-growth-potential businesses and projects that meet investment objectives of CEDF are identified each year, unless agreed otherwise by CDC Board. Discontinued – All levels of service and targets to be revised.	8 Firms provided with customised high performance workplace service at 31 May 2012. 150 engagements completed at 31 May 2012. $50,000 of voucher funding for businesses allocated at 31 May 2012.
		Key economic indicators for Christchurch and Canterbury are published quarterly, unless agreed otherwise by CDC Board. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Web based economic information published. Economic models maintained. Economic Observatory of web-based regional economic information developed.
	CDC initiates and/or implements priority economic development projects identified through Christchurch Economic Development Strategy or Canterbury Regional Economic Development Strategy.	3 projects (new and ongoing) per annum, unless agreed otherwise by Canterbury Development Corporation Board. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Project infrastructure, Project Workforce, Project Innovation and Capital Cluster all progressed with earthquake lens applied.
	Canterbury Development Corporation delivers a programme supporting existing and emerging high growth industry sectors.	Identify and support 5 high-growth-potential industry sectors and/or cluster groups (ongoing). Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	CDC aimed to: complete sector-based initial gap analysis and research to assess earthquake impacts at a Christchurch and Greater Christchurch level to provide five local companies with a customised high performance workplace service, complete 150 company engagements, assessments and/or action plans to boost company capability and growth and allocate $50,000 of voucher funding to businesses. These were all achieved.
	Council develops a framework for its involvement in economic development.	A strategic framework for Councils involvement in economic planning and development is completed by 30 June 2011. Discontinued – All levels of service and targets to be revised in the light of the earthquake during 2011-12.	Considerable work has been done on developing an economic framework but it has not been completed.

Council activities and services

Economic development (continued)

What assets do we use to deliver these activities?

No major assets are used in delivering these activities.

Where are we heading?

It is anticipated that Recover Canterbury will continue to operate for part of the 2012/13 year and will provide recovery advice to at least 360 local companies in this time.

The CEDS will be fully revised and work will be commenced to increase its scope to the Greater Christchurch area. A Human Capital strategy will continue to be developed and implemented and the priorities emerging from updating the infrastructure stock takes will be shared with infrastructure providers. The Canterbury Regional Innovation System will be formed and become a founding member of the National Commercialisation Partnership. Efforts to enhance the high growth potential sectors will continue and case management with firms in these sectors will be provided. Individualised support of medium to larger firms has been identified as a need through contact in the earthquake recovery period and this will be provided.

In the tourism area CCT will continue to maintain a rolling three-year strategy and will monitor the effectiveness of the tourism recovery programme, making adjustments as necessary. Attracting national meetings will remain the focus for conference and incentive promotion until such time as the timing and details of the convention centre rebuild are known.

Efforts will be made to secure additional international air services to Christchurch and promotion carried out in this markets with direct air links.

The Christchurch and Akaroa Visitor Information Centres will continue to provide vital information to visitors to the city. Cruise ships will continue to visit Akaroa until such time as cruise facilities are available in Lyttelton and services will be provided in Akaroa to support these visits.

Service delivery in 2012/13

The Council's work continues to play critical roles in the immediate economic recovery of the city and in promoting longer term economic growth. The Council will continue to deliver economic development services through CDC and CCT, as well as through its own organisational structure.

Council activities and services

Economic development (continued)

What did it cost?

Economic development Statement of cost of services for the year ending 30 June 2012	Costs (after internal recoveries) 2012 $000	Income 2012 $000	Net cost 2012 $000	Plan net cost 2012 $000	Net cost 2011 $000
Operational service result					
Civic and international relations	1,068	41	1,027	996	822
Regional economic development, business support and employment development	7,685	135	7,550	7,689	7,073
City promotions	702	3	699	767	720
Cost of service	**9,455**	**179**	**9,276**	**9,452**	**8,615**
Capital expenditure					
Renewals and replacements			87	160	217
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			**87**	**160**	**217**

Explanation of significant cost of service variances

The cost for economic development was $0.7 million higher than 2011 as the previous year included a $0.3 million grant for the Great Wine Capitals AGM that was held in Christchurch and inflation adjustments on the grants paid to the CDC and CCT. The $0.2 million variance on this year's plan is the result of additional rent revenue received after the earthquake in February.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

Parks and open spaces

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

The Council maintains and manages 1,000 separate parks and reserves covering nearly 9,000 hectares within the greater Christchurch City area. The Council is also responsible for a number of gardens and sports areas, managing the city's 2,000 kilometres of storm water drains and waterways, harbour facilities and the rural fire fighting service.

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 parks, open spaces and waterways activities contribute to 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.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment, a healthy city, a city for recreation, fun and creativity, and an attractive and well-designed city – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing areas for people to engage in a range of healthy activities, enabling people to contribute to environmental projects and providing a well cared for environment.

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. We provide an attractive and liveable city with the parks and open spaces, and protect community health and safety by maintaining waterways, by providing cemeteries, and by managing rural fire fighting.

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

Neighbourhood parks
We maintain neighbourhood parks to provide places for community relaxation and enjoyment.

Sports parks
We provide and maintain specialised sports grounds, such as at Hagley Park, to cater for organised sports and other recreational activities.

Garden and heritage parks
The Botanic Gardens and other heritage parks protect our Garden City image, Christchurch's biodiversity and also provide for relaxation and enjoyment.

Regional parks
Regional parks are located within the coastal areas, the Port Hills/ Banks Peninsula and the Plains. These protect the region's natural landscape and biodiversity values while allowing for and encouraging appropriate recreational activities.

Cemeteries
We provide and maintain cemeteries and administer burials.

Waterways and land drainage
Natural waterways and storm water drainage systems protect the community from flooding, enhance waterways for aesthetic and ecological purposes, and provide for recreational opportunities.

Harbours and marine structures
Wharves, moorings and boat ramps at Lyttelton Harbour, Akaroa Harbour and around the Peninsula are managed for recreational and commercial use.

Rural fire fighting
We prepare for and respond to rural fires as well as train rural fire officers and volunteers, educate the public about fire safety, and manage the issue of fire permits.

Council activities and services

Parks and open spaces (continued)

What did we achieve?

The 2010 and 2011 earthquake events caused the deferral of the majority of the asset renewal programme. Resources were diverted to provide temporary asset repairs, the planning for the rebuild of damaged asset, and the repair of some of these assets.

A large amount of damage occurred to the city's parks, open spaces and waterways assets, in particular the waterways and the storm water pipe network. Land subsidence has necessitated the rebuilding of many stop-banks and work on storm water pipe outlets has been undertaken to prevent flooding during high tides. Several waterway and open drain sections sustained both bank damage and repeated inundations of liquefaction, requiring bank remediation works and removal of large amounts of silt. The dredging of the rivers where water depth is insufficient has commenced this year, and Council has put in place a Land Drainage Recovery Programme to help recover the land drainage network in the city.

There has been a major impact from the earthquake events and the subsequent rockfall risks and land changes led to around 50% of the Port Hills tracks being closed. The parks teams have worked hard to have as many tracks as possible repaired and reopened to the public. As well as dealing with this, they have also dealt with snow storms, bush fires, and avian botulism.

Council's pest management plan has been adopted and implemented, expanding the pest plant and animal control to help protect native and endangered species. Environmental awareness programmes continued in spite of the earthquake events, and an increase in volunteers wanting to help restore local biodiversity with park plantings was supported.

Throughout the year over 1,500 tonnes of aquatic weed from the city's three main rivers was removed and 158 kilometres of natural waterways, 133 kilometres of manmade drains, 800 kilometres of under road storm water drainage pipes, 100 water detention basins and 12 kilometres of stop banks were able to be maintained (although in earthquake damaged areas a lower standard only was able to be achieved).

Riding the 'Caterpillar' electric shuttle at Christchurch Botanic Gardens.

Council activities and services

Parks and open spaces (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Cemeteries	Interment capacity meets the needs of the city.	Reduce the number available burial plots to meet the two year capacity target, by 2014.	Contract specification met.
		Reduce the number of available ash plots to meet the two year capacity target, by 2012.	Contract specification met.
	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.
	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain shrub gardens.	Mulch minimum depth of 75mm.	Contract specification met.
		Plant pests and diseases are monitored, reported and controlled.	Contract specification met.
		Plants maintained for long term display and health.	Contract specification met.
		Irrigation is performed to an agreed programme.	Contract specification met.
		Weeds controlled within specification: no flower or seed heads and height <50 mm.	Contract specification met.
	Maintain toilets, changing rooms and buildings.	Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Toilets / Changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Mown areas are kept within the height parameters 25mm - 60mm.	Contract specification met.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.
	Response time to burial plot applications.	All Applications for Interment will be confirmed within one working day of receiving the application.	Contract specification met.
Garden and Heritage Parks	Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained.	Bridges 1	Bridge of Remembrance damaged by February 2011 earthquake and regular maintenance has been put on hold.
		Buildings 3	Godley House and the Sign of the Kiwi received damage from the February 2011 earthquake and were closed.
		Clocks 8	Victoria, Edmonds, Sumner, Floral and Upton clocks have sustained damage from February 2011 earthquake.
		Fountains 21 (Bowker fountain restoration in 2012)	Bowker and Edmonds Factory Garden have sustained damage in February 2011 earthquake and currently are not being regularly maintained. Scott and Rose Chapel fountains have not been fully assessed due to no power.

Council activities and services

Parks and open spaces (continued)

Activity	Level of Service	Target	Actual Results
Garden and Heritage Parks	Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained.	Heritage garden parks 49	49 Heritage Parks.
		Statues 5	Rolleston, Godley and Scott statues require repair following the February 2011 earthquake and two statues are not receiving regular maintenance.
		War memorials 22	Bridge of Remembrance, Waltham, Lyttelton and Burwood war memorials sustained February 2011 earthquake damage.
	Maintain the Christchurch Botanic Garden.	Continue to provide Christchurch Botanic Gardens.	Botanic Gardens maintained, and available for visitors.
	Number of visits to the Botanic Gardens.	>=500,000 visits (target lowered because of EQ impact).	1.2 million visits.
	Proportion of visitors satisfied with the appearance of garden and heritage parks.	>=77% satisfied or very satisfied with garden and heritage parks (excluding the Botanic Gardens) (target lowered because of EQ damage).	79% overall satisfaction.
	Proportion of visitors satisfied with the appearance of the Botanic Gardens.	>=80% satisfied or very satisfied with the Botanic Gardens (target lowered because of EQ damage).	94% resident survey.
	Provision of Botanic Garden Services.	Between two and four events / promotions each year.	Seasonal changing exhibit in Information Centre, Site interpretation at Curator's garden, NZ Icon Garden, Heather garden, Water Garden, Drought tolerant gardening.
		Cafe open 7 days, 9am–5pm.	Cafe closed due to earthquake assessments of building.
		Community exhibition and education information – 4 per year.	Festival of Flowers, Kidsfest Gnome Grotto, Ellerslie Flower show exhibits and Waterwise exhibit at A+P Show. Host and support for Buskers' Festival and Summertimes Events.
		Environmental education programmes 20 p.a.	55 programs.
		Herbarium environment standards achieved.	Standards maintained throughout year no alteration.
		Permanent displays, educational area, changing exhibitions: six per year.	Information centre, drought tolerant plants, waterwise, Curators garden signage and information panels.
		Restricted access (for reference only) to Herbarium library, archives for wider community – 2 hours per day, by appointment.	Restricted access (for reference only) to herbarium, library, and archives for wider community – 2 hours per day.
		Science and research, partnerships with Crown Research Institutes, other research institutes, higher learning institutions and Government departments: 160 hours per year.	Bio-Protection Research Centre isolating and identifying fungi from various substrates, Botanic insect pollinators in action, Botanic bird pollinators in action, Is aquatic life better off in a botanic garden? Rose trials, Grass trial.
		Visitor Centre opening hours 9am–4pm weekdays, plus 10.15am–4pm weekends.	Visitor centre open at these times.

Council activities and services

Parks and open spaces (continued)

Activity	Level of Service	Target	Actual Results
Harbours and Marine Structures	Marine structures are maintained for public recreation and commercial use.	1 pile mooring group	Completed
		12 slipways	The Cass Bay Dingy Slipway has been closed.
		2 swing moorings	Completed
		20 wharves/jetties	Seven Wharves/Jetties have been closed.
		New Brighton Pier	Completed
		Various associated grounds, buildings and shelters	Completed
Neighbourhood Parks	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.
	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain playground equipment.	Accidents are investigated and reported within 2 Working Days.	Contract specification met.
		Bark under surfacing 200mm depth.	Contract specification met.
		Damaged, worn or missing equipment repaired / replaced.	Contract specification met.
		Fortnightly Safety Inspections are conducted.	Contract specification met.
		Playground equipment kept safe, clean and serviceable.	Contract specification met.
		Reported unsafe equipment is made safe by repair, mitigation, or isolation within 2 hours of report.	Contract specification met.
	Maintain shrub gardens.	Plant pests and diseases are monitored, reported and controlled.	Contract specification met.
		Plants maintained for long term display and health.	Contract specification met.
		Re-evaluate by 1/1/2012 when more information available (Mulch minimum depth of 75mm).	A suitable compliance measure was not introduced due to the impact of the earthquake.
		Re-evaluate by 1/1/2012 when more information available (Weeds controlled within specification: no flower heads or seed heads and height <=50mm).	A suitable compliance measure was not introduced due to the impact of the earthquake.
		Irrigation is performed to an agreed programme.	Contract specification met.
	Maintain toilets, (changing rooms and buildings).	Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Toilets / (Changing rooms) are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Mown areas are kept within the height parameters 25mm to 60mm.	Contract specification met.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.
	Overall customer satisfaction with neighbourhood parks.	>=70% customers satisfied each year with the appearance and condition of neighbourhood parks (target lowered because of EQ impact).	70% overall satisfaction.

Council activities and services

Parks and open spaces (continued)

Activity	Level of Service	Target	Actual Results
Regional Parks	Biodiversity values are protected.	Ecological restoration projects at regional parks: 20 to 30 per year.	37 projects for year.
		Nil notices of direction served, following inspection by Environment Canterbury.	Nil notices served.
		Site monitored (bird counts, pest numbers etc): 20-30 per year.	35 sites monitored.
	Number of students attending environmental education programmes each year.	7,000 - 8,000 each year (on Parks and other Council sites like Waste facilities) (target lowered because of EQ impact).	6,809 students.
	Participant satisfaction with Environmental Education programmes.	>=90% each year.	100% of the target meet with 98% of teachers either satisfied or very satisfied with the environmental education programmes.
	Proportion of customers satisfied with their experience of Regional Parks.	>=80% (target lowered because of EQ impact).	92%
	Satisfactory management of Regional Parks.	Ranger service provided 24 hours, seven days per week to meet community needs for advocacy and information, conservation and amenity, recreation and asset management, emergency management.	24 hours a day, 7 days a week service provided.
Rural Fire Fighting	Adequate response to NZ Fire Service requests for firefighters and equipment.	Response turnout initiated within 30 minutes from NZ Fire Service call for assistance.	No significant responses in delay identified.
	An approved and operative Rural Fire Plan is in place.	At all times.	The Council Rural Fire Authority Plan 2010/15 was approved by Council at its meeting held 25 March 2010.
	Community informed of fire season status.	Public notice in the daily newspaper prior to each fire season change.	Target met in April - Restrictions lifted 27 April 2012 - notification in papers from 25 April 2012.
		Signage changed within 7 days of any notified fire season change.	Target met - signs all withdrawn 1 May following change of season on 27 April.
	Fire permits are issued in a timely manner.	80% within 3 working days.	99% of target met.
		95% within 5 working days.	99% of target met.

Council activities and services

Parks and open spaces (continued)

Activity	Level of Service	Target	Actual Results
Sports Parks	Maintain furniture/ signs: Frequencies will vary based on seasonal demands, minimum weekly.	Furniture kept clean, safe, and serviceable condition.	Contract specification met.
		Painting and staining as required.	Contract specification met.
		Rubbish bins clean, emptied, serviceable and surrounding loose litter removed.	Contract specification met.
	Maintain hard surfaces/ paths.	Painted markings are clearly visible.	Contract specification met.
		Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Surfaces maintained in a clean, safe and serviceable condition.	Contract specification met.
	Maintain playground equipment.	Accidents are investigated and reported within 2 Working Days.	Contract specification met.
		Bark under surfacing 200mm depth.	Contract specification met.
		Damaged, worn or missing equipment repaired / replaced.	Contract specification met.
		Fortnightly Safety Inspections are conducted.	Contract specification met.
		Playground equipment kept safe, clean and serviceable.	Contract specification met.
		Reported unsafe equipment is made safe by repair, mitigation, or isolation within 2 hours of report.	Contract specification met.
	Maintain shrub gardens.	Plant pests and diseases are monitored, reported and controlled.	Contract specification met.
		Plants maintained for long term display and health.	Contract specification met.
		Re-evaluate by 1/1/2012 when more information available (Mulch minimum depth of 75mm).	A suitable compliance measure was not introduced due to the impact of the earthquake.
		Irrigation is performed to an agreed programme.	Contract specification met.
		Weeds controlled within specification: no flower or seed heads and height <50 mm.	Contract specification met.
	Maintain toilets, changing rooms and buildings.	Reported major damage / faults made safe by repair, mitigation, or isolation within 24 hours of report.	Contract specification met.
		Toilets / Changing rooms are serviced either 1 to 3 times weekly or 1-2 times daily, depending on seasonal demand.	Contract specification met.
	Maintain turf areas.	Line marking are clearly visible.	Contract specification met.
		Mown areas are kept within the following parameters: Cricket wickets 5mm to 20mm; Rugby, League, Soccer, Hockey 20mm to 50mm.	Contract specification met.
		Turf shall be kept in a healthy, dense, uniform condition.	Contract specification met.
Waterways and Land Drainage	Customer satisfaction with the maintenance of waterways and their margins.	Re-evaluate by 1/1/2012 when more information available (At least 66% customers satisfied with the maintenance of waterways and their margins).	61% either satisfied or very satisfied overall.
	Houses are safe from flooding during normal rain events.	Re-evaluate by 1/1/2012 when more information available (Less than 10 properties flooded per year).	Nil houses recorded as flooded in last year but there are a number of properties affected by the earthquakes that were suspected to have been flooded.

Council activities and services

Parks and open spaces (continued)

Suspended levels of service
These levels of service were suspended as a Resident's Survey was not undertaken during the year.

Activity	Level of Service	Target
Cemeteries	Customer satisfaction with Council cemetery services.	Re-evaluate by 1/1/2012 when more information will be available.
	Customer satisfaction with maintenance and appearance of Council cemeteries.	Re-evaluate by 1/1/2012 when more information will be available.
Neighbourhood Parks	Customer satisfaction with the range of recreation facilities available, including playgrounds.	Re-evaluate by 1/1/2012 when more information available.
Sports Parks	Customer satisfaction with the range of recreation facilities available, including; playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment.	Re-evaluate by 1/1/2012 when more information available.
	Overall customer satisfaction with sports parks.	Re-evaluate by 1/1/2012 when more information available.

What assets do we use to deliver these activities?

The Council holds almost $1 billion of parks, open spaces and waterways assets. Over half of this value is held in land, one quarter in storm water piping systems and waterways, and the balance is in assets such as park buildings, structures (e.g. bridges, boardwalks, fences and retaining walls), plantings, play facilities, park furniture, hard surfaces and tracks and paths.

An assessment of the value of earthquake damage to land has not been completed. Despite any land damage most Council parks and reserves are now open, and some areas within parks and reserves are cordoned off where the area or Council facilities are unsafe (for example where there is a danger of rockfall).

The Council is aware that land beside waterways has suffered a degree of lateral spread, or slumping. Damage to Council's waterways and land drainage infrastructure is estimated to be $130 million, with the majority of damage to riverbanks, pipes, and stop-banks, and the banks are now subject to the development of a bank stability policy.

Silt removal from the rivers and streams (dredging) will continue for some time, as will the silt removal from the land drainage pipes, however the latter is subject to modelling to determine where it is most needed.

Where are we heading?

The Council, CERA, NZTA, and the Alliance contractor companies (SCIRT) are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, wastewater and road network assets over the coming years.

Many low-lying areas near existing streams and rivers are being affected by impeded drainage and higher everyday base flow water levels as a result of lower ground levels. Repairs to the drainage system, as part of the programme of work by SCIRT, will address these. In the meantime Council will continue to maintain the existing Parks, Open Spaces and Waterways assets to meet immediate operational needs.

The Bridge of Remembrance Triumphal Arch will be strengthened by SCIRT, as will the Hamish Hay bridge. Repairs are underway for prioritised park buildings and facilities such as the Curators House in the Botanic Gardens, and toilet blocks in parks.

Tenders will be sought soon for the Botanic Gardens Information Centre which will provide a new focus of learning and visitor experience as well as providing enhanced facilities for our indoor plant collection. Construction is expected to be completed by the end of 2013.

We will continue to provide a safe, accessible and attractive sports, garden, heritage, neighbourhood and regional parks and reserves network, to maintain Christchurch's identity as the Garden City and to enable our residents and visitors to continue to experience the natural environments and open spaces. We will continue to provide cemeteries to meet the current and future needs of the city.

Within the constraints of the City's recovery from the earthquakes, 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 storm water system. The roll-out of the storm water catchment and drainage associated with the South West Area Plan will continue.

We will continue to investigate and assess the city's marine assets to prioritise the repair or replacement of safe, accessible and appropriately located wharves and other marine structures, including the New Brighton Pier and the wharves at Akaroa and Diamond Harbour.

Service delivery in 2012/13

In general, service delivery in 2012/13 will not be significantly affected by the Canterbury earthquakes. It is possible that some flooding problems may occur in relation to the land drainage network and the number of slipways and wharves will be below historic targets. Some parks and waterways visitor satisfaction targets have been reduced to reflect the damaged condition of these public spaces as a result of the earthquakes.

Council activities and services

Parks and open spaces (continued)

What did it cost?

Parks, open spaces and waterways Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
Neighbourhood parks	12,273	751	11,522	10,363	4,590
Sports parks	9,163	249	8,914	8,734	7,962
Garden and Heritage parks	6,071	211	5,860	6,479	5,654
Regional parks	8,561	1,073	7,488	7,505	6,535
Cemeteries	1,730	836	894	788	643
Waterways and land drainage	27,336	2,319	25,017	15,651	14,630
Harbours and marine structures	709	781	(72)	454	266
Rural fire fighting	965	217	748	821	535
Capital revenues	-	25,977	(25,977)	(13,273)	(6,721)
Cost of service	**66,808**	**32,414**	**34,394**	**37,522**	**34,094**
Capital expenditure					
Renewals and replacements			7,554	4,620	4,980
Infrastructure rebuild			17,074	23,300	-
Improved service levels			878	3,140	521
Increased demand			4,523	11,825	9,633
Total capital expenditure			**30,029**	**42,885**	**15,134**

Council activities and services

Parks and open spaces (continued)

Explanation of significant cost of service variances

Neighbourhood Parks
Costs for the year were $1.2 million over plan. Earthquake cost recoveries were budgeted at $1.5 million, but in the event only $0.3 million was recoverable.

The $6.9 million increase in net cost over last year was primarily due to a $5.9 million gain in 2011 from the sale of land to the Southern Motorway. Increased net earthquake costs accounted for $0.6 million and reduced commercial rental was $0.4 million less.

Sports Parks
The $1.0 million increase over last year was due to higher level of asset planning work in the current year.

Garden & Heritage Parks
The $0.6 million net cost under plan was due to the deferral of normal maintenance costs in favour of earthquake repairs.

Waterways and Land Drainage
Net costs were $9.4 million over plan due to earthquake response costs being $7.5 million over budget, and the recovery of those costs from Government agencies being $1.2 million lower than budgeted. The Annual Plan reflected the information available at the time the budgets were set – soon after the February 2011 event and before the June 2011 event, and did not include the effect of the December event. Depreciation was $0.9 million higher than plan because specific assets were not able to be identified for impairment. Debt servicing was $0.2 million lower than plan.

The $10.4 million increase in net cost over last year is largely due to the $7.7 million increase in net earthquake costs – the earthquake costs were $0.1 million greater last year but because much of the expenditure was emergency response and early stage recovery, the cost recoveries were $7.8 million greater also. The remaining $2.7 million increase reflects the relatively low level of maintenance and asset planning costs incurred during last year.

Harbours and Marine Structures
The $0.5 million reduced net cost over last year is from a wind fall gain to the Akaroa Harbour following the earthquake damage to the Lyttleton Port Company's cruise ship berth. This has meant many of the cruises being diverted to Akaroa with fees earned being $0.5 million greater than a normal year. This was not evident at the time of budgeting.

Capital Revenues
The $12.7 million above budget result is due to the earthquake capital expenditure recoveries being conservatively budgeted for. In the event the earthquake land drainage recoveries were $14.7 million more, and earthquake parks recoveries $0.5 million less than budget. Cash development contributions were down $1.5 million reflecting the reduced level of property development during the year.

The $19.3 million increase over last year reflects that there was only minimal earthquake capital expenditure last year however, the current year saw $22.6 million of earthquake land drainage recoveries and $0.4 million of earthquake parks recoveries. Cash development contributions were down $3.7 million reflecting the level of property development during last year before, or in spite of the earthquake events.

Significant capital expenditure

$1.0 million was spent on Neighbourhood Reserve purchases; $0.5 million on Botanic Gardens Entry Pavilion; $1.0 million on the implementation of the Lower Milns Stream retention and water treatment basin; $3.3 million on the Awatea South Basin project to improve storm water quality and reduce volumes entering the Upper Heathcote River; $2.0 million on the Carrs Road Storm water Facility; $11.0 million on Avon River Stopbanks; $1.7 million on Avon River Storm water Outfalls; $1.2 million on Storm water CCTV Costs; $0.9 million on Park Trees; $0.5 million on Victoria Lake reinstatement; $0.3 million on Parks playground softfall reinstatement and $1.4 million on various Infrastructure Rebuild projects.

Explanation of significant capital expenditure variances

The $12.9 million variance to plan is a result of the earthquakes continuing to delay a large number of projects and programmes resulting in some significant underspends. These include the following projects: Waterways Detention and Treatment Facilities $7.5 million; Neighbourhood Parks - Land Purchase $2.0 million; Natural Waterways - Land Purchase $1.0 million; Botanic Gardens Entry Pavilion $1.5 million and Infrastructure Rebuild projects $6.2 million. These are scheduled to go ahead in the 2013 financial year. The following projects were overspent however the funds had been carried forward from the previous year: $1.0 million on Neighbourhood Reserve Purchases; $1.0 million on the implementation of the Lower Milns Stream retention and water treatment basin and $3.3 million on Awatea South Basin project to improve storm water quality and reduce volumes entering the Upper Heathcote River.

The $14.9 million variance to last year is largely due to the increased spending on infrastructure rebuild projects across the city of $16.6 million offset by reductions in other projects (purchases and renewals programmes) while the infrastructure rebuild work is undertaken.

Council activities and services

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.

Recreation and leisure activities contribute to 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.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a prosperous city, a healthy city, and a city for recreation, fun and creativity – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing the opportunity for and encouraging everyone to participate in leisure, sport and physical activities. It also delivers economic benefits to the City through festivals and events and by encouraging residents to live a healthy and active lifestyle.

How does it affect me?

You use the Council's recreation and leisure services if you use facilities like Pioneer or Jellie Park recreation and sport centres. 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 the New Zealand Men's Golf Open.

What activities are included in recreation and leisure?

Recreation and sports services
Recreation and sport centres, swimming pools and stadia enable residents to take part in recreation and sport. As well as running these facilities, we support other groups offering recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

Events and festivals
Events and festivals help make Christchurch a fun, interesting city to live in, 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.

What did we achieve?

Construction of the Graham Condon Recreation and Sport Centre, a new learn to swim pool at Pioneer and the ASB Football Park is complete and the facilities are close to capacity. Rugby League Park now houses AMI Stadium and Cowles Stadium reopened in September 2012.

QEII Park, Centennial Recreation and Sport Centre, Lyttelton Pool, Waltham Pool and Porritt Park remain closed. Alternative venues have been found for many of the customers who frequented these facilities.

Participation in the pools, gyms and group fitness classes was very strong. Swim education participation has never been better thanks to top quality swim schools, a national awareness campaign, temporary pools and a highly successful Kiwi swim programme subsidising 80,000 swim lessons in 2011/12. The number of participants attending the Council's recreation and sport centres exceeded 2,850,000 in 2011/12.

The New Zealand Men's and Women's Golf Open championships were a sporting highlight in late 2011 and early 2012. Christchurch has secured the rights to host the New Zealand Cycling Road championships for a further three years until 2015. Christchurch is bidding to co-host the FIFA Men's Under 20 Football World Cup. On 16 June 2012 the All Blacks played in Christchurch for the first time since 2010.

The Council, with Government support, set up the Christchurch Events Village in Hagley Park to provide a central and safe venue for event activity. Events such as Garden City Summertimes, World Buskers Festival and the Christchurch Arts Festival utilised this venue and attracted strong interest and participation. Council delivered a Rugby Wold Cup 2011 Fanzone, providing our residents with connection to the tournament, and together with New Zealand Cup and Show Week and the Ellerslie International Flower Show, demonstrated to the rest of New Zealand that we are still capable of hosting major events for our residents and visitors.

Council activities and services

Recreation and leisure (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Events and Festivals	Manage and develop iconic events.	Two events in place. (NZ Cup and Show Week, Ellerslie International Flower Show).	Delivered
	Produce top quality events – such as Summertimes, Kidsfest, Guy Fawkes Fireworks.	90% attendee satisfaction across five Council-funded events.	88% point of contact survey.
	Provide and support year-round programme of events delivered.	90% resident satisfaction with events (Annual Residents Survey).	90% (Annual residents survey).
Recreation and sports services	Community-based recreation and sport programmes/events are delivered.	745 – 825 programmes and events per annum.	1,976
		95 – 100% of programmes and events targeted on populations with accessibility challenges.	100%
	Deliver economic benefit to the city by supporting a range of regional, national and international sporting events consistent with Council Policy, in liaison with Council Events Team.	Spend Council allocation provided in support of a range of regional, national and international sporting events, in line with the Physical Recreation and Sports Strategy and the Events Strategy.	Supported or delivered 5 regional events, 21 national events and 13 international sports events. Total economic impact of $8.2 million.
	Facility-based recreation and sporting activities and programmes are provided.	3.8 to 4.2 visits to aquatic facilities/head of population.	4.3 visits
		Participants using recreation and sport centres, outdoor pools and stadiums: 2011-2012 2.35 – 2.60 million.	2.8 million
	Provide advice and resources to community based organisations and networks to support their ability to develop, promote and deliver recreation and sport in Christchurch.	9,200 staff hours advice provided to 550-700 organisations.	576 Organisations, staff hours all delivered.
	Provide facilities that have current PoolSafe accreditation.	PoolSafe accreditation maintained for all eligible pools.	Poolsafe accreditation given on 30 April 2012 and expires on 20 April 2013.
	Residents have access to fit-for-purpose recreation and sporting facilities.	(subject to relocation confirmation) 1 multi sensory centre, open between 35-40 hrs per week, 5 days per week, 48 weeks per year [opening hours subject to maintenance and public holiday schedules].	Centre relocated and operational.
		Community outdoor pools open seasonally: Governors Bay, Port Levy [subject to maintenance schedules].	Pools opened.
		2 paddling pools open seasonally: open Nov to March [subject to maintenance schedules].	Pools opened.
		4 public outdoor pools open seasonally: Jellie Park, Lyttelton, Halswell, open Nov- March, Templeton; open Jan to Feb [subject to maintenance schedules].	Jellie, Templeton, Halswell open, Lyttelton closed.
		4 stadiums available for hire 364 days per year [subject to maintenance schedules].	Pioneer and Graham Condon open; Cowles and Lyttelton closed.
		Jellie Park, Pioneer and Graham Condon (due to open Sept/Oct 2011): Monday to Friday – 5.30am – 9.30pm; Saturday and Sunday – 7.00am – 8.00pm (open 364 days/year) [opening hours subject to maintenance and public holiday schedules].	Open for business.
		Maintain and lease 14 sporting and recreation facilities (subject to maintenance schedules).	Earthquakes have changed the nature of some services provided especially Porritt Park and Rugby League Park.

Council activities and services

Recreation and leisure (continued)

What assets do we use to deliver these activities?

The main assets used to deliver recreation and sports activities are the recreation and sports centres – Pioneer, Jellie Park, Graham Condon and Wharenui. QEII is awaiting demolition whilst Centennial is seriously damaged and awaiting a decision on its future.

Throughout 2011/12 Council provided two community pools, four public outdoor pools, two stadia, three paddling pools and 16 leased sporting facilities. Porritt Park, Lyttelton Pool, Lyttelton Stadium, Waltham Pool and three paddling pools remain closed. Rugby League Park now houses AMI Stadium and Cowles Stadium re-opened in September 2012.

Where are we heading?

A Sport Recreation Earthquake Leadership Group was formed and one of its key purposes is to advise CERA and the Council on planning for new recreation and sport facilities and services. This was achieved in March 2012 with the publication of a Sport & Recreation Places and Spaces Plan.

We will provide recreation and sport services to the community from the current and the new facilities. There will be a focus on assisting Council and community organisations to forward-plan and succeed in the changed environment.

Christchurch will host a range of local and national sporting events including the NZ Women's Golf Open, NZ Men's Golf Open, the NZ Road Cycling Nationals, the World Masters Rugby league Championships along with Le Race and Airport Marathon.

Above all we will continue working with our communities to ensure everyone has the opportunity to participate at whatever level they choose.

Service delivery in 2012/13

Delivery of events and festivals in 2012/13 is back on track with a full calendar including the inaugural New Zealand Icefest festival which starts mid September 2012. Recreation and sports services will continue to be impacted because of the closure of damaged facilities.

Council activities and services

Recreation and leisure (continued)

What did it cost?

Recreation and leisure Statement of cost of services for the year ending 30 June 2012	Costs (after internal recoveries) $000	Income $000	Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
Recreation and sports services	32,539	10,662	21,877	12,055	15,951
Events and festivals	11,185	4,678	6,507	6,505	6,373
Capital revenues	-	29,915	(29,915)	(381)	(38,215)
Cost of service	**43,724**	**45,255**	**(1,531)**	**18,179**	**(15,891)**
Capital expenditure					
Renewals and replacements			5,218	1,890	1,023
Improved service levels			1,183	2,158	8,324
Increased demand			-	262	1,056
Total capital expenditure			**6,401**	**4,310**	**10,403**

Explanation of significant cost of service variances

Recreation and sports services

Recreation and sports services net cost differed from plan by an unfavourable amount of $9.8 million. The write-off of the QEII assets accounted for $10.8 million of this variance, offsetting this was a $1 million favourable variance as a result of increased revenues of $0.3 million for pool programmes and increased revenue for general admittance, concessions and memberships of $0.6 million. There were also maintenance savings of $0.2 million.

Recreation and sports services net cost differed from 2011 by an unfavourable variance of $5.9 million. After deducting the write-off of the QEII assets of $10.8 million the remaining variance relates to the reduced cost of service to Recreation and sports services after the closure of QEII and Centennial sports facilities following the February 2011 earthquake.

Events and festivals

There were no significant variances in this activity.

Capital revenues

The $29.5 million variance to plan is a result of $28.9 million of insurance recoveries received, development contributions $0.2 million higher than plan and a $0.4 million contribution for the Graham Condon facility that was not planned.

The $8.3 million variance on last year is as a result of lower insurance recoveries received.

Significant capital expenditure

$2.7 million was spent on Graham Condon Leisure Centre; $1.3 million on the Pioneer Learn to Swim Pool; $1.0 million contributed towards Rugby League Park Temporary Stadium and $0.7 million on English Park Artificial Surface.

Explanation of significant capital expenditure variances

The $2.1 million variance to plan is due to a timing difference in the completion of the following projects, all of which were funded by carry forwards from the previous year: Graham Condon Leisure Centre $1.2 million; Pioneer Learn to Swim Pool $1.3 million and English Park Artificial Surface $0.7 million. In addition,$1.0 million was spent on Rugby League Park which had not been planned for. These overspends were offset by savings on the following projects; $0.7 million Cowles Stadium upgrade; $0.5 million Multi Sport Stadium upgrade and $0.9 million of deferred equipment and buildings renewals as a result of facilities being closed after the earthquakes.

The $4.0 million variance to last year is the result of spending on the following projects: Graham Condon Leisure Centre $3.5 million; IPC Athletics World Championships 2011 $1.1 million and building and equipment renewals $0.4 million. These variances were offset by the $1.0 million for Rugby League Park.

Council activities and services

Refuse minimisation and disposal

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

We collect and dispose of the city's 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 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.

Refuse minimisation and disposal activities contribute to the environmental and economic well-beings 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.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment and a healthy city – two of the nine goals for our city that are included in our Community Outcomes. This contribution is made by enabling and encouraging waste minimisation and recycling, and by providing a safe collection and disposal of refuse.

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?

Recyclable materials collection and processing
We aim to reduce the amount of rubbish we send to landfill by collecting recycling from homes and public places, educating the public about the benefits of reusing and recycling materials, and by sorting and processing recyclable materials so they can be reused.

Organic material collection and composting
We collect kitchen and garden waste from homes and turn it into compost for resale. We also encourage people to set up their own compost bins at home to reduce the amount of waste we send to landfill.

Residual waste collection and disposal
Not everything can be recycled and we collect and transport this remaining waste to landfill. We also look after old landfills to make sure they do not harm the environment. At the old Burwood land fill site, methane gas is captured, piped underground and used to power city buildings and parts of the Christchurch Wastewater Treatment Plant.

Commercial and industrial waste minimisation
Businesses are encouraged to limit the amount of waste they produce. We help them by offering programmes and services – such as the Target Sustainability project – that reduce waste and make businesses more energy and water efficient.

What did we achieve?

The Burwood landfill gas treatment plant and associated pipelines suffered little damage due to the 2010/2011 Canterbury Earthquakes. Council was able to meet its sale of carbon credit obligations under our contract and gas was supplied to the Christchurch Wastewater Plant, Art Gallery and Civic Building as facilities were available to use the gas. All repairs to the landfill well field and gas treatment plant at Burwood have been completed.

The kerbside collection system continues to perform well. Diversion figures are in line with expectations. Collections were maintained throughout the earthquake events despite surges of material after each earthquake. The wheelie bin collection system proved a very robust system during a series of extreme civil defence events. Greenwaste from green bins was disposed of to landfill for the period of 23 February until 23 May 2011 due to damage to the compost plant tunnel complex. 50% of the facility has been bought back into service through emergency works and the facility was fully functioning by 30 June 2012. Replacement tunnels have been designed and are under construction with the first due for completion in September 2012 and the reconstruction of the compost plant finished by September 2013.

Considerable effort has gone into the establishment of the Burwood Resource Recovery Park (BRRP) to handle construction and demolition waste. Consents for its operation and the handling of infrastructure waste were lodged at year end.

A waste stream analysis was completed in the year in preparation of a new draft Waste Management Plan which will go out for public consultation and the final adoption by Council in 2013.

The Target Sustainability programme has continued to be very successful with the business community. A strong focus since the start of the earthquake sequence has been on helping businesses manage their waste streams and assisting business to save costs associated with energy use and waste disposal.

We committed $0.1 million to the Canterbury Waste Joint Committee towards regional waste minimisation projects. These projects included the continuation of the compost trial in South Canterbury and at Lincoln, aimed at verifying the benefits of using compost in agriculture.

Council activities and services

Refuse minimisation and disposal (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Commercial and Industrial Waste Minimisation	Businesses actively taking part in Target Sustainability.	Average of 50 businesses actively taking part in Target Sustainability each year.	62 businesses took part in Target Sustainability.
	Proportion of businesses actively taking part in Target Sustainability satisfied with the advice and support received.	>=75% customer satisfaction each year (target lowered because of EQ impact).	89% satisfaction rating.
Organic Material Collection and Composting	Amount of organic material composted at the Council composting plant.	200 kg +/10% organic material / person / year.	183 kg per person food scraps and garden waste diverted for composting at Council facilities.
	Customer satisfaction with kerbside collection service for organic material.	>=70% customers satisfied with Councils kerbside collection service for organic material each year (target lowered because of EQ impact).	82%
	Kerbside wheelie bins for organic material emptied by Council services.	>=99.5% kerbside wheelie bins for organic material, that are free of contamination, emptied when correctly placed at the kerbside, each year.	99.8%
	Proportion of incoming organic material that is contaminated and sent to landfill.	<2.5% (by weight) contamination of incoming.	1.6% contamination in kerbside organics collection.
Recyclable Materials Collection and Processing	Customer satisfaction with kerbside collection service for recyclable materials.	>=70% customers satisfied with Councils kerbside collection service for recyclable materials each year (target lowered because of EQ damage).	97%
	Kerbside wheelie bins for recyclables emptied by Council services.	>=99.5% kerbside wheelie bins for recyclable materials, that are free of contamination, emptied when correctly placed at the kerbside each fortnight.	99.8%
	Proportion of incoming recyclable materials that are contaminated and sent to landfill.	<10% (by weight) contamination of incoming recyclable materials.	8.5%
	Recyclable materials collected and received by Council services for processing at the Materials Recovery Facility (MRF).	120 kg +/10% recyclable materials / person / year.	117kg
Residual Waste Collection and Disposal	Customer satisfaction with kerbside collection service for residual waste.	>=70% customers satisfied with Councils kerbside (target lowered because of EQ damage).	95%
	Kerbside wheelie bins for residual waste emptied by Council services.	>=99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week.	99.8%
	Residual waste collected at the kerbside by Council services.	<= 120 kg residual waste collected at the kerbside by Council service / person / year.	112 kg per person
	Residual waste sent to landfill from Christchurch.	<=950 kg total residual waste sent to landfill / person. This increase allows for 25% residual waste from Burwood Recovery Park going to Kate Valley Landfill, averaged over 4 years.	564 kg/person sent to landfill.

Council activities and services

Refuse minimisation and disposal (continued)

What assets do we use to deliver these services?

The significant assets involved in refuse minimisation and disposal activities are the compost plant, the Burwood Recovery Park, and refuse transfer stations. The Council also relies on vehicles operated by its kerbside collection contractors and the materials recovery facility (recycling centre) owned and operated by the subsidiary company EcoCentral Limited.

As mentioned above, the compost plant did receive some damage after the February 2011 earthquake but was fully functional by 30 June 2012.

The refuse transfer stations and materials recovery facility also suffered some damage in the 2010-11 earthquake events but remained operational throughout the year other than for some minor interruptions. Other assets suffered only minor damage and there has been no earthquake related interruption to services.

Where are we heading?

We will continue to work with residents to maximise diversion through the kerbside system. Education programmes target the maximum diversion of organic waste from households and ensure we minimise contamination of the organic and recyclable streams. Removing kitchen waste from insinkerator systems and having this treated through the compost plant is beneficial in terms of cost and helps in managing the post earthquake sewerage network.

Reconstruction of the compost plant will continue in the next year with a targeted completion date of September 2013.

We will continue to actively participate in the Canterbury Waste Joint Committee, with programmes for waste reduction and monitoring the reduction of waste to landfill from across the Canterbury region.

The Burwood Resource Recovery Park will get into full production in the 2012/13 year with the construction of a demolition and construction waste sorting facility. The park has received consents post 30 June 2012, for its operations which are forecast to run over the next 4-5 years. Residual waste (inert demolition and construction materials) from the sorting process will be disposed of in a specially constructed new cell on the existing Burwood Landfill site.

With the damage to QE II Recreation and Sport Centre the surplus landfill gas from this site will be used to run the biosolids drying facility thereby reducing operating costs at the treatment plant. Gas supply will be restored to the Art Gallery once earthquake repairs are completed.

We are continuing to work with Council 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 compost plant to reduce organic material going to landfill.

The 2006 Waste Management Plan will be reviewed and go out as a draft for public comment in 2012/13.

Service delivery in 2012/13

Normal levels of service are anticipated for the 2012/13 year.

Council activities and services

Refuse minimisation and disposal (continued)

What did it cost?

Refuse minimisation and disposal Statement of cost of services for the year ending 30 June 2012	Costs (after internal recoveries)	Income	Net cost	Plan net cost	Net cost
	2012				**2011**
	$000	$000	$000	$000	$000
Operational service result					
Recyclable materials collection and processing	7,387	1,027	6,360	6,203	5,722
Residual waste collection and disposal	19,957	2,370	17,587	12,392	12,751
Organic material collection and composting	17,108	5,069	12,039	11,632	11,630
Commercial and industrial waste minimisation	299	14	285	729	467
Capital revenues	-	(2,076)	2,076	-	(2,076)
Cost of service	**44,751**	**6,404**	**38,347**	**30,956**	**28,494**
Capital expenditure					
Renewals and replacements			1,304	806	2,647
Infrastructure rebuild			3,091	6,900	-
Improved service levels			-	228	363
Increased demand			-	-	-
Total capital expenditure			**4,395**	**7,934**	**3,010**

Explanation of significant cost of service variances

Recyclable materials collection and processing cost is more in line with planned expenditure this year, as there was not the same earthquake interruptions as last year.

The cost of handling the City's residual waste was $5.2 million more than plan. A large component of this was the increase in the provision for land-fill after care of $4.3 million as a result of re-opening the Burwood land-fill site to accommodate earthquake impacts. In addition, there was a $1.3 million additional cost of handling the waste that was presented due to the earthquakes, off-set by lower net transfer station operating costs of $0.4 million. The $4.8 million increased cost as compared to 2011 was largely the result of the increase in the provision for land-fill after care as detailed above.

There was no major variance in Organics collection and composting.

The cost of the Commercial Waste Minimisation programmes were lower than plan by $0.4 million due to the disruption to the planned Target Sustainability Programmes.

The variance in capital revenues against plan and 2011 is the result of the reallocation of earthquake related insurance recoveries recognised in 2011.

Significant capital expenditure

$3.1 million was spent on the Organics Processing Plant and $0.8 million on Closed Landfill Aftercare.

Explanation of significant capital expenditure variances

The $3.5 million variance is due to delays to the infrastructure rebuild programme of work while assessments were completed for earthquake damage.

Council activities and services

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 that govern 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.

Regulatory services activities contribute to 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.

They contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a healthy city and an attractive and well-designed city – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by ensuring legislative requirements are enforced, nuisances are minimised and the consenting process minimises adverse effects and ensures an attractive built environment.

How does it affect me?

You use Council's regulatory services if you build a new home or commercial building, request a property report before buying a home, or express concern about noise. These services affect how you handle dogs and farm animals, and where you can buy liquor. They also ensure that the places you go to eat and drink are healthy and safe.

What activities are included in regulatory services?

Enforcement and inspections
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 inspections and enforcement team's work.

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 Land Information Memorandum (LIM) and Project Information Memorandum (PIM) reports.

What did we achieve?

Due to the ongoing aftershocks the recovery did not occur as quickly as was originally anticipated. There continued to be less demand for building and resource consents due to the earthquakes, a slowing local economy and changes in the Building Act which exempted some work from requiring a building consent. Consents granted during the year included 5,675 for buildings, 893 resource consents and 183 for subdivisions.

Overall demand for building consents was 3% higher than the previous year. The value of consented work however was $937 million, a 46% increase over 2010/11 due mainly to the increase in commercial activity. 977 consents were received with a value of $562 million, an increase of 91% over the previous year.

The Canterbury Earthquake (Resource Management Act Permitted Activities) Order 2011 was fully utilised to allow 323 disaffected businesses and pre-schools to temporarily relocate. Approvals were issued in 3-5 days depending on the level of compliance with approval standards.

There were 8,909 LIMs issued, 18,936 building inspections for buildings under construction and 3,449 code compliance certificates issued at the completion of building works.

The Chief Executive of the Department of Building and Housing extended the Council's Building Consent Authority status until May 2013 as she was satisfied with the work underway to meet the demand from the rebuild activities and that the conditions of the Building Consent Authority Regulations were being met.

To assist the recovery effort a risk-based approach to enforcement was adopted placing priority on issues that pose a significant risk to public safety, including but not limited to, dangerous[1] buildings and un-consented works with significant adverse effects. There was less proactive enforcement around low risk regulatory matters such as signage, overhanging trees and general nuisance matters, whilst staff worked with customers to resolve complaints and to bring higher risk regulatory matters into compliance. New streams of enforcement activity have arisen in a post earthquake environment including:

- Monitoring compliance with the Temporary Accommodation approvals
- Monitoring and investigating demolition waste storage/ disposal

[1]Insanitary building complaints are to be referred to the Environmental Health teams to be managed in line with the Health Act provisions and/or the Medial Officer of Health guidance.

Council activities and services

Regulatory services (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Enforcement and Inspections	A minimum percentage of swimming pools is inspected annually.	20%	25% (1,287 inspections completed).
	All food premises are inspected at least once each year.	100%	1,602 inspections. 100% LOS achieved.
	All high risk liquor premises (assessed using Council Liquor Licensing Team risk assessment methodology) are inspected at least twice a year.	100%	All high risk premises (10) were visited twice.
	Court proceedings taken by the Council are fair and in the public interest.	100%	4 prosecutions for 2011/12 = 100%.
	Percent of complaints about excessive noise responded to within one hour.	90%	90% - 740 of 822 complaints responded to within 60 minutes.
	Percent of investigations into reports of matters that pose a serious risk to public health or safety are commenced within 24 hours of reporting.	100%	100%
	Percent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 2 hours (rural).	95%	162 incidents. 95% LOS achieved.
	Percent of priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 60 minutes (urban).	95%	40 incidents. 95% LOS achieved.
	Priority 1 dog complaints involving serious injury are referred to the Police call centre within 10 minutes.	100%	2 incidents. 100% LOS achieved.
	Upon confirmation by Council staff of non-compliance, at least one written warning regarding corrective action is given within 30 days (for breaches of City Plan, Resource Management Act, Building Act, bylaws).	95%	100% (1,521 matters received. 1 written warning within 30 days).
Regulatory Approvals	Council retains Building Consent Authority status for all building works, except dams.	Council retains Building Consent Authority status for all building works, except dams.	The Chief Executive of Department of Building and Housing extended our BCA accreditation until September 2012.
	Percent of customers are satisfied with service provided by the planning, building and building inspection services.	75% of customers satisfied with the resource management and building consent and building inspection service.	Point of Contact survey result 57%.
	Percent of customers are satisfied with walk-in regulatory services.	90% of walk in customers satisfied with service provided.	94% satisfied per residents survey.
	Percent of regulatory applications are processed within statutory timeframes.	Complex consents: 85% of complex applications (i.e. not simple consent applications) and of notified resource consents are processed within statutory timeframes.	86%, 814 of 947 complex consents met the statutory timeframe target.
		Simple consents: 100% of PIMs and simple consent applications are processed within 15 days.	Actual result 97%.
	Resource consent hearings are appropriately and fairly conducted.	0% of decisions are lost via appeal/ judicial review.	No consents were lost on appeal / judicial review.

Council activities and services

Regulatory services (continued)

What assets do we use to deliver these activities?

No major assets are used in the delivery of these activities.

Where are we heading?

The City will experience a prolonged period of rebuild during the years ahead and we remain committed to delivering consenting, licensing and enforcement activities that will assist with the rebuild and support the normal ongoing needs of the Christchurch community. To assist in achieving this we will continue to promote electronic processing, streamline building consent processes, allow temporary relocation of businesses in accordance with the permitted activities Order in Council and manage our enforcement activities in a sensitive and focussed manner.

The Council has agreed to be a party to the new Government Weathertight Financial package which will see Council and the Government each contribute 25 per cent of the remediation cost. All claims are expected to be settled by 2015.

Service delivery in 2012/13

While these activities are expected to have an earthquake focus, particularly the resource consent monitoring and building consent processing, the Council's ability to deliver regulatory services activities has not been compromised by the series of Canterbury earthquakes. During 2012/13 the Council will also provide additional services relating to: the Royal Commission of Inquiry into the Canterbury Earthquakes; the management of the rock fall risk assessment and mitigation process; and demolition waste and Temporary Accommodation monitoring. Also anticipated for 2012/13 is the introduction of new legislation governing food hygiene and liquor control. Both these new Acts will significantly change the regulatory processes for licensing and monitoring of these activities.

Council activities and services

Regulatory services (continued)

What did it cost?

Regulatory services Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
Enforcement and inspections	12,312	6,776	5,536	5,352	6,947
Regulatory approvals	34,731	18,310	16,421	4,178	6,417
Cost of service	**47,043**	**25,086**	**21,957**	**9,530**	**13,364**
Capital expenditure					
Renewals and replacements			-	45	6
Improved service levels			122	-	-
Increased demand			-	-	-
Total capital expenditure			**122**	**45**	**6**

Explanation of significant cost of service variances

Enforcement and inspections net cost of service was $1.4 million lower than 2011. This was due to $5.5 million of earthquake response costs being incurred in 2011 with only minimal costs continuing into the 2012 year. These savings were offset by the increased net costs associated with parking enforcement ($1.9 million) as a result of the closure of the CBD, maintaining the inner city cordon ($0.5 million), and costs associated with health licensing ($0.5 million), and environmental compliance ($0.4 million) which have all seen a growth in demand for services in the suburbs.

Regulatory approvals net cost of service was $12.2 million greater than plan and $10.0 million greater than last year mainly due to the $5.9 million of unbudgeted costs associated with earthquake remediation and recovery on the Port Hills. This programme was established under Civil Defence during the state of emergency due to the rock fall danger and cliff collapse hazards arising from the earthquakes. There has also been a significant cost ($1.2 million) associated with the Council's attendance at the Royal Commission of Enquiry into the collapse of the CTV building. Other increases include $2.1 million for Building Consents and $2.5 million for Building Inspections as Council has taken on additional staff in anticipation of the rebuild. However, because the momentum around the rebuild has been slower than expected less revenue has been received.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

Council activities and services

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.

Streets and transport activities contribute to 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.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, an attractive and well-designed city and a city for recreation, fun and creativity – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a well-designed, safe and efficient transport system, attractive street landscapes, and enabling access to recreation facilities throughout the city.

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?

Road network
We are responsible for the city's roading, including planning, building, and maintaining roadways, providing drainage and landscaping, operating street lighting, and running the traffic safety programmes.

Active travel
We promote active travel including the provision of safe footpaths, pedestrian malls, open spaces for recreation and on and off road cycle lanes.

Parking
We provide both on-street and off-street parking facilities that are safe, accessible and attractive, and allow easy access to work and leisure activities.

Public transport infrastructure
We provide the integrated bus infrastructure used by the city's bus companies to provide the public passenger transport services. This includes the central bus exchange, bus stops, shelters, bus priority systems and Passenger Real-Time Information Systems.

What did we achieve?

The 2010/11 earthquake events caused the deferral of a significant portion of the asset renewal programme. Resources were diverted to temporary asset repairs, the planning for the rebuild of damaged assets, and the full repair of some of these assets.

The city's road network suffered an enormous amount of earthquake damage, with 85 kilometres of roads identified with severe damage, 45 kilometres with major damage, and 210 kilometres with moderate damage. As well as roads, footpaths, kerb and channels, street lighting, and traffic signals all suffered extensive damage, as did the central business district amenity areas, tram tracks, bus exchange, and off-street parking facilities. 21 traffic and 12 foot bridges received moderate to major damage, and 400 retaining walls require strengthening and / or rebuilding.

The full repair of the remaining roading assets will be delivered by SCIRT over the next five years.

As part of our normal business the new wireless radio technology (WiMax) has been selected and roll-out started for use by 160 intersections and three new intersections were signalised. Upgrading of signal lights to LED continued during the year, and cameras and bus real time information was installed at the new bus exchange.

The Transport for Christchurch website was developed and launched (www.transportforchch.govt.nz/) to assist travellers to find the quickest and safest route around the city, and a temporary inner city bus exchange was built and is now operating.

Council activities and services

Streets and transport (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Active Travel	Cyclesafe education programmes delivered.	81% of primary schools in Council area have a Cyclesafe programme.	86%
	Percent of total trips per person per year by active travel (cycling).	Cycling: 2011-12 – Likely to be maintained at or around 2% due to disrupted roads.	2%
	Percent of total trips per person per year by active travel (walking).	Walking: Likely to be maintained at or around 22%.	21%
	School Travel Plans	4 school travel plans per year.	4 schools
Parking	Customer perceptions of motor vehicle safety in Council off street parking sites.	Re-evaluate by 1/1/2012 when more information will be available.	No car park buildings opened this year.
	Customer satisfaction with ease of use of meters.	65%	52% - Survey was conducted in March straight after the February earthquake with a number of meters out of action. Difficult to get an accurate gauge on results.
	Customer satisfaction with service levels provided by Council off street parking service.	Car parks now automated – Re-evaluate by 1/1/2012.	No staff are currently engaged in their duties due to the closure of parking buildings as a result of the earthquake.
	Metered on-street parking spaces provided.	1,000 – 2,200 metered parking spaces (except for spaces blocked by earthquake related activity).	850 spaces due to Red Zone and other building cordons as a consequence of earthquakes.
	Metered on-street parking spaces usage.	>/= 1,300,000 parking events.	Forecasting approx. 600,000 events. Did not achieve goal this year due to effects of earthquakes.
	Off-street, short term parking provided.	Art Gallery = 118 spaces , Hospital Car Park Building – 350 spaces as of 16 May 2011, Hospital Grounds Car Parking = 100 spaces, Lichfield Street = at least 250 spaces as of 1 November 2011.	347 – capacity was affected by the fall zones, which restricted the numbers available.
	Off-street, short term parking provided.	The 1st Hour Free parking will return at the Lichfield St Car Park Building as of 1 November 2011 when the building re opens in time for the Cashel Mall Show Weekend Event.	First 2 hours free in Re-Start area. - Lichfield was not available to open however alternative parking was found in Re-Start site which provided 2 hours free parking.
Public Transport Infrastructure	Peak travel times for buses.	Re-evaluate by 1/1/2012 when more information will be available	25 minutes 4 seconds. – As a result of the damage to the network the aim this year was to establish a baseline. This has now been done and will be included in the 2013/22 Long Term Plan.
	Resident satisfaction with the number and quality of bus stops and bus shelters at bus stops.	60% (Due to closed CBD)	67%
	Total trips on public transport as a percentage of total travel trips, per person, per year:	Public transport – Likely to be maintained at or around 2%.	4%

Council activities and services

Streets and transport (continued)

Activity	Level of Service	Target	Actual Results
Road Network	Congestion: interpeak travel times for private motor vehicles (interpeak 10.00am-12midday).	Re-evaluated by 1/1/2012 when more information will be available.	14 minutes 30 seconds. – As a result of the damage to the network the aim this year was to establish a baseline. This has now been done and will be included in the 2013/22 Long Term Plan.
	Congestion: Peak travel times for private motor vehicles (7.30am-9.30am, and 4pm-6pm).	Re-evaluate by 1/1/2012 when more information will be available.	16 mins 40 secs– As a result of the damage to the network the aim this year was to establish a baseline. This has now been done and will be included in the 2013/22 Long Term Plan.
	Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported.	Rural roads at least 95% within 72 hours.	98%
	Safety Programmes (programmes designed around NZTA crash, fatality and injury statistics).	A maximum of 9 Safety Programmes annually.	9 programmes completed.
	Total trip proportion by private motor vehicles.	2010-12 – Likely to be maintained at or around 84.9%.	72.9%

Suspended levels of service

Activity	Level of Service	Target
Parking	Off-street, short term parking is used	Re-evaluate by 1/1/2012 when more information will be available

What assets do we use to deliver these activities?

The major assets used by Council to deliver streets and transport activities are the components of its roading network. The Council holds nearly $1.8 billion of streets assets, with 35 per cent of that value being the value of carriageways (road sub-bases, bases and surfaces). Other major components of the network are the land underneath roads and footpaths (23 per cent), roading kerb and channel (gutters and drains – 15 per cent), and footpaths (13 per cent). The other assets essential to the network are traffic signs and markings, bridges, street lights, traffic signals, and bus shelters (8 per cent). Street furniture and plantings makes up the balance of the value of the roading network.

The roading network has suffered significant damage as a result of the Canterbury earthquakes, particularly in the eastern suburbs. The estimated cost of repairing the damage is over $0.9 billion.

Council also has a significant investment in parking assets, in particular the parking buildings on Lichfield Street, Manchester Street, Oxford Terrace (Rydges Hotel), the City Art Gallery, Farmers, and The Crossing. The Lichfield and Manchester parking facilities are still being assessed to determine if they are economic to repair, while Farmers Carpark will be demolished and the Crossing has been partially demolished. The Rydges Hotel is being repaired, and the Art Gallery will be repaired.

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.

The Council, CERA and the Central City Development Unit (CCDU) are currently working on a strategy for the rebuilding of the Central City which is expected to deliver significant benefits to streets and transport facilities.

The Council, CERA, NZTA, and the Alliance contractor companies (SCIRT) are responsible for rebuilding the city's damaged infrastructure, which includes the road, water supply, waste water, and land drainage network assets. As this work is undertaken over the forthcoming years the Council will continue to maintain the existing streets and transport assets to meet the immediate needs of the community.

Council activities and services

Streets and transport (continued)

Along with the SCIRT rebuilds the Council continues to work on roading assets such as the replacement of the Ferrymead Bridge and the repair of a significant number of earthquake damaged bridges, the three laning of the Causeway and Main Road, and the development of options to enable Sumner Road (Evans Pass) to be reopened at a future date. There will also be significant work to rebuild / repair retaining walls protecting parts of the road network.

The Draft Christchurch Transport Plan will shortly be put out for public consultation. This 30 year vision will bring together all aspects of the transport system and guide its development across the city.

Service delivery in 2012/13

While the majority of roads are now open, damage to the roads means that travel times and congestion on some parts of roading network remain below pre earthquake levels.

Car Parking was significantly affected by the earthquakes with the loss of both car parking buildings and 2,300 bays. These have been replaced with a total of 357 bays at the Re-Start car park and other at ground sites. The on-street parking capacity has been assessed following interruptions caused by roads having been repaired, markings and signs removed, buildings and meters demolished. This is currently subject to a major review of the parking requirements for the future – both in the short term, and for the longer term in conjunction with the Central City rebuild.

What did it cost?

Streets and Transport Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries)	2012 Income	2012 Net cost	2012 Plan net cost	2011 Net cost
	$000	$000	$000	$000	$000
Operational service result					
Road network	129,820	50,892	78,928	63,141	78,181
Active travel	13,302	552	12,750	13,324	13,009
Parking	3,663	2,214	1,449	1,609	1,055
Public transport infrastructure	2,787	502	2,285	5,623	5,768
Capital revenues	-	18,554	(18,554)	(84,083)	(10,196)
Cost of service	**149,572**	**72,714**	**76,858**	**(386)**	**87,817**
Capital expenditure					
Renewals and replacements			14,710	15,669	14,544
Infrastructure rebuild			12,387	102,700	-
Improved service levels			3,404	9,834	16,364
Increased demand			1,528	5,800	3,289
Total capital expenditure			**32,029**	**134,003**	**34,197**

Council activities and services

Streets and transport (continued)

Explanation of significant cost of service variances

Road network
The $15.8 million increase in net cost over plan is due to the earthquake repairs. $54.9 million was incurred which was anticipated to be 100% recoverable, however $15.6 million could not be recovered from insurance or Government agencies.

Active travel
The $0.6 million decrease in net cost against plan is largely due to $0.2 million less expenditure on the maintenance of footpaths and $0.5 million less on amenity pedestrian areas, $0.3 million less on asset planning and asset management costs and $0.4 million less of debt servicing costs off- set by a $0.9 million increase in depreciation and asset write off.

Public transport
The $3.3 million decrease in net cost compared to plan is due to the $2.5 million less depreciation for buildings on the new bus interchange site as well as $0.2 million less asset planning costs. In addition $0.3 million less was spent on maintenance costs across the old and new temporary bus exchanges and the bus stop infrastructure and $0.3 million less on the Electric Shuttle that has ceased operation.

The $3.5 million decrease against last year is due to the $2.5 million less depreciation as well as $1.3 million saving with the cancellation of the Inner City Shuttle service and $0.4 million less maintenance and operating costs across the old and new temporary bus exchanges. Offsetting these were $0.4 million loss of rental revenue and $0.3 million of NZTA subsidy due to the reduced level of activity.

Capital revenue
The $65.5 million unfavourable variance in capital revenue is due to the earthquake recoveries being $71.1 million less than plan. At the time of setting the budget it was expected that the SCIRT work packages would have reached the delivery phase sooner than what has eventuated. This is a timing issue and will be caught up in future years. Capital revenue subsidy on usual capital expenditure was $5.6 million over budget, partially due to auxiliary work around the Southern Motorway.

The $8.4 million increase in capital revenue compared to last year is due to the low level of capital work undertaken in the previous year that was eligible for capital revenue.

Significant capital expenditure

$1.1 million was spent on Footpath Resurfacing; $4.8 million on Carriageway Sealing and Surfacing; $1.9 million on Ferrymead Bridge; $1.7 million on Southern Motorway Cycleway and Auxiliaries; $3.5 million on Wigram Magdala Grade Separation; $1.3 million on Aidanfield Drive Overbridge; $0.9 million on Temporary Bus Exchange; $1.1 million on Restart Carpark, and $10.4 million on various Infrastructure Rebuild projects. The balance of $5.3 million was spent on smaller works throughout the City.

Explanation of significant capital expenditure variances

The $102.0 million variance is largely the result of delays of $90.3 million in the infrastructure rebuild programme. The streets repair programme has been influenced by delays in other activities particularly the below ground infrastructure. This work will continue in the next financial year once the underground work is completed. There were also delays in a number of projects waiting on post earthquake assessments which included: Ferrymead Bridge $2.7 million; Kerb and Channel $1.5 million; Main Road three laning $2.1 million; Carrs Road Overbridge $1.2 million and Southern Motorway Cycleway and Auxiliaries $0.6 million.

Council activities and services

Wastewater collection and treatment

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

Wastewater includes both grey water and sewerage, 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.

Wastewater collection and treatment activities contribute to 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.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment and a healthy city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a sanitary wastewater collection and treatment service.

How does it affect me?

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

What activities are 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?

Significant damage occurred to the wastewater reticulation system in the 2010 and 2011 earthquakes which was further aggravated by the earthquake on 23 December 2011. The damage is principally located in the east of the City however, significant cracking of older pipes in the central and some parts of the western areas of the city has also been recorded. This damage is allowing a lot of ground water to flow into the sewerage network under both normal and wet weather conditions. Around 500 kilometres of the network (excluding lateral connections) are thought to have suffered earthquake damage (approximately 30% of the network). There has also been significant damage to pump stations, siphons, vents and other associated assets. Seven of the City's 135 pump stations will require complete replacement and 83 require repairs. Design work is well underway on the two key replacement pump stations in the east of the City.

Pipe cleaning operations are still running in the city but on a greatly reduced basis from 2011. The number of portable toilets in circulation has dropped from 2,900 in May 2011 to around 140 in June 2012. The remaining portable toilets are generally in use on properties where the lateral from the house is not functioning.

Wastewater service has been maintained in the City throughout the aftershock sequence since service was restored.

The Christchurch Wastewater Treatment Plant (CWTP) received extensive damage after the February 2011 earthquake with major repair works required on the clarifiers and oxidation pond banks as well as general structural and mechanical repairs to all areas of the plant. These works have progressed well through 2012 with 3 of the 4 clarifiers permanently repaired and the oxidation pond bank rebuild well underway. Other repairs around the plant are progressing.

The design work for the replacement co-generation gas engine has been completed and construction work to install the new engine has commenced. This project has been delayed so that the work coincides with earthquake repair works on the site.

The algae to biofuel trial, which commenced in late 2009, has been cancelled due to the damage to the plant and the desire of the Council's partners in this project to utilise the assets elsewhere whilst the oxidation ponds and treatment plant are repaired.

Approximately 11 kilometres of pressure sewer mains have been completed and a new 4 kilometre pressure main from the Pump Station in Linwood, to the CWTP is under construction. Continuous overflows to the City's waterways stopped on 23 September 2011. Given the high rate of infiltration into the sewer network the City will continue to have overflows to its waterways in wet weather conditions until the network is rebuilt to the pre-earthquake condition.

The Western Interceptor tunnelling operations and the Duplicaton trunk sewer are nearing completion. These projects have been delayed by approximately one year due to ongoing earthquakes and the subsequent difficulty in working underground.

Council activities and services

Wastewater collection and treatment (continued)

Design work for the construction of a large pressure sewer and pumping station in Wigram is nearing completion with construction due to start in August 2012. It is hoped to have this project operational by July 2013. This provides trunk sewer capacity for new subdivisions in the south of the city.

The RMA appeal that had been delaying the commencement of the Wainui wastewater scheme has been resolved and it is hoped to commence stage 1 work in the later half of 2012.

The Akaroa Harbour working party has reported back to Council and the Council supported the key recommendation to relocate the wastewater treatment plant in Akaroa away from the Onuku Reserve.

Considerable work has been undertaken with Canterbury University and other organisations (SCIRT, CERA and overseas water authorities) looking at increasing resilience in the wastewater collection and treatment systems. This has resulted in changes to the City's technical standards associated with these services. Research work will continue over the next few years to ensure lessons learnt from the Canterbury Earthquakes are integrated into the reconstructed infrastructure.

How did we measure up?

Activity	Level of Service	Target	Actual Results
Wastewater Collection	Response time for blockages	>=90% blockages responded to within 2 hrs within rural areas.	95%
		>=99% blockages responded to within 4 hrs within rural areas.	100%

What assets do we use to deliver these activities?

The Council's wastewater collection activity uses the network of sewer pipes throughout the city along with the associated laterals (which connect Council pipes to individual properties), manholes, flush tanks, pump stations and other structures. These assets had a combined value in excess of $0.5 billion.

The wastewater treatment and disposal activity relies on the sewer treatment plant at Bromley, along with smaller treatment plants on the Banks Peninsula, and the ocean outfall. These assets have a combined value of nearly $0.2 billion.

With the exception of the ocean outfall all of Council's wastewater assets have suffered considerable earthquake damage, particularly in the eastern parts of Christchurch, with permanent repairs potentially costing $0.9 billion.

Where are we heading?

Work to repair damaged city infrastructure is progressing as SCIRT complete more redesign of sewer catchments and associated infrastructure services with the rebuild estimated to take around five years. Council and CERA continue to work very closely with SCIRT in the delivery of the infrastructure rebuild.

The jetting of pipes to flush sediment will continue as needed to maintain services whilst rebuild crews work to repair the damaged sewer catchments.

Detailed design of the sand and grit removal facilities at CWTP will be completed in 2012/13 which will improve the resilience to the effect of liquefaction in the event of future earthquakes.

Scenario modelling of wastewater catchments will continue in 2012/13 to support the efforts of SCIRT and CERA in the recovery of the City's networks and to deal with new subdivisional growth in the north and south of the City.

The existing deep gravity systems in damaged land areas will be replaced with low pressure sewer systems and vacuum sewer systems in the next year thereby increasing resilience. These technologies are installed at a shallower depth and are faster to install, less disruptive to the community during installation and more cost effective over their life than the deep gravity sewers they replace.

It is hoped to complete the repair of the CWTP by the end of 2012/13. This will return the plant to its pre-earthquake capacity but with improved resilience to future seismic events.

The Western Interceptor and Fendalton Duplication sewers will be fully commissioned in the next financial year. The pressure main and pump station in Wigram will be commissioned by the end of the 2012/13 financial year. Automation upgrades to rural pump stations and wastewater treatment plants (to increase reliability) will continue in 2012/13.

The new co-generation engine for the treatment plant will be commissioned in the next 12 months.

Construction of new water and wastewater reticulation systems in Charteris Bay are programmed to commence in 2012/13 with scheduled completion in 2013/14.

Construction of Stage 1 of the Wainui wastewater treatment scheme will commence in 2012/13. This will allow discharge of the treated wastewater to land and removal of the current discharge from the Bay.

Service delivery in 2012/13

Despite damage to the wastewater collection network, wastewater service will be provided to all residents in 2012/13. In parts of the City where the network is not performing as it should the Council will continue to provide temporary services such as the provision of chemical toilets or portable toilets. Substantial resources will be deployed through SCIRT to complete the condition assessment of the wastewater network and to commence the rebuild of the wastewater infrastructure in those areas where housing will be maintained. In red zone areas temporary services will be maintained until residents vacate the areas.

Council activities and services

Wastewater collection and treatment (continued)

What did it cost?

Wastewater collection and treatment Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	Income $000	Net cost $000	Plan net cost $000	2011 Net cost $000
Operational service result					
Wastewater collection	141,390	86,320	55,070	21,544	26,771
Wastewater treatment and disposal	18,004	9,982	8,022	12,963	7,182
Capital revenues	-	205,944	(205,944)	(137,370)	(10,101)
Cost of service	**159,394**	**302,246**	**(142,852)**	**(102,863)**	**23,852**
Capital expenditure					
Renewals and replacements			14,046	4,679	11,797
Infrastructure rebuild			97,920	136,400	-
Improved service levels			14,901	11,646	16,623
Increased demand			1,064	8,163	5,701
Total capital expenditure			**127,931**	**160,888**	**34,121**

Explanation of significant cost of service variances

The wastewater collection activity is $33.5 million over plan as a result of the earthquakes. $26 million was spent on the reticulation network on urgent work and maintenance to restore its capacity to an adequate level until more permanent replacements could be carried out. A further $7 million was incurred on the write off of a number of wastewater pumping stations, which sustained significant damage.

The net cost of the wastewater collection activity has increased $28.3 million over the previous year predominantly due to earthquake related costs. $32.7 million related to the increased cost of clearing the wastewater reticulation system of earthquake related material and subsequent maintenance required to restore the network or address damaged pump stations, including the impact on the business as usual maintenance. This was offset by a reduction in depreciation and asset impairment costs of $4.4 million.

Wastewater Treatment and Disposal is below plan by $4.9 million, mainly due to the additional recoveries received for receiving and processing tankered waste that had been siphoned from the reticulation network. The costs of the recoveries was charged to both wastewater collection and the treatment plant.

The variance in capital revenues against both plan and the prior year are due to accrued insurance recoveries for expenditure resulting from the earthquake.

Significant capital expenditure

$5.2 million was spent on the pump station in Randolph Street, Linwood; $1.6 million on replacements at CWTP; $2.3 million on Biosolids Drying Facility; $12.5 million on Western Interceptor sewer; $3.5 million on Fendalton Duplication sewer; $7.0 million on pond replacement at the CWTP; $5.8 million on waste water treatment clarifiers and $85.2 million on Infrastructure Rebuild projects across the City.

Explanation of significant capital expenditure variances

Capital expenditure is $33.0 million below plan. A delay in the infrastructure rebuild programme while assessments were completed led to an under-spend of $38.5 million and to an additional $9.4 million being incurred on the renewals and replacement programme to repair some of the more significant damage. The $2.3 million spent on the Biosolids Drying Facility; $3.5 million on the Fendalton Duplication sewer and $1.5 million on the Western Interceptor sewer were carried forward from the previous year. $5.2 million which was spent on the Linwood pump station was brought back from future year budgets.

The $93.8 million variance on last year is largely due to increased spending on the infrastructure rebuild project across the city of $97.2 million offset by lower spending on the biosolids drying facility at the CWTP $1.3 million; Western Interceptor sewer $1.8 million and reductions in ongoing renewals programmes $0.3 million.

Council activities and services

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.

Water supply activities contribute to the environmental and economic well-being of the community by ensuring a reliable supply of drinking water to both the community and industry.

They also contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a prosperous city, a healthy city and an attractive and well-designed city – five of the nine goals for our city that are included in our Community Outcomes. This contribution is made by maintaining sufficient drinking water and encouraging water conservation.

How does it affect me?

Ideally when you turn on your tap at home the water that flows is fresh and clean. We make sure that the water supply is reliable, that water quality is maintained, and that any interruption to that service is as short as possible.

What activities are included in water 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.

Water supply
We aim to provide a clean and reliable water supply. Council staff monitor and control water quality and maintain the network of assets used for supply.

What did we achieve?

As a result of the 2010-2011 Christchurch earthquake sequence approximately 150 kms, or 5 per cent, of the City's network of water pipes (mains and submains), have suffered damage.

The last major earthquake in December 2011 caused minimal disruption to the City's water supply and there was no requirement to put a "Boil Water" notice in force. The Council continues to test the drinking water to ensure supply meets the New Zealand Drinking Water Standards.

We were able to remove chlorine dosing from the water supplies on the eastern side of the City in November 2011 and return the entire urban area, including Lyttelton Basin, to an untreated water supply. The chlorine dosing plants used after the February earthquake are available for future events should they be required.

The small desalination plant constructed at Brighton Beach as an emergency water supply source was dismantled and returned to Australia in February 2012 after essential well and pipe repairs were completed on the water networks.

With the earthquakes in the last 12-18 months we have had to continuously inspect and repair wellhead security arrangements. Steady progress has been made in repairing and replacing water wells within the city. Over 50% of the City's wells were repaired over the last 12 months and six new wells have been drilled. Significant repairs have been made to the City's reservoirs including works to rebuild lost capacity from the Huntsbury Reservoir. More than 100 commercial and industrial premises fitted backflow prevention to their supply mains in the year. Both these measures are designed to protect the public water supply from contamination.

Significant leak detection resources have been deployed in the City since September 2010 to help repair crews in the initial response and subsequently to find the smaller leaks. The aim is to restore the city to its pre-earthquake leakage rates.

The upgrade and commissioning of the Duvachelle drinking water treatment plant was completed in the year. Design work on upgrading the Akaroa Water Treatment Plant and improving the security of supply of water to Takamutua and Akaroa progressed well this year. Construction of this plant is planned over the next 12 months.

Design of the upgrade of the Little River drinking water treatment plant and associated reticulation system was completed in 2011/12. This work will be constructed in 2012/13. This includes extension of the reticulation to Cooptown.

Wainui Township water supply project progressed during the year. Construction is to progress in 2012/13.

Council activities and services

Water supply (continued)

How did we measure up?

Activity	Level of Service	Target	Actual Results
Water Conservation	Council runs water conservation campaigns.	The Waterwise campaign is run between October and February each year.	Waterwise campaign was run between October and February.
	The amount of water abstracted each year for the public water supply is quantified and monitored, with a view to reducing consumption.	<=348 m3 +/-20% water abstracted per property served per year.	285 m3 water abstracted per property served in 2011/12.
		<=71% (+/-20%) of total cap of 75M m3 potable water abstracted per year.	58.3% of total cap of 75M m3 potable water abstracted in 2011/12.
	The public is aware of water conservation.	Survey target 75%.	91% Survey result achieved.
	The water supply network is inspected for leaks.	>=12.5% of the water supply network is inspected for leaks each year.	Total = 22.1%. Breakdown between Council and SCIRT: July to November 2011 (Council leak detection contract): 12.8% of network leak surveyed (17 water loss zones); April to June 2012 (SCIRT leak detection): 9.3% of network leak surveyed (12 water loss zones).
Water Supply	Continuous potable water is supplied to all customers.	>=95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council.	55% Missed target due to a increase in volume in detection of leaks as a larger portion of the network is being inspected during earthquake repair programme. Target has been amended to 50% going forward during rebuild.
		>=95% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council.	56% Missed target due to a increase in volume in detection of leaks as a larger portion of the network is being inspected during earthquake repair programme. Target has been amend to 50% going forward during rebuild.
		>=95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council.	76% There was a large number of serious repairs required of the earthquake periods however we are trending back to normal levels now.
		>=95% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council.	44% Missed target due to a increase in volume in detection of leaks as a larger portion of the network is being inspected during earthquake repair programme. Target has been amend to 60% going forward during rebuild.
	Risk to potable water supply is managed (backflow prevention).	>=100 backflow prevention devices installed (at owners cost) for highest risk premises each year.	112 devices installed at 105 premises.
	Risk to potable water supply is managed (grading).	Cc or better risk grading from the Ministry of Health for all rural area water supplies by Dec 2013 - seeking extension by one year from Ministry of Health due to earthquake.	Plants upgraded at Duvauchelle, Birdlings Flat and Pigeon Bay. Currently on track to complete upgrades at Akaroa and Little River by December 2013.
		Maintain Ba grading for all City supplies, excluding the Northwest supply zone (Da) - subject to no further aftershocks causing major damage to water supply system.	Ba
		Move Da to Ba grading for the Northwest supply zone by December 2013.	Da This will be altered in the LTP. Work is scheduled to be completed in 2015 to shift this grading.

Council activities and services

Water supply (continued)

What assets do we use to deliver these activities?

The Council's water supply network is made up of wells and pump stations, water mains and sub-mains, and water meters and connections. The total value of the network is just under $0.5 billion, with 75 per cent of that made up of mains and sub-mains, 14 per cent in wells, reservoirs and pump stations, and 11 per cent in service connections and meters.

Significant damage has occurred to the City's water main and submain reticulation systems, with approximately 9 per cent suffering earthquake damage. Asbestos cement pipe and galvanised sub-mains have faired particularly poorly. Ten kilometres of mains were replaced after the September 2010 earthquake using HDPE and PVC pipe and these pipes have survived the subsequent earthquakes of February, June and December 2011.

The City lost five wells and one water pump station at Palmers Road through the earthquakes. A replacement pump station is under design and will be built once a suitable land area is found. Seventy-four other wells (roughly half of all wells) have suffered repairable earthquake damage as well as sand and sediment accumulation which has affected flow rates.

While the water supply network suffered interruption following the 2010/11 earthquake events, temporary repairs have ensured that there is a supply of water throughout the City.

Where are we heading?

The Council will continue to work with University of Canterbury and other research groups on improved resilience measures to be incorporated into the infrastructure rebuild. These measures are being integrated into new well designs, pump station connections to pipes and new underground pipework.

The Council will continue to replace damaged water mains and sub-mains during the next 12 months as SCIRT progress the rebuild of the City's underground infrastructure. Leak detection surveys will be undertaken prior to and after reconstruction works to ensure leaks in the network are being reduced through the rebuild.

The replacement water pump station for the old Palmers Road Pump Station (adjacent the Avon River) destroyed after the September 2010 earthquake will become operational in 2012/13. Wilmer's Pump Station, designed to provide supply to new subdivisions being developed in the south west of the City, is programmed for completion in 2013.

The well drilling programme put in place after the earthquake sequence to refurbish and/or replace damaged wells will continue. This programme also includes new wells for growth in the south west of the City (Wilmer's Road) and deepening of wells in the North West to improve the Ministry of Health risk grading for this supply zone.

The Health (Drinking Water) Act 2007 requires public water supplies to meet the Drinking Water Standards. This is the driver for the programme of water treatment plant upgrade works on Banks Peninsula.

Construction work will commence on upgrading the Akaroa water treatment plant to meet the New Zealand Drinking Water Standards in the next financial year. Options for strengthening the water sources feeding the Akaroa plant will be finalised for construction in future years.

Construction of an upgraded Little River Water Treatment Plant is programmed to start in 2012/13. This includes reticulation of the potable water supply to Cooptown.

A new reservoir will be constructed in Wainui to increase storage capacity in the township.

Construction of a water reticulation system to Charteris Bay will commence in 2012/13. This work will be conducted at the same time as the wastewater reticulation works.

The new water booster pump station currently under construction in the Ferrymead area will be completed and commissioned in 2012/13. This is part of a number of works being carried out to increase security of supply to Lyttelton Harbour township.

Review of the restricted water supply areas and upgrading of the water network automation and monitoring systems will continue in the 2012/13 year. This is to increase their reliability and provide consistency in the levels of service within Banks Peninsula.

Service delivery in 2012/13

The Council anticipates that it will be able to provide continuous potable water to all customers throughout 2012/13. However, due to the condition of pipes and the number of leaks it is not expected that water conservation level of service targets will be met until permanent repairs to the network are completed.

Council activities and services

Water supply (continued)

What did it cost?

Water supply Statement of cost of services for the year ending 30 June 2012	2012 Costs (after internal recoveries) $000	2012 Income $000	2012 Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Operational service result					
Water supply	40,305	14,047	26,258	23,330	21,889
Water conservation	80	-	80	130	108
Capital revenues	2	49,481	(49,479)	(15,856)	(4,045)
Cost of service	**40,387**	**63,528**	**(23,141)**	**7,604**	**17,952**
Capital expenditure					
Renewals and replacements			4,707	1,807	7,543
Infrastructure rebuild			26,557	14,200	-
Improved service levels			1,008	2,013	2,579
Increased demand			554	5,071	1,651
Total capital expenditure			**32,826**	**23,091**	**11,773**

Explanation of significant cost of service variances

Water Supply operational costs exceeded plan by $2.9 million principally because of the costs of returning and maintaining the network to an operational level following the earthquakes. The variance was made up of an additional $4.6 million of costs partially off-set by savings of $1.4 million as planned maintenance costs for both the pumping stations and the pipe network were deferred. Additional revenue of $0.4 million was also earned from additional water supply being provided.

The net cost of providing the Water Supply activity increased $4.4 million over the previous year. The cost of restoring and maintaining the water reticulation network increased by $2.2 million as a result of earthquake damage and business as usual operating costs increased by $2.7 million mainly in the areas of planning, pumping and reticulation. This was offset by water billing and monitoring revenue which increased $0.6 million as more water was used.

Maintenance and operating costs were anticipated to increase as a result of the February earthquake and the 2012 budgets were increased adjusted by $1 million. However as a result of the June and December earthquakes costs increased by the $2.9 million referred to above. The balance of variance to 2011 results relates to contract price increases and other minor earthquake related costs.

The additional Capital Revenues against both plan and prior year are due to the accrual of additional receipts from earthquake related work including $36.7 million of earthquake recoveries and $11.3 million of Crown contributions.

Significant capital expenditure

$26.6 million was spent on Infrastructure Rebuild projects; $0.9 million on Wilmers Pump Station; $1.0 million on Pump Station Asset Renewals; $0.5 million Duvauchelle Water Supply Upgrade; $0.6 million New Connections and $0.4 million Akaroa Water Supply Upgrade.

Explanation of significant capital expenditure variances

The $9.7 million variance to plan is a result of $12.4 million additional infrastructure rebuild work and $2.9 million of additional renewals and replacements completed after the earthquakes to repair the water supply network. This then caused delays to the planned work programme. The additional repair and rebuild work was offset by $5.5 million deferred spending on the following projects: Wilmers Pump Station $1.2 million; Reticulation New Mains $0.8 million; Charteris Bay Extension $0.8 million; Drinking Water Standard District Upgrades $0.8 million; Mains Renewals $0.6 million and balance of the water supply programme $1.4 million.

The $21.1 million variance to last year is largely due to the increased spending on infrastructure rebuild projects across the City of $22.4 million offset by reductions in ongoing renewals programmes of $1.2 million.

Council activities and services

Corporate activities

What are Council's corporate activities?

As with other organisations we have back office services such as human resources, finance, and information technology which provide support to other Council departments. We call these units Internal Service Providers (ISPs). The cost of providing these services is charged to the activity receiving the benefit of that service.

However, there are some Council wide costs and income which cannot be classified into part of an activity. These items are included within this Corporate Activities section.

What revenue and costs are included in corporate activities?

- revenues and costs relating to Council Controlled Organisations (CCOs):
  - dividend income received from CCOs
  - other payments from CCOs, for example donations made to Council for charitable purposes
  - interest income from funds lent to CCOs
  - interest costs relating to borrowing taken out to either:
    - on lend to CCOs, or
    - invest in the equity (shares) of CCOs
- interest income from Council investment of general funds and special purpose reserves
- income from services provided by ISPs to organisations outside of Council
- costs incurred in providing the services above
- property costs
- other income, such as revenue from regional fuel tax

Overall our corporate activities generate a significant surplus, largely from dividends and other payments from CCOs and interest income. This surplus is used to reduce the level of general rates collected from ratepayers.

What capital expenditure is included in corporate activities?

Corporate capital expenditure includes the budgets for strategic land purchases, costs relating to Council's office accommodation, information and communication technology, and investment in CCOs, as well as work in progress as part of the infrastructure rebuild.

City Care staff carry out repairs to earthquake-damaged waterways as part of Christchurch's infrastructure rebuild.

Council activities and services

Corporate activities (continued)

What did it cost?

Corporate Activities Statement of cost of services for the year ending 30 June 2012	Costs (after internal recoveries) $000	Income $000	Net cost $000	2012 Plan net cost $000	2011 Net cost $000
Cost of service					
Interest - onlending, equity investments and earthquake funding	35,906	-	35,906	16,755	24,583
Internal service providers	13,410	-	13,410	6,956	9,667
Property costs and other expenses	13,045	-	13,045	(171)	19,723
	62,361	**-**	**62,361**	**23,540**	**53,973**
Revenue from services					
Rates		293,001	(293,001)	(287,313)	(273,813)
Dividends	-	37,745	(37,745)	(34,285)	(45,515)
Interest from on lending	-	9,933	(9,933)	(7,943)	(14,705)
General and special fund interest	-	9,338	(9,338)	(10,107)	(9,817)
Internal service providers	-	11,409	(11,409)	(6,956)	(6,441)
Earthquake cost recoveries	-	69,916	(69,916)	(50,510)	(41,055)
Other income	-	14,921	(14,921)	(7,284)	(33,283)
Subvention receipts (income tax)	-	6,757	(6,757)	(5,199)	3,379
	-	**453,020**	**(453,020)**	**(409,597)**	**(421,250)**
Net cost of services	**62,361**	**453,020**	**(390,659)**	**(386,057)**	**(367,277)**
Capital expenditure					
Renewals and replacements			15,978	5,114	41,719
Infrastructure rebuild			134,696	59,500	-
Improved service levels			12,985	37,347	50,750
Increased demand			(2,383)	(3,702)	5,918
Total capital expenditure			**161,276**	**98,259**	**98,387**

Council activities and services

Corporate activities (continued)

Explanation of significant cost of service variances

Interest costs are $19.1 million higher than plan. $9.1 million relates to the cost of borrowing undertaken in relation to the Canterbury earthquakes. $0.9 million is included under other income which is being sought from parties cost sharing the recovery. Interest incurred of $1.6 million relating to Jet Engine Facility Ltd (JEFL) was unbudgeted as it was planned to be sold earlier than eventuated. This interest is fully recovered under Interest from onlending. $7.4 million is the result of the accounting treatment required for the lease of the new Civic Building. Financial reporting standards require that Council treat the lease as a financing lease. This notional interest of $7.4 million was budgeted for as a lease payment. The variance to 2011 relates substantially to the earthquake borrowing.

Internal service providers expenditure and revenue was above budget and higher than 2011 due to earthquake response costs incurred and subsequent recoveries.

Property costs and other expenses were overspent due to $11.0 million of earthquake costs that do not relate to any of Council's planned activities, including $7.2 million relating to rates remissions. Earthquake emergency and response costs were lower than 2011.

Rates revenue was $5.7 million higher than planned as the result of the requested Order in Council to reduce rates on demolished properties not being approved in 2012. Reductions were consequently treated as rate remissions which were also over plan.

Interest from onlending was higher than plan due to JEFL being sold later than anticipated. Interest was lower than 2011 due to the sale of EcoCentral Limited and conversion of Vbase debt to equity that occurred in June 2011.

Earthquake recoveries were $19.4 million higher than planned, of which $13.9 million relates to rebuild recoveries, and $5.5 million response costs. Earthquake recoveries were higher than 2011 due to the infrastructure rebuild programme getting under way, largely via SCIRT.

Other income is above plan mainly due to the unplanned receipt of Christchurch Earthquake Mayoral Relief fund donations of $1.9 million and rates penalties being $2.6 million higher. Other income is lower than 2011 due to lower rates penalties ($2.1 million) and lower Relief fund receipts ($3.6 million). 2011 also recorded a gain on the sale of EcoCentral Limited of $6.7 million.

Significant capital expenditure

$1.9 million was spent on Strategic Land Acquisitions; $14.2 million on IM&CT Renewals, Replacements and Developments; $1.2 million on Fleet and Plant Purchases and $134.7 million on infrastructure rebuild projects in progress. Equity investments of $11.7 million were made in Vbase Limited, the New Zealand Local Government Funding Agency Limited (NZLGFA), and the New Zealand Local Government Insurance Corporation Limited (NZLGIC). This was offset by $2.4 million of Strategic Land Acquisitions being transferred to projects.

Explanation of significant capital expenditure variances

Overall, the rebuild programme was delivered to plan other than facilities ($59.5 million), which has been delayed while building assessments are completed. The $134.7 million recorded under Corporate relates to infrastructure work in progress that will be allocated to the appropriate activity when work is completed. The net underspend of $12.1 million outside the earthquake rebuild is due to planned delivery of work carried forward from 2011, any actual costs of which are shown under the appropriate activity.

A twilight lantern parade launched this year's KidsFest.

Financial Highlights

Annual Report 2012
Christchurch Ōtautahi

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

Financial result - Parent

The Council recorded an accounting surplus of $188 million for the year compared to a planned surplus of $277 million. Without the financial effect of the earthquake the Council would have had an accounting surplus from its core operations of $72 million compared to a planned non-earthquake accounting deficit of $2 million.

Summary Statement of Comprehensive Income Year to 30 June 2012	Core operations Actual $m	Earthquake Actual $m	30 Jun 12 Actual $m	Core operations Plan $m	Earthquake Plan $m	30 Jun 12 Plan $m
Total income	489	575	1,064	458	343	801
Total operating expenses	486	268	754	469	64	533
Profit for the period	21	307	328	(2)	279	277
Other comprehensive income for the period, net of tax	51	(191)	(140)	-	-	-
Total comprehensive income for the period, net of tax	**72**	**116**	**188**	**(2)**	**279**	**277**

Financial statements

Financial highlights (continued)

The major reasons for the $74 million variance from plan for core operations were:

- $81 million higher than planned gain on revaluation as a result of the increased value of our investment in CCHL,
- $16 million more than planned assets vested in Council,
- $12 million higher revenue from rates, dividends and rentals than planned,
- $9 million lower personnel costs than planned,

offset by:

- cash flow hedge losses which were $28 million higher than planned,
- $16 million higher depreciation than was planned,
- $10 million higher net financing cost that was planned.

There was a surplus from earthquake related transactions of $116 million compared to a planned earthquake surplus of $279 million. The major reasons for the $163 million difference between plan and actual for the earthquake activities were:

- $191 million for asset impairment; no impairment was planned.
- $4 million higher than expected net earthquake related financing cost.

offset by:

- $24 million higher than planned NZTA subsidies due to accrual of earthquake subsidies, and
- $20 million net increase in earthquake related recoveries resulting from an additional $208 million of additional earthquake related insurance recoveries and Crown contributions costs offset by $188 million of earthquake response.

Core Operations

The surplus of $72 million from core operations results from accounting standards requiring us to show all revenue, including capital revenue as income received for the year. Capital revenues include development contributions, some of which are used to fund future development, 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 in the balance sheet for special purposes.

Without these capital revenues, Council would have recorded an operating deficit of $16 million against a planned deficit of $25 million.

Earthquake impact

Progress has been made in negotiations with insurers and the Crown. Insurance proceeds of $203 million were received in 2011/12 for progress payments and settlements from the Local Authority Protection Programme (LAPP), relating to claims for network assets and indemnity payments for damaged facilities including QEII and the Provincial Chambers. At year end Council had an insurance receivable of $111 million relating to these assets. $164 million of income has been received from the Crown for emergency response costs, with a receivable of $89 million outstanding. $66 million has been received from the Crown as a contribution towards the infrastructure rebuild carried out by SCIRT with a further $114 million receivable at year end.

The financial results still do not fully reflect the financial impact of earthquake damage to Council assets. Progress made during the year in estimating the damage to the network assets provided a better understanding of what proportion of the networks have been severely damaged and will need replacing, but not the specific assets themselves. On this basis Council has estimated that $191 million of its network assets have been impaired. The impairment is reflected against the value of the assets and the revaluation reserve. The provision will be reversed in future years and replaced with entries against individual assets as the information becomes available. No impairment estimate was made in 2011/12 for building impairment as there was insufficient information available. Buildings including some which were impaired in 2010/11 were written off if they were clearly damaged beyond repair and were to be demolished. The book value of the buildings written off, including those which were previously impaired was $11 million, which is recognised in the Council's surplus for 2011/12.

Offsetting the unrecognised damage to Council assets are the recoveries that we expect to receive from insurers and government agencies. While Council has recognised some recoveries, the high degree of uncertainty around the amount and timing of recoveries that may be possible as the full extent is determined, have not been recognised as an asset but disclosed as a contingent asset in Council's financial statements.

The earthquake surplus of $116 million for the year is a snapshot of our current position within a process that will take a number of years to resolve. Over the next two to four years we will recognise all the damage to our assets and all the insurance recoveries within the financial statements. This means that there is the potential for the Council to record earthquake rebuild related deficits as a result of timing mismatches between the write off of assets and the receipt of recoveries, or where the cost of reinstatement is not fully met by Central Government and insurance funding.

More detail on the financial impact of the earthquakes is outlined in the *Impact of the 2010 and 2011 Canterbury earthquakes* later in the Annual Report.

Financial statements

Financial highlights (continued)

Sources of operating income

Total income for the year ended 30 June 2012 is $1,083 million being total income and vested assets. It was received from the following sources:

	Actual $m	Plan $m
Rates revenue	297.6	287.3
Sale of goods / services	29.8	30.9
Rental revenue	29.7	26.7
Interest revenue	20.2	20.8
Dividends	37.9	34.3
Development contributions	7.0	9.0
NZ Transport Agency subsidies (excl Earthquake)	23.9	21.9
Earthquake subsidies & revenue	575.1	343.4
Other revenue	42.5	26.9
Vested assets	19.1	3.5
Total	**1,082.8**	**804.7**

The $297.6 million of rates collected equates to $31.64 per week for the average residential ratepayer. In 2012 the cost to ratepayers of Council activities and services is as shown below. Note that this excludes earthquake recoveries.

Financial statements

Financial highlights (continued)

Group of Activity	Cents per dollar of Rates	Average Residential Rates / Week
City planning and development	6.3c	1.99
Community support	7.2c	2.28
Cultural and learning services	11.3c	3.58
Democracy and governance	3.1c	0.98
Economic development	2.7c	0.85
Parks, open spaces and waterways	13.5c	4.27
Recreation and leisure	7.9c	2.5
Refuse minimisation and disposal	10c	3.16
Regulatory services	3.3c	1.04
Streets and transport	19.4c	6.14
Wastewater collection and treatment	9.5c	3.01
Water supply	5.8c	1.84
	100.0c	**31.64**

Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2012 was $754.3 million. Key components include:

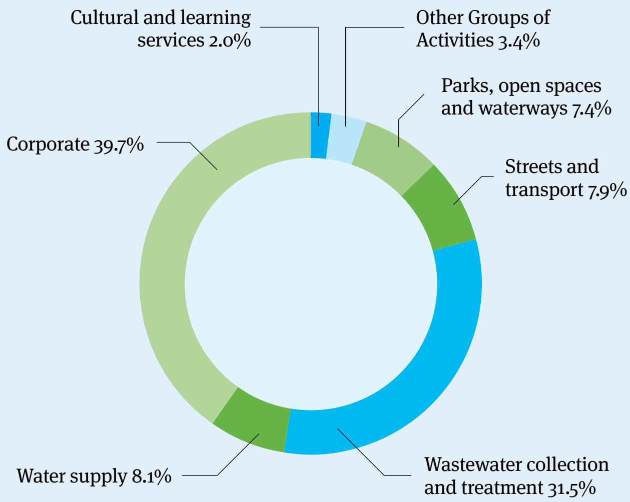
	Actual $m	Plan $m
Depreciation and amortisation	116.2	100.5
Finance costs	39.9	26.6
Personnel costs	124.2	133.3
Grants / Donations	37.7	27.5
Earthquake expenses	247.5	59.2
Other operating expenses	188.8	185.8
Total	**754.3**	**532.9**

Achievements

Details of Council's non-financial achievements for the year are included in the *Our Achievements* section of the annual report.

Investing in the assets of the city

Council spent $405.9 million, across a wide range of capital projects, compared to the budget of $481.9 million. The under-spend is the result in delays in the earthquake rebuilding programme. A large portion of the capital projects relate to the earthquake rebuilding programme which will be funded through insurance recoveries and Government contributions. The Corporate activity has the largest share of rebuild spend as infrastructure rebuild work in progress costs are shown in this activity and will be allocated to the appropriate activity when the work is completed. Highlights are below with more detail in the *Council activities and services* pages.



The Other Groups of Activities category comprises community support (0.7%), recreation and leisure (1.6%), and refuse minimisation and disposal (1.1%).

Financial statements

Financial highlights (continued)

Capital projects

Major capital projects completed for the year include the completion of the Graham Condon Leisure Centre ($2.7 million of a $14.4 million project) and Pioneer Learn to Swim Pool ($1.3 million).

A total of $122.2 million has been spent on infrastructure rebuild projects, the majority in relation to the wastewater and water supply networks. Projects during the year included further work on the Western Interceptor sewer ($12.5 million), Fendalton Duplication sewer ($3.5 million), Wigram Magdala Grade separation ($3.5 million), construction of the pump station in Randolph Street, Linwood ($5.2 million), pond replacement at the Wastewater Treatment Plant ($7.0 million), replacement of wastewater treatment clarifiers ($5.8 million) and further additions to the Biosolids Drying Facility ($2.3 million).

Storm water network projects included further work on Avon River Stopbanks and Storm water Outfalls ($18.7 million), the Awatea South Basin improvements to storm water quality and reduction in volumes entering the Upper Heathcote River ($3.3 million), implementation of the Lower Milns Stream retention and water treatment basin ($1.0 million) and work on the Carrs Road Storm Water Facility ($2.0 million).

In addition to the significant projects mentioned above Council contributed to the construction of the temporary stadium at Rugby League Park ($1.0 million), the artificial surface at English Park and further neighbourhood reserve purchases ($1.0 million). The new Aranui Library was opened ($1.6 million) and $4.0 million was spent on library book purchases.

Work continued on the Southern Motorway Cycleway and Auxiliaries ($1.7 million), Ferrymead Bridge ($1.9 million) Aidanfield Drive over-bridge ($1.3 million).

More detail about the capital projects undertaken in the year are outlined in the *Council activities and services* section of the Annual Report.

Financial Position

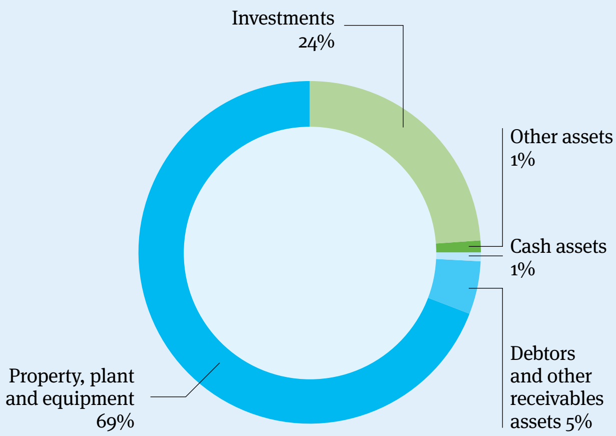
The Council's balance sheet shows a strong position with total assets of $8.0 billion and net assets of $7.1 billion. However, as noted above the Council has not yet been able to recognise the majority of earthquake damage to its assets. Partially offsetting this future reduction in net assets will be Government funding and insurance payments. It is too early to accurately calculate the net difference between earthquake damage and earthquake funding.

The Council's total assets of $8.0 billion are higher than plan by $1.5 billion. Current assets of $620 million are higher than plan by $361 million. This is mainly due to additional debtors and accrued recoveries relating to the recovery of costs incurred due to the earthquake. Non current assets of $7.4 billion are higher than plan by $1.1 billion. The main reasons for the variance are:

- the annual plan assumed that a write down of $1.3 billion for the impairment of assets had occurred in 2010/11. No impairment was made in the 2010/11 financial year and an actual impairment of $0.2 billion was made in 2011/12.
- work in progress due to infrastructure rebuild is $0.5 billion higher than plan.
- increase in valuation of Council's investment in CCHL of $0.1 billion.

Total liabilities of $922 million are higher than plan by $311 million. Total borrowings are higher than plan by $196 million because of additional borrowings required to fund earthquake costs. The Annual Plan assumed prompt reimbursement from the Crown and hence no debt repayment in 2011/12 and no additional debt. Creditors and other payables are $42 million higher due to earthquake accruals at year end. All other liabilities were higher than plan by $73 million mainly as a result of the fair value of cash flow hedges of $44 million, insurance indemnity funds held on behalf of Vbase for investment of $27 million and the recognition of the service concession arrangement of $7 million.

Our asset breakdown is as shown:



Financial statements

Financial highlights (continued)

Looking forward

The major focus of the Council in 2013 will be the rebuild of our city. This is expected to take in excess of five years and planning is well underway. The SCIRT alliance will continue to deliver projects for the rebuild of the City's infrastructure in line with its recently released programme of works. While SCIRT has the responsibility for the rebuild and repair of the horizontal infrastructure networks over the forthcoming years, the Council will continue to maintain existing assets to meet the immediate needs of the community.

The CCDU released in July 2012 its Blueprint for the central city. Council will work with the CCDU and other partners in the further development and implementation of the Blueprint.

Major capital works planned for the year to June 2013 include the following:

- the infrastructure rebuild will continue and the facilities rebuild will commence.
- work will continue on projects associated with the Southern Motorway.
- the Western Interceptor Upgrade and Fendalton Duplication projects will be fully commissioned.
- the new Botanic Garden Centre which will provide a new focus of learning and visitor experience and enhanced facilities for our indoor plant collection will begin construction.
- as a result of increased growth in the south west of the City a number of projects including wastewater pump stations, pressure mains and improved storm-water detention facilities together with improved community facilities will be progressed.
- purchase of the Salvation Army Citadel to provide a base for the Christchurch Symphony Orchestra and support the performing arts in Christchurch.
- construction will begin on the Akaroa and Little River water treatment plants.

Work required to bring greenfield areas to readiness for housing development has been accelerated to assist in making subdivisions available for residential building.

Christchurch will host a range of local and national sporting events including the NZ Women's Golf Open, NZ Open and the NZ Road Cycling Nationals, the World Masters Rugby League Championships along with Le Race and Airport Marathon.

The damage to a number of our social housing complexes and community facilities and the possibility that some cannot be rebuilt provides an opportunity to review where replacement social housing units and community facilities will be rebuilt to ensure they are built in appropriate locations and to the appropriate standard. At the time of writing, the only community facility approved by Council for rebuild is the Linwood Community Arts Centre.

More detail about future projects is available in the *Council activities and services* section of the Annual Report.

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.

	2012 $000	2011 $000
Revenue from operations	1,870,005	1,375,671
Operating surplus (before tax)	502,185	111,035
Total assets	9,001,370	8,432,428
Total liabilities	1,938,491	1,617,711
Total equity	7,062,879	6,814,717

This result continues a positive trend in results for the Group, the increasing value of the assets held by the City, and the importance that Council's subsidiaries will have in the rebuild of Christchurch.

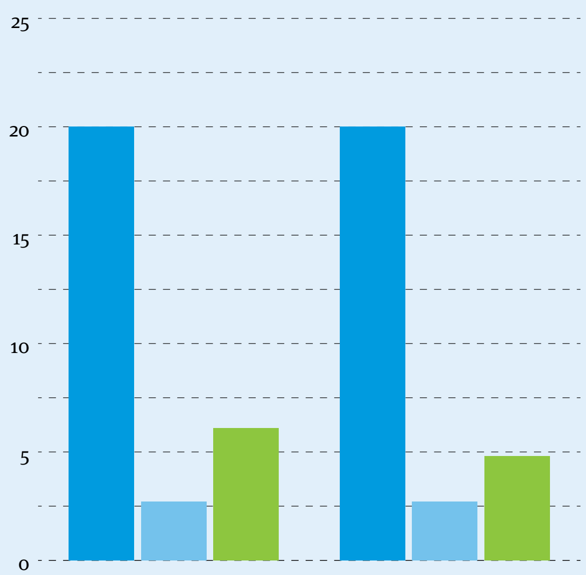
In July 2011, Standard and Poor's lowered the Council's and CCHL's long-term rating from AA+ to AA and short-term rating from A-1+ to A.

Financial statements

Financial ratios

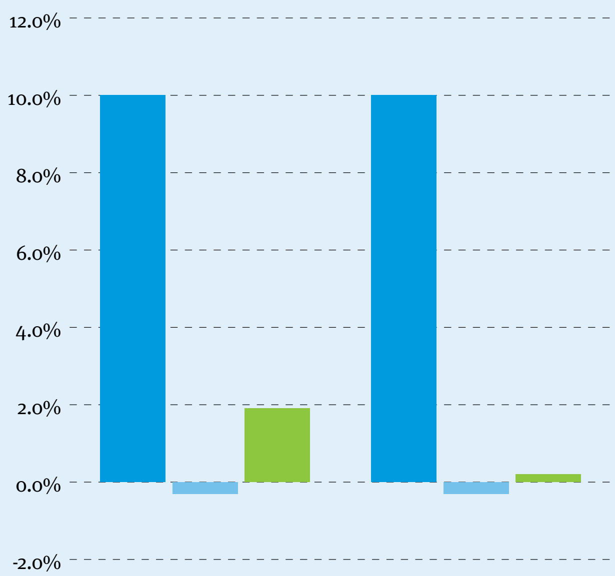
The Council has five financial ratios which form a key part of its financial risk management strategy. These ratios define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in detail below and in all cases fall well within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

Net debt as a percentage of equity
Ratio policy <20%



	2012	2011
Policy	20%	20%
Plan	2.7%	2.7%
Actual	6.1%	4.8%

Net interest as a percentage of total revenue
Ratio policy <10%

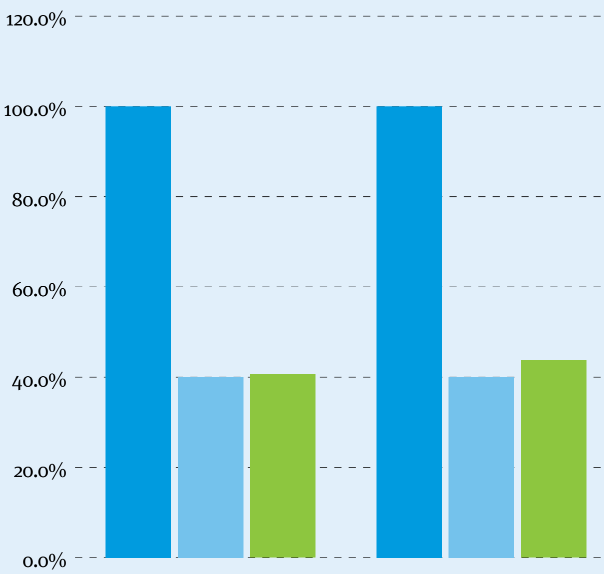


	2012	2011
Policy	10%	10%
Plan	-0.3%	-0.3%
Actual	1.9%	0.2%

Financial statements

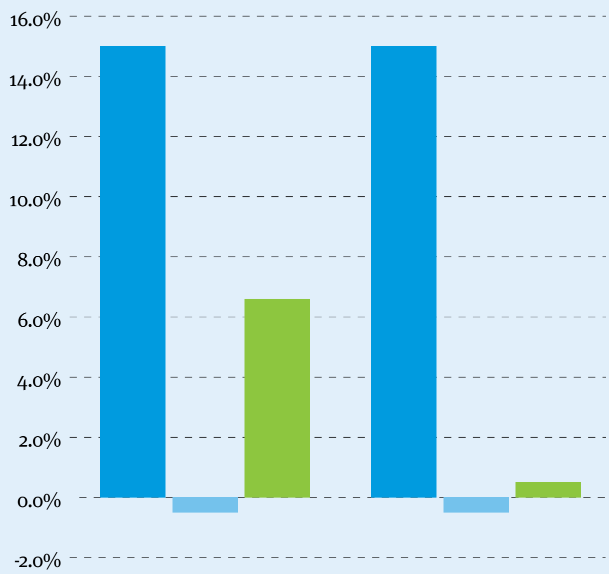
Financial ratios (continued)

Net debt as a percentage of total revenue
Ratio policy <100%



	2012	2011
Policy	100.0%	100.0%
Plan	40.0%	40.0%
Actual	40.6%	43.7%

Net interest as a percentage of annual rates revenue
Ratio policy <15%

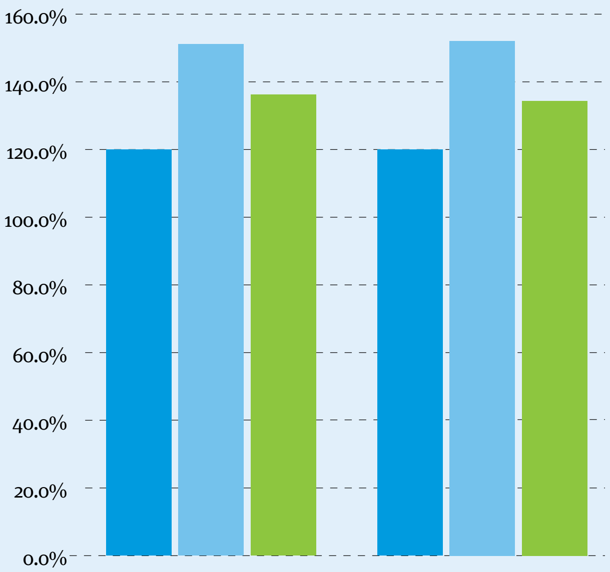


	2012	2011
Policy	15.0%	15.0%
Plan	-0.5%	-0.5%
Actual	6.6%	0.5%

Financial statements

Financial ratios (continued)

Liquidity
Ratio policy >120%



	2012	2011
Policy	120%	120.0%
Plan	152.1%	152.1%
Actual	136.2%	134.4%

Financial statements

Independent Auditor's Report

To the readers of Christchurch City Council and group's Annual Report for the year ended 30 June 2012

Audit New Zealand
Mana Arotake Aotearoa

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the City Council and group on her behalf.

We have audited:

- the financial statements of the City Council and group on pages 135 to 261, that comprise the balance sheet as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the City Council and group on pages 34, 42 to 107 and 264 to 288 that includes other information required by schedule 10 of the Local Government Act 2002.

Disclaimer of opinion on the City Council and group's financial statements other than the cash flow statement, because of the effect of the Christchurch earthquakes on property, plant, and equipment

Reasons for our disclaimer of opinion

As a result of a series of earthquakes, the City Council's property, plant, and equipment assets have been significantly damaged. This damage has not been fully accounted for in the financial statements because the City Council is not yet able to estimate the costs to repair these assets with sufficient reliability. There is a high level of uncertainty about the cost estimates to repair the City Council's assets.

The City Council has disclosed on pages 127 to 134 of the annual report information about the effects of the earthquakes on its assets and the reasons why the financial effect from that damage is not reflected in these financial statements. We consider that the City Council's approach to reporting these matters in the annual report is appropriate and that the note provides the best information currently available about the financial effects of the damage.

The City Council also carries certain property, plant, and equipment asset classes at fair value. New Zealand Equivalent to International Accounting Standard 16: Property, Plant and Equipment (NZ IAS 16) requires these asset classes to be revalued with sufficient regularity to ensure the carrying value is not materially different to fair value. For market-based valuations of land and buildings, the City Council's independent valuer has advised that there is no market evidence available to perform a revaluation as at 30 June 2012. For infrastructural assets valued using depreciated replacement cost, there is evidence that there is likely to have been a material movement in replacement costs requiring a revaluation to be performed. However, revaluations of infrastructural assets have not been performed, as the effect of the earthquake damage and the appropriate replacement cost rates for infrastructural assets cannot be determined with sufficient reliability.

The total carrying value of property, plant, and equipment included in the City Council's balance sheet is $5.551 billion (2011: $5.463 billion), which represents 69% of its total assets and 62% of total group assets as at 30 June 2012. Although the effects of the above matters cannot be reliably determined, it is clear that the carrying value of property, plant and equipment in the financial statements of the City Council and group is materially overstated. While some impairments have been accounted for irreparable assets, the surplus for the year for the City Council and group does not reflect the total losses from the write off of irreparable assets, nor does other comprehensive income reflect the total impairment of damaged but reparable assets and revaluation movements for assets that should be revalued.

In addition, the City Council's subsidiary Vbase Limited's property, plant, and equipment assets were substantially damaged by the earthquakes. Vbase Limited's financial statements are consolidated into the group financial statements. The land and buildings are shown at their 30 June 2012 revaluation estimates, less amounts relating to derecognition and impairment due to earthquake damage. The assumptions underlying the revaluations and impairments to land and buildings are subject to significant uncertainty and there is insufficient market evidence to support a reliable fair value for the land and buildings as at 30 June 2012. Land and buildings are included in the statement of financial position at their estimated fair value at 30 June 2012 of $69 million (2011: $158 million) which represents 94% of Vbase Limited's total property, plant and equipment as at 30 June 2012. Any misstatement of the carrying value of Vbase Limited's land and buildings would mean that the amounts recognised in respect of depreciation, impairment and property revaluations are misstated as a result and we are unable to determine the extent of any potential misstatement.

Financial statements

Independent Auditor's Report (continued)

Because the City Council has not accounted for damage to its property, plant, and equipment assets and has not carried out a revaluation of property, plant, and equipment held at fair value, and because there was insufficient reliable evidence to support the impairment loss and property, plant and equipment values relating to Vbase Limited included in the group financial statements, the scope of our audit was limited and we were unable to carry out adequate audit procedures to determine the amount of the required adjustments.

Attention is also drawn to the fact that we issued a disclaimer of opinion on the City Council and group's 30 June 2011 financial statements for the same reasons outlined above. As a consequence no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2012 financial statements.

Disclaimer of opinion on the City Council and group's financial statements other than the cash flow statement

Because of the significance of the matters described in the "Reasons for our disclaimer of opinion" above, we have been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether the financial statements as a whole, other than the cash flow statement, of the City Council and group on pages 135 to 261:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the City Council and group's financial position as at 30 June 2012; and
  - the results of their operations for the year ended on that date.

Information for which sufficient appropriate audit evidence has been obtained

Notwithstanding our disclaimer of opinion on the financial statements as a whole, other than the cash flow statement, of the City Council and group, we have been able to obtain sufficient appropriate audit evidence for the information included in them, other than:

- the carrying amount of property, plant, and equipment, asset revaluation reserves, and retained earnings in the balance sheet;
- the related impairment losses, loss on disposals, and depreciation charged to the profit/loss in the statement of comprehensive income; and
- the related property, plant, and equipment valuation gains/losses and the impairment losses charged to other comprehensive income in the statement of comprehensive income.

Unmodified opinion on the City Council and group's cash flow statement

In our opinion, the cash flow statement on page 141 and 142 complies with generally accepted accounting practice in New Zealand and fairly reflects the City Council and group's cash flows for the year ended 30 June 2012.

Qualified opinion on the City Council and group's non-financial performance information

Reasons for our qualified opinion

Because of the matters described in the "Reasons for our disclaimer of opinion", we have been unable to obtain sufficient appropriate audit evidence to support the 'what did it cost' sections of the non-financial performance information and the associated variance explanations set out on pages 42 to 107.

Attention is also drawn to the fact that we issued a qualified opinion on the City Council and group's 30 June 2011 'what did it cost' sections of the non-financial performance information for the same reasons outlined above. As a consequence no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2012 'what did it cost' sections of the non-financial performance information.

Qualified opinion on the City Council and group's non-financial performance information

In our opinion, except for the possible effects of the matter described in the "Reasons for our qualified opinion" above, the non-financial performance information of the City Council and group on pages 34, 42 to 107 and 264 to 288:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the City Council and group's levels of service for the year ended 30 June 2012, including:
  - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
  - the reasons for any significant variances between the actual service and the expected service.
- The other information of the City Council and group contained in the financial statements and the non-financial performance information complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Financial statements

Independent auditor's report (continued)

Reporting against the long-term council community plan

We also draw your attention to the disclosure on page 35 of the Annual Report in which the City Council explains how it has reported its levels of service for the year and why it has not reported against some of the intended levels of service in the long-term council community plan. We consider the disclosures to be appropriate and our audit opinion on the non-financial performance information is not qualified in respect of this matter.

Our audit was completed on 25 October 2012. This 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 our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. We are unable to determine whether there are material misstatements because the scope of our work was limited, as we referred to in our disclaimer of opinion and our qualified opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the City Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. As explained above, we have not obtained all the information and explanations we have required and consequently we have issued a disclaimer of opinion on the financial statements other than the cash flow statement, and a qualified opinion on the non-financial performance information.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the City Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Financial statements

Independent auditor's report (continued)

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our 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 New Zealand Institute of Chartered Accountants.

In addition to the audit of the annual report, we carried out other assurance engagements for the City Council's subsidiaries. These involved issuing reports pursuant to the Electricity Distribution Services Default Price-Quality Path Determination 2010 and the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010. These engagements are compatible with those independence requirements.

Other than the audit and the engagements detailed above, we have no relationship with or interests in the City Council or any of its subsidiaries.

Julian Tan

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial statements

Summary of consolidating CCTOs

The following pages report the financial results of Council and its subsidiaries and associates for the year ended 30 June 2012.

Council parent statements include:

- Christchurch City Council
- Various bequest and special funds
- Mayor's Welfare Fund
- The Christchurch Earthquake Mayoral Relief 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 Council's investments in subsidiaries and associates.

  Major subsidiaries and associates of CCHL are:

  - *Enable Services Limited (formerly 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 2012.
  - *Christchurch International Airport Limited*
    This company is 75 per cent owned by CCHL. The financial statements consolidated are for the year ended 30 June 2012.
  - *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 2012.
  - *EcoCentral Limited*
    This company is wholly owned by CCHL. EcoCentral Limited was wholly owned by Council until 19 January 2011, at which time ownership was transferred to CCHL. The financial statements consolidated are for the year ended 30 June 2012.
  - *Lyttelton Port Company Limited*
    This company is 79.2 per cent owned by CCHL. The financial statements consolidated are for the year ended 30 June 2012.
  - *Orion New Zealand Limited*
    This company owns Connetics Limited and is an energy network management company. CCHL has an 89.3 per cent interest in Orion New Zealand Limited. The financial statements consolidated are for the year ended 31 March 2012.
  - *Red Bus Limited*
    Red Bus Limited is a public transport company and is wholly owned by CCHL. The financial statements consolidated are for the year ended 30 June 2012.
  - *Selwyn Plantation Board Limited*
    This associate company is 39.3 per cent owned by CCHL. The financial statements for the year ended 30 June 2012 are equity accounted.

- *Vbase Limited*
  This company is wholly owned by Council. It owns CBS Arena, AMI Stadium, Convention Centre and the Town Hall. The financial statements consolidated are for the year ended 30 June 2012.

  Until 29 June 2012 Vbase Limited owned 100 per cent of Jet Engine Facility Limited, a company which was set up to construct, own and lease an aero engine testing facility. On 29 June 2012 Vbase Limited sold 100% of its shareholding in Jet Engine Facility Limited to Annzes Engines Christchurch Limited and Pratt & Whitney Holdings SAS.
- *Tuam Limited*
  This company is wholly owned by Council. It owns and manages the former Tuam Street Civic Offices and related Tuam Street properties. The financial statements consolidated are for the year ended 30 June 2012.
- *Civic Building Limited*
  This company is wholly owned by Council. This company owns the Council's 50 per cent interest in the joint venture with Ngāi Tahu Property Limited which owns and manages the new Civic Building on Worcester Boulevard. The financial statements consolidated are for the year ended 30 June 2012.
- *Riccarton Bush Trust*
  The trust was established to administer and maintain Riccarton Bush, Riccarton House, Deans Cottage and the grounds. The financial statements consolidated are for the year ended 30 June 2012.

Financial statements

Summary of consolidating CCTOs (continued)

- *The World Buskers' Festival Trust*
  The trust was established by Council to organise and manage the annual World Buskers' Festival in Christchurch. The financial statements consolidated are for the year ended 30 June 2012.
- *The Rod Donald Banks Peninsula Trust*
  The trust was established by Council to promote sustainable management and conservation of the natural environment of Banks Peninsula together with supporting and facilitating projects that provide public access to the region. The financial statements consolidated are for the year ended 30 June 2012.
- *Christchurch Agency for Energy Trust Board (CAfE)*
  The trust was established by Council to raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy. The financial statements consolidated are for the year ended 30 June 2012.
- *Transwaste Canterbury Limited*
  This Company has the principal purpose of operating a non-hazardous landfill in Canterbury. The Council has 39 per cent of the shareholding. The financial statements for the year ended 30 June 2012 are equity accounted.

Busker juggling fire at the World Buskers Festival in Hagley Park.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes

The effect of the 2010 and 2011 earthquakes continue to impact the financial results of Council and its subsidiaries. During 2012 there have been some additional insurance recoveries recognised, but progress to date in quantifying damage has been slow.

Impact on the financial statements

The impact of the Canterbury earthquakes that has been recognised in the financial statements is as follows:

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Revenue				
Insurance proceeds recognised	464,592	93,421	680,449	164,057
Government grants or other assistance	102,984	182,298	102,984	186,438
Other revenue as result of earthquake	7,538	1,309	7,538	1,309
	575,114	**277,028**	**790,971**	**351,804**
Expenses				
Impairment of P,P&E (in excess of revaluation reserve)	-	-	62,711	36,366
Inventory writedown	-	-	-	-
Repair and clean up provisions	-	-	23,617	13,521
Other direct costs of earthquake	247,514	275,026	264,613	300,401
	247,514	**275,026**	**350,941**	**350,288**
Balance sheet				
Impairment written off against revaluation reserves	191,242	44,463	211,195	165,843
Revenue accrued	345,222	212,126	389,723	264,400
Expenses accrued	39,874	33,800	39,874	49,381
Deferred tax decrease due to asset write-offs/impairment	-	-	-	(38,354)
Inventories increase/(decrease)	-	-	-	1,500

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Parent

Council's recovery was hampered by the June 2011 and December 2011 events which required staff to review much of the condition assessment work that had already been completed. Despite the work done by Council and SCIRT staff there is still a lot of uncertainty as to the level of damage suffered by Council's underground infrastructure assets, and many buildings still require engineering inspections in order to quantify the full extent of the damage.

As stated in the *Financial Highlights* note, buildings valued at $11 million have been written off, and a provision made of $191 million for the estimated damage to underground assets. The best estimate of total damage incurred is in the order of $1.5 billion.

Asset damage

Council's earthquake damaged assets are made up of its network assets namely Wastewater, Water, Storm-water, and Road networks, and buildings.

The estimated cost of the damage has been built-up using both Council's and SCIRT's estimate of damage for network assets together with Council's estimate of damage to buildings. The current estimate does not include the cost of land remediation as it has not yet been possible to quantify.

Because of the extent of the damage and in particular to those assets that are below ground, this cost estimate is largely subjective and based on observation and qualitative judgement. Consequently, the estimate can only be viewed as a very high level assessment.

Following the formation of SCIRT, the initial repair estimate made by Council continues to be revised by SCIRT based on the judgement of the field staff and consultants. SCIRT also continues to refine its broad work scope definition and quantification of the physical rebuild/repair works required.

SCIRT's current estimate of costs, at the time of adoption of the Annual Report (October 2012), is $2.2 billion to replace and repair the damaged network assets. Council is expecting that a revised cost estimate will be released by SCIRT in December 2012. This cost is expected to be incurred over five years. The cost of the rebuild is being shared by the asset owners (Council and NZTA) and the Crown.

Council's current estimate of the cost to replace and repair damaged buildings is $0.3 billion. This includes the Town Hall, Convention Centre and AMI Stadium which are all owned by Vbase.

Insurance recoveries

The Council's financial statements include income relating to insurance recoveries of $575 million (2011: $277 million) and include an insurance receivable of $141 million (2011: $212 million). These amounts reflect the costs incurred and recoveries recognised based on information available to 30 June 2012. Insurance recoveries for the year reflect the settlement received from LAPP and claims made for demolished buildings. No major insurance settlements have been concluded. Insurance recoveries can only be recognised as income when there is virtual certainty of receiving the recovery.

A progress payment of $21 million was received from Earthquake Commission towards the repair and rebuild of Council's social housing units.

This insurance/recovery revenue is split in the following manner:

	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Revenue		
Insurance proceeds recognised	249,858	93,421
Government grants or other assistance	317,196	182,298
Other revenue as result of earthquake	8,060	1,309
	575,114	**277,028**

The amounts of future recoveries could not be reliably measured at 30 June 2012 and have been treated as contingent assets. A note to this effect has been included in Note 38 *Contingent liabilities and contingent assets* in the financial statements.

Earthquake response cost recoveries

The Council has incurred significant costs since the September 2010 and February 2011 earthquakes. The costs incurred include:

- running an Emergency Operations Centre to co-ordinate the immediate response to the events;
- operating Welfare Centres to accommodate displaced residents;
- repairing essential infrastructure such as water and wastewater;
- reducing threats to safety such as Geotech and building works; and
- additional costs of maintaining services such as water and wastewater.

Under the National Civil Defence Emergency Management Plan the Council can recover some of this cost from the Crown. At 30 June 2012 Council had accrued recoveries of $144 million and had received payments of $164 million. The Council has worked through the claims process with each of the Crown agencies to progress the settlement of the claims. For the Department of Internal Affairs this has included subjecting our processes to independent audit.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Rebuilding the City

The rebuild of the city is a massive undertaking which requires multiple parties to work in unison towards the common goal.

Central City Plan / Central City Blueprint
During the year Council produced its Central City Plan following public consultation. This was submitted to the Minister for Canterbury Earthquake Recovery in late 2011 for his approval. This plan formed the foundation of the CCDU and CERA's work on the Central City Blue Print.

Infrastructure Rebuild
Infrastructure rebuild is the rebuild of the Council's network assets.

Following the 4 September 2010 earthquake, Council established an Infrastructure Rebuild Management Office and tasked it with preparing a cost estimate for repairing Council assets. Following the February 2011 earthquake the level of damage to the network assets meant an unique approach was required to manage the repair and rebuild. During the year an alliance of contractors known as SCIRT was formed to undertake the infrastructure rebuild programmes.

Achievements to date

- establishment of the SCIRT alliance.
- continued work on asset assessment.
- replacement of 26 kilometres of wastewater mains, replacement of 15 kilometres of water mains and the repair and/or replacements of 41,000 square metres of roads.
- since 30 June 2012 SCIRT has released its programme of works for the City for the next five years.

Recovery of costs
During the year Council incurred $298 million of infrastructure rebuild costs for work completed for the Infrastructure Rebuild Management Office and SCIRT. Council is working with both NZTA and CERA to determine the appropriate funding split for the costs incurred to date and future costs. A provisional cost recovery methodology has been agreed for SCIRT costs to 30 June 2012, Council is working with CERA on a funding proposal for infrastructure rebuild costs incurred after 30 June, it is expected that this paper will be presented to Cabinet in October 2012.

$66 million of SCIRT cost recoveries was received from NZTA and CERA and at 30 June Council had a receivable of a further $114 million. Council expects to receive payment for SCIRT costs to 30 June 2012 in November and payment for Infrastructure Rebuild Management Office projects in early 2013. Following the approval by Cabinet of CERA's funding proposal, Council expects to receive regular monthly payments from CERA.

Facilities Rebuild
In September 2011 Council began the process of undertaking DEEs on all 1,600 Council owned buildings. The purpose of a DEE assessment is to provide the Council with accurate information as to the level of earthquake damage. These more detailed assessments have resulted in a number of buildings being closed where they are assessed to be below 34% of New Building Standards (NBS). The results of the assessments have enabled Council to prioritise the repair to buildings and facilities. A public database records the current status of each of the buildings and facilities.

Funding Council's share of the rebuild

The total cost of the earthquake response and recovery is estimated at $3.4 billion, with $821 million covered by insurance and $1.5 billion by the Crown's contribution. The Council's contribution is estimated at $982 million including the contribution required for the Vbase owned assets (Town Hall, AMI Stadium and Convention Centre).The cost recoveries assume:

- Underground Assets. Council reached a final settlement with LAPP of $202 million towards the repair of the underground assets. The total amount payable was limited by the reinsurance taken by the LAPP trustees which was based on professional geotechnical advice they received. NZTA subsidies for eligible roading have been assumed at 83% as approved by the NZTA Board. Crown subsidies of 60% on underground assets based on the National Disaster Recovery Plan have been assumed.
- Buildings, Facilities and Other Assets. The forecasts assume Council secures insurance settlement for rebuild/repair of its facility assets on a like-for-like basis (less a 2.5% excess). Any improvements or strengthening of Council assets in excess of their pre-earthquake strength is assumed to be funded through a $175 million "improvement allowance" in these estimates. This category of costs includes $87 million of estimated costs for remediating assets that were not possible to insure such as parks, riverbanks and riverbeds (dredging). The Council share also includes the 2.5% excess on buildings claims.
- Emergency & Response Costs. Of the $576 million expected to be incurred for emergency and response costs, $67 million is eligible for insurance cover from LAPP and is included in the settlement above. Other costs are eligible for Government subsidies as follows:
  - NZTA subsidies of 75% for 2010/11 and 83% subsequently;
  - 100% for eligible welfare costs;
  - 60% for ongoing maintenance of temporary works (100% for the February emergency period); and
  - 60% for rockfall and demolition costs.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

There are a number of costs for which there is no existing Government policy (for example maintenance of temporary services in the red zones and infrastructure betterment). Government officials are developing cost sharing principles and the estimates provided above reflects Council's view of the most likely outcome.

Council will fund its $982 million share of the response and recovery costs through a combination of deferred renewals and a Special Earthquake Charge on rates. This Charge was 1.76% of rates in 2011/12 and increased to 1.82% for the four years 2012/13 to 2015/16.

Renewals expenditure has been reduced by $50 million per annum for four years (2011/12 is the second year of these reductions), $40 million per annum for the following six years and $25 million per annum for the following twelve years. This provides $690 million towards the repayment of the debt raised. A partial reduction in the renewals programme over this period is reasonable as over the five-year period of the rebuild assets to a value of $2.6 billion will be renewed, resulting in fewer assets to be maintained in the medium term.

Further information on the Council's strategy for funding its share of the rebuild is set out in the Financial Strategy section of the 2012/13 Annual Plan.

Insurance

Prior to 30 June 2011 all Council facilities were insured most for replacement value with a few at demolition or indemnity value. Council's total above ground insurance programme totalled $1.9 billion.

In June 2011 Council obtained material damage cover for its 2,239 residential housing units and this was renewed in June 2012. The policy provides for fire and EQC Earthquake peril cover ($0.1 million cap cover per housing unit). The housing units, with the exception of certain housing units that had earthquake damage and roading housing, are insured at replacement value of $414 million. In March 2012 a further $75 million of cover was sourced through Lloyds of London covering a number of significant Council buildings including CBS Canterbury Arena, owned by Vbase but managed by Council.

The Council self insures its below ground assets as no insurer is offering cover. Any new major earthquake damage is limited to a 60 per cent recovery.

Contingent assets and liabilities and capital commitments

Council has a number of additional contingencies and capital commitments. The Council as a funding partner of the SCIRT alliance is committed over the next 4 years to funding its share of the infrastructure rebuild. The total cost of the infrastructure rebuild is estimated at $2.2 billion. The Council is also committed to the facilities rebuild and the 2012/13 Annual Plan outlined the priority facilities for Council and the estimated cost.

The earthquakes and their aftermath have increased the risk of potential litigation and claims against Council.

Insurance recoveries

Accounting standards require that insurance recoveries can only be recognised where there is virtual certainty of receiving the payment. For some recoveries the virtual certainty has been achieved and the revenue recognised. However, for others the standard has not been met although the Council is confident that it will receive a recovery and it is a contingent asset. The ultimate quantum of all the insurance recoveries cannot currently be reliably measured as there will continue to be uncertainty around the range of possible outcomes for a number of years.

Accounting for earthquake damage and impairment

Accounting standards require that when an asset has been destroyed it should be de-recognised, or written off, from the financial statements. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment). It is clear from the Council's work to date that:

- some of Council's infrastructural and building assets have been damaged beyond repair, and NZ International Accounting Standard 16 Property Plant and Equipment (NZ IAS 16) requires Council to write-off those assets. This write-off is expensed in the Statement of Comprehensive Income and impacts the surplus or deficit for the year.
- much of Council's infrastructural and building assets have been impaired, and NZ International Accounting Standard 36 Accounting for Impairment (NZ IAS 36) requires Council to recognise an impairment loss on those assets. Impairment is recognised in other comprehensive income against revaluation reserves for each class of asset. Any excess of impairment above the revaluation reserve is expensed in the Statement of Comprehensive Income.

Based on the information available to date, Council has been able to identify a small number of individual assets that are damaged beyond repair and have been written off. These include QEII and a number of smaller buildings. However, in the main, it is still not possible to determine whether the assets are damaged beyond repair and should be written off, or can be repaired and therefore should be impaired. This process may take several more years as in most cases final decisions about write-off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies. Best estimates would suggest that a further $800 million is to be written off.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Recognition of assets written off in these financial statements

The book value prior to any earthquake related impairment of assets that had clearly been destroyed by the earthquakes to date is:

	2011/12 Book value $ million	2010/11 Book value $ million	Total Book Value $ million
Buildings	43.01	4.87	47.88
Water pumping stations	0.02	0.38	0.40
Sewer pumping stations	-	4.04	4.04
Historic buildings	-	0.24	0.24
	43.03	**9.53**	**52.56**

The significant write off in the 2012 financial year was QEII which was de-recognised when the CERA demolition order was agreed. QEII was impaired in 2010/11 but due to the decision to demolish the facility the remaining book value was recognised in the Council's surplus for 2012.

The value of assets written off to date is comparatively low at $52.5 million however, this will increase as infrastructure rebuild projects are completed and the existing assets are written off and replaced by the new assets.

The impact on the Council's profit of these write offs has been a $32 million reduction in the asset revaluation reserve for impairment of the specific assets and the recognition of a $23 million loss (2012: $11 million and 2011: $12 million) in the Statement of Comprehensive Income when the assets were de-recognised.

Recognition of impaired assets in these financial statements

Buildings

In 2010/11 the Council recognised impairment of $44 million being the indemnity payment in relation to buildings where the insurer had confirmed that the building has been damaged beyond repair. The impairment of the affected buildings was recognised by reducing the value of the assets in the Council's financial statements and by reducing the value of the Council's asset revaluation reserves by an equal amount.

At 30 June 2012, 150 of the DEEs required on the Council's non-residential buildings have been completed and a further 378 were underway. Two of the nine assessments to be carried out on City Housing complexes are complete. As a result of these more detailed assessments, a number of buildings assessed at below 34% of NBS have been closed to the public. No impairment of these buildings has been made. As the future of the buildings is determined the need for impairment will be reassessed.

Infrastructure

Additional work by SCIRT and Council during 2011/12 in understanding the extent and severity of damage to the network assets. Has meant that Council has sufficient information to make an impairment estimate for each of these networks as detailed below.

	Pre-impairment Optimised Depreciated Replacement Cost (ODRC) 30 June 2012	Impairment	Percentage of ODRC
	$ million	$ million	%
Roading network	1,379.75	19.41	1.41%
Sewerage system	707.50	121.15	17.12%
Water system	453.00	15.19	3.35%
Storm water system	323.12	35.45	10.97%
Footbridges	0.03	0.03	
		191.23	

The impairment provision for network assets has been calculated based on the 29 September 2011 estimate prepared by WT Partnerships Infrastructure in conjunction with Council and SCIRT. This estimate detailed the quantities of each network that need to be replaced. These quantities have been used to determine the percentage to be impaired using the optimised depreciated replacement cost as the value.

The impairment of infrastructure assets has reduced the value of the assets in the Council's financial statements and has been recognised in other comprehensive income against the revaluation reserves for each class of asset. No impairment was expensed. As SCIRT replaces the infrastructure assets and delivers them to Council the impaired assets will be written off in the financial statements and the new assets added. The impairment estimate will continue to be revised annually in accordance with accounting standards.

The 2011/12 Annual Plan was based on the assumption that $1.3 billion of assets would be impaired in 2010/11. This did not happen as the information was not available, and still isn't. The balance of $1.1 billion will be recognised as more information is available and assets are replaced.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Revaluations

The Council revalues the following items of property, plant and equipment to fair value:

Land (other than land under roads)
Buildings
Infrastructure assets
Heritage assets
Works of art

Fair value for a public benefit entity like the Council is depreciated replacement cost. Under NZ IAS 16 the Council needs to be able to demonstrate that the carrying value of its assets is recorded at fair value at balance date. However, the unit rates being proposed for replacement or repair of assets are significantly higher than the unit rates included in the current valuations. This suggests that the rates underpinning the asset valuations are no longer appropriate and that, the difference between the carrying values and the fair value (even ignoring the impact of impairment and disposals) could be substantial. In these circumstances Council would need to revalue its assets to comply with the standard.

Council's asset revaluation programme was suspended in 2010/11 as it was considered that there was insufficient market activity to provide reliable market valuations or that assumptions required to provide a valuation would not be appropriate. In 2011/12 the Council was due to revalue operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. The valuation of public art assets was the only one undertaken. The other valuations were not done for the following reasons:

- there was considered to be insufficient market activity to provide reliable market valuations;
- the assumptions required to provide market valuations were not appropriate;
- there was insufficient asset condition information;
- there was insufficient information regarding the extent of the damage to infrastructure networks and the effect of the earthquakes on estimated useful lives; or
- there are uncertainties around the appropriate unit rates to be applied to assets.

Council will reinstate its revaluation programme when there is evidence that a market exists for an asset class and there is sufficient condition information available to allow a valuation to be prepared.

Group

Impact on assets held by Council's subsidiaries

Several of the Council's subsidiaries have significant physical asset holdings which have been impacted by the series of earthquakes. Specifically:

Lyttelton Port Company Limited
Port assets were written down by $29 million in the June 2011 financial statements. No further write down was made in the year to 30 June 2012.

On 2 November 2011 the company elected to evacuate its administration building due to risks highlighted in an engineering report. At 30 June 2012, no decision has been reached whether this building will be repaired and the company is currently unable to assess whether the building has suffered any impairment. The building has a net book value of $1.2 million at 30 June 2012.

There is an insurance receivable of $29 million at 30 June 2012 representing amounts due from insurers which the company was able to reliably measure based on costs incurred and revenue lost to date. No payments were received during the year to 30 June 2012 from the company's insurers.

The company has a material damage claim with its insurer in relation to the reinstatement of its assets as the company has elected to reinstate its damaged or destroyed assets, though significant physical works are yet to begin. The company is entitled to lodge claims when the indemnity values have been established and/or reinstatement costs have been incurred. It will take the company a number of years to complete the reinstatement of its damaged and destroyed assets. The ultimate quantum of the material damage claim cannot currently be reliably measured on the basis that there is significant uncertainty around the range of possible outcomes and insufficient information to form a reasonable judgement.

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Civic Building Limited
Civic Building Limited owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture with Ngãi Tahu Property Limited (NTPL) that owns the Civic Building in Hereford Street. The building suffered significant non-structural damage in the series of Canterbury earthquakes. The repairs, are substantially complete and in the main funded by insurance.

Tuam Limited
The major asset of Tuam Limited is the former Civic Building in Tuam Street. The building has suffered significant damage from the Canterbury earthquakes and at the time of writing no decision has been made about its future.

Tuam Limited received a qualified audit opinion as it has been unable to obtain market values for its investment properties including the former Civic Building. These assets are reflected in the Council group financial statements at $9 million.

Vbase Limited
The February 2011 earthquake caused significant damage to the Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, and AMI Stadium. The Convention Centre was demolished and at 30 June 2012 the Hadlee Stand at AMI Stadium was in the process of being demolished. AMI Stadium and the Christchurch Town Hall for Performing Art suffered significant damage and to return these assets to pre-earthquake condition is estimated to cost more than their insured value. Vbase's other major asset, the CBS Canterbury Arena, has not suffered significant earthquake damage and is operational.

Vbase has recognised $167 million (2011: $55 million) in insurance recoveries in its financial statements. It has an insurance recoveries receivable at 30 June of $178 million (2011: $44 million).

Vbase received a qualified audit opinion as it has been unable to obtain market values for its facilities.

Orion New Zealand Limited
Orion's cable network was damaged as a result of the series of Canterbury earthquakes. The damage caused by the December 2011 earthquake was less severe than any of the previous big earthquakes. 99% of customers had their power on by nightfall after the 23 December 2011 earthquake. Emergency repairs have been completed and the company is now focused on the repair and rebuild of a resilient network.

The company's assessment of damage and required remedial action for the electricity distribution network continues, it will be several months before the work is complete and the findings collated. The company's main head office buildings suffered significant damage. A cash settlement was agreed with its insurers on three of its significant buildings, on its head office and their unrecoverable contents and its overall earthquake deductibles for the 22 February and 13 June earthquakes. $22.3 million of insurance recoveries have been recognised in the year to 31 March 2012 (2011: Nil). Due to estimation uncertainty no other insurance proceeds were recognised in the 2012 or 2011 financial years.

The company has two key insurance policies relevant to the recent earthquakes:

- Material damage – this is a full replacement policy and covers the company's corporate properties and most of its key substations (not those substations sited in customers' premises). Network overhead lines and underground cables have not been insured as it has not been economic to do so.
- Business interruption – lost revenues and additional costs are claimable if they arise "as a consequence of..." damage to the company's insured assets and occur within the first eighteen months following the earthquake.

The company is virtually certain to continue to receive insurance proceeds on both policies as its detailed claims processes progress, but the quantum of the likely proceeds cannot be reliably measured, because of the wide range of possible outcomes that will be negotiated with the group's insurers following completion of detailed engineering and financial assessments. Hence, no insurance proceeds receivable have been recognised as assets within these financial statements other than those that have been formally agreed and settled with the company's insurers.

It is still relatively early in the company's insurance claims process. There are currently no disputes with the company's underwriters or their assessors. Over the next financial year as the quantity and quality of the various engineering assessments and financial information available to the company improves, there is likely to be a material upwards adjustment to the carrying amount of insurance recoveries receivable, currently $10 million (2011: Nil).

Financial statements

Impact of the 2010 and 2011 Canterbury earthquakes (continued)

Christchurch International Airport Limited
Christchurch International Airport incurred minimal damage from the 23 December 2011 earthquakes, and they did not cause major disruptions to the day to day operations.

At 30 June 2012 the company has assessed the recoverable amount of fixed assets damaged in the earthquakes and compared this to the carrying value of those assets, concluding that one building has been impaired on the fact this it is currently below the required NBS and is unoccupied. The book value $0.9 million has been written off to Nil.

Costs associated with earthquake damage to date are $4 million (2011: $3 million). In the current year $2 million of insurance recoveries were received and no insurance claims are outstanding.

Red Bus Limited
Christchurch City's public transport network emerged from the Canterbury earthquakes as one of the sectors hardest hit, requiring the company to deal with a number of major operational issues. An immediate effect of the earthquakes was a large fall in passenger volumes which are now 65% of those pre-earthquake. Encouragingly, passenger numbers are beginning to rise at a rate of around 3% annually, as the City's business activity begins to improve.

The company's financial statements include $1 million (2011: $6 million) of insurance income and insurance receivable of $1 million (2011: $5 million). No impairment or de-recognition of assets was recorded in 2012 (2011: $0.3 million)

City Care Limited
The company has suffered no material earthquake damage. The company's work stream and revenues increased significantly after the earthquakes, and hence has resulted in increased profitability.

City Care staff carry out repairs to earthquake-damaged waterways as part of Christchurch's infrastructure rebuild

Financial statements

Statement of comprehensive income

For the year ended 30 June 2012

		Parent			Group	
	Note	30 Jun 12 Actual $000	30 Jun 12 Plan $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Rates revenue	2(a)	297,614	287,313	273,813	291,068	268,338
Operating and other revenue	2(b)	745,538	493,182	457,777	1,557,151	1,086,526
Finance income	3	20,166	20,775	24,450	15,963	13,486
Other gains	4	392	-	14,445	5,823	7,321
Total income		**1,063,710**	**801,270**	**770,485**	**1,870,005**	**1,375,671**
Depreciation, amortisation and impairment	5	116,196	100,467	111,744	206,581	236,246
Finance costs	6	39,942	26,606	25,712	74,142	56,627
Personnel costs	7	124,179	133,341	129,380	315,578	311,031
Other expenses	8	459,075	272,467	449,399	707,859	628,797
Other losses	4	14,899	-	13,054	83,641	39,978
Total operating expenses		**754,291**	**532,881**	**729,289**	**1,387,801**	**1,272,679**
Share of (losses)/profits of associates	20	-	-	-	850	4,737
Profit before asset contributions		**309,419**	**268,389**	**41,196**	**483,054**	**107,729**
Vested assets	9	19,131	3,500	3,306	19,131	3,306
Profit before income tax expense		**328,550**	**271,889**	**44,502**	**502,185**	**111,035**
Income tax expense/(credit)	11	91	(5,199)	392	39,275	39,007
Profit from continuing operations		**328,459**	**277,088**	**44,110**	**462,910**	**72,028**
Profit for the period		**328,459**	**277,088**	**44,110**	**462,910**	**72,028**

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

Financial statements

Statement of comprehensive income (continued)

	Note	Parent 30 Jun 12 Actual $000	Parent 30 Jun 12 Plan $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Other comprehensive income						
Property, plant and equipment valuation gain/(loss)		(1,452)	-	(439)	8,187	(107,519)
Gains/losses from:						
Investment revaluation gain/(loss)		81,061	-	29,467	329	(652)
Cash flow hedges gain/(loss)		(28,538)	-	(3,597)	(43,392)	(6,393)
Share of other comprehensive income (after tax) of associates		-	-	-	71	(760)
Income tax relating to components of other comprehensive income		-	-	-	940	52,480
Property, plant and equipment impairment loss		(191,242)		(44,463)	(188,135)	(101,745)
Other comprehensive income for the period, net of tax		**(140,171)**	**-**	**(19,032)**	**(222,000)**	**(164,589)**
Total comprehensive income for the period, net of tax		**188,288**	**277,088**	**25,078**	**240,910**	**(92,561)**
Profit for the period attributable to:						
Parent entity		328,459	277,088	44,110	448,652	58,469
Non controlling interests	35	-	-	-	14,258	13,559
		328,459	**277,088**	**44,110**	**462,910**	**72,028**
Total comprehensive income attributable to:						
Equity holders of the parent		188,288	277,088	25,078	223,096	(100,145)
Non controlling interests	35	-	-	-	17,814	7,584
		188,288	**277,088**	**25,078**	**240,910**	**(92,561)**

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 2012

		Parent			Group	
	Note	30 Jun 12 Actual $000	30 Jun 12 Plan $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Current assets						
Cash and cash equivalents	12	118,267	51,159	48,417	151,237	80,777
Debtors and other receivables	13(a)	55,765	93,248	78,819	126,903	127,221
Derivative financial instruments	15(a)	415	-	-	667	39
Other financial assets	16(a)	90,929	113,134	54,500	104,669	52,079
Prepayments		4,998	-	3,205	12,080	8,661
Inventories	17(a)	3,916	1,470	2,248	21,347	15,407
Current tax assets	11(b)	21	-	118	-	-
Assets classified as held for sale	18	446	-	246	446	27,818
Other	19(a)	345,222	-	212,126	567,900	259,060
Total current assets		**619,979**	**259,011**	**399,679**	**985,249**	**571,062**
Non-current assets						
Debtors and other receivables	13(b)	-	-	-	275	25,321
Investments in associates	20	6,196	-	6,196	58,929	28,312
Derivative financial instruments	15(b)	1,976	-	2,747	1,976	2,747
Other financial assets	16(b)	1,784,124	1,649,169	1,690,653	88,397	77,105
Prepayments		-	-	-	9,128	9,277
Property, plant and equipment	23	5,551,914	4,598,498	5,463,592	7,620,488	7,538,046
Investment property	24	-	-	-	145,431	105,268
Intangible assets	25	39,084	12,052	30,859	51,328	41,138
Deferred tax assets	11(c)	-	-	-	18,918	12,807
Goodwill	26	-	-	-	21,227	21,036
Other	19(b)	-	-	-	24	309
Total non-current assets		**7,383,294**	**6,259,719**	**7,194,047**	**8,016,121**	**7,861,366**
Total assets		**8,003,273**	**6,518,730**	**7,593,726**	**9,001,370**	**8,432,428**

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

Financial statements

Balance sheet (continued)

		Parent			Group	
	Note	30 Jun 12 Actual	30 Jun 12 Plan	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
		$000	$000	$000	$000	$000
Current liabilities						
Creditors and other payables	27	116,203	74,144	121,647	174,879	184,461
Borrowings	28(a)	87,239	52,601	31,838	254,049	169,596
Derivative financial instruments	15(c)	-	-	-	1,384	1,557
Employee entitlements	30(a)	14,310	12,655	13,985	39,452	38,374
Current tax liabilities	11(b)	-	-	-	18,113	2,405
Provisions	31(a)	3,063	550	2,749	3,063	3,045
Other	32(a)	31,485	-	5,601	5,053	6,313
Total current liabilities		**252,300**	**139,950**	**175,820**	**495,993**	**405,751**
Non-current liabilities						
Borrowings	28(b)	584,422	422,864	472,288	1,006,370	827,894
Derivative financial instruments	15(d)	43,911	-	14,126	82,493	36,224
Employee entitlements	30(b)	5,801	6,309	5,970	7,362	7,221
Deferred tax liabilities	11(c)	3,865	3,382	3,774	319,776	315,981
Provisions	31(b)	21,182	38,441	17,298	21,182	17,372
Other	32(b)	10,757	-	11,703	5,315	7,268
Total non-current liabilities		**669,938**	**470,996**	**525,159**	**1,442,498**	**1,211,960**
Total liabilities		922,238	610,946	700,979	1,938,491	1,617,711
Net assets		**7,081,035**	**5,907,784**	**6,892,747**	**7,062,879**	**6,814,717**
Equity						
Reserves	33	4,951,122	4,878,598	4,938,000	3,951,038	4,021,578
Retained earnings	34	2,129,913	1,029,186	1,954,747	2,855,277	2,545,922
Parent entity interest		**7,081,035**	**5,907,784**	**6,892,747**	**6,806,315**	**6,567,500**
Non controlling interest	35	-	-	-	256,564	247,217
Total equity		**7,081,035**	**5,907,784**	**6,892,747**	**7,062,879**	**6,814,717**

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 2012

	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve Fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Non Controlling interests	Total
									Parent
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 July 2010	1,794,572	1,194,732	(6,640)	189,427	1,733,853	1,961,725	6,867,669	-	6,867,669
Profit for period	-	-	-	-	-	44,110	44,110	-	44,110
Other comprehensive income for year (net of tax)	(44,902)	29,467	(3,597)	-	-	-	(19,032)	-	(19,032)
Transfer (to)/from retained earnings	(6,933)	-	-	58,021	-	-	51,088	-	51,088
Transfer (to)/from reserves	-	-	-	-	-	(51,088)	(51,088)	-	(51,088)
Balance as at 30 June 2011	**1,742,737**	**1,224,199**	**(10,237)**	**247,448**	**1,733,853**	**1,954,747**	**6,892,747**	**-**	**6,892,747**
Profit for period	-	-	-	-	-	328,459	328,459	-	328,459
Other comprehensive income for year (net of tax)	(192,694)	81,061	(28,538)	-	-	-	(140,171)	-	(140,171)
Transfer to/from retained earnings	(6,346)	-	-	159,639	-	-	153,293	-	153,293
Transfer to/from reserves	-	-	-	-	-	(153,293)	(153,293)	-	(153,293)
Balance as at 30 June 2012	**1,543,697**	**1,305,260**	**(38,775)**	**407,087**	**1,733,853**	**2,129,913**	**7,081,035**	**-**	**7,081,035**

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

Financial statements

Statement of changes in equity (continued)

	Asset revaluation reserve	Fair value through equity reserve	Hedging reserve	Reserve Fund	Capital reserve	Retained earnings	Attributable to equity holders of parent	Non Controlling interests	Total
									Group
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 July 2010	2,235,264	(230)	(18,697)	189,427	1,733,853	2,522,647	6,662,264	246,889	6,909,153
Profit for period	-	-	-	-	-	58,469	58,469	13,559	72,028
Other comprehensive income for year (net of tax)	(152,512)	(652)	(5,482)	-	-	32	(158,614)	(5,975)	(164,589)
Transfer (to)/from retained earnings	(17,414)	-	-	58,021	-	-	40,607	-	40,607
Transfer (to)/from reserves	-	-	-	-	-	(40,607)	(40,607)	-	(40,607)
Dividends paid or provided for	-	-	-	-	-	-	-	(6,782)	(6,782)
Adjustment to non controlling interests for share acquisitions	-	-	-	-	-	5,381	5,381	(474)	4,907
Balance as at 30 June 2011	**2,065,338**	**(882)**	**(24,179)**	**247,448**	**1,733,853**	**2,545,922**	**6,567,500**	**247,217**	**6,814,717**
Profit for period	-	-	-	-	-	448,652	448,652	14,258	462,910
Other comprehensive income for year (net of tax)	(191,470)	329	(37,787)	-	-	3,372	(225,556)	3,556	(222,000)
Transfer to/from retained earnings	(6,438)	-	-	159,639	-	-	153,201	-	153,201
Transfer to/from reserves	-	-	-	-	-	(153,201)	(153,201)	-	(153,201)
Adjustment to controlling interests on purchase of shares	-	-	-	-	-	4,139	4,139	(527)	3,612
Consolidation of CCOs	4,046	-	-	60	1,081	6,393	11,580	-	11,580
Dividends paid or provided for	-	-	-	-	-	-	-	(7,940)	(7,940)
Balance as at 30 June 2012	**1,871,476**	**(553)**	**(61,966)**	**407,147**	**1,734,934**	**2,855,277**	**6,806,315**	**256,564**	**7,062,879**

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 2012

	Note	Parent			Group	
		30 Jun 12 Actual $000	30 Jun 12 Plan $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Cash flows from operating activities						
Receipts from customers and other sources		420,679	751,199	395,041	1,055,905	914,622
Interest received		19,964	20,775	24,887	13,597	11,651
Dividends received		55,199	34,285	28,190	-	-
Subvention receipts		5,846	-	4,028	-	-
Payments to suppliers and employees		(596,802)	(406,068)	(514,635)	(1,075,381)	(827,162)
Interest and other finance costs paid		(37,294)	(26,606)	(25,684)	(75,156)	(58,782)
Income tax paid		-	-	-	(8,125)	(25,778)
Net GST movement		18,758	-	(3,343)	18,758	(2,685)
Earthquake recoveries		163,863	-	61,466	176,486	61,850
Net cash provided by/(used in) operating activities	**36**	**50,213**	**373,585**	**(30,050)**	**106,084**	**73,716**
Cash flows from investing activities						
Payment for investment securities		(59,132)	(32,467)	(25,527)	(89,582)	(27,552)
Proceeds from sale of investment securities		-	-	75,681	30,180	76,118
Payment for equity investment in subsidiaries		(9,000)	-	(21,750)	(2,300)	-
Proceeds from subsidiary/associate shares repaid		-	-	12,000	-	10,268
Proceeds from repayment of advances		73		73	73	73
Proceeds from repayment of related party loans		17,060	-	26,800	-	-
Payment for property, plant and equipment		(390,449)	(469,783)	(179,837)	(537,233)	(358,802)
Proceeds from sale of property, plant and equipment		392	1,140	9,237	1,264	18,379
Payment for intangible assets		-	-	-	(3,473)	(4,524)
Payment for goodwill		-	-	-	(3,391)	-
Proceeds from sale of businesses		-	-	9,170	-	-
Payment for investment properties		-	-	-	(14,025)	(12,820)
Proceeds from sale of investment properties		-	-	-	-	248
Deferred acquistion payment		-	-	-	-	37
Vbase insurance advance invested		27,171	-	-	27,171	-
Insurance recoveries		265,681	-	-	282,254	35,540
Cash acquired in business combinations		-	-	-	-	881
Net cash (used in)/provided by investing activities		**(148,204)**	**(501,110)**	**(94,153)**	**(309,062)**	**(262,154)**

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

Financial statements

Cash flow statement (continued)

		Parent			Group	
	Note	30 Jun 12 Actual $000	30 Jun 12 Plan $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Cash flows from financing activities						
Proceeds from borrowing		211,250	113,942	120,000	297,864	276,050
Repayment of borrowings		(43,409)	(3,233)	(28,272)	(18,244)	(103,519)
Repayment of finance leases		-	-	-	(298)	(389)
Dividends paid - non controlling interests		-	-	-	(7,940)	(6,782)
Net cash provided by/(used in) financing activities		**167,841**	**110,709**	**91,728**	**271,382**	**165,360**
Net decrease in cash and cash equivalents		69,850	(16,816)	(32,475)	68,404	(23,078)
Cash introduced due to consolidation of CCOs		-		-	2,057	-
Cash and cash equivalents at beginning of year		48,417	67,975	80,892	80,777	103,855
Cash and cash equivalents at end of year		**118,267**	**51,159**	**48,417**	**151,238**	**80,777**

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.

The primary objective of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a public benefit entity ("PBE") for 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 the Council are for the year ended 30 June 2012. The financial statements were approved by the Council on 25 October 2012. The Council does not have the authority to amend the financial statements after this date.

Basis of preparation

i) The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6 Section 98 and Section 111, and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for PBE's with the following exceptions related to 2012:

- NZ IAS 36 – Impairment of Assets
  - Assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building, the Council has recognised the indemnity amount as an impairment to the building. Impairment has been recognised in 2012 in relation to the earthquake damage to certain infrastructure assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.
- NZ IAS 16 – Property, Plant and Equipment
  - Assets due for valuation in 2012 were operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. Other than public art assets, these assets will not be revalued during 2012 and therefore their carrying value represents their depreciated 2008 fair value. Further information about this is set out in note 23 to the financial statements.
  - NZ IAS 16 requires the Council to review the useful lives and residual values of its assets annually. Because of the scale of earthquake damage the Council has not complied with this requirement for 2012.

All of the above have flow on effects to depreciation, impairment of assets carrying values, revaluation reserves, and retained earnings.

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 the Council is New Zealand dollars.

Except where specified the accounting policies set out below have been applied consistently to all periods presented in these financial statements. Further information about these exceptions is set out in the Impact of the 2010 and 2011 Canterbury earthquakes note set out in pages 127 to 134.

ii) New accounting standards and interpretations

(a) Changes in accounting policy and disclosures.

New standards, interpretations and amendments have been adopted for 2012. These are discussed in further detail below.

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.

Notes to financial statements

1. Statement of accounting policies (continued)

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.

Non controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income 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 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the parent's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post-acquisition profits or losses is recognised in the profit and loss, 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 profit and loss, 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.

(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 profit and loss, 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).

Notes to financial statements

1. Statement of accounting policies (continued)

The Council documents the relationship between hedging instruments and hedged items at the inception of the transaction, 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 profit and loss, 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 profit and loss.

Amounts accumulated in equity are recycled through profit or loss 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 through profit and loss.

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 statement of comprehensive income.

(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 profit and loss.

Property, plant and equipment

Normally 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

Those asset classes that are revalued are normally valued on a three-yearly valuation cycle. Assets due for valuation in 2012 were operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. Other than public art assets, these assets will not be revalued during 2012 and therefore their carrying value represents their depreciated 2008 fair value. Further information on property plant and equipment valuations is set out in note 23 to these financial statements.

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 profit and loss 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.

Notes to financial statements

1. Statement of accounting policies (continued)

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
Storm water	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

Normally the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date in accordance with the requirements of NZ IAS 16 – Property, Plant and Equipment. Because of the scale of earthquake damage the Council has not complied with this requirement for 2012.

Normally an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of NZ IAS 36 – Impairment of Assets. However, for 2012 and 2011 assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building the Council has recognised the indemnity amount as an impairment to the building. For 2012 an impairment has been recognised for earthquake damage to certain infrastructure assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss. 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.

Notes to financial statements

1. Statement of accounting policies (continued)

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 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 profit and loss.

(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 programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

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

(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.

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.

Notes to financial statements

1. Statement of accounting policies (continued)

(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 through profit and loss.

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 through profit and loss.

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 before transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit and loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

Trade and other receivables

(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).

Notes to financial statements

1. Statement of accounting policies (continued)

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of 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
Normally 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. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. However, for 2012 assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building Council has recognised the indemnity amount as an impairment to the building. For 2012 impairment has been recognised for earthquake damage to infrastructure network assets. Further information about this matter is set out in the introductory note to the financial statements and in note 23.

Impairment losses on property, plant and equipment are recognised through profit and loss. Impairment losses on revalued assets offset any balance in the asset revaluation reserve for that class of assets, with any remaining impairment loss being posted to profit and loss.

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

Impairment losses recognised in respect of 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.

(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.

Notes to financial statements

1. Statement of accounting policies (continued)

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 through profit and loss 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 3.85%.
- 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) Weathertight homes
The Council through its insurers is processing a number of weathertight 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 3.85%

This method of calculation is consistent with previous years. However, other metropolitan local authorities, including Wellington City Council and Auckland Council, are using independent actuarial calculations of their weathertight homes liability, particularly in relation to claims not yet lodged. Council has chosen not to follow this approach for these financial statements due to earthquake-related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers, or
- are in government Red Zones and will be abandoned.

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

(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 before the balance sheet date.

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

Notes to financial statements

1. Statement of accounting policies (continued)

(ii) Long-term entitlements
The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

These estimated amounts are discounted to their present value using an interpolated 10-year government bond rate.

Superannuation is provided as a percentage of remuneration.

(iii) National Provident Fund's Defined Benefit Plan Scheme (the Scheme)
The Group 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 Group's participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

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.

(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 payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Equity
Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components: (Further information can be found in Note 33).

- Asset Revaluation Reserve
- Fair value through equity reserve
- Hedging reserve
- Reserve funds
- Capital reserves
- Retained earnings

Revenue

(i) Rates, goods sold and services rendered
Revenue from rates is recognised through profit and loss at the time of invoicing. Revenue from the sale of goods is recognised through profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through profit and loss 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 through profit and loss 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 through profit and loss.

(iii) Finance Income
Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised through profit and loss as it accrues, using the effective interest method.

(iv) Rental income
Rental income from investment and other property is recognised through profit and loss 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.

Notes to financial statements

1. Statement of accounting policies (continued)

(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 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 Council's net investment in the finance lease.

(viii) Development Contributions
Development contributions are recognised through profit and loss 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).

(x) Earthquake subsidies and recoveries
Earthquake subsidies and recoveries include payments from Government agencies, Ministries and Departments as well as payments from Council's insurers. Earthquake subsidies and recoveries are recognised in the financial statements when received or when it is probable or virtually certain that they will be received under the insurance contracts in place.

(xi) Vested Assets
Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in Council are recognised as income when control over the asset is obtained.

Expenses

(i) Operating lease payments
Payments made under operating leases are recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised through profit and loss 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 through profit and loss using the effective interest rate method. Interest payable on borrowings is recognised as an expense through profit and loss 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 through profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

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

Research and development costs
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

Notes to financial statements

1. Statement of accounting policies (continued)

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

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

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

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

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

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

Plan values disclosed
The plan values shown in the financial statements represent the 2011/12 budget included in the 2011/12 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 valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
- The determination of the impairment of network assets required the Council to estimate the proportion of the networks that need replacing and to exercise judgement when considering the uncertainty in the estimate of damage and the impairment determination.
- The 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 are required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance, and should be expensed in the current year, or capital expenditure. In making this assessment they make judgements about the expected length of service potential of the asset and the likelihood of it becoming obsolete as a result of other more permanent repairs.

Notes to financial statements

1. Statement of accounting policies (continued)

- Management are required to exercise judgement when determining whether insurance payments and recoveries from Government agencies and insurers are probable or virtually certain and should be recognised as revenue in the current year. In making this assessment they make judgements about the likelihood of payment by insurers or Government agencies based on the agreements in place.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- Management of the subsidiary companies have had to estimate the adjustments to the deferred tax provision and the tax expense for the year as a result of the changes in the 2010 Government Budget which removed the ability to claim tax depreciation on buildings with useful lives of 50 years or more. Judgement is required to determine those parts of a building that are separately depreciable as plant or fixtures and fittings, and which parts are integral to the building and hence not depreciable.

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 Limited has estimated the impacts of the Canterbury earthquakes up to and including 31 March 2012 on the future cash flows of the business. These estimates contain some uncertainty as the company is still assessing the impacts and not all data is to hand. These estimates have been relied upon in the 31 March 2012 revaluation of the company's electricity distribution network.
- On initial recognition of items of property, plant and equipment and intangible assets with finite lives, Orion New Zealand Limited makes judgements about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the asset cost, or whether they should be expensed as incurred. Thereafter, management's judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.
- Orion New Zealand Limited assesses whether individual assets or a grouping of related assets (which generate cash flows independently) 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 flow are required. Following the Canterbury earthquakes these assumptions are of a higher degree of sensitivity than would normally be the case.
- Management of CIAL 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. The classification has implications as to whether revaluation gains and losses are recognised through profit or loss or through other comprehensive income.
- Management of CIAL have estimated an impairment charge in respect of the ongoing value of capitalised expenditure on the integrated terminal project, due to the continuous development of the design. This assessment is subject to review by quantity surveyors and project managers.
- Management of Lyttelton Port Company Limited have identified areas of estimation uncertainty in relation to the carrying value of land, building and harbour structures; depreciation rates and the estimation of useful lives; amortisation of intangible assets such as resource consents, easement and software, and the quantification of contingent liabilities. Earthquake damage has further increased the significance of these areas of estimation uncertainty.
- Management of ESL have had to make specific assumptions in relation to impairment of assets resulting from the 22 February 2011 earthquake including assumptions regarding the likely final number of building disconnections and an estimate of connection cost for these buildings based on average connection costs.
- Management of EcoCentral Limited determines whether goodwill is impaired on at least an annual basis. This requires an estimation of the recoverable amount of its cash-generating units, using a value in use discounted cash flow methodology. This value is then compared with the existing book value of the assets combined with the goodwill allocated to those assets. If the value in use is higher, then there has been no impairment of goodwill.

As detailed in the introductory note to these financial statements, no judgement has been exercised in determining earthquake-related asset impairment. Because of the uncertainty embodied in current damage estimates Council has determined that it would be inappropriate to recognise any earthquake-related asset impairment.

Notes to financial statements

1. Statement of accounting policies (continued)

New standards and interpretations

The following new standards, interpretations and amendments have been adopted for the year ended 30 June 2012:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.
- Improvements to NZ IFRS 7 Financial Instruments Disclosures effective 1 January 2011 – The amendments add an explicit statement that qualitative disclosure should be made in the contact of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. Existing disclosure requirements were amended or removed and the requirement to disclose the carrying amounts of renegotiated financial assets that would otherwise be past due or impaired was deleted.
- Amendments to NZ IFRS 7 Financial Instruments effective 1 July 2011 – The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:
  - financial assets that are not derecognised in their entirety; and
  - financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.
- Improvements to NZ IAS 1 Presentation of Financial Statements effective 1 January 2011 – Clarification was provided in that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
- Improvements to NZ IAS 34 Interim Financial Reporting effective 1 January 2011 – The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.
- FRS 44 – NZ Additional Disclosures effective 1 July 2011 – The objective of this Standard is to prescribe the New Zealand-specific disclosures such as:
  - where an entity's financial statements comply with NZ IFRSs they shall make an explicit statement of such compliance in the notes;
  - an entity shall disclose in its notes its reporting framework and for the purposes of complying with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), it is a profit-oriented or public benefit entity;
  - an entity shall disclose fees to each auditor or reviewer, including any network firm, separately for an audit/Review of the Financial Statements and all other services during that period;
  - an entity shall disclose the amount of imputation credits available for use in subsequent reporting periods;
  - were prospective financial statements are issued, a comparison & explanation of material movements;
  - where a Statement of Service Performance is presented the entity must disclose the outputs of an entity and information on the effects on the community of the entity's existence and operations.

The following new standards, interpretations and amendments have been issued but are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these consolidated financial statements:

- Amendments to NZ IAS 12 Income Taxes effective for accounting periods beginning on or after 1 January 2012 – The amendments introduce an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.
- Amendments to NZ IAS 1 Presentation of Financial Statements effective for accounting periods beginning on or after 1 July 2012:
  - An entity must present separately the items of other comprehensive income that would be reclassified to profit or loss in the future (if certain conditions are met) from those that would never be reclassified to profit or loss.
  - Change of title from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

Notes to financial statements

1. Statement of accounting policies (continued)

- NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective for accounting periods beginning on or after 1 January 2013. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost.
- NZ IFRS 10 Consolidated Financial Statements – replacing IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities - effective for accounting periods beginning on or after 1 January 2013 – IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. This model centres around rights to variable returns and the ability to affect those returns (ie a link between power and returns).
- NZ IFRS 11 Joint Arrangement - replacing IAS 31 and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers - effective for accounting periods beginning on or after 1 January 2013 – IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It:
  - distinguishes joint arrangements between joint operations and joint ventures;
  - states that joint ventures must use the equity approach (previously given the choice to use a proportionate consolidation).
- NZ IFRS 12 Disclosure of interests in other entities - effective for accounting periods beginning on or after 1 January 2013 – IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. The aim of the standard is to provide users with more information to evaluate an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.
- NZ IFRS 13 Fair Value Measurement - effective for accounting periods beginning on or after 1 January 2013 – IFRS 13 introduces a single source of fair value measurement guidance which:
  - defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements; and
  - explains how to measure fair value when it is required or permitted by other IFRSs.

  It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Other than for the general descriptions provided above, the Council has not yet determined the potential impact of the new standards, interpretations and amendments for those standards not effective at 30 June 2012.

Notes to financial statements

2. Operating and other revenue

(a) Rates revenue

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Total rates revenue	309,597	278,330	303,051	272,855
Less remissions:				
Community service	(275)	(219)	(275)	(219)
Cultural	(223)	(177)	(223)	(177)
Social housing	(1,697)	(1,434)	(1,697)	(1,434)
Church	(203)	(121)	(203)	(121)
Earthquake	(8,759)	(1,820)	(8,759)	(1,820)
Maori land	(2)	(1)	(2)	(1)
Recreation and sport	(824)	(745)	(824)	(745)
Rates revenue less remissions	**297,614**	**273,813**	**291,068**	**268,338**

Notes to financial statements

2. Operating and other revenue (continued)

(b) Operating and other revenue

	Parent 30 Jun 12 Actual $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Sale of goods	13,883	7,267	46,584	30,907
Rendering of services	21,939	26,436	413,695	463,392
Construction contract revenue	-	-	121,336	31,296
Donated and subsidised assets	-	-	6,353	3,829
Capital contributions	1,759	747	5,858	3,555
Electricity transmission rental rebates	-	-	5,605	5,015
Rental income from investment properties	-	-	9,774	8,358
Other rental revenue	29,726	29,087	84,835	74,872
Dividends from subsidiaries	35,449	43,325	-	-
Dividends from associates	2,424	2,190	-	-
Government grants received	2,094	253	2,094	253
Subvention receipts	6,757	3,379	6,867	445
Petroleum tax	3,347	3,364	3,347	3,364
Development contributions	6,982	13,678	6,982	13,678
NZ Transport Agency	23,887	18,337	23,887	18,337
Subsidies (excl NZTA)	1,312	749	1,312	749
Sundry income	28,403	35,356	27,458	39,216
Earthquake subsidies - NZTA	102,984	44,706	102,984	44,706
Earthquake subsidies and recoveries - (excl NZTA)	464,592	228,903	688,180	344,554
Total operating and other revenue	**745,538**	**457,777**	**1,557,151**	**1,086,526**

Government grants
Grants received by Council in 2012 were as follows:

- The New Zealand Lottery fund provided $0.67 million of support towards the Rugby World Cup festivities in Christchurch.
- Ministry of Economic Development in partnership with New Zealand Major Events provided $0.79 million towards the Christchurch Events Village.
- Ministry of Social Development supported the Councils School Holiday Programmes with $0.06 million of grants.
- Ministry of Education ECE and 20 Hours Free funding of $0.53 million were received and spent on wages.
- The Department of Internal Affairs provided $0.03 million towards Earthquake Memorial Services.
- Creative NZ towards supporting artists to create new work for an exhibition - $0.02 million.
- Ministry of Education support grants for Provisionally Registered Teachers of $2,000.

Grants received by Council in 2011 were as follows:

- Energy Efficiency and Conservation Authority - $0.2 million as a wood energy grant for the biosolids drying project at Christchurch Wastewater Treatment Plant.
- Energy and Efficiency & Conservation Authority - $0.02 million as an energy intensive business grant towards the installation of the Tri-Generation plant at the new Civic Building.
- Ministry of Education support grants for Provisionally Registered Teachers of $0.02 million. Five grants were received. $0.01 million of the grants were spent on digital cameras, training, travel and relieving staff.
- Ministry of Education ECE and 20 Hours Free funding of $1 million were received and spent on wages.

Group
No additional Government Grants were received by the Group.

Notes to financial statements

2. Operating and other revenue (continued)

(c) Disclosure of Council activities and services results

	Parent	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Council activities and services revenue *	610,690	349,235
Rates revenue	297,614	273,813
Other revenue (primarily interest and dividends)	155,406	147,437
Total revenue	**1,063,710**	**770,485**
Council activities and services expenditure *	691,930	675,316
Other expenditure	62,361	53,973
Total expenditure	**754,291**	**729,289**

*Included within this $568 million relates to earthquake related subsidies and recoveries and $248 million of earthquake related expenditure.

Notes to financial statements

3. Finance income

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest income - bank deposits	9,300	9,684	10,614	10,913
Interest income - related party loans	9,933	14,705	1,156	272
Interest income - finance lease	-	-	2,354	2,188
Interest income - other	933	61	1,839	113
Total finance income	**20,166**	**24,450**	**15,963**	**13,486**

Notes to financial statements

4. Other gains and losses

Other gains	Parent 30 Jun 12 Actual $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Non-financial instruments				
Gains on disposal of property, plant and equipment	396	6,297	396	6,320
Gains on disposal of investments	-	-	10	307
Gains on sale of business	(4)	8,070	(4)	-
Gains on revaluation of investment property	-	-	5,421	-
	392	**14,367**	**5,823**	**6,627**
Financial instruments				
Gains through ineffectiveness of cash flow hedges	-	-	-	616
Gains through fair value of Endeavour iCap	-	78	-	78
	-	**78**	**-**	**694**
Total other gains	**392**	**14,445**	**5,823**	**7,321**

Other losses	Parent 30 Jun 12 Actual $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Non-financial instruments				
Losses on disposal of property, plant and equipment	-	441	153	592
Losses on disposal of investments	-	-	1,586	-
Losses on assets written off	11,348	12,105	77,055	36,560
Losses on revaluation of investment property	-	-	-	1,086
	11,348	**12,546**	**78,794**	**38,238**
Financial instruments				
Losses through ineffectiveness of fair value hedges	-	-	1,222	1,195
Losses through ineffectiveness of cash flow hedges	1,389	508	1,389	508
Fair value through income statement financial assets fair value change	-	-	74	37
Loss through fair value of Endeavour iCap	2,162	-	2,162	-
	3,551	**508**	**4,847**	**1,740**
Total other losses	**14,899**	**13,054**	**83,641**	**39,978**

Notes to financial statements

5. Depreciation, amortisation and impairment

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Depreciation of non-current assets	107,852	107,998	192,526	190,963
Amortisation of intangible assets	3,652	3,442	6,809	6,718
Amortisation of other assets	-	-	210	210
Impairment of property, plant & equipment	4,874	-	5,035	76,900
Impairment of goodwill	-	-	3,200	-
Impairment of other assets	68	3,583	1,291	1,731
Reversals of impairment losses	(250)	(3,279)	(2,490)	(41,755)
Replaced assets written off	-	-	-	1,479
Total depreciation, amortisation and impairment	**116,196**	**111,744**	**206,581**	**236,246**

Notes to financial statements

6. Finance costs

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest expense				
Interest on bank borrowings	32,495	18,898	69,176	52,434
Interest on finance leases	7,419	6,807	4,451	3,863
Other interest expense	19	11	506	334
	39,933	**25,716**	**74,133**	**56,631**
Fair value (gains)/losses on hedging instruments				
Fair value hedging instruments	9	(1,080)	9	(1,080)
Fair value adjustment to borrowings	-	1,076	-	1,076
	9	**(4)**	**9**	**(4)**
Net finance costs	**39,942**	**25,712**	**74,142**	**56,627**

Notes to financial statements

7. Personnel costs

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Salaries and wages	122,461	126,573	308,679	302,875
Defined contribution plan employer contributions	1,563	1,467	3,671	3,331
Defined benefit plan employer contributions	-	53	344	385
Increase/(decrease) in employee entitlements/liabilities	155	1,287	997	3,882
Other	-	-	1,887	558
Total personnel costs	**124,179**	**129,380**	**315,578**	**311,031**

Notes to financial statements

8. Other expenses

		Parent		Group	
	Note	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Audit fees	10	320	268	1,241	1,044
Directors' fees		-	-	1,977	1,962
Donations and grants		37,698	33,750	37,760	33,919
Net foreign exchange losses		-	-	85	14
Provision expenses		5,046	2,160	4,972	2,244
Minimum lease payments under operating leases		2,527	2,949	10,543	8,733
ONZ network maintenance and transmission expenses		-	-	70,554	66,680
Rental expenses		-	-	155	1,076
Raw materials and consumables used		-	-	43,678	39,914
Other operating expenses		165,970	173,734	269,531	236,673
Earthquake expenses		247,514	236,538	267,363	236,538
Total other expenses		**459,075**	**449,399**	**707,859**	**628,797**

Earthquake expenses do not include internal costs such as salaries and wages for employees.

Notes to financial statements

9. Vested assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Restricted land and buildings	5,568	1,444	5,568	1,444
Infrastructure assets	13,300	1,633	13,300	1,633
Other	263	229	263	229
Total vested asset income	**19,131**	**3,306**	**19,131**	**3,306**

Notes to financial statements

10. Remuneration of auditors

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Audit New Zealand				
Audit of the financial statements	285	268	1,032	914
Additional fee for Earthquake matters prior year	35	-	40	-
Other services:				
Assurance-related	-	-	-	37
Special audits required by regulators	-	-	56	-
Total	**320**	**268**	**1,128**	**951**
Other auditor				
Audit of the financial statements	-	-	113	93
Total	**-**	**-**	**113**	**93**

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 Auditor-General.

Notes to financial statements

11. Income taxes

(a) Components of tax expense

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Current tax expense/(income)	-	-	35,059	31,002
Adjustments to current tax of prior years	-	-	44	(182)
Deferred tax expense/(income)	91	392	4,264	8,121
Impairment of deferred tax asset	-	-	(33)	-
Benefit arising from previously unrecognised tax losses	-	-	8	-
Deferred tax expense/(income) from change in tax rates	-	-	(307)	33
Deferred tax expense relating to use of prior year losses	-	-	240	33
Total tax expense/(income)	**91**	**392**	**39,275**	**39,007**

Notes to financial statements

11. Income taxes (continued)

(a) Components of tax expense (continued)

Reconciliation of prima facie income tax:	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
(Profit)/loss before tax	328,550	44,502	502,185	111,035
Income tax expense calculated at standard tax rate	91,994	13,351	140,612	33,311
Non-deductible expenses	-	-	1,861	1,107
Non-assessable income and deductible items	(78,117)	(1,616)	(123,153)	1,817
Effect on deferred tax balances of change in tax rate	-	-	(212)	16
Tax loss not recognised as deferred tax asset	-	-	-	74
Effect on deferred tax balances re assets no longer depreciable	-	-	(1,835)	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	-	-	-	33
(Over)/under provision of income tax in previous year	-	-	604	(479)
Imputation adjustment	(13,786)	(11,343)	-	-
Deferred tax on removal of building depreciation	-	-	21,398	3,128
Total tax expense/(income)	**91**	**392**	**39,275**	**39,007**
Income tax recognised in other comprehensive income				
Deferred tax				
Asset revaluations	-	-	2,305	52,191
Revaluations of financial instruments treated as cash flow hedges	-	-	4,176	638
Total income tax recognised in other comprehensive income	**-**	**-**	**6,481**	**52,829**

The tax rate in the above reconciliation is the corporate tax rate of 28% payable by New Zealand companies on taxable profits under New Zealand tax law.

Council's tax losses for the current financial year amount to $26.3 million (2011: $16.1 million). It is expected that these losses will be transferred to other entities in the group by way of loss offset and subvention payment. A subvention receipt of $4.6 million has been accrued.

Notes to financial statements

11. Income taxes (continued)

(b) Current tax assets and liabilities

	Parent		Group	
	30 Jun 12 Actual	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
	$000	$000	$000	$000
Current tax assets				
Tax refund receivable	21	118	-	-
Total current tax assets	**21**	**118**	**-**	**-**
Current tax payables				
Income tax payable	-	-	18,113	2,405
Total current tax liabilities	**-**	**-**	**18,113**	**2,405**

(C) Deferred tax balance

Jun 12 — **Parent**

	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
	$000	$000	$000	$000
Deferred tax liabilities:				
Property, plant and equipment	3,774	91	-	3,865
Net deferred tax liability/(asset)	**3,774**	**91**	**-**	**3,865**

Jun 11 — **Parent**

	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
	$000	$000	$000	$000
Deferred tax liabilities:				
Property, plant and equipment	3,382	392	-	3,774
Net deferred tax liability/(asset)	**3,382**	**392**	**-**	**3,774**

Notes to financial statements

11. Income taxes (continued)

(c) Deferred tax balances (continued)

Jun 12				Group
	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
	$000	$000	$000	$000
Deferred tax liabilities:				
Fair value hedges	91	-	-	91
Property, plant and equipment	296,163	8,286	(2,277)	302,172
Intangible assets	724	(33)	-	691
Other	19,003	(2,181)	-	16,822
	315,981	**6,072**	**(2,277)**	**319,776**
Deferred tax assets:				
Cash flow hedges	6,226	(15)	4,085	10,296
Fair value hedges	385	342	161	888
Provisions and employee entitlements	4,981	53	-	5,034
Doubtful debts and impairment losses	62	10	-	72
Tax losses	895	1,407	-	2,302
Other	258	68	-	326
	12,807	**1,865**	**4,246**	**18,918**
Net deferred tax liability/(asset)	**303,174**	**4,207**	**(6,523)**	**300,858**

The above property, plant and equipment charged to other comprehensive income is the tax effect of gains on revaluation of assets for Christchurch International Airport and clearing of Jet Engine Facility Limited's balance on sale by Vbase.

Notes to financial statements

11. Income taxes (continued)

(c) Deferred tax balances (continued)

Jun 11				Group
	Opening balance $000	Charged to income $000	Charged to other comprehensive income $000	Closing balance $000
Deferred tax liabilities:				
Fair value hedges	91	-	-	91
Property, plant and equipment	351,910	(3,853)	(51,894)	296,163
Intangible assets	592	132	-	724
Other	6,179	12,824	-	19,003
	358,772	**9,103**	**(51,894)**	**315,981**
Deferred tax assets:				
Cash flow hedges	5,372	19	835	6,226
Fair value hedges	248	214	(77)	385
Provisions and employee entitlements	4,990	(9)	-	4,981
Doubtful debts and impairment losses	173	(111)	-	62
Tax losses	189	706	-	895
Other	281	97	(120)	258
	11,253	**916**	**638**	**12,807**
Net deferred tax liability/(asset)	**347,519**	**8,187**	**(52,532)**	**303,174**

Notes to financial statements

11. Income taxes (continued)

(d) Unrecognised tax losses

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
The following tax losses have not been brought to account as assets:				
Tax losses	-	-	**148**	**266**
Tax effect	-	-	**41**	**74**

(e) Imputation credit account balances

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Imputation credits available for use in subsequent reporting periods	-	-	**42,189**	**65,906**

Notes to financial statements

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Cash and cash equivalents	118,267	48,417	151,236	80,772
Cash and cash equivalents (USD)	-	-	-	3
Cash and cash equivalents (EUR)	-	-	1	2
Total cash and cash equivalents	**118,267**	**48,417**	**151,237**	**80,777**

Notes to financial statements

13. Debtors and other receivables

(a) Current debtors and other receivables

	Note	Parent 30 Jun 12 Actual $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Current asset portion					
Trade receivables (before impairment)		41,563	33,267	74,581	58,460
Related party receivables					
Subsidiaries		606	1,771	-	-
Other related parties		-	-	8,140	27,528
Construction contract receivables		-	-	-	559
Chargeable work in progress		-	-	28,703	12,321
Interest receivable		2,290	1,067	2,596	1,419
Contract retentions		-	-	753	771
Finance lease receivable - current portion	14	-	-	46	3,751
GST receivable		-	11,638	-	9,140
Rates debtors		14,068	15,433	14,068	15,433
Dividend Receivable		-	17,325	-	-
Insurance receivables		-	-	-	212
Other		-	-	1,273	-
		58,527	**80,501**	**130,160**	**129,594**
Provision for impairment - trade receivables		(2,762)	(1,682)	(3,257)	(2,373)
		55,765	**78,819**	**126,903**	**127,221**

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

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

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

Notes to financial statements

13. Debtors and other receivables (continued)

(b) Non-current debtors and other receivables

	Note	Parent 30 Jun 12 Actual $000	Parent 30 Jun 11 Actual $000	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Finance lease receivable - non-current portion	14	-	-	275	25,321
Total debtors and other receivables		**55,765**	**78,819**	**127,178**	**152,542**

Notes to financial statements

13. Debtors and other receivables (continued)

(c) Credit risk – aging of trade receivables and rates

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Gross receivables				
Not past due	37,681	40,690	65,110	52,503
Past due 0-30 days	2,936	711	11,254	7,972
Past due 31-60 days	4,162	157	6,624	3,491
Past due more than 60 days	10,852	7,142	13,801	9,927
	55,631	**48,700**	**96,789**	**73,893**
Impairment				
Not past due	(4)	(19)	(4)	(19)
Past due 0-30 days	(1,696)	(197)	(1,696)	(197)
Past due 31-60 days	(9)	(8)	(9)	(89)
Past due more than 60 days	(1,053)	(1,458)	(1,548)	(2,068)
	(2,762)	**(1,682)**	**(3,257)**	**(2,373)**
Gross trade receivables	55,631	48,700	96,789	73,893
Individual impairment	(2,461)	(795)	(2,956)	(1,486)
Collective impairment	(301)	(887)	(301)	(887)
Trade receivables (net)	**52,869**	**47,018**	**93,532**	**71,520**
Movements in provision for impairment of receivables				
Balance at start of year	(1,682)	(1,162)	(2,373)	(1,731)
Provisions made during year	(1,689)	(879)	(1,782)	(1,281)
Provisions reversed during year	609	359	638	410
Receivables written off during year	-	-	349	401
Other	-	-	(89)	(172)
Balance at end of year	**(2,762)**	**(1,682)**	**(3,257)**	**(2,373)**

Notes to financial statements

14. Finance lease receivables

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
No later than one year	-	-	192	4,048
Later than one year and not later than five years	-	-	757	16,186
Later than five years	-	-	1,926	24,041
Minimum lease receivables	**-**	**-**	**2,875**	**44,275**
Less future finance charges	-	-	(2,554)	(15,203)
Present value of minimum lease receivables	**-**	**-**	**321**	**29,072**
Present value of future minimum lease receivables				
No later than one year	-	-	46	3,751
Later than one year and not later than five years	-	-	106	13,142
Later than five years	-	-	169	12,179
Present value of future minimum lease receivables	**-**	**-**	**321**	**29,072**
Represented by				
Current portion	-	-	46	3,751
Non-current portion	-	-	275	25,321
Total	**-**	**-**	**321**	**29,072**

In 2011 JEFL, a subsidiary of Vbase Limited, was party to a long-term lease arrangement with a Pratt & Whitney/Air New Zealand joint venture, trading as the Christchurch Engine Centre. Lease payments were guaranteed by Pratt & Whitney's holding company, United Technologies. On 29 June 2012 Vbase Limited sold its investment in Jet Engine Facility Limited to a third party.

Notes to financial statements

15. Derivative financial instruments

(a) Current assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest rate swaps - fair value hedges	415	-	415	-
Forward foreign exchange contracts	-	-	252	39
	415	**-**	**667**	**39**

(b) Non-current asset

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest rate swaps - fair value hedges	1,976	2,605	1,976	2,605
Interest rate swaps - cash flow hedges	-	142	-	142
	1,976	**2,747**	**1,976**	**2,747**
Total derivative financial instrument assets	**2,391**	**2,747**	**2,643**	**2,786**

Notes to financial statements

15. Derivative financial instruments (continued)

(c) Current liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest rate swaps - fair value hedges	-	-	151	-
Interest rate swaps - cash flow hedges	-	-	928	1,557
Forward foreign exchange contracts	-	-	305	-
	-	**-**	**1,384**	**1,557**

(d) Non-current liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest rate swaps - fair value hedges	-	-	2,283	1,212
Interest rate swaps - cash flow hedges	43,911	14,126	80,210	35,012
	43,911	**14,126**	**82,493**	**36,224**
Total derivative financial instrument liabilities	**43,911**	**14,126**	**83,877**	**37,781**
Net interest rate swap fair value	(41,520)	(11,379)	(81,181)	(35,034)
Net forward foreign contract fair value	-	-	(53)	39
Net derivative financial instruments fair value	**(41,520)**	**(11,379)**	**(81,234)**	**(34,995)**

On 20 April 2010 Council acquired an interest rate swap which was novated from CCHL. At the time of the transfer the interest rate swap had a value of $2.1 million; it has since been revalued at 30 June 2012 to a fair value of $5.7 million ($3.7 million at 30 June 2011). The changes in the fair value of this interest rate swap, including the initial transfer amount flow through the profit and loss. The impact is included in the gains and losses note 4.

Notes to financial statements

16. Other financial assets

(a) Current financial assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest-bearing loans advanced to subsidiaries:				
Vbase Ltd	-	4,500	-	-
Total advances to subsidiaries	**-**	**4,500**	**-**	**-**
Total advances to related parties	**-**	**4,500**	**-**	**-**
Other advances	-	-	57	54
Other loans and advances	-	-	-	-
Total current loans and advances	**-**	**4,500**	**57**	**54**
Local authority stock	15,000	-	15,000	-
Stocks and bonds with less than one year to maturity	5,606	8,500	5,606	8,500
Bank deposits with maturities of 4 to 12 months	70,323	41,500	84,006	43,525
Total current financial assets	**90,929**	**54,500**	**104,669**	**52,079**

Notes to financial statements

16. Other financial assets (continued)

(b) Non-current financial assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest-bearing loans advanced to:				
Vbase Ltd	45,442	40,046	-	-
Jet Engine Facility Ltd	-	12,550	-	-
Tuam Ltd	4,750	4,750	-	-
Civic Building Ltd	59,288	59,288	-	-
Total advances to subsidiaries	**109,480**	**116,634**	**-**	**-**
Advance to Theatre Royal	2,300	2,300	2,300	2,300
Community, special and other loans	2,956	3,274	2,956	3,274
Other advances	-	-	566	994
Less provision for fair value and impairment	(753)	(1,062)	(753)	(1,062)
Other loans and advances	800	-	800	-
Total non-current loans and advances	**114,783**	**121,146**	**5,869**	**5,506**
Other investments:				
Local authority stock	25,000	35,000	25,000	35,000
Stocks and bonds with over one year to maturity	39,050	13,050	39,050	13,050
Bank deposits with over one year to maturity	11,000	17,000	12,150	17,000
Investment in unlisted shares (excl Council/CCHL subsidiaries)	6,283	5,285	6,283	5,285
Investment in Enertech Capital Partners 11 LP	-	-	45	1,264
Total other investments	**81,333**	**70,335**	**82,528**	**71,599**
Council investment in subsidiaries:				
CCHL	1,387,300	1,306,568	-	-
Vbase Ltd	191,143	183,039	-	-
Tuam Ltd	5,417	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
Total shares in subsidiaries	**1,588,008**	**1,499,172**	**-**	**-**
Total non-current financial assets	**1,784,124**	**1,690,653**	**88,397**	**77,105**
Total other financial assets (current and non-current)	**1,875,053**	**1,745,153**	**193,066**	**129,184**

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 $41.7 million (2011: $36.6 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 2.71-6.36% (2011: 2.57-5.20%).

The face value of local authority stock is $40.0 million (2011: $35.0 million).

Stocks and bonds
The fair value of stocks and bonds is $46.7 million (2011: $23.0 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 2.71-6.36% (2011: 2.57-5.20%).

The face value of stocks and bonds is $44.7 million (2011: $21.6 million).

Loans to related parties
The fair value of loans to related parties is $126.6 million (2011: $139.7 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.71-6.36% (2011: 2.57-5.20%). The average effective interest rate on the loan to related parties is 8.43% (2011: 9.33%).

The face value of the loans to related parties is $109.4 million (2011: $121.1 million). Loans advanced to subsidiaries at balance date are shown in the table to note 16.

During the year JEFL repaid their loan of $12.6 million.

Unlisted shares
Unlisted shares include $1.8 million in New Zealand Local Government Insurance Corporation (NZLGIC), $2.4 million in Endeavour I-cap and $2.0 million in the New Zealand Local Government Funding Agency (NZLGFA). The fair value of unlisted shares of NZLGIC has 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 fair value of the fund has been left unchanged from prior year, due to current year valuation unavailable at time of publication.

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 2012.

Council's investment in CCHL was increased in the year by $80.7 million (2011: $16.6 million), as a result of the Ernst and Young review which was on a sum of the parts approach.

The remaining CCHL subsidiaries were reviewed as at 30 June 2012 by Ernst and Young to determine whether there were any significant indicators of value change since their last full valuation. It was concluded there were no significant indicators.

During the year, Council's investment in Vbase Limited increased by $9.0 million. This increase relates to the purchase of additional shares. In 2011, Council's investment in Vbase Limited increased in the year by $54.6 million. This increase related to the purchase of redeemable preference shares of $41.0 million and a revaluation up of the investment of $13.6 million.

The value of the investment in Civic Building Limited (CBL) is $5.4 million. For more details on the joint venture between CBL and Ngai Tahu Property Limited see note 21. Although the current net book value of CBL is negative, Council have decided not to impair this because CBL's major source of income is rental on the Civic Building, and since the Council is the tenant, there is no reason to consider this to be in doubt. Based on modelling carried out for Council it is believed when the loan is due for repayment CBL will be able to repay the loan.

On 27 June 2011 Council purchased $9.0 million redeemable preference shares in Tuam Limited. The company was not revalued as at 30 June 2012 because there is no relevant market information available and has been carried at net book value of $5.4 million.

Notes to financial statements

17. Inventories

(a) Current inventories

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Inventory - raw materials and maintenance items	-	-	14,384	10,476
Inventory - work in progress	-	-	912	890
Inventory - finished goods	3,916	2,248	6,137	4,099
	3,916	**2,248**	**21,433**	**15,465**
Inventory - allowance for impairment	-	-	(86)	(58)
	3,916	**2,248**	**21,347**	**15,407**

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

Notes to financial statements

18. Assets held for sale

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Land held for sale	415	226	415	226
Plant and equipment held for sale	31	20	31	20
Infrastructure network & work in progress	-	-	-	27,572
Total amounts held as classified for sale	**446**	**246**	**446**	**27,818**

Parent
During 2012, 347 Ferry Road ($0.14 million) and 42c Rotherham St ($0.07million) were transferred from property, plant and equipment to non-current assets held for sale (2011: $0.25 million).

Group
On 31 May 2011 ESL was awarded the government contract to install an open access fibre optic network to every premise in the Greater Christchurch urban areas, as part of a broader Ultra-Fast Broadband (UFB) project contracted by the Crown.

The UFB contract involves a partnership with Crown Fibre Holdings Limited (CFH) which is the Government entity negotiating and administering the contract. The partnership is through a joint venture entity called Enable Networks Limited (ENL) in which both ESL and CFH will invest.

Pursuant to the UFB contract, ESL was required to sell its existing fibre network to ENL. The transaction, which took place in February 2012, was at net book value. The network, previously included in property, plant and equipment, was accordingly re-classified as a current asset held for sale as at 30 June 2011.

Notes to financial statements

19. Other assets

(a) Other Current assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Capitalised contract set-up costs	-	-	24	132
Earthquake recoveries	345,222	212,126	567,876	258,343
Other	-	-	-	585
	345,222	**212,126**	**567,900**	**259,060**

(b) Other Non-current assets

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Capitalised contract set-up costs	-	-	24	48
Other	-	-	-	261
	-	**-**	**24**	**309**
Total other assets	**345,222**	**212,126**	**567,924**	**259,369**

Notes to financial statements

20. Investments in associates

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Balance at start of year	6,196	6,196	28,312	36,439
Acquisitions *	-	-	32,246	-
Share of total recognised revenues and expenses	-	-	850	4,737
Dividends from associates	-	-	(2,424)	(2,190)
Share of revaluations	-	-	(55)	(406)
Share capital repaid	-	-	-	(10,268)
Total investments in associates	**6,196**	**6,196**	**58,929**	**28,312**

There is no goodwill included in the carrying value of associates (2011: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of incorporation	Ownership interest 30 Jun 12 %	Ownership interest 30 Jun 11 %
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Selwyn Plantation Board Ltd - Group	NZ	39%	39%
Enable Networks Ltd	NZ	33%	N/A

No public price quotations exist for these investments.

*CCHL's 100%-owned subsidiary ESL entered into an agreement with CFH and ENL on 31 May 2011 relating to the construction, deployment and operation of the UFB network for the Christchurch (which includes Kaiapoi and Rolleston areas) and Rangiora Candidate Areas.

Although ESL holds the substantial majority of total shares issued in ENL, it only holds approximately 33% of the voting shares and does not control ENL. It is deemed to hold significant influence over ENL through its holding of A and B shares and therefore accounts for ENL as an associate.

Summarised financial statements of associates	Group 30 Jun 12 Actual $000	Group 30 Jun 11 Actual $000
Assets	156,593	124,614
Liabilities	53,270	56,287
Revenue	35,325	66,150
Net profit/(loss)	4,642	8,744

Notes to financial statements

21. Joint venture

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest in joint venture accounted for as a jointly-controlled operation.				
Interest in the jointly-controlled operation is as follows:				
Current assets	-	-	10,982	2,711
Non-current assets	-	-	51,634	49,718
Current liabilities	-	-	47,390	52,215
Revenue	-	-	67,356	6,702
Expenses	-	-	50,913	2,890

CBL is in a joint venture partnership with NTPL.

Notes to financial statements

22. Construction contracts

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
For contracts in progress at balance date				
Contract costs incurred	-	-	73,586	52,009
Progress billings	-	-	57,095	45,554
Gross amounts due from customers	-	-	8,612	6,455
Retentions included in progress billings	-	-	358	458

Notes to financial statements

23. Property, plant and equipment

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Operational assets	1,122,955	1,144,325	3,191,929	3,218,779
Infrastructural assets	3,626,602	3,527,623	3,626,602	3,527,623
Restricted assets	802,357	791,644	801,957	791,644
Balance at end of financial year	**5,551,914**	**5,463,592**	**7,620,488**	**7,538,046**

Notes to financial statements

23. Property, plant & equipment (continued)

Reconciliation of movement in property plant and equipment

Operational assets	Freehold land $000	Buildings $000	Plant & equipment $000	Work in progress $000	Landfill at cost $000	Library books at cost $000	Parent Total $000
Gross carrying amount							
Cost/valuation at 1 July 2010	509,882	513,641	116,546	26,012	8,217	91,132	1,265,430
Additions	15,384	110,753	17,251	-	-	4,564	147,952
Disposals	(1,612)	(8,102)	-	-	-	-	(9,714)
Net movements in work in progress	-	-	-	504	-	-	504
Re-classified as held for sale	(225)	(24)	-	-	-	-	(249)
Net revaluation increments/(decrements)	-	(453)	-	-	-	-	(453)
Transfers	(408)	(344)	-	-	-	-	(752)
Cost/valuation at 30 June 2011	**523,021**	**615,471**	**133,797**	**26,516**	**8,217**	**95,696**	**1,402,718**
Additions	4,492	22,887	8,904	-	-	3,984	40,267
Disposals	(29)	(18,913)	(414)	-	-	-	(19,356)
Net movements in work in progress	-	-	-	(20,617)	-	-	(20,617)
Re-classified as held for sale	(190)	(20)	-	-	-	-	(210)
Transfers and other	-	-	(52)	-	-	-	(52)
Cost/valuation at 30 June 2012	**527,294**	**619,425**	**142,235**	**5,899**	**8,217**	**99,680**	**1,402,750**

Notes to financial statements

23. Property, plant and equipment (continued)

Reconciliation of movement in property plant and equipment

Parent

Operational assets	Freehold land $000	Buildings $000	Plant & equipment $000	Work in progress $000	Landfill at cost $000	Library books at cost $000	Total $000
Accumulated depreciation							
Accumulated depreciation and impairment at 1 July 2010	(3,398)	(26,138)	(78,097)	-	(8,217)	(75,021)	(190,871)
Disposals	-	2,956	-	-	-	-	2,956
Net adjustments from revaluation increments/ (decrements)	-	12	-	-	-	-	12
Re-classified as held for sale	-	5	-	-	-	-	5
Impairment losses charged to other comprehensive income	-	(37,249)	-	-	-	-	(37,249)
Depreciation expense	(2,455)	(17,931)	(8,977)	-	-	(3,911)	(33,274)
Transfers and other	8	20	-	-	-	-	28
Accumulated depreciation & impairment at 30 June 2011	**(5,845)**	**(78,325)**	**(87,074)**	**-**	**(8,217)**	**(78,932)**	**(258,393)**
Disposals	-	8,442	351	-	-	-	8,793
Re-classified as held for sale	-	8	-	-	-	-	8
Depreciation expense	(2,567)	(14,124)	(8,896)	-	-	(4,616)	(30,203)
Transfers and other	-	-	-	-	-	-	-
Accumulated depreciation & impairment at 30 June 2012	**(8,412)**	**(83,999)**	**(95,619)**	**-**	**(8,217)**	**(83,548)**	**(279,795)**
Carrying amount at 30 June 2011	**517,176**	**537,146**	**46,723**	**26,516**	**-**	**16,764**	**1,144,325**
Carrying amount at 30 June 2012	**518,882**	**535,426**	**46,616**	**5,899**	**-**	**16,132**	**1,122,955**

Included in Buildings additions above is the Civic Building. Please refer to note 29 for more details on the finance lease which relates to this building.

Notes to financial statements

23. Property, plant & equipment (continued)

Operational assets	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets*	Work in progress	Landfill at cost	Library books at cost	**Group** Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Gross carrying amount									
Cost/valuation at 1 July 2010	939,374	921,521	409,811	968,494	305,483	231,379	8,217	91,132	3,875,411
Additions	26,157	263,309	41,139	35,572	12,429	(8,952)	-	4,564	374,218
Additions through business combinations	-	3,594	10,657	-	-	95	-	-	14,346
Disposals	(1,612)	(29,712)	(18,638)	(5,534)	(1,305)	-	-	-	(56,801)
Net movements in work in progress	-	-	-	-	-	(42,291)	-	-	(42,291)
Re-classified as held for sale	(225)	(24)	-	-	(24,846)	(4,212)	-	-	(29,307)
Net revaluation increments/ (decrements)	4,003	(45,790)	(1)	(257,859)	9,150	-	-	-	(290,497)
Transfers	(2,774)	58,266	(10,169)	-	1,350	(64,538)	-	-	(17,865)
Cost/valuation at 30 June 2011	**964,923**	**1,171,164**	**432,799**	**740,673**	**302,261**	**111,481**	**8,217**	**95,696**	**3,827,214**
Additions	9,624	26,243	35,431	48,064	7,990	(204)	-	3,984	131,132
Disposals	(29)	(19,610)	(5,759)	(1,861)	(12)	-	-	-	(27,271)
Net movements in work in progress	-	-	-	-	-	(1,269)	-	-	(1,269)
Re-classified as held for sale	(190)	(20)	-	-	-	-	-	-	(210)
Net revaluation increments/ (decrements)	(1,340)	(86,058)	-	-	13,597	-	-	-	(73,801)
Transfers and other	(28,113)	43,620	597	-	9,350	-	-	-	25,454
Cost/valuation at 30 June 2012	**944,875**	**1,135,339**	**463,068**	**786,876**	**333,186**	**110,008**	**8,217**	**99,680**	**3,881,249**

Notes to financial statements

23. Property, plant and equipment (continued)

Operational assets	Freehold land	Buildings	Plant & equipment	Electricity distribution system	Specialised assets*	Work in progress	Landfill at cost	Library books at cost	**Group** Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Accumulated depreciation									
Accumulated depreciation and impairment at 1 July 2010	(3,414)	(84,770)	(215,109)	(90,956)	(28,843)	(6,536)	(8,217)	(75,021)	(512,866)
Disposals	-	5,705	6,845	723	1,694	-	-	-	14,967
Net adjustments from revaluation increments/ (decrements)	-	(69,125)	-	127,896	1,605	-	-	-	60,376
Re-classified as held for sale	-	5	-	-	1,486	-	-	-	1,491
Impairment losses charged to income statement	-	(43,047)	(726)	(6,288)	(26,839)	-	-	-	(76,900)
Reversal of impairment losses charged to income statement	-	41,476	-	-	-	-	-	-	41,476
Depreciation expense	(2,455)	(35,555)	(30,106)	(31,981)	(12,231)	-	-	(3,911)	(116,239)
Net foreign currency exchange differences	-	(37,249)	-	-	-	-	-	-	(37,249)
Transfers and other	8	8,225	1,740	-	-	6,536	-	-	16,509
Accumulated depreciation & impairment at 30 June 2011	**(5,861)**	**(214,335)**	**(237,356)**	**(606)**	**(63,128)**	**-**	**(8,217)**	**(78,932)**	**(608,435)**
Disposals	-	9,095	4,619	388	-	-	-	-	14,102
Net adjustments from revaluation increments/ (decrements)	270	5,974	-	-	15,450	-	-	-	21,694
Re-classified as held for sale	-	8	-	-	-	-	-	-	8
Impairment losses charged to income	-	(96)	(65)	-	-	-	-	-	(161)
Depreciation expense	(2,572)	(37,946)	(30,440)	(27,840)	(11,463)	-	-	(4,616)	(114,877)
Transfers and other	(7)	(1,218)	(426)	-	-	-	-	-	(1,651)
Accumulated depreciation & impairment at 30 June 2012	**(8,170)**	**(238,518)**	**(263,668)**	**(28,058)**	**(59,141)**	**-**	**(8,217)**	**(83,548)**	**(689,320)**
Carrying amount at 30 June 2011	**959,062**	**956,829**	**195,443**	**740,067**	**239,133**	**111,481**	**-**	**16,764**	**3,218,779**
Carrying amount at 30 June 2012	**936,705**	**896,821**	**199,400**	**758,818**	**274,045**	**110,008**	**-**	**16,132**	**3,191,929**

*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 and Group	
Infrastructural assets	Roading network at fair value	Sewerage system at fair value	Water system at fair value	Stormwater system at fair value	Work in progress	Total
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Cost/valuation at 1 July 2010	1,800,853	811,498	454,429	348,750	102,391	**3,517,921**
Additions	24,686	62,626	10,459	5,215	-	**102,986**
Disposals	(1,359)	(4,507)	(1,538)	-	-	**(7,404)**
Net movements in work in progress	-	-	-	-	6,494	**6,494**
Cost/valuation at 30 June 2011	**1,824,180**	**869,617**	**463,350**	**353,965**	**108,885**	**3,619,997**
Additions	32,080	11,228	6,535	4,897	-	**54,740**
Disposals	(598)	(998)	(388)	-	-	**(1,984)**
Net movements in work in progress	-	-	-	-	313,855	**313,855**
Cost/valuation at 30 June 2012	**1,855,662**	**879,847**	**469,497**	**358,862**	**422,740**	**3,986,608**
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2010	(21)	(14,692)	-	(8,919)	-	**(23,632)**
Disposals	486	295	188	-	-	**969**
Depreciation expense	(38,823)	(16,149)	(10,212)	(4,527)	-	**(69,711)**
Accumulated depreciation & impairment at 30 June 2011	**(38,358)**	**(30,546)**	**(10,024)**	**(13,446)**	**-**	**(92,374)**
Disposals	78	635	214	-	-	**927**
Net adjustments from revaluation increments/(decrements)	(19,410)	(121,154)	(15,194)	(35,452)	-	**(191,210)**
Impairment losses charged to profit	-	-	-	-	(4,874)	**(4,874)**
Depreciation expense	(38,872)	(18,775)	(10,314)	(4,514)	-	**(72,475)**
Accumulated depreciation & impairment at 30 June 2012	**(96,562)**	**(169,840)**	**(35,318)**	**(53,412)**	**(4,874)**	**(360,006)**
Carrying amount at 30 June 2011	**1,785,822**	**839,071**	**453,326**	**340,519**	**108,885**	**3,527,623**
Carrying amount at 30 June 2012	**1,759,100**	**710,007**	**434,179**	**305,450**	**417,866**	**3,626,602**

Notes to financial statements

23. Property, plant and equipment (continued)

Restricted assets	Land and buildings at fair value	Artworks at fair value	Heritage assets at fair value	Library books at cost	Work in progress	Total
						Parent and Group
	$000	$000	$000	$000	$000	$000
Gross carrying amount						
Cost/valuation at 1 July 2010	693,603	71,053	20,558	5,936	8,968	800,118
Additions	9,993	802	385	194	-	11,374
Disposals	(1,970)	-	(88)	-	-	(2,058)
Net movements in work in progress	-	-	-	-	(993)	(993)
Transfers	408	-	344	-	-	752
Cost/valuation at 30 June 2011	**702,034**	**71,855**	**21,199**	**6,130**	**7,975**	**809,193**
Additions	17,219	738	11	197	-	18,165
Disposals	(55)	-	-	-	-	(55)
Net movements in work in progress	-	-	-	-	(1,246)	(1,246)
Net revaluation increments/(decrements)	-	(1,737)	-	-	-	(1,737)
Transfers and other	-	52	-	-	-	52
Cost/valuation at 30 June 2012	**719,198**	**70,908**	**21,210**	**6,327**	**6,729**	**824,372**
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2010	(5,204)	(142)	(38)	-	-	(5,384)
Disposals	86	-	-	-	-	86
Impairment losses charged to profit	(7,214)	-	-	-	-	(7,214)
Depreciation expense	(4,903)	(72)	(38)	-	-	(5,013)
Transfers and other	(8)	-	(16)	-	-	(24)
Accumulated depreciation & impairment at 30 June 2011	**(17,243)**	**(214)**	**(92)**	**-**	**-**	**(17,549)**
Disposals	55	-	-	-	-	55
Net adjustments from revaluation increments/(decrements)	(33)	286	-	-	-	253
Depreciation expense	(5,064)	(72)	(38)	-	-	(5,174)
Accumulated depreciation & impairment at 30 June 2012	**(22,285)**	**-**	**(130)**	**-**	**-**	**(22,415)**
Carrying amount at 30 June 2011	**684,791**	**71,641**	**21,107**	**6,130**	**7,975**	**791,644**
Carrying amount at 30 June 2012	**696,913**	**70,908**	**21,080**	**6,327**	**6,729**	**801,957**

Restricted assets Group balance includes an adjustment for gain on sale made by Tuam Limited on sale of land to Council ($0.4 million)

Notes to financial statements

23. Property, plant and equipment (continued)

Revaluations and impairment review
Those asset classes that are revalued are normally 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 normally reviewed at each balance date to ensure that those values are not materially different to fair value.

Parent
Assets due for valuation in 2012 were operational land and land improvements, restricted land and buildings, sewerage infrastructure and heritage and public art assets. Other than public art assets, these assets were not revalued during 2012 for the following reasons:

- operational land and land improvements – in the wake of the earthquakes it was considered that in the period to 30 June 2012 there was insufficient market activity to provide reliable market valuations.
- restricted land and buildings - as a result of the earthquakes and the continuing assessment of buildings it was considered that at 30 June 2012 there was insufficient condition information and market activity to provide reliable market valuations.
- sewerage infrastructure – insufficient information was available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage to assets and the cost of replacement.

In addition, movements in the unit rates for roads, water, and wastewater infrastructure assets suggest that a valuation should be performed for these assets. However, insufficient information was available for valuers to accurately prepare a valuation because of uncertainties around the extent of damage to assets and replacement costs.

The most recent valuations in these financial statements were as follows:

Roading assets were revalued by AECOM Limited at 30 June 2010 to a fair value of $1.4 billion using the optimised depreciated replacement cost method. In addition, the roading class of assets includes $407 million of land under roads which has not been revalued. Council's policy is not to revalue land under roads.

Water reticulation infrastructure assets were revalued by AECOM Limited at 30 June 2010 to a fair value of $454 million using the optimised depreciated replacement cost method.

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.

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.

Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of $1.5 billion (operational assets $958 million and restricted assets $590 million).

Storm water, 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 $70.9 million as at 30 June 2012 by Art + Object Limited. The fair value is assessed as the estimated market value.

Information about earthquake-related damage to assets, write-off and asset impairment, is set out in the introductory note to these financial statements.

Notes to financial statements

23. Property, plant and equipment (continued)

Group

Orion New Zealand Limited
Electricity distribution network and substation buildings
The company's electricity distribution network and substation buildings were revalued as at 31 March 2011 to a fair value of $756 million by PricewaterhouseCoopers. The fair values were established in accordance with NZ IAS 16 – Property, Plant and Equipment and are based on a discounted cash flow analysis of the assets. This is a change in methodology from earlier valuations, which were based on optimised depreciated replacement cost (ODRC), due to a change in the regulatory framework for electricity distribution businesses developed under Part 4 of the Commerce Act 1986.

The 31 March 2011 valuation is $141 million below the company's pre-revaluation carrying value of the electricity distribution network assets. This reduction is attributable to two key factors as follows:

- approximately $68 million is due to the new Commerce Act Part 4 regulatory price controls, which effectively limit the company's profits to the Commission's regulatory weighted average cost of capital (WACC) on the regulatory asset base valuation calculated on a prescribed basis.
- approximately $73 million is due to the impacts of the Canterbury earthquakes up to and including 31 March 2011 and the abnormal levels of expenses and reduced revenues as a result of the earthquakes for the period up to 31 March 2015.

Electricity distribution network and substation buildings – 2012 review of valuation
The company engaged PricewaterhouseCoopers to undertake a review of the carrying value of the distribution network and substation buildings as at 31 March 2012. The valuers concluded that the carrying value of $778 million for the electricity distribution network, substation and kiosk buildings, leased assets and capital work in progress as at 31 March 2012 represented fair value in accordance with NZ IAS 16 – Property, Plant and Equipment.

Substation land – 2011 and 2012 valuations
The company's sub-station land was revalued to fair value as at 31 March 2012 by independent registered valuers CB Richard Ellis Ltd in accordance with NZ IAS 16, using an independently determined methodology, adopting land rating valuations and applying indices and multipliers over the land to determine current fair value. A randomly selected sample of the population was individually valued, using sales comparisons and a unit metre frontage methodology. The concluding multiplier and adjustments from the land rating indices were then recast over the total population to determine a fair value for all the substation sites. This methodology was consistent with the 2011 valuation. The revaluation resulted in a small increase in the carrying value of the company's substation land of $2.2 million.

Christchurch International Airport Limited
On 30 June 2012, buildings, car parking assets, sealed surface and infrastructure assets were revalued by Independent Valuers, Seagar and Partners (buildings and car park assets) and Opus International Limited (sealed surfaces and infrastructure assets).

The land and terminal assets were reviewed for impairment as at 30 June 2012 by Seagar and Partners, with no adjustment for impairment deemed necessary.

Lyttelton Port Company Limited
Assets or partial assets with a cost of $Nil (2011: $49.4 million) and book value of $Nil (2011: $29.0 million) have been de-recognised as a result of the Canterbury earthquakes.

During the course of the 2012 year company management assessed that there was no change in the useful economic lives of major items of property, plant and equipment.

Applying the provisions of NZ IAS 36 Impairment of Assets, the company determined that the earthquakes on 23 December 2011 were an indicator of impairment. Management undertook an impairment review to determine the recoverable amount of its remaining recognised assets as at 30 June 2012. The result of this analysis was that the recoverable amount remained above the book value and that no impairment of the asset carrying values had occurred.

City Care Limited
An independent valuation of the company's land was performed by Colliers International and conforms to NZ IAS 16. The effective date of the valuation was 30 June 2012.

Red Bus Limited
Simes Limited was contracted by Red Bus Limited to assess the fair value of the company's land and buildings at 30 June 2010. The land and buildings were valued at fair value using market-based evidence on its highest and best use with reference to comparable sales and market rents. The valuations are completed on a three yearly cycle, with the next one due in 2013.

Caveats are registered against certain property titles under section 40 of the Public Works Act 1981.

Notes to financial statements

24. Investment property

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Balance at beginning of financial year	-	-	105,268	85,510
Net transfer from property, plant & equipment	-	-	20,717	9,934
Additional capitalised expenditure	-	-	14,025	10,910
Net gain/(loss) from fair value adjustments	-	-	5,421	(1,086)
Balance at end of financial year	**-**	**-**	**145,431**	**105,268**

Group

Orion New Zealand Limited
Investment property comprises land and buildings at the company's main administration and head office site in the Christchurch CBD. The land and buildings were reclassified as investment property as at 31 March 2011 as the company considered that new office accommodation would be required either at its existing site or elsewhere. On 2 May 2012 the company announced plans to move to a new temporary site for a period of some years. The company plans to eventually return to the CBD site. The company also announced plans to demolish the major buildings on the existing site.

The valuation of the company's investment property to fair value as at 31 March 2012 was prepared by an independent valuer, CB Richard Ellis Ltd (CBRE), in accordance with NZ IAS 40 – Investment Property. CBRE prepared the equivalent valuation in 2011.

Christchurch International Airport Limited
The valuation as at 30 June 2012 was completed by Seagar and Partners. 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. Intangible assets

					Parent
	Software	Work in progress	Trademarks	Other	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Gross carrying amount at 1 July 2010	35,015	4,052	3,300	136	42,503
Additions	3,168	3,572	4	90	6,834
Gross carrying amount at 30 June 2011	**38,183**	**7,624**	**3,304**	**226**	**49,337**
Additions	8,562	3,267	-	48	11,877
Disposals	(1)	-	-	-	(1)
Gross carrying amount at 30 June 2012	**46,744**	**10,891**	**3,304**	**274**	**61,213**
Accumulated amortisation and impairment					
Accumulated depreciation and impairment at 1 July 2010	(13,459)	(1,173)	(380)	(24)	(15,036)
Amortisation expense	(3,181)	-	(232)	(29)	(3,442)
Accumulated depreciation and impairment at 30 June 2011	**(16,640)**	**(1,173)**	**(612)**	**(53)**	**(18,478)**
Amortisation expense	(3,373)	-	(233)	(46)	(3,652)
Disposals	1	-	-	-	1
Accumulated depreciation and impairment at 30 June 2012	**(20,012)**	**(1,173)**	**(845)**	**(99)**	**(22,129)**
Carrying amount					
Carrying amount at 30 June 2011	21,543	6,451	2,692	173	30,859
Carrying amount at 30 June 2012	26,732	9,718	2,459	175	39,084

Notes to financial statements

25. Intangible assets (continued)

					Group
	Software	Work in progress	Trademarks	Other	Total
	$000	$000	$000	$000	$000
Gross carrying amount					
Gross carrying amount at 1 July 2010	60,849	5,311	3,300	3,785	73,245
Additions	6,717	3,572	4	1,043	11,336
Additions from internal developments	(540)	-	-	-	(540)
Disposals	(123)	-	-	(846)	(969)
Gross carrying amount at 30 June 2011	**66,903**	**8,883**	**3,304**	**3,982**	**83,072**
Additions	12,577	3,267	-	173	16,017
Additions from internal developments	504	-	-	478	982
Disposals	(1)	-	-	-	(1)
Gross carrying amount at 30 June 2012	**79,983**	**12,150**	**3,304**	**4,633**	**100,070**
Accumulated amortisation and impairment					
Accumulated depreciation and impairment at 1 July 2010	(31,103)	(1,173)	(381)	(2,587)	(35,244)
Amortisation expense	(6,130)	-	(232)	(418)	(6,780)
Impairment	-	-	-	(23)	(23)
Disposals	113	-	-	-	113
Accumulated depreciation and impairment at 30 June 2011	**(37,120)**	**(1,173)**	**(613)**	**(3,028)**	**(41,934)**
Amortisation expense	(6,493)	-	(234)	(82)	(6,809)
Disposals	1	-	-	-	1
Accumulated depreciation and impairment at 30 June 2012	**(43,612)**	**(1,173)**	**(847)**	**(3,110)**	**(48,742)**
Carrying amount					
Carrying amount at 30 June 2011	29,783	7,710	2,691	954	41,138
Carrying amount at 30 June 2012	36,371	10,977	2,457	1,523	51,328

Notes to financial statements

26. Goodwill

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Gross carrying amount				
Balance at beginning of financial year	-	-	22,688	20,843
Additional amounts recognised from business combinations	-	-	3,391	1,845
Balance at end of financial year	**-**	**-**	**26,079**	**22,688**
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(1,652)	(1,458)
Impairment losses for the period	-	-	(3,200)	(194)
Balance at end of financial year	**-**	**-**	**(4,852)**	**(1,652)**
Carrying amount				
At beginning of financial year	-	-	21,036	19,385
At end of financial year	-	-	21,227	21,036

The carrying amount of goodwill allocated to cash-generating units for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Christchurch City Holdings Ltd	-	-	14,453	16,907
EcoCentral Ltd	-	-	6,774	4,129
	-	**-**	**21,227**	**21,036**

Notes to financial statements

26. Goodwill (continued)

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

NZ IAS 36 Impairment of Assets requires that an impairment charge be recognised when the book value of the asset exceeds its recoverable amount. Recoverable amount is the higher of the asset's net fair value less cost to sell, or its value in use. Value in use requires entities to make estimates of the future cash flows to be derived from the asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risk specific to the asset. Assets are able to be grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof (e.g. a plant or division). Such a group of assets is referred to as a cash generating unit (CGU) in the standard.

EcoCentral Ltd has two CGUs – (a) the EcoSort recycling plant located at Parkhouse Rd, Christchurch; and (b) the EcoDepots, EcoShop and other commercial activities. During the 2012 financial year the directors of EcoCentral Limited reviewed the trading performance of the EcoSort business unit and determined due to the market conditions that the goodwill of $3.1 million attributed to this business combination was fully impaired, and wrote it down to zero. The directors of EcoCentral Limited determined that the goodwill of $1.0 million relating to the EcoDrop CGU was not impaired.

Red Bus Ltd determined that the goodwill of $0.1 million relating to the acquisition of the Akaroa Shuttle business in December 2010 was impaired, and this was written off during the year.

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

- The investments in City Care Ltd and EcoCentral Ltd were revalued by independent valuers Ernst & Young as at 30 June 2012. The company has continued to be profitable since then, and forecasts indicate this trend to continue.
- A report was commissioned from independent valuers, Ernst & Young, reviewing the carrying value of CCHL's investments in Orion New Zealand Ltd and CIAL as at 30 June 2012. This review concluded that there had been no material change in the value of these assets.
- The investment in Lyttelton Port Company Ltd was revalued at 30 June 2012 on the basis of its quoted NZX price. While the company suffered significant damage from the Canterbury earthquakes, the consequent replacement costs and business interruption are largely covered by insurance, and 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 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Trade payables and accrued expenses	91,926	115,049	155,232	169,144
Amounts due to related parties	17,156	6,598	1,731	10,858
GST payable	7,121	-	13,255	-
Interest payable	-	-	2,900	2,038
Income received in advance	-	-	1,327	2,093
Deposits held	-	-	234	328
Retentions	-	-	200	-
Total creditors and other payables	**116,203**	**121,647**	**174,879**	**184,461**

Included in parent trade payables and accrued expenses is $39.9 million (2011: $33.8 million) which are earthquake related.

Notes to financial statements

28. Borrowings

(a) Current portion

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Unsecured:				
Commercial paper	5,000	5,000	102,000	96,000
Bonds/other fixed rate borrowing maturing < 12 months	1	-	5,001	-
Loans from external parties	-	-	68,000	48,000
Finance lease liabilities	7,238	7,238	3,714	3,698
	12,239	**12,238**	**178,715**	**147,698**
Secured:				
Bonds/other fixed rate borrowing maturing < 12 months	50,000	-	50,000	-
Floating rate notes	25,000	-	25,000	-
Loans from external parties	-	19,600	-	21,600
Finance lease liabilities	-	-	334	298
	75,000	**19,600**	**75,334**	**21,898**
Total current portion of borrowings	**87,239**	**31,838**	**254,049**	**169,596**

During the year $50.0 million of Bonds and $25.0 million of Floating Rate Notes entered into in 2009 became current as they are due to be repaid in November 2012.

Notes to financial statements

28. Borrowings (continued)

(b) Non-current portion

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Unsecured:				
Bonds/other fixed rate borrowing maturing > 12 months	19	27	70,019	75,027
Floating rate notes	-	-	130,000	130,000
Loans from external parties	-	-	217,100	220,352
Finance lease liabilities	96,598	96,700	53,558	53,147
	96,617	**96,727**	**470,677**	**478,526**
Secured:				
Bonds/other fixed rate borrowing maturing > 12 months	32,401	82,606	32,401	82,606
Floating rate notes	390,000	215,000	390,000	215,000
Loans from external parties	39,423	39,424	113,248	51,384
Loans from group entities	25,981	38,531	-	-
Finance lease liabilities	-	-	44	378
	487,805	**375,561**	**535,693**	**349,368**
Total non-current portion of borrowings	**584,422**	**472,288**	**1,006,370**	**827,894**

Notes to financial statements

28. Borrowings (continued)

Parent

Secured loans
Council's secured debt of $562.8 million (2011: $395.2 million) is issued at both fixed and floating rates 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 2012, this rate averaged 3.75% (2011: 6.97%). Christchurch City Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2012 the average effective interest rate for the fixed rate debt is 6.25% (2011: 6.00%).

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

Fair Value
The fair value of all loans is $508.6 million (2011: $415.6 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.71-6.36% (2011: 2.57-5.20%).

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:

Christchurch City Holdings Limited
CCHL's borrowings at 30 June 2012 comprised:

- Bonds and floating rate notes totalling $205 million (2011: $205 million) in five tranches ranging from $5 million to $70 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are between 6.21% and 6.87%.
- Commercial paper of $97 million (2011: $91 million). This is short term debt on a 90 day rollover period. The average rate during the year was 3.1% (2011: 3.2%);
- The company also has an undrawn $50 million standby facility. This matures in June 2015.

The borrowings were put in place under a $350 million debt issuance programme. The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL. The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer Notes 15 and 39).

Orion New Zealand Ltd
The company's bank debt of $48.1 million (2011: $31.6 million) is unsecured against the company. However, a deed of negative pledge and guarantee requires the company to comply with certain covenants. In November 2011, the company renegotiated additional bank debt facilities of $60 million to bring its total facilities to $150 million.

Interest rates for all borrowings are floating, based on bank bill rates plus a margin. At balance date, this rate averaged 3.36% (2011: 3.22%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations (refer to Notes 15 and 39). Daily commitment fees are also payable on the facilities.

Christchurch International Airport Ltd
The company has a $300 million funding facility with five banks and a subordinated loan of $50 million from CCHL to fund the ongoing business and the terminal development. In addition, the company has an overdraft facility of $1 million (2011: $300 million bank funding facility, a subordinated loan of $50 million from CCHL and an overdraft facility of $1 million).

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 5.2% to 6.8% (2011: 6.9% to 7.2%).

Notes to financial statements

28. Borrowings (continued)

Lyttelton Port Company Ltd
Bank overdraft and term advances have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been borrowed against a negative pledge deed where Westpac ranks equally with other creditors. The facility is in A and B tranches of $95 million and $55 million respectively with renewal dates of 15 July 2013. There was no difference between the face value and carrying amount of these loans and borrowings at 30 June 2012 or 30 June 2011. The current drawings are against Tranche A of the facility. The company's total debt is $55.9 million (2011: $40.8 million). Average effective interest rates were 7.0% (2011: 6.4%).

Enable Services Ltd
As at 30 June 2012 ESL had borrowings of $19.5 million (2011: $6 million). These borrowings were made under a $25 million facility with CCHL to fund future development initiatives. Interest is charged on a floating rate basis plus an agreed margin. As at 30 June 2012 effective interest rate was 3.99% (2011: 3.64%). The facility matures in October 2014. Discussions are taking place between CCHL and ESL with regard to implementing a new facility to accommodate increased borrowing as a result of Enable's UFB project.

City Care Ltd
Bank loans of $17.9 million (2011: $9.96 million) are secured by a debenture over the assets and undertakings of the company. The loans were made under a committed cash advance facility of $40 million (2011: $30 million). The facility is structured as a two year rolling facility with a current maturity date of 28 February 2014. Interest rates on the floating rate debt are based on bank bill rates plus a margin and averaged 3.60% for the year (2011: 3.89%).

The company also has a $0.5 million (2011: $0.5 million) overdraft facility (undrawn as at 30 June 2012 and 2011), again secured by a debenture over the assets and undertakings of the company.

Red Bus Ltd
At 30 June 2011 the company had a $13 million bank facility, secured by a negative pledge deed, and drawn to $4 million with an effective interest rate of 6.96%. The facility was subsequently reduced to $9 million, and then in December 2011, closed completely, with all term debt being repaid to the bank. The company's bank overdraft facility (undrawn as at 30 June 2012 and 2011) is secured by a registered first and only debenture over the company's assets and undertaking.

At 30 June 2012 Red Bus Ltd also had on issue 5 million $1 convertible notes to the CCHL parent company. The notes have a coupon rate of 6.12% (2011: 6.12%). Subsequent to balance date, by agreement between CCHL and Red Bus Ltd, the convertible notes were cancelled and replaced with a loan agreement.

EcoCentral Ltd
As at 30 June 2012 EcoCentral Ltd had borrowings of $14 million (2011: $14 million). These borrowings were made under a $15 million facility with CCHL. Interest is charged on a floating rate basis plus an agreed margin (2012: 3.74%, 2011: 3.67%), except where interest rate swaps have been entered into in which case the rate charged is the interest swap rate plus the agreed margin. The facility matures in April 2016. Subsequent to balance date, by agreement between CCHL and EcoCentral Ltd, $5 million of the borrowings were replaced by an issue of 5 million $1 redeemable preference shares.

Notes to financial statements

29. Finance lease liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
No later than one year	8,234	8,234	4,947	4,923
Later than one year and not later than five years	36,338	35,162	20,041	19,755
Later than five years	196,781	206,191	108,696	113,000
Minimum lease payments*	**241,353**	**249,587**	**133,684**	**137,678**
Less future finance charges	(137,517)	(145,649)	(76,034)	(80,157)
Present value of minimum lease payments	**103,836**	**103,938**	**57,650**	**57,521**
Minimum future lease payments				
No later than one year	7,238	7,238	4,047	3,996
Later than one year and not later than five years	26,779	25,886	13,873	13,721
Later than five years	69,819	70,814	39,730	39,804
Total present value of minimum lease payments	**103,836**	**103,938**	**57,650**	**57,521**
Represented by				
Current portion	7,238	7,238	4,048	3,996
Non-current portion	96,598	96,700	53,602	53,525
Total finance leases	**103,836**	**103,938**	**57,650**	**57,521**

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

Parent

Effective 13 August 2010, the Council leased the new Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCCJV). CBL is a wholly owned Council subsidiary which owns a 50% interest in the unincorporated joint venture with Ngai Tahu Property Limited. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The initial annual lease payment is $8.2 million plus GST, although for 2011 and for 2012 this amount has been reduced to reflect the period in which the building has been unable to be occupied, and this is reflected in the note above.

Group

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 Limited 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 provisions

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Accrued pay	2,075	1,556	6,082	4,656
Annual leave	11,063	11,166	26,242	25,628
Sick leave	256	256	434	479
Retirement and long service leave	916	1,007	2,653	3,643
Bonuses and other	-	-	4,041	3,968
	14,310	**13,985**	**39,452**	**38,374**

(b) Non-current provisions

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Retirement and long service leave	5,801	5,970	7,141	7,221
Bonuses and other	-	-	221	-
	5,801	**5,970**	**7,362**	**7,221**
Total employee entitlements	**20,111**	**19,955**	**46,814**	**45,595**

Employee benefits

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

Notes to financial statements

31. Provisions

(a) Current provisions

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Landfill aftercare provision	2,198	1,999	2,198	1,999
Weathertight homes provision	865	750	865	750
Onerous Contract (Hamilton)	-	-	-	296
	3,063	**2,749**	**3,063**	**3,045**

(b) Non-current provisions

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Landfill aftercare provision	17,783	14,497	17,783	14,497
Weathertight homes provision	3,399	2,801	3,399	2,801
Onerous Contract (Hamilton)	-	-	-	74
	21,182	**17,298**	**21,182**	**17,372**
Total provisions	**24,245**	**20,047**	**24,245**	**20,417**

Notes to financial statements

31. Provisions (continued)

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

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; 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 $19.0 million (2011: $17.0 million). The discount rate used to calculate this provision is 3.85 %.

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%.

Weathertight Homes
The Council through its insurers is processing a number of weathertight home claims. Provision has been made within the accounts for the estimated cost of known claims currently outstanding. This method of calculation is consistent with prior years. However, other metropolitan local authorities, including Wellington City Council and Auckland Council, are using independent actuarial calculations of their weathertight homes liability, particularly in relation to claims not yet lodged. Council has chosen not to follow this approach for these financial statements due to earthquake-related uncertainty regarding the number of properties that have existing or potential future claims that:

- will be repaired or demolished and rebuilt by insurers, or
- are in Government red zones and will be abandoned.

The Council has no reliable means of estimating what claims may be lodged in the future.

In 2009, RiskPool made a call on the Council for $0.2 million, being its share of a deficit in RiskPool's funds for the years 2002-2003 and 2003-2004 and a further call was made in 2010 of $1.1 million covering the exposure through to June 2013. The $1.1 million was treated as a prepayment.

Provision in these financial statements has been made only for the estimated cost of known claims based on the average actual settlement costs. The discount rate used to calculate this provision is 3.85%. Central Government has introduced a Financial Assistance Package (FAP) for the owners of non-weathertight homes. The calculation of Council's weathertight homes provision has been adjusted to reflect the current assessment of likely costs for all claims that have been accepted into the FAP.

			Parent
	Landfill aftercare	Weathertight homes	Total
	$000	$000	$000
Balance at 1 July 2010	14,990	3,259	18,249
Additional provisions made	1,869	513	2,382
Amounts used	(363)	(221)	(584)
Balance at 30 June 2011	**16,496**	**3,551**	**20,047**
Additional provisions made	4,333	713	5,046
Amounts used	(848)	-	(848)
Balance at 30 June 2012	**19,981**	**4,264**	**24,245**

Notes to financial statements

32. Other liabilities

(a) Other current liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Deferred income	-	-	867	867
Hire purchase agreement	-	-	98	86
Income in advance	3,578	4,865	4,088	5,360
Service concession agreement	736	736	-	-
Vbase insurance advance held	27,171	-	-	-
	31,485	**5,601**	**5,053**	**6,313**

(b) Non-current liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Deferred income	-	-	3,637	4,504
Hire purchase agreement	-	-	34	136
Income in advance	2,970	3,180	1,644	2,610
Lease incentive liability	-	-	-	18
Service concession agreement	7,787	8,523	-	-
	10,757	**11,703**	**5,315**	**7,268**
Total other liabilities	**42,242**	**17,304**	**10,368**	**13,581**

Notes to financial statements

32. Other liabilities (continued)

Deferred income

On 11 September 2002, Lyttelton Port Company Limited 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 Limited 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 through profit and loss on a straight line basis over the 15-year term of the agreement.

Insurance advance

During the year the Council has received material damage insurance payouts relating to Vbase building assets. These funds were deposited in short term investments on behalf of Vbase with a corresponding liability to reflect the funds being owed to Vbase.

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. 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 profit and loss over the 15-year life of the arrangement. At balance date, $0.7 million (2011: $0.7 million) was recognised as a current liability.

In August 2009 Council's subsidiary company EcoCentral Limited purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). As EcoCentral Limited is part of the Council Group for the year ended 30 June 2012, the accounting impact of the service concession agreement has been eliminated on consolidation.

Notes to financial statements

33. Reserves

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Asset revaluation reserve	1,543,697	1,742,737	1,871,476	2,065,338
Fair value through equity reserve	1,305,260	1,224,199	(553)	(882)
Hedging reserve	(38,775)	(10,237)	(61,966)	(24,179)
Reserve funds	407,087	247,448	407,147	247,448
Capital reserves	1,733,853	1,733,853	1,734,934	1,733,853
	4,951,122	**4,938,000**	**3,951,038**	**4,021,578**
Asset revaluation reserve				
Balance at beginning of financial year	1,742,737	1,794,572	2,065,338	2,235,264
Gain/(loss) on revaluation of assets	(1,452)	(439)	896	(97,000)
Tax associated with revaluation movements	-	-	(6,091)	33,410
Impairment losses	(191,242)	(44,463)	(191,242)	(101,745)
Deferred tax liability arising on revaluation	-	-	4,868	14,054
Reversal of deferred tax liability on realisation of P,P&E	-	-	28	297
Transfer (to)/from retained earnings on disposal of P,P&E	(6,346)	(6,933)	(6,438)	(17,414)
Share of increment in reserves attributable to associates	-	-	71	(1,528)
Consolidation of CCOs	-	-	4,046	-
Balance at end of financial year	**1,543,697**	**1,742,737**	**1,871,476**	**2,065,338**
Fair value through equity reserve				
Balance at beginning of financial year	1,224,199	1,194,732	(882)	(230)
Gain/(loss) on revaluation of investments	80,732	30,119	-	-
Gain/(loss) on revaluation of available for sale assets	329	(652)	329	(652)
Balance at end of financial year	**1,305,260**	**1,224,199**	**(553)**	**(882)**

Notes to financial statements

33. Reserves (continued)

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Hedging reserve				
Balance at beginning of financial year	(10,237)	(6,640)	(24,178)	(18,697)
Gain/(loss) recognised on cash flow hedges:				
Interest rate swaps	(28,538)	(3,597)	(41,230)	(6,161)
Forward foreign exchange contracts	-	-	(66)	193
Income tax	-	-	3,507	538
Transfer to income statement:				
Income tax	-	-	-	(52)
Balance at end of financial year	**(38,775)**	**(10,237)**	**(61,967)**	**(24,179)**
Reserve funds				
Balance at beginning of financial year	247,448	189,427	247,448	189,427
Consolidation of CCOs	-	-	60	-
Transfer from retained earnings	159,639	58,021	159,639	58,021
Balance at end of financial year	**407,087**	**247,448**	**407,147**	**247,448**
Capital reserves				
Balance at beginning of financial year	1,733,853	1,733,853	1,733,853	1,733,853
Addition of Council Controlled Organisation	-	-	1,081	-
Balance at end of financial year	**1,733,853**	**1,733,853**	**1,734,934**	**1,733,853**

Asset revaluation reserve
These include revaluations of property, plant and equipment.

Fair value through equity reserve
This reserve records movements in the fair value of fair value through equity assets. In the parent accounts, these assets are the investments in subsidiaries and associates.

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

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

Capital reserves
This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989. In 2012, we have consolidated the smaller Council Controlled Organisations which were previously immaterial.

Notes to financial statements

34. Retained earnings

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Balance at beginning of financial year	1,954,747	1,961,725	2,545,922	2,522,647
Net profit for the period	328,459	44,110	448,652	58,469
Income tax transferred	-	-	(25)	(263)
Transfer to reserve funds	(159,639)	(58,021)	(159,547)	(58,021)
Transfer from retained earnings on disposal of property, plant and equipment	6,346	6,933	6,346	17,414
Other movements	-	-	7,668	6,150
Adjustment to controlling interests on purchase of shares	-	-	(132)	(474)
Consolidation of CCOs	-	-	6,393	-
Balance at end of financial year	**2,129,913**	**1,954,747**	**2,855,277**	**2,545,922**

Notes to financial statements

35. Non controlling interests

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Balance at beginning of financial year	-	-	247,217	246,889
Share of comprehensive income for period	-	-	17,814	7,584
Dividends paid or provided for	-	-	(7,940)	(6,782)
Adjustment to non controlling interests for share acquisitions	-	-	(527)	(474)
Balance at end of financial year	**-**	**-**	**256,564**	**247,217**

Notes to financial statements

36. Reconciliation of profit for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Profit for the period	**328,459**	**44,110**	**462,910**	**72,028**
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	116,196	111,744	206,581	236,246
Donated and subsidised assets	(19,131)	(3,306)	(23,319)	(7,135)
(Gains)/losses in fair value of investment property	-	-	(5,421)	1,086
(Gains)/losses in fair value of derivative financial instruments	1,398	504	2,694	1,042
Share of associates' loss/(profit) (less dividends)	-	-	(850)	(4,737)
Net foreign exchange (gains)/losses	-	-	85	14
Deferred tax charged/(credited) to income	91	392	4,207	8,187
Finance lease income	(102)	-	1,701	1,726
Gains/losses in fair value of Endeavour iCap	2,162	(78)	2,162	(78)
Other non cash movements	-	-	2,489	(1,932)
Net changes in non-cash items	**100,614**	**109,256**	**190,329**	**234,419**
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	10,956	(1,821)	78,392	30,525
Movement in capital creditors	(5,103)	13,284	(4,466)	14,722
Recognition of service concession arrangement	(736)	-	(736)	-
Insurance proceeds classified as investing activities	(265,680)	-	(309,392)	(35,540)
Vbase insurance advance held as investing	-	-	(26,512)	-
Other	(1,567)	(1,734)	-	(1,062)
Net changes in investing/financing activities	**(262,130)**	**9,729**	**(262,714)**	**8,645**

Notes to financial statements

36. Reconciliation of profit for the period to net cash flows from operating activities (continued)

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Add/(less) movement in working capital items				
Current trade and other receivables	23,055	(35,732)	318	(44,030)
Current inventories	(1,668)	(778)	(5,940)	(3,025)
Current prepayments	(1,793)	(303)	(3,419)	(1,291)
Income tax receivable	97	(20)	-	809
Other current assets	(133,097)	(212,127)	(308,840)	(258,900)
Non-current receivables	-	3,000	25,046	4,423
Non-current prepayments	-	-	149	589
Other non-current assets	-	-	285	(130)
Current payables	(5,444)	46,021	(9,582)	47,409
Current provisions and employee benefits	639	1,684	1,096	4,960
Income tax payable	-	-	15,708	2,405
Other current liabilities	(1,287)	4,655	(1,260)	5,150
Non-current provisions and employee benefits	3,715	1,400	3,951	1,627
Other non-current liabilities	(946)	(945)	(1,953)	(1,372)
Net changes in net assets and liabilities	**(116,729)**	**(193,145)**	**(284,441)**	**(241,376)**
Net cash from operating activities	**50,214**	**(30,050)**	**106,084**	**73,716**

Notes to financial statements

37. Capital commitments and operating leases

(a) Capital and other operating commitments

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Capital commitments				
Property, plant & equipment	62,449	89,240	104,696	156,280
Electricity distribution network	-	-	18,654	10,468
Intangible assets	616	283	910	2,376
Total capital commitments	**63,065**	**89,523**	**124,260**	**169,124**
Other operating commitments				
Other operating commitments	81,821	72,988	81,821	72,988

In addition to the capital commitments shown above, ESL has entered into agreements to build, operate and maintain a UFB network on behalf of ENL as described in Note 21. The agreements require ESL to have built the UFB network past all priority premises (business, health, schools and government) by December 2015 and all premises to have been passed by December 2019. Upon each stage of the network being completed, and subject to that stage satisfactorily passing user acceptance testing, ENL will purchase that stage.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
No later than one year	3,508	1,564	7,082	6,826
Later than one year and not later than five years	7,152	4,848	13,798	16,184
Later than five years	2,138	5,209	8,273	13,269
Total non-cancellable operating lease liabilities	**12,798**	**11,621**	**29,153**	**36,279**

Parent

The Council leases computer equipment, property, motor vehicles and the car parks owned by the Canterbury Club.

Notes to financial statements

37. Capital commitments and operating leases (continued)

(c) Non-cancellable operating lease receivables

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
No later than one year	6,747	5,620	52,550	51,858
Later than one year and not later than five years	21,226	16,292	62,711	76,831
Later than five years	51,344	39,255	276,479	312,292
Total non-cancellable operating lease receivables	**79,317**	**61,167**	**391,740**	**440,981**

Parent

The Council leases properties to various parties.

Group

Orion New Zealand Ltd
Non-cancellable operating lease receivables $0.1 million (2011: $0.4 million). Until the earthquake on 22 February 2011, the company leased land and buildings at its head office site in the CBD to a variety of tenants, on a range of different terms. Due to the severe damage caused to the buildings by the earthquake and a lack of access to the CBD, the leases were effectively cancelled on the date of the earthquake. The company also leases some land adjacent to substation sites to a range of tenants. These leases are incidental to the company's principal business.

Christchurch International Airport Ltd
Non-cancellable operating lease receivables $307.0 million (2011: $309.3 million). The company has a number of property leases that generate rental income. The leases are for terms between 1 month and 55 years, and the majority of the lease agreements are renewable at the end of the lease period at market rates.

Lyttelton Port Company Ltd
Non-cancellable operating lease receivables $58.7 million (2011: $59.5 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 including "in perpetuity". There were no contingent rents recognised as income in the year.

Enable Services Ltd
Non-cancellable operating lease receivables $4.2 million (2011: $10.8 million). ESL sold its existing fibre network to associated company ENL in February 2012. Prior to that time it had contracted with a number of customers to provide fibre network services with a standard contract period of two years but ranging from 12 months to 10 years. Under the agreement for transfer of the existing fibre network to ENL, ESL will not extend the existing contracts with customers. As ESL's contracts with customers reach the end of the contracted period they are transferred to ENL through a retail services provider. The lease obligations in 2012 reflect remaining customer contracts. These are fulfilled by ESL acquiring UFB product from ENL under a Wholesale Services Agreement which it in turn provides to customers.

Notes to financial statements

38. Contingent liabilities and contingent assets

		Parent		Group	
		30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Contingent liabilities					
Performance bonds	1	-	-	54,626	57,638
IRU contract under CFNL purchase		-	-	-	443
Lyttelton Port Coy Ltd - Port noise mitigation	3	-	-	1,226	1,160
Uncalled capital in CCHL		350,138	350,138	-	-
Uncalled capital in Tuam Ltd		7,000	7,000	-	-
Uncalled capital in Civic Building Ltd		10,000	10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd		1,556	1,556	1,556	1,556
Other professional indemnity insurance claims		200	200	200	200
Christchurch Symphony Orchestra guarantee	4	200	200	200	200
Transwaste Canterbury Ltd	5	-	-	4,712	4,322
Legal disputes	6	2,850	4,275	2,850	4,275
Total contingent liabilities		**371,944**	**373,369**	**65,370**	**69,794**

1. **The following contingent liabilities exist in respect of contract performance bonds:**
   - CCHL $47.50 million (2011: $50.00 million);
   - City Care Limited $5.55 million (2011: $6.11 million);
   - Red Bus Limited $0.87 million (2011: $0.85 million); and
   - Orion New Zealand Limited $0.71 million (2011: $0.66 million)

   CCHL entered into a $50 million performance bond with ANZ bank in June 2011 in support of ESL's successful bid under the Government's UFB initiative. The amount of the bond decreases annually and terminates in 2022.

   None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made.

2. **New Zealand Local Government Funding Agency**
   The Council is a shareholder of the NZLGFA. The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

   The Council is one of 19 shareholders of the NZLGFA. In that regard it has uncalled capital of $2.0 million. When aggregated with the uncalled capital of other shareholders, $20.0 million is available in the event that an imminent default is identified. Also together with the other shareholders, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2012, NZLGFA had borrowing totalling $835.0 million (2011: Nil).

   Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

   - we are not aware of any local authority debt default events in New Zealand; and
   - local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Notes to financial statements

38. Contingent liabilities and contingent assets (continued)

3. **Lyttelton Port Company Ltd – dry dock contaminants**
Contaminants arising from dry dock and slipway operations have been identified in seabed sediments in that area of the inner harbour. The company has been working with Environment Canterbury and the Department of Conservation on the issues for a number of years. An interim monitoring and management plan is in place to manage any adverse effects and to minimise any disturbance of the contaminated sediments while further investigations are carried out into the environmental risks associated with the contamination. The Ministry for the Environment's Contaminated Sites Remediation Fund has contributed to ongoing investigation costs.

   At this time the Lyttelton Port Company Ltd directors have not determined what liability, if any, would accrue to the company. In any event the directors are confident that any liability attaching to the company will not be a material liability.

   Lyttelton Port Company Ltd – Port Noise Working Agreement
Lyttelton Port Company Ltd is party to a deed, along with Council, Environment Canterbury, Lyttelton Harbour Residents' Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of Lyttelton Port Company Ltd and land use restrictions on affected areas.

   The agreements recognised the need for the company 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 made operative provisions through a successful application to the Environment Court under section 293 of the Resource Management Act. A Port Noise Liaison Committee, composed of 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 $1.2 million (2011: $1.3 million) in total over the next nine years.

4. In March 1998 the Council guaranteed a $0.1 million bank overdraft for the Canterbury Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further $0.1 million to be guaranteed if required. A guarantee for the additional $0.1 million was activated in June 2009.

5. Council's share of the contingencies of associates is $4.7 million (2011: $4.3 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.

6. There are current legal proceedings against the Council for six specific issues and the potential for claims in seven others. The amounts claimed are disputed.

7. **National Provident Fund's Defined Benefit Plan Contributors Scheme**
Some members of the Group are participating employers in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers ceased to participate in the scheme, the Group could be responsible for the entire deficit of the scheme (see below). Similarly, if a number of employers ceased to participate in the scheme, the Group could be responsible for an increased share of the deficit.

   The Fund has advised that insufficient information is available to use defined benefit accounting as it is not possible to determine, from the terms of the scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

   As at 31 March 2012, the scheme had an estimated past service surplus of $19.8 million (8.3% of the liabilities) (2011: $37.6 million). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated 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.

8. Council will possibly have a further liability in relation to weathertight homes claims; however the amount is unknown as it is dependent on claims received. For detail on Council's provision for weathertight homes see note 31.

Notes to financial statements

38. Contingent liabilities and contingent assets (continued)

9. Council's current estimate is that the earthquake-related response and recovery costs faced by the Council total $3.4 billion. The largest component of this is the $2.2 billion cost of the infrastructure rebuild programme. Rebuild and recovery costs will in part be met from insurance and Crown contributions. The Council has not yet concluded any major settlements but has recognised receivables where it is virtually certain of receiving funds. The nature of the damage, insurance claim and Crown contribution process, means it is not yet possible to estimate with any certainty the amount of recoveries that will be received.

   The Council has a contingent asset in relation to these recoveries. The Council is working with the Government and insurers to determine the amount of the recoveries, but it is not yet possible to estimate that amount with any certainty.

10. **Enable Services Ltd – contract dispute**
    ESL is currently in dispute with Transfield Services (NZ) Limited, its main contractor for build of the UFB network, over contractual terms and conditions. The company is unable to quantify the impact of this dispute at present.

    Enable Services Ltd – indefeasible right of use contracts
    Enable Services Ltd had contingent liabilities at 30 June 2011 of $0.4 million relating to a number of indefeasible right of use contracts acquired with the CFNL network purchase in 2008. These were transferred to Enable Networks Ltd as part of the sale of the existing network in February 2012 and no longer represent a contingent liability for the company.

Contingent Assets

11. **Christchurch City Council – Insurance recoveries**
    Accounting standards require that insurance recoveries can only be recognised where there is virtual certainty of receiving the payment. Council considers that certain insurance recoveries have met that hurdle. For many this standard has not been met and the Council has a contingent asset. The ultimate quantum of all the insurance recoveries cannot currently be reliably measured as there will continue for a number of years to be uncertainty around the range of possible outcomes and insufficient information to form a reasonable judgement.

12. **Orion New Zealand Limited**
    Orion has lodged several material damage and business interruption insurance claims in relation to damage and losses from the Canterbury earthquakes. In the financial year Orion has recognised $22.4 million (2011: nil) of insurance cash settlement proceeds it has so far received from insurers as revenue. The group expects to reach several more such agreements with insurers in the 2013 financial year for most of the remaining parts of its earthquake claims, however the amounts and timing of these future cash settlement agreements cannot be reliably estimated.

13. **Christchurch International Airport Limited**
    As at 30 June 2012 there was no contingent asset (2011 $0.77 million) for Earthquake insurance remediation, see Note 29, and there were no contingent liabilities (2011: Nil).

14. **Vbase Limited**
    The Vbase Group has an outstanding claim with an insurance provider in relation to the JEFL facility which is currently estimated at $ 0.18 million. The claim process is in the early stages and as there is not enough certainty to recognise this as a receivable as at 30 June 2012 the claim amount has been shown as a contingent asset. The sale of JEFL in June 2012 will not impact the rights of Vbase to recover the claim.

    The company has business interruption insurance in place which entitles it to recover any lost revenues for a maximum 24 month period from the date of an event adversely affecting one or more of its venues. The February 2011 earthquake event triggered the claim process under the policy in relation to the three closed venues.

    The company has received payments under the policy but the quantum of the future recoveries cannot be reliably measured until all financial data up to February 2013 is made available for the insurance assessor to calculate and agree the final payout.

Notes to financial statements

39. 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 summarise the Council's and Group's exposure to interest rate risk.

						Parent
	Fixed	Variable	Non-interest bearing	Fixed	Variable	Non-interest bearing
	Jun 12	Jun 12	Jun 12	Jun 11	Jun 11	Jun 11
	$000	$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	-	118,267	-	-	48,417	-
Bank deposits with maturities > 12 months	11,000	-	-	17,000	-	-
Short term deposits	62,137	8,186	-	3,000	38,500	-
Debtors and other receivables	-	-	60,157	-	-	77,048
Related party receivables	-	-	606	-	-	1,771
Local authority stock	17,000	23,000	-	17,000	18,000	-
Stocks and bonds	44,656	-	-	21,550	-	-
Loans and advances	4,150	1,002	150	2,219	895	1,398
Related party loans	104,980	4,500	-	106,311	4,500	10,323
Net settled derivative assets	-	2,391	-	142	2,605	-
	243,923	**157,346**	**60,913**	**167,222**	**112,917**	**90,540**
Financial liabilities						
Commercial paper	(5,000)	-	-	-	(5,000)	-
Bonds and other fixed rate borrowing	(80,000)	(2,421)	-	(2,633)	(80,000)	-
Floating rate notes	(385,084)	(29,916)	-	(184,250)	(30,750)	-
Loans from external parties	(39,423)	-	-	(42,024)	(17,000)	-
Loans from group entities	(25,700)	(281)	-	(38,250)	(281)	-
Finance lease liabilities	(103,836)	-	-	(103,938)	-	-
Net settled derivative liabilities	-	-	-	(14,126)	-	-
	(639,043)	**(32,618)**	**-**	**(385,221)**	**(133,031)**	**-**
	(395,120)	**124,728**	**60,913**	**(217,999)**	**(20,114)**	**90,540**

Notes to financial statements

39. Financial instrument risks (continued)

						Group
	Fixed Jun 12	Variable Jun 12	Non-interest bearing Jun 12	Fixed Jun 11	Variable Jun 11	Non-interest bearing Jun 11
	$000	$000	$000	$000	$000	$000
Financial assets						
Cash and cash equivalents	2,909	144,989	3,339	3,033	77,676	68
Bank deposits	24,682	-	-	22,025	38,500	-
Short term deposits	62,137	8,186	-	-	-	-
Debtors and other receivables	-	-	148,340	-	-	123,470
Local authority stock	17,000	23,000	-	17,000	18,000	-
Stocks and bonds	44,656	-	-	21,550	-	-
Loans and advances	4,773	1,002	152	3,266	895	1,399
Finance lease receivables	47	-	-	28,772	-	300
Net settled derivative assets	-	2,391	252	142	2,605	39
Other	1,150	-	45	-	-	1,264
	157,354	**179,568**	**152,128**	**95,788**	**137,676**	**126,540**
Financial liabilities						
Commercial paper	(14,000)	(88,000)	-	-	(96,000)	-
Bonds and other fixed rate borrowing	(155,000)	(2,421)	-	(77,633)	(80,000)	-
Floating rate notes	(465,084)	(79,916)	-	(264,250)	(80,750)	-
Loans from external parties	(356,523)	(41,825)	-	(277,024)	(64,312)	-
Finance lease liabilities	(52,378)	(5,272)	-	(52,741)	(4,780)	-
Net settled derivative liabilities	(22,443)	-	(7,399)	(36,569)	-	(1,212)
	(1,065,428)	**(217,434)**	**(7,399)**	**(708,217)**	**(325,842)**	**(1,212)**
	(908,074)	**(37,866)**	**144,729**	**(612,429)**	**(188,166)**	**125,328**

Notes to financial statements

39. Financial instrument risks (continued)

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 below.

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	
	Jun 12	Jun 11	Jun 12	Jun 11
	$000	$000	$000	$000
Floating for fixed contracts				
1 to 2 years	60,000	-	(1,637)	-
2 to 5 years	144,000	122,500	(7,164)	(799)
More than 5 years	388,200	219,700	(35,110)	(13,185)
	592,200	**342,200**	**(43,911)**	**(13,984)**

	Notional principal amount		Fair value	
	Jun 12	Jun 11	Jun 12	Jun 11
	$000	$000	$000	$000
Fixed for floating contracts				
Less than 1 year	50,000	-	415	-
1 to 2 years	-	50,000	-	1,349
2 to 5 years	30,000	30,000	1,976	1,256
	80,000	**80,000**	**2,391**	**2,605**

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 Limited, a company listed on the New Zealand Stock Exchange. The investment in Lyttelton Port Company Limited is classified as a financial asset held at fair value through equity, and 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.

Orion New Zealand Limited is exposed to price risk through its investment in unlisted companies. Its policy is not to hedge its exposures to price risk.

Notes to financial statements

39. Financial instrument risks (continued)

	Notional principal amount		Group Fair value	
	Jun 12 $000	Jun 11 $000	Jun 12 $000	Jun 11 $000
Floating for fixed contracts				
Less than 1 year	34,000	58,000	(1,079)	(1,559)
1 to 2 years	99,000	24,000	(2,893)	(862)
2 to 5 years	359,000	323,500	(20,019)	(10,307)
More than 5 years	602,200	386,700	(59,581)	(24,911)
	1,094,200	**792,200**	**(83,572)**	**(37,639)**

	Notional principal amount		Fair value	
	Jun 12 $000	Jun 11 $000	Jun 12 $000	Jun 11 $000
Fixed for floating contracts				
Less than 1 year	50,000	-	415	-
1 to 2 years	-	50,000	-	1,349
2 to 5 years	30,000	30,000	1,976	1,256
	80,000	**80,000**	**2,391**	**2,605**

Lyttelton Port Company Limited has previously entered into fuel swap agreements to reduce the impact of price changes on fuel costs. Up to 80% of forecast fuel costs for the next 15 months may be hedged. These fuel price derivatives are designated as a cash flow hedge. As at 30 June 2012 there were no hedges in place (2011: nil).

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

39. 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:

Jun 12					**Group**
in thousands of New Zealand dollars	USD	AUD	EUR	GBP	Other
	$000	$000	$000	$000	$000
Foreign currency risk					
Trade receivables	47	-	355	-	-
Trade payables	-	(1)	-	-	-
Net balance sheet exposure before hedging activity	**47**	**(1)**	**355**	**-**	**-**
Estimated forecast sales	5,975	-	-	-	-
Estimated forecast purchases	(387)	(151)	(710)	-	-
Net cash flow exposure before hedging activity	**5,588**	**(151)**	**(710)**	**-**	**-**
Forward exchange contracts					
Notional amounts	(6,022)	-	5,215	-	-
Foreign currency on hand	-	-	1	-	-
Net unhedged exposure	**(387)**	**(152)**	**4,861**	**-**	**-**

Notes to financial statements

39. Financial instrument risks (continued)

Jun 11					Group
in thousands of New Zealand dollars	USD	AUD	EUR	GBP	Other
	$000	$000	$000	$000	$000
Foreign currency risk					
Trade receivables	375	-	222	-	-
Trade payables	(7)	(92)	(41)	-	(69)
Net balance sheet exposure before hedging activity	**368**	**(92)**	**181**	**-**	**(69)**
Estimated forecast sales	1,369	-	-	-	-
Estimated forecast purchases	(260)	(920)	(1,441)	(3)	-
Net cash flow exposure before hedging activity	**1,109**	**(920)**	**(1,441)**	**(3)**	**-**
Forward exchange contracts					
Notional amounts	(859)	-	472	-	-
Foreign currency on hand	3	-	2	-	-
Net unhedged exposure	**621**	**(1,012)**	**(786)**	**(3)**	**(69)**

Notes to financial statements

39. Financial instrument risks (continued)

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and Group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the Group.

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

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

The Council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in Note 38.

Orion New Zealand Limited has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailer customers. CIAL also has a concentration of credit risk on a small number of customers, with 59% (2011: 80%) of trade receivables due from 10 customers. City Care Limited also has a concentration of credit risk in respect of its transactions with ultimate shareholder Council, with 53% (2011: 61%) of its revenue derived from this source. Red Bus Limited has a concentration of credit risk with Environment Canterbury, which provides 79% (2011: 64%) of the company's revenue. Notwithstanding this concentration of credit risk, all of these major customers are considered to be of high credit quality.

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 Limited, 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. Recent changes to the Electricity Industry Participation Code significantly reduce the prudential securities that electricity distribution businesses may require from their electricity retail customers, and this will have the effect of reducing the security held by Orion New Zealand Ltd in the future.

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

39. Financial instrument risks (continued)

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

		Parent		Group	
		30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Cash at bank, term deposits and foreign currency		199,590	106,917	247,393	141,302
Debtors and other receivables		55,765	78,819	127,178	152,542
Loans		112,483	124,408	3,627	4,322
Government or local authority stock		40,000	35,000	40,000	35,000
Stocks and bonds		44,656	21,550	44,656	21,550
Derivative financial instrument assets		2,391	2,747	2,643	2,786
		454,885	**369,441**	**465,497**	**357,502**
Counterparties					
Cash at bank, term deposits and foreign currency					
	AA	-	106,917	5,983	141,302
	AA-	199,590	-	241,410	-
		199,590	**106,917**	**247,393**	**141,302**
Loans					
	Lower than BBB or unrated	112,483	124,408	3,627	4,322
		112,483	**124,408**	**3,627**	**4,322**

Notes to financial statements

39. Financial instrument risks (continued)

		Parent		Group	
		30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Government or local authority stock					
	AA	13,000	2,000	13,000	2,000
	A	5,000	5,000	5,000	5,000
	Lower than BBB or unrated	22,000	28,000	22,000	28,000
		40,000	**35,000**	**40,000**	**35,000**
Stocks and bonds					
	AA	-	9,500	-	9,500
	A	-	9,500	-	9,500
	Lower than BBB or unrated	44,656	2,550	44,656	2,550
		44,656	**21,550**	**44,656**	**21,550**
Derivative financial instrument assets					
	AA	-	2,747	-	2,786
	AA	2,391	-	2,643	-
		2,391	**2,747**	**2,643**	**2,786**

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.

A number of Council counterparties are unrated as per the above. These balances primarily consist of inter-group loans and local authority stock.

The Council is exposed to liquidity risk as a guarantor of all of NZLGFA borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 38.

Notes to financial statements

39. Financial instrument risks (continued)

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
Jun 12	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	116,203	116,203	116,203	-	-	-
Net settled derivative liabilities	43,911	50,492	3,749	8,084	21,365	17,294
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds and other fixed rate borrowing	82,421	86,943	53,293	1,831	31,819	-
Floating rate notes	415,000	497,508	50,568	246,520	105,475	94,945
Loans from external parties	39,423	53,093	6,079	5,988	41,026	-
Loans from group entities	25,981	19,609	1,149	12,215	6,245	-
Finance lease liabilities	103,836	241,353	8,234	8,933	27,405	196,781
	831,775	**1,070,201**	**244,275**	**283,571**	**233,335**	**309,020**

	Balance sheet	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	$000	$000	$000	$000	$000	$000
Financial assets:						
Cash and cash equivalents	118,267	118,267	118,267	-	-	-
Bank deposits with maturity > 1 year	11,000	13,104	678	675	11,751	-
Short term deposits	41,500	72,807	72,807	-	-	-
Debtors and other receivables	60,157	60,157	60,157	-	-	-
Related party receivables	606	606	606	-	-	-
Local authority stock	40,000	43,884	16,889	15,999	10,996	-
Stocks and bonds	44,656	51,176	5,600	5,426	28,732	11,418
Loans and advances	5,303	622	82	78	213	249
Related party loans	109,480	170,971	8,719	8,448	37,902	115,902
Net settled derivative assets	2,391	3,863	1,353	703	1,425	382
	433,360	**535,457**	**285,158**	**31,329**	**91,019**	**127,951**

Notes to financial statements

39. Financial instrument risks (continued)

Parent

Jun 11	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	121,647	121,647	121,647	-	-	-
Net settled derivative liabilities	14,126	(5,875)	845	(1,723)	(3,935)	(1,062)
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds	82,633	91,622	4,704	53,270	33,648	-
Floating rate notes	215,000	271,742	13,709	39,841	172,108	46,084
Loans from external parties	59,024	76,262	23,164	6,044	17,718	29,336
Loans from group entities	38,531	35,497	2,019	2,044	31,434	-
Finance lease liabilities	103,938	227,973	7,521	7,521	24,596	188,335
	639,899	**823,868**	**178,609**	**106,997**	**275,569**	**262,693**

	Balance sheet $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	2-5 years $000	5 years + $000
Financial assets:						
Cash and cash equivalents	48,417	48,417	48,417	-	-	-
Bank deposits with maturity > 1 year	17,000	20,332	993	6,913	12,426	-
Short term deposits	41,500	42,342	42,342	-	-	-
Debtors and other receivables	77,048	77,048	77,048	-	-	-
Related party receivables	1,771	1,771	1,771	-	-	-
Local authority stock	35,000	41,173	2,177	12,001	26,995	-
Stocks and bonds	21,550	25,541	9,879	3,877	9,522	2,263
Loans and advances	4,512	1,539	118	118	310	993
Related party loans	121,134	196,843	14,652	9,803	46,840	125,548
Net settled derivative assets	2,747	6,934	1,019	1,162	3,663	1,090
	370,679	**461,940**	**198,416**	**33,874**	**99,756**	**129,894**

Notes to financial statements

39. Financial instrument risks (continued)

						Group
Jun 12	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	174,879	174,714	174,714	-	-	-
Net settled derivative liabilities	83,877	81,167	12,874	14,984	33,402	19,907
Commercial paper	102,000	102,000	102,000	-	-	-
Bonds and other fixed rate borrowing	157,421	181,320	63,243	6,640	111,437	-
Floating rate notes	545,000	664,904	57,277	254,568	203,201	149,858
Loans from external parties	398,348	439,638	84,868	111,736	243,034	-
Finance lease liabilities	57,650	133,686	4,948	4,977	15,065	108,696
Other	1	1	1	-	-	-
	1,519,176	**1,777,430**	**499,925**	**392,905**	**606,139**	**278,461**

	Balance sheet	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	5 years +
	$000	$000	$000	$000	$000	$000
Financial assets:						
Cash and cash equivalents	151,237	151,239	151,239	-	-	-
Bank deposits with maturities > 1 year	24,682	26,848	14,422	675	11,751	-
Short term deposits	70,323	72,807	72,807	-	-	-
Debtors and other receivables	148,340	157,755	154,995	210	630	1,920
Local authority stock	40,000	43,884	16,889	15,999	10,996	-
Stocks and bonds	44,656	51,176	5,600	5,426	28,732	11,418
Loans and advances	5,927	1,683	265	250	387	781
Finance lease receivables	47	52	26	26	-	-
Net settled derivative assets	2,643	4,114	1,604	703	1,425	382
Other	1,195	1,236	83	900	253	-
	489,050	**510,794**	**417,930**	**24,189**	**54,174**	**14,501**

Notes to financial statements

39. Financial instrument risks (continued)

Jun 11	Balance sheet $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	2-5 years $000	5 years + $000
						Group
Financial liabilities:						
Creditors and other payables	184,461	184,652	184,464	64	62	62
Net settled derivative liabilities	37,781	17,546	10,157	4,929	2,766	(306)
Commercial paper	96,000	96,000	96,000	-	-	-
Bonds	157,633	191,089	9,794	68,029	113,266	-
Floating rate notes	345,000	445,681	19,701	55,149	269,834	100,997
Loans from external parties	341,336	372,248	80,142	87,955	174,815	29,336
Finance lease liabilities	57,521	126,870	4,567	4,567	13,665	104,071
Other	-	3,714	449	1,018	2,247	-
	1,219,732	**1,437,800**	**405,274**	**221,711**	**576,655**	**234,160**

	Balance sheet $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	2-5 years $000	5 years + $000
Financial assets:						
Cash and cash equivalents	80,777	80,777	80,777	-	-	-
Bank deposits with maturities > 1 year	19,025	22,388	3,049	6,913	12,426	-
Short term deposits	41,500	42,342	42,342	-	-	-
Debtors and other receivables	123,469	85,054	85,054	-	-	-
Local authority stock	35,000	41,173	2,177	12,001	26,995	-
Stocks and bonds	21,550	25,541	9,879	3,877	9,522	2,263
Loans and advances	5,560	3,088	393	375	974	1,346
Finance lease receivables	29,073	40,132	2,646	3,908	11,671	21,907
Net settled derivative assets	2,786	6,959	1,044	1,162	3,663	1,090
	358,740	**347,454**	**227,361**	**28,236**	**65,251**	**26,606**

Notes to financial statements

39. Financial instrument risks (continued)

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 and foreign exchange rates on the Council and Group's pre-tax profits and equity:

Movements in interest rates

								Parent
				Jun 12				Jun 11
		Increase		Decrease		Increase		Decrease
Financial assets and liabilities at floating rate	1.00% Pre-tax profit	1.00% Other compr. income	-1.00% Pre-tax profit	-1.00% Other compr. income	1.00% Pre-tax profit	1.00% Other compr. income	-1.00% Pre-tax profit	-1.00% Other compr. income
	$000	$000	$000	$000	$000	$000	$000	$000
Floating rate notes	(299)	-	299	-	(308)	-	308	-
Commercial paper	(50)	-	50	-	(50)	-	50	-
Cash and cash equivalents	1,183	-	(1,183)	-	484	-	(484)	-
Bank deposits	82	-	(82)	-	385	-	(385)	-
Related party loans	45	-	(45)	-	45	-	(45)	-
Interest rate swap derivatives	46,883	26,039	(49,901)	(27,814)	1,872	4,287	(2,000)	(4,601)
Local authority stock	230	-	(230)	-	180	-	(180)	-
Total sensitivity to interest rate risk	**48,074**	**26,039**	**(51,092)**	**(27,814)**	**2,608**	**4,287**	**(2,736)**	**(4,601)**

Notes to financial statements

39. Financial instrument risks (continued)

								Group
				Jun 12				Jun 11
		Increase		Decrease		Increase		Decrease
Financial assets and liabilities at floating rate	1.00% Pre-tax profit	1.00% Other compr. income	-1.00% Pre-tax profit	-1.00% Other compr. income	1.00% Pre-tax profit	1.00% Other compr. income	-1.00% Pre-tax profit	-1.00% Other compr. income
	$000	$000	$000	$000	$000	$000	$000	$000
Floating rate notes	(799)	-	799	-	(508)	-	508	-
Commercial paper	(930)	-	930	-	(870)	-	870	-
Finance lease liabilities	(53)	-	53	-	(48)	-	48	-
Bank loans	(418)	-	418	-	66	-	(66)	-
Cash and cash equivalents	1,385	-	(1,385)	-	808	-	(808)	-
Bank deposits	166	-	(166)	-	405	-	(405)	-
Related party loans	48	-	(48)	-	95	-	(95)	-
Interest rate swap derivatives	48,853	38,936	(51,938)	(41,435)	2,237	19,080	(4,861)	(20,360)
Other	386	-	(386)	-	565	-	(565)	-
Total sensitivity to interest rate risk	**48,638**	**38,936**	**(51,723)**	**(41,435)**	**2,750**	**19,080**	**(5,374)**	**(20,360)**

								Group
				Jun 12				Jun 11
	-10%		+10%		-10%		+10%	
		Other		Other		Other		Other
Foreign exchange risk	Pre-tax profit	compr. income (excl REs)	Pre-tax profit	compr. income (excl REs)	Pre-tax profit	compr. income (excl REs)	Pre-tax profit	compr. income (excl REs)
	$000	$000	$000	$000	$000	$000	$000	$000
Trade receivables	-	-	-	-	24	-	(24)	-
Creditors and other payables	-	-	-	-	(1)	-	1	-
Derivatives - held for trading	17	-	(14)	-	68	86	(30)	(86)
Total sensitivity to foreign exchange risk	**17**	**-**	**(14)**	**-**	**91**	**86**	**(53)**	**(86)**

Equity price risk
The estimated impact of movements in market price on the Group's equity relates to the movement in the share price of the Lyttelton Port Company Limited. A movement of 10% in the share price would impact equity by $16.3 million (2011: $18.9 million).

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

39. 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 12 Actual	30 Jun 11 Actual	30 Jun 12 Actual	30 Jun 11 Actual
	$000	$000	$000	$000
Financial assets				
Fair value through Surplus or Deficit - held for trading				
Derivative financial instrument assets	-	-	1	14
Unlisted shares	4,454	4,160	4,454	4,160
	4,454	**4,160**	**4,455**	**4,174**
Derivatives that are hedge accounted				
Derivative financial instrument assets	2,391	2,747	2,642	2,772
Loans and receivables				
Cash and cash equivalents	118,267	48,417	151,237	80,777
Debtors and other receivables	55,765	78,819	127,131	152,542
Other financial assets				
- term deposits	11,000	17,000	96,156	60,525
- loans	800	3,274	1,424	4,322
- loans to related parties	109,480	121,134	-	-
- local authority stock	40,000	35,000	40,000	35,000
- stocks and bonds	44,656	21,550	44,656	21,550
- short term deposits	70,323	41,500	-	-
Community bans	2,956	-	2,956	-
Theatre Royal	2,300	2,300	2,300	2,300
Provision for fair value and impairment	(753)	(1,062)	(753)	(1,062)
	454,794	**367,932**	**465,107**	**355,954**

Notes to financial statements

39. Financial instrument risks (continued)

	Parent		Group	
	30 Jun 12 Actual $000	30 Jun 11 Actual $000	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Fair value through equity				
CCC investment in subsidiaries:				
CCHL	1,387,300	1,306,568	-	-
Vbase Ltd	191,143	183,039	-	-
Tuam Ltd	5,417	5,417	-	-
Civic Building Ltd	4,148	4,148	-	-
EcoCentral Ltd	-	-	-	-
	1,588,007	**1,499,172**	**-**	**-**
- other unlisted shares	1,829	1,125	1,874	2,389
	1,589,836	**1,500,297**	**1,874**	**2,389**
Total financial assets	**2,051,475**	**1,875,136**	**474,078**	**365,289**
Financial liabilities				
Fair value through Surplus or Deficit - held for trading				
Derivative financial instrument liabilities	-	-	2,739	1,212
Borrowings	82,391	82,605	82,391	82,605
	82,391	**82,605**	**85,130**	**83,817**
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	**43,911**	**14,126**	**81,138**	**36,569**
Financial liabilities at amortised cost				
Creditors and other payables	116,203	121,647	174,879	184,461
Borrowings	589,270	421,521	1,178,028	914,885
	705,473	**543,168**	**1,352,907**	**1,099,346**
Total financial liabilities	**831,775**	**639,899**	**1,519,175**	**1,219,732**

Notes to financial statements

39. Financial instrument risks (continued)

Fair value measurement basis

Parent

Jun 12	Carrying value $000	Level 1 $000	Level 2 $000	Level 3 $000
Financial assets at fair value through Surplus or Deficit				
Unlisted shares	6,616	-	-	6,616
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,391	-	2,391	-
Available-for-sale financial assets				
Shares in subsidiary companies	1,588,007	-	-	1,588,007
Other unlisted shares	1,829	-	1,829	-
	1,589,836	**-**	**1,829**	**1,588,007**
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	43,911	-	43,911	-
Net financial assets and liabilities	**1,642,754**	**-**	**48,131**	**1,594,623**

Notes to financial statements

39. Financial instrument risks (continued)

				Parent
Jun 11	Carrying value $000	Level 1 $000	Level 2 $000	Level 3 $000
Financial assets at fair value through Surplus or Deficit				
Unlisted shares	4,160	-	-	4,160
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,747	-	2,747	-
Available-for-sale financial assets				
Shares in subsidiary companies	1,499,172	-	-	1,499,172
Other unlisted shares	1,125	-	1,125	-
	1,500,297	**-**	**1,125**	**1,499,172**
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	14,126	-	14,126	-
Net financial assets and liabilities	**1,521,330**	**-**	**17,998**	**1,503,332**

Notes to financial statements

39. Financial instrument risks (continued)

				Group
Jun 12	Carrying value	Level 1	Level 2	Level 3
	$000	$000	$000	$000
Financial assets at fair value through Surplus or Deficit				
Derivative financial instrument assets	1	-	1	-
Unlisted shares	6,616	-	-	6,616
	6,617	**-**	**1**	**6,616**
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,642	-	2,642	-
Fair value through equity				
Other unlisted shares	1,829	-	1,829	-
Investment in Enertech Capital Partners 11 LP	46	-	-	46
	1,875	**-**	**1,829**	**46**
Financial liabilities at fair value through Surplus or Deficit				
Derivative financial instrument liabilities	(2,414)	-	(2,414)	-
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(81,463)	-	(81,463)	-
Net financial assets and liabilities	**(72,743)**	**-**	**(79,405)**	**6,662**

Notes to financial statements

39. Financial instrument risks (continued)

				Group
Jun 11	Carrying value	Level 1	Level 2	Level 3
	$000	$000	$000	$000
Financial assets at fair value through Surplus or Deficit				
Derivative financial instrument assets	14	-	14	-
Unlisted shares	4,160	-	-	4,160
	4,174	**-**	**14**	**4,160**
Derivatives that are hedge-accounted				
Derivative financial instrument assets	2,772	-	2,772	-
Fair value through equity				
Other unlisted shares	1,125	-	1,125	-
Investment in Enertech Capital Partners 11 LP	1,264	-	-	1,264
	2,389	**-**	**1,125**	**1,264**
Financial liabilities at fair value through Surplus or Deficit				
Derivative financial instrument liabilities	(1,192)	-	(1,192)	-
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(36,589)	-	(36,589)	-
Net financial assets and liabilities	**(28,446)**	**-**	**(33,870)**	**5,424**

Notes to financial statements

40. Related parties

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the Group structure section.

(a) Receipts from related parties	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Rates received by Council		
Vbase Ltd	585	570
CCHL Group	5,643	5,146
Tuam Ltd	97	170
Civic Building Ltd	221	139
Services provided by Council		
CCHL Group	11,627	7,518
Transwaste Canterbury Ltd	5	17
Vbase Ltd	606	369
Civic Building Ltd	-	12
Tuam Ltd	180	110
World Buskers' Festival Trust	135	82
Riccarton Bush Trust	22	113
Interest received/receivable by Council		
Tuam Ltd	342	982
Civic Building Ltd	5,474	5,460
Vbase Ltd	3,672	6,129
EcoCentral Limited	-	581
Subvention payments paid to Council		
CCHL Group	5,846	4,028

Notes to financial statements

40. Related parties (continued)

(a)	Receipts from related parties	30 Jun 12 Actual $000	30 Jun 11 Actual $000
	Dividends paid/payable to Council		
	CCHL	35,449	43,325
	Transwaste Ltd	2,295	2,190
	Share buy back		
	Vbase Ltd	-	12,000
	Tuam Limited	925	-
	CCHL Group	104	-
	Loans repaid by related parties		
	EcoCentral Limited	-	17,800
	Vbase Ltd	12,550	41,000
	Tuam Limited	-	9,000
	Loss offsets to Council		
	CCHL Group	2,690	364

Notes to financial statements

40. Related parties (continued)

(b) Payments to related parties	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Interest paid/payable by Council		
CCHL	2,945	2,697
Purchase of good / services		
CCHL Group	205,941	158,618
Tuam Ltd	-	408
Civic Building Ltd	4,075	-
Vbase Ltd	138	2,115
Transwaste Canterbury Ltd	182	204
World Buskers' Festival Trust	6	-
Share purchases		
Vbase Ltd	9,000	53,750
Tuam Ltd	-	9,000
Other payments		
Loan repayment to CCHL	12,550	2,663
Funding to Christchurch Agency for Energy	533	733
Funding to Rod Donald Banks Penisula Trust	-	3,504
Funding to World Buskers' Festival Trust	241	285
Funding to Riccarton Bush Trust	276	268
Funding to Canterbury Earthquake Heritage Buildings Fund Trust	-	431

Notes to financial statements

40. Related parties (continued)

(c) Year-end balances arising from transactions	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Receivables from related parties		
CCHL Group	413	1,115
Vbase Ltd	410	1
Transwaste	3	-
Christchurch Agency for Energy	-	60
World Buskers' Festival Trust	-	38
Payables to related parties		
CCHL Group	17,033	32,020
Tuam Ltd	-	18
Transwaste Canterbury Ltd	21	-
Vbase Ltd	27,273	21
Loans from related parties		
CCHL	25,981	38,531
Loans to related parties		
Tuam Ltd	4,750	4,750
Civic Building Ltd	59,288	59,288
Vbase Ltd	34,223	46,773
Redeemable preference shares - Vbase Ltd	11,219	10,249

Notes to financial statements

40. Related parties (continued)

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

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

The transactions below do not include transactions between Council and those CTOs which are consolidated into the Group results where key management personnel hold directorships or trusteeships. These transactions are listed in parts (a) to (c) above. For a list of the directors of the trading enterprises in which Council has an interest see the *Subsidiary and associate companies* section of the annual report.

Transactions	30 Jun 12 Actual $000	30 Jun 11 Actual $000
Canterbury Development Corporation - Bob Parker and Ngaire Button are directors.		
Funding	-	14
Purchases	34	31
CEDF Trustee Ltd - Ngaire Button and Aaron Keown are directors since 4 July 2011, Chrissie Williams (Councillor to 30 September 2011) was a director from 4 July 2011 to 4 October 2011, Bob Shearing (Councillor to October 2010) and Bob Parker were directors until 4 July 2011.		
Funding	350	350
Christchurch & Canterbury Marketing Ltd - Helen Broughton and Claudia Reid are directors. Norm Withers (Councillor to October 2010) was a director to 31 March 2011.		
Funding	1,030	870
Purchases	9	-
Canterbury Museum Trust - Bob Parker and Claudia Reid are trustees. Helen Broughton was a trustee until December 2010 and Jimmy Chen has been a trustee since December 2010.		
Funding	6,091	5,715
Sales	2	3
Canterbury West Coast Sports Trust (Sport Canterbury) - Helen Broughton has been a trustee since December 2010 and Norm Withers (Councillor to October 2010) was a trustee until December 2010.		
Funding	115	4
Sales	11	-
Theatre Royal Charitable Foundation - Barry Corbett is a director.		
Community loan repayment	10	-
Garden City Trust - Yani Johanson was a trustee to September 2010.		
Funding	3	46

Notes to financial statements

40. Related parties (continued)

	30 Jun 12	30 Jun 11
	Actual	Actual
Transactions	$000	$000
Keep Christchurch Beautiful Incorporated - Yani Johanson is a committee member.		
Purchases	38	27
Orana Wildlife Trust - Mike Wall (Councillor to October 2010) was a Trustee in the 2011 financial year		
Funding	-	225
Sales	-	4
Grouse Entertainment Limited - Aaron Keown is a director/owner		
Purchases	-	1
Nurse Maude Association - Jane Parfitt was a board member in the 2011 financial year		
Sales	-	9
Brackenridge Estate - Jane Parfitt was a board member in the year to 30 June 2011		
Sales	-	1

Notes to financial statements

40. Related parties (continued)

In addition to the transactions above the following relationships have been disclosed but in accordance with NZ IAS 24 - Related Party Disclosures, transactions between Council and these entities are not considered to be related party transactions.

> Tony Marryatt is a director of New Zealand Local Government Insurance Corporation Limited (NZLGIC) and Local Government Mutual Funds Trustee Limited (LGMFT). Council has insurance relationships with LAPP which is administered by NZLGIC and Riskpool of which LGMFT is the trustee. In 2011, Council also placed insurance with Civic Assurance, the trading name of NZLGIC. A premium of $19,415 was paid.
>
> Paul Anderson is a director of New Zealand Local Government Funding Agency Limited (NZLGFA). Council borrows funds from NZLGFA a requirement of that borrowing is that Council provides an advance to it.
>
> Michael Aitken is a trustee of the Christchurch Stadium Trust. Council has provided the Trust with funding.

Key management personnel include the Mayor, Councillors, Chief Executive and the Executive Team.

Except for the transactions listed above entered into between Council and key management personnel, and items of a trivial nature, no key management personnel entered into any related party transactions with Council.

Remuneration of elected members and key management personnel is detailed in note 42 Remuneration.

Notes to financial statements

41. Major budget variations

Statement of comprehensive income

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

	30 Jun 12
	$000
Planned comprehensive income	277,088
Revenue:	
Additional rates revenue	5,701
Higher rental income	2,980
Interest income lower than plan	(609)
Lower development contributions	(2,018)
Higher subvention receipts due to profits within the group (refer note 11 (a))	1,558
Dividends received higher than plan	3,588
NZ Transport Agency subsidies higher than plan due to accrual of Earthquake subsidy	24,021
Licence fees received lower than plan	(2,660)
Parking fees received lower than plan due to the CBD being closed as a result of the earthquakes	(922)
Earthquake insurance recoveries and Crown contributions	207,527
Other gains (refer Note 4)	392
Other revenue higher than plan primarily in sale of services and grants	22,883
Revenue favourable to plan	**262,439**

Notes to financial statements

41. Major budget variations (continued)

Expenditure:	
Depreciation, amortisation and impairment higher than plan	(15,729)
HIgher finance costs mainly due to interest costs for borrowing due to earthquake	(13,336)
Lower employee costs due to termination of a number of recreation, library & carpark staff	9,152
Increase in provisions due to additional weathertight home provisions and higher aftercare costs at Burwood Landfill	(5,046)
Other expenses lower than plan	17,030
Higher than budgeted grants and levies paid	(10,243)
Earthquake response expenses higher than anticipated	(188,338)
Other losses (refer Note 4)	(14,899)
Expenditure unfavourable to plan	**(221,409)**
Assets vested in Council	15,631
Income tax expense	(5,290)
Other comprehensive income:	
Lower property, plant and equipment valuation gain than plan due to no valuations being carried out and write-off and impairment of damaged buidlings	(192,694)
Higher investment revaluation gain	81,061
Higher cash flow hedges losses	(28,538)
	(140,171)
Total variances	(88,800)
Actual comprehensive income, net of tax	**188,288**

Notes to financial statements

41. Major budget variations (continued)

Balance Sheet

Total assets of $8.0 billion are higher than budget by $1.5 billion.
Current assets of $619.9 million are higher than budget by $360.9 million. This is mainly due to additional debtors and accrued recoveries relating to the recovery of costs incurred due to the earthquake.

Non-current assets of $7.3 billion are higher than budget by $1.1 billion. The main reasons for this are the following:

- The Annual Plan assumed that there had been a $1.3 billion impairment of assets in 2010/11. No impairment was made in that year, but an impairment of $0.2 billion has been made this year.
- Increase in valuation of the investments in CCHL of $80.7 million.
- higher than anticipated software additions of $11.9 million.

Total liabilities of $922.2 million are higher than budget by $311.3 million.

Total borrowings are higher than budget by $196.2 million because of additional borrowings required due to the earthquakes. The budget assumed no repayment in 2011/12 and no additional debt.

Creditors and other payables are $35 million higher than budget due to earthquake accruals at year end.

All other liabilities were higher than budget by $73.0 million mainly as a result of the fair value of cash flow hedges of $43.9 million, insurance indemnity funds held for investment for Vbase of $27.2 million and recognition of the service concession arrangement of $7.8 million.

Notes to financial statements

42. 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 to the Council of the remuneration package paid or payable to the Chief Executive for the year to 30 June 2012 was $548,921 (2011: $479,430).

(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 ended 30 June 2012 the Council made two severance payments - $25,000 and $8,500. This compares with the year ending 30 June 2011 when the Council made nine payments of $25,000, $20,000, $10,000, $8,000, $7,000, $5,000, $4,800, $4,750 and $1,200.

	Parent	
	30 Jun 12 Actual	30 Jun 11 Actual
	$000	$000
The compensation of the key management personnel of the entity is set out below:		
Short term benefits	4,016	3,831
	4,016	**3,831**

(c) Key management personnel

Total key management personnel remuneration includes that of the Mayor, Councillors and executive team of Council. The total key management compensation of $4.0 million relates to the Mayor and Councillors ($1.3 million) and the Chief Executive and Executive Team ($2.7 million).

The remuneration details of the Chief Executive, Mayor and Councillors are set out in notes a) and d).

The Directors fees above for the year ended 30 June 2012 include a correction of underpayments of CCHL director's fees from the previous financial year. All Council appointed directors of CCHL are remunerated equally.

See note 40 Related Parties for detail on transactions between Council and elected members and key management personnel.

Notes to financial statements

42. Remuneration (continued)

(d) Remuneration – Elected Members

	Jun 12 Council Remuneration	Jun 12 Directors Fees	Jun 12 Total	Jun 11 Council Remuneration	Jun 11 Directors Fees	Jun 11 Total
	$	$	$	$	$	$
Peter Beck	16,340	-	16,340	-	-	-
Helen Broughton	89,264	12,500	101,764	86,640	-	86,640
Sally Buck	90,838	22,000	112,838	87,626	20,000	107,626
Ngaire Button	102,519	16,079	118,598	95,281	-	95,281
Tim Carter	88,476	39,356	127,832	59,777	17,084	76,861
Jimmy Chen	88,686	-	88,686	59,777	-	59,777
Barry Corbett	88,476	37,554	126,030	86,249	34,780	121,029
David Cox	-	-	-	26,708	6,861	33,569
James Gough	88,516	2,083	90,599	59,777	14,583	74,360
Yani Johanson	88,476	-	88,476	86,249	-	86,249
Aaron Keown	88,476	16,079	104,555	59,777	-	59,777
Glenn Livingstone	88,476	-	88,476	60,042	-	60,042
Bob Parker	185,629	37,691	223,320	181,565	50,050	231,615
Claudia Reid	88,656	12,500	101,156	86,758	12,500	99,258
Bob Shearing	-	-	-	27,291	26,032	53,323
Gail Sheriff	-	-	-	26,538	36,467	63,005
Sue Wells	89,116	37,554	126,670	87,569	34,780	122,349
Mike Wall	-	-	-	26,538	-	53,538
Chrissie Williams	23,912	4,019	27,931	87,439	18,667	106,106
Norm Withers	-	-	-	30,636	9,375	40,011
	1,305,856	**237,415**	**1,543,271**	**1,322,237**	**281,179**	**1,630,416**

Notes to financial statements

43. Capital management

The 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 the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, borrowings and general financial dealings.

(a) Intergenerational Equity

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

The Act requires the Council to make adequate and effective provision in its 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 2009-19 as amended by the Annual Plan 2011-12.

Notes to financial statements

44. Legislative requirements – Council Controlled Organisations

The Local Government Act 2002 requires Council Controlled Organisations to submit their half year accounts and a Statement of Intent to their Boards and to their shareholders within specified timeframes. For the 2011/12 financial year a small number of these companies did not meet the specified timeframes set out in the legislation.

Notes to financial statements

45. Subsequent events

On 27 September 2012 the Council agreed to increase its shareholding in CCHL by acquiring an additional $300 million of uncalled redeemable preference shares.

Falling snow doesn't stop this Connetics worker.

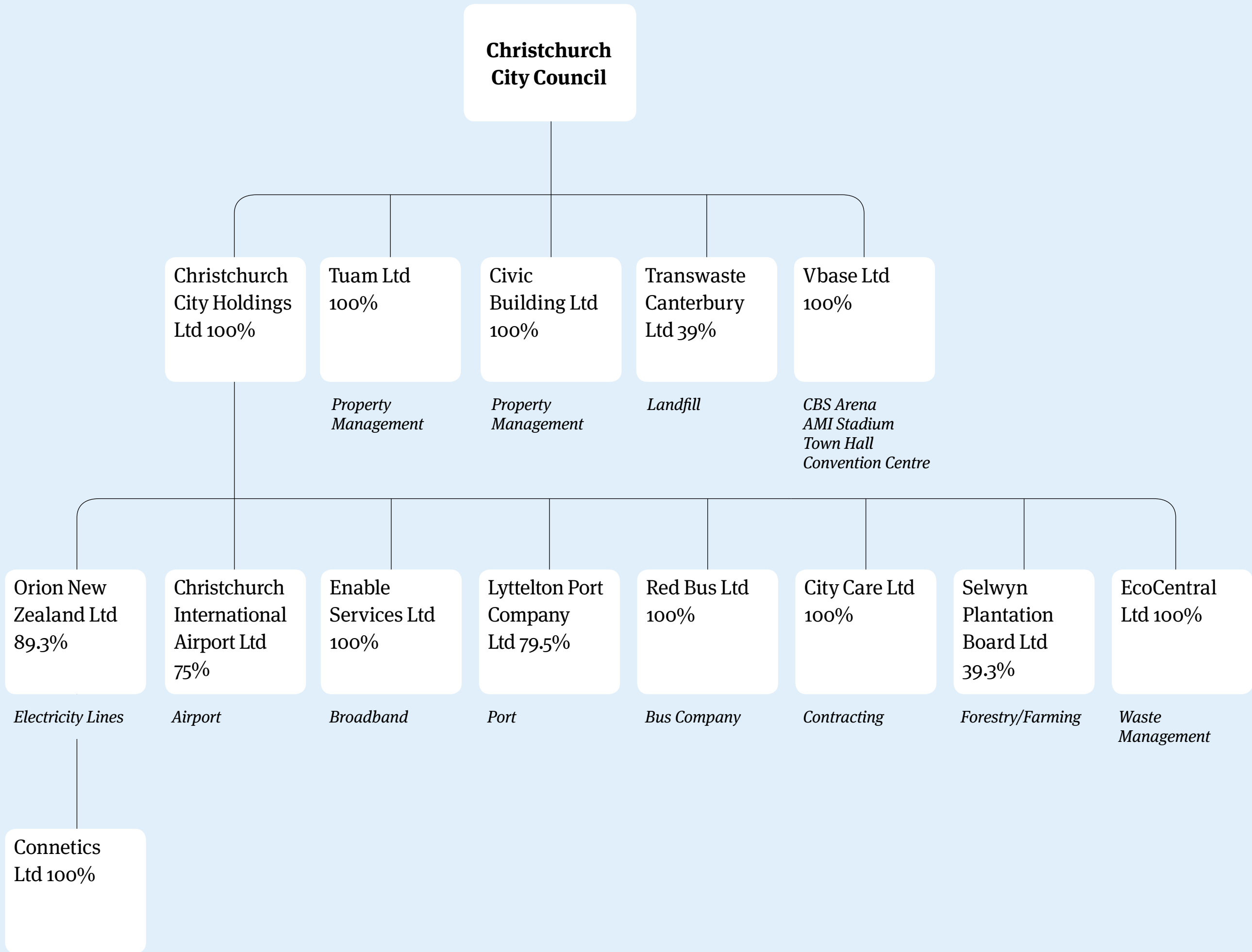
Group structure

Annual Report 2012
Christchurch Ōtautahi

Through its wholly owned investment arm Christchurch City Holdings Limited, 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

Group Structure



Group structure

Summary financial table

	Income	Net result (after tax and minority interest)	
	2012	2012	2011
	$000	$000	$000
Christchurch City Holdings Limited (parent)	61,887	44,726	32,095
Enable Services Limited (previously Christchurch City Networks Limited)	11,953	(885)	454
Christchurch International Airport Limited	119,778	19,600	21,669
City Care Limited	354,047	16,519	11,294
Lyttelton Port Company Limited	123,752	17,204	24,111
Orion New Zealand Limited	245,512	54,154	28,360
Red Bus Limited	19,003	84	6,215
EcoCentral Limited	30,176	(3,181)	1,476
Vbase Limited	179,019	82,849	13,085
Tuam Limited	943	197	(532)
Civic Building Limited	12,836	746	(2,355)
Transwaste Canterbury Limited	33,370	6,661	7,445
Selwyn Plantation Board Limited	4,472	1,857	4,612
Riccarton Bush Trust	660	209	561
Central Plains Water Trust	44	-	-
Canterbury Development Corporation	7,131	1,127	(351)
Canterbury Economic Development Company Limited	372	-	-
Gardens Event Trust	90	-	2
Christchurch Agency for Energy Trust	955	(49)	907
The World Buskers’ Festival Trust	1,966	86	1
Rod Donald Banks Peninsula Trust	157	134	3,565
Canterbury Earthquake Heritage Building Fund	3,265	2,411	1,364

For more detail refer to individual company reports.

Group structure

Christchurch City Holdings Limited

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

Effect of the Canterbury Earthquakes

As a holding company CCHL has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CCHL or its ability to deliver services in the future. However, some of CCHL's subsidiary companies were impacted by the earthquakes. This impact is described on the relevant subsidiary page within this section of the Annual Report.

Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Limited
- City Care Ltd
- Red Bus Ltd
- EcoCentral Ltd

Associate Company

- Selwyn Plantation Board Ltd

Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, and this now extends to assisting the Council in the rebuild and redevelopment of Christchurch following the Canterbury earthquakes. CCHL will continue to invest in existing and new infrastructural assets such as the electricity distribution network, the airport, port, transport and high speed broadband.

Their strategic approach is to identify infrastructural needs that cannot be filled by the private sector or existing Council operations, then take a role in helping to meet those needs through joint ventures, public-private partnerships, establishing new entities or simply acting as a catalyst for others.

CCHL also encourages and, if necessary will facilitate, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets – recent examples being the funder of Enable Networks, and the provision of some of the funding requirements for the construction of the new airport terminal.

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

	2012 Target	2012 Actual
CCHL financial and distribution performance meets the shareholder's expectations.	CCHL pays a dividend for the 2012 financial year that meets or exceeds budget of $30.7 million.	Achieved through a combination of dividends paid of $27.4 million and subvention payments to the value of $3.3 million that CCHL was entitled to, but voluntarily elected not to receive at the request of Christchurch City Council.
CCHL's treasury management policies and practices are consistent with best practice.	CCHL's treasury management policy will be reviewed in the 2011 calendar year.	The review was commenced in 2011 with the revised policy being completed in 2012.
CCHL's capital structure is appropriate for the nature of its business.	Following the successful UFB bid by Enable Services, CCHL will review the level and composition of its debt facilities and may request the Council to consider increasing the level of CCHL's uncalled capital.	CCHL has formally requested the Council to increase the level of CCHL's uncalled capital to accommodate the future borrowing requirements of the UFB project.

Financial summary - Parent

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	61,887	49,640
Operating and other expenses	17,161	17,454
Operating profit (loss) before tax	44,726	32,186
Tax expense (benefit)	-	91
Net profit (loss) for the year	**44,726**	**32,095**

Group structure

Enable Services Limited www.enablenetworks.co.nz

This company is a council controlled trading enterprise, 100 per cent owned by Christchurch City Holdings Limited (CCHL) and trades as Enable Networks.

ESL is a leading infrastructure provider specialising in building and operating open access fibre networks.

At the beginning of the year, ESL already owned the most extensive (350 kilometre) fibre network in Christchurch. It covered 80 percent of Christchurch's commercial areas and provided services to hundreds of businesses, schools and healthcare facilities.

In June 2011 the company entered a construction contract with Transfield Services Limited to be the company's civil construction partner under the ultra-fast broadband contract. The contract mirrors many of the obligations placed on the company in the ultra-fast broadband contract. The construction contract is a ten year contract with a value of approximately $260 million.

Effect of the Canterbury Earthquakes
The cabling technology chosen by Enable proved extremely flexible and did not suffer any damage. In some locations the fibre ducting moved several metres underground without damaging the fibre optic cables. Communications for priority locations including hospitals, Police, Civil Defence HQ and schools therefore continued to operate over Enable's fibre without issue.

Because of the resilience of its network Enable's ability to deliver services in the future has not been compromised.

Associate companies

- Enable Networks Limited

Nature and scope of activities
Christchurch City Networks Ltd commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan Christchurch. In October 2011 the company name was changed to Enable Services Limited.

In May 2011, the Crown awarded Enable the Ultrafast Broadband (UFB) contract covering 180,000 businesses and homes in Christchurch and the surrounding areas. This once-in-50-year infrastructure initiative will see an investment in partnership with the Crown of $440 million over the next 10 years and will contribute significantly to economic growth in Christchurch.

This UFB partnership resulted in the creation in 2011 of a new central/local government joint venture Local Fibre Company (LFC). The establishment of the LFC (Enable Networks Limited) included the purchase of ESL's existing network assets. ESL currently owns a majority shareholding in the LFC, although this will change as the UFB build programme progresses and Crown Fibre Holdings Limited's (CFH's) investment increases.

As part of the UFB project the company sold its existing fibre network to Enable Networks Limited in February 2012. The transaction occurred at net book value.

Policies and objectives relating to ownership and control
The Council, through CCHL, is the sole shareholder of this company. The company will:

- make an investment in telecommunications infrastructure through an open access urban fibre network in metropolitan Christchurch,
- 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,
- sponsor the aggregation of demand for telecommunications infrastructure in sectors where a collective approach can bring substantial benefits to consumers, and
- actively encourage private investment in telecommunications infrastructure in Christchurch.

Key performance targets

	2012 Target	2012 Actual
Revenue.	$8.2 million.	$11.9 million. The company commenced the UFB network build earlier than expected under the performance target and therefore gained higher network build revenue than expected.
Number of KMs deployed.	61.	115 KMs. This is a result of the UFB network build work commencing earlier than originally planned under the performance target.
Aggregate demand from schools in order to assist in the transformation of educational services.	70 schools connected to network.	59 schools connected to network. Although the target was not reached the company is still aiming to connect all schools in coverage areas by December 2015.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	11,953	4,912
Operating and other expenses	12,548	4,302
Operating profit (loss) before tax	(595)	610
Tax expense (benefit)	290	156
Net profit (loss) for the year	**(885)**	**454**

The 2012 operating and other expenses total include a $1.65 million share of loss from associates.

Group structure

Christchurch International Airport Limited

The international gateway to the South Island, each year CIAL manages nearly six million passenger movements.

The company is jointly owned by Christchurch City Holdings Limited (75 per cent) and the New Zealand Government (25 per cent). 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.

Despite the events of the past twelve months CIAL has made major progress in several areas. Following are some of the highlights achieved during the year:

- The opening of two further stages in the terminal development programme, with the development well on track for completion early in 2013.
- The resolution of issues in relation to access from State Highway One onto the airport campus.
- The achievement of resource consent for the development of Spitfire Square.
- The continued development of the company's property portfolio, particularly in Dakota Park.
- For the fourth year in a row, a very significant increase in staff engagement levels.
- The security of Singapore Airlines seven days per week service year round.
- The acquisition of the Christchurch International Antarctic Centre business.
- The launch of "South" marketing programme.

Effect of the Canterbury Earthquakes
CIAL incurred some damage from the earthquake events but this did not cause major disruptions to the day to day operations.

Costs associated with earthquake damage in the current year were $1.0 million with total costs to date of $3.8 million. In the current year $1.6 million of insurance recoveries were received. No earthquake insurance claims are currently outstanding. Insurance costs have risen by more than 400% since the beginning of the earthquake events.

When compared to the year ended 30 June 2010 (the last full year prior to the earthquake of September that year) passenger numbers have fallen by 7.5% to 5,551,600. While the company earns only 36% of its revenue from aeronautical charges, a large percentage of its income is earned from commercial revenues associated with passenger throughput. Therefore the loss of 7.5% of its passenger base has cost the company revenue in terms of its terminal concessions and car parking in particular.

The disruption caused by the ongoing impact of the earthquakes continues to have a detrimental impact on the short to medium term international tourism visitors. This will continue to have an impact on short term earnings but the going concern assumption remains appropriate.

Nature and scope of activities
CIAL 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, and develops airport land for retail, commercial and freight logistics businesses.

Passenger numbers were slightly down on the previous year (international 1.42 million, domestic 4.13 million versus 1.49 million and 4.3 million respectively).

Policies and objectives relating to ownership and control
CIAL is considered a regional strategic asset which is 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. The Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2012 Target	2012 Actual
Dividend payment	16,094,000	17,175,000
Domestic passengers	4,284,285	4,131,741
International passengers	1,311,447	1,419,859

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	119,778	97,964
Operating and other expenses	93,480	68,516
Operating profit (loss) before tax	26,298	29,448
Tax expense (benefit)	6,698	8,443
Net profit (loss) for the year	**19,600**	**21,005**

Group structure

City Care Limited

City Care Limited is a council controlled trading organisation, 100 per cent owned by Council through CCHL.

City Care is a leading provider of construction, maintenance and management services across New Zealand's infrastructure assets and it now provides infrastructure services to over half the population of New Zealand, employs 1,337 team members (as at 30 June 2012) and operates from 16 depots and offices throughout the country.

During the year the Company's immediate priority to the earthquake response transitioned into a focus on recovery, reconstruction and growth.

In September 2011, City Care, together with four other contractors, joined the NZTA, the Council and CERA in signing the SCIRT agreement for the rebuild of Christchurch's infrastructure. The Alliance is responsible for restoring Christchurch's roads, sewerage system, water supply pipes and parks damaged in the earthquakes. City Care's participation in this collaborative and historic venture represents a landmark juncture in the company's construction operation.

Key highlights during the year:

- Achieved an average return on equity of 39.4%.
- Restructured the company to create three operating divisions.
- Number of Lost Time Incidents decreased 89% on last year's figure.
- Paid a dividend of $7.94 million to CCHL.
- Opened a new depot in Hastings.
- Won or re-won nine significant long-term contracts valued at $43 million.
- Launched a joint initiative with the Ministry of Social Development to hire 70 unemployed people in trainee positions and pre-apprenticeships.
- Launched a nationwide employee numeracy and literacy programme.

Effect of the Canterbury Earthquakes

The Canterbury earthquakes caused no significant damage to City Care's physical assets and has not impacted its ability to deliver services in the future.

As well as joining the SCIRT alliance in September, City Care established an earthquake rebuild committee with a fixed term of twelve months which expired in July 2012. The committee included several City Care board members and meeting attendees included the Chief Executive Officer, General Manager National Construction and Chief Financial Officer.

The committee's main responsibilities were:

- the development of operational plans for the rebuild business streams,
- assisting business development opportunities,
- defining the nature and extent of economic evaluations and risk assessments,
- maintaining an oversight of initiatives once approved,
- making recommendations to the Board regarding processes to be followed,
- making recommendations to the Board and Management with respect to individual initiatives, and
- maintaining an overview of the selection and use of specialist advisors.

The earthquake rebuild committee received regular reports from management and made recommendations to the Board for its consideration.

Nature and scope of activities

City Care Limited is in the business of management, construction and maintenance of New Zealand's infrastructure and amenity assets. The company operates throughout New Zealand in four key market segments – parks, underground services, roading and facilities management.

City Care Limited operates a profitable, sustainable and innovative business. It maintains a strong market presence in all areas of construction and maintenance of the infrastructure and amenity assets owned by 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 goals for this company without inhibiting proper commercial management.

Key performance targets

	2012 Target	2012 Actual
Secure new long-term contracts in excess of $2 million per annum.	New Contracts	Achieved
Develop a behavioural based quality system.	Develop system	Achieved
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 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	354,047	237,472
Operating and other expenses	331,080	221,224
Operating profit (loss) before tax	22,967	16,248
Tax expense (benefit)	6,448	4,954
Net profit (loss) for the year	**16,519**	**11,294**

Group structure

Lyttelton Port Company Limited

Lyttelton Port of Christchurch (LPC) is New Zealand's third-largest deep-water port. It provides a vital link in international trade routes and plays a key role in the global transport network.

As the South Island's biggest port, handling over 330,000 TEUs of containerised cargo a year, LPC is the preferred trade gateway for the exports and imports of Canterbury and beyond.

The Port offers full shipping services around the clock, including 24-hour security.

Lyttelton Container Terminal provides specialised cargo-handling and stevedoring services for general and refrigerated containers. CityDepot, the inland port at Woolston, provides an extensive container repair, wash and storage facility.

LPC's coal facility is the largest in New Zealand and currently exports 2.5 million tonnes annually.

The Port has the South Island's only dry dock.

In the Inner Harbour, it caters for bulk products such as petroleum, fertiliser, gypsum, cement, logs, conventional break-bulk, imported vehicles and the fishing industry.

With over 450 permanent and part-time staff with a wide variety of skill sets and backgrounds the LPC is by far the largest employer in the Lyttelton Harbour basin.

LPC is listed on the New Zealand Stock Exchange.

During the 2012 year, the company achieved an outstanding result, despite earthquake disruptions, with record volumes of containers and coal, and increases in almost every other form of cargo. This was due to the continued strength of Canterbury's economy, with its resilient businesses and a large rural engine.

Effect of the Canterbury Earthquakes

Since September 2010 the Canterbury region has experienced in excess of 10,500 earthquakes. These have extensively damaged the Port and its infrastructure. The effects of these quakes are reflected in LPC's financial statements for the years ended 30 June 2011 and 30 June 2012.

On 23 December 2011 there were two further significant earthquakes. Operations were restored within 24 hours and extensive independent technical and engineering assessment findings identified only additional minor damage to infrastructure.

Following each significant earthquake, LPC's key infrastructural assets are subject to independent technical and engineering assessments. If new significant damage is identified, the assets are assessed for whether they are partly or completely damaged and therefore needed to be derecognised. No assets were derecognised in the year ended 30 June 2012 (Port assets to the value of $29 million were derecognised in the financial year to 30 June 2011).

The company determined that the earthquakes on 23 December 2011 were an indicator of impairment as per NZ IAS 36 Impairment of Assets. In accordance with NZ IAS 36, the company has undertaken an impairment review to determine the recoverable amount of its remaining recognised assets as at 31 December 2011. There were no further indicators of impairment. The result of this analysis was that the recoverable amount remained above the book value and that no impairment of the asset carrying values had occurred.

On 2 November 2011, the company elected to evacuate its administration building due to the risks highlighted in an engineering report. Further engineering assessments were commissioned to determine if remediation was possible and economically feasible. At 30 June 2012, no decision had been reached whether this building was repairable. The company is currently unable to assess whether the building had suffered any impairment. The building had a net book value of $1.2 million as at 30 June 2012.

An additional insurance accrual of $18.4 million has been recognised, taking the total carrying value of insurance receivables as at 30 June 2012 to $29.0 million. Approximately $52.0 million of claimable business interruption losses and preliminary material damage costs have been incurred as a result of the earthquakes since September 2010. Progress payments of $35.7 million have been received from the port's insurers to date and a claim of $10.0 million has been recently lodged.

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

LPC is considered a regional strategic asset and as such the Council's policy is for 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, LPC does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	123,156	138,133
Operating and other expenses	99,770	117,094
Operating profit (loss) before tax	23,386	21,039
Tax expense (benefit)	6,183	(3,072)
Net profit (loss) for the year	**17,203**	**24,111**

Group structure

Orion New Zealand Limited

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 high country.

Orion's network delivers electricity to around 190,000 homes and businesses. This number has reduced from previous years because of earthquake related demolitions.

Electricity retailers pay Orion for the network delivery service and include this in their retail charges to homes and businesses.

On 1 September 2011 Orion reached an important milestone when it completed its major emergency repairs following February's devastating quake. The intensive, six-month repair programme included some 700 electricity sector workers from throughout New Zealand and Australia, and over 200,000 people hours, focused on delivering a stable power supply across the city. The final stage saw Orion commission a new substation in Rawhiti Domain in New Brighton to replace the damaged zone substation on Pages Road.

Other highlights arose out of adversity during the 2012 financial year with 99% of all customers having their power restored within 24 hours of the significant earthquake events in June and December 2011 respectively. The company also managed to keep the power on for 99% of its customers during the July and August snow storms – some of the heaviest snowfalls in Christchurch for two decades.

The year also saw the installation of the final major phase of an advanced network management system. This significantly improves the company's ability to manage big network emergencies and restore power faster when outages occur.

During the rebuild of Christchurch Orion intends to work constructively with relevant authorities to develop a thorough understanding of the investment necessary to support the rebuild of Christchurch and engage with regulators to develop positive and practical solutions to the challenges ahead.

Effect of the Canterbury earthquakes
This year Orion continued to work alongside its shareholders to recover from our region's biggest natural disaster.

The company was also unable to set meaningful SAIDI/SAIFI performance targets for the year ended 31 March 2012.

Financial Impacts – the damage:

- High voltage underground cables were severely damaged in some city areas.
- Substations were relatively undamaged, however two of the company's smaller substations were destroyed (Sumner and Mt Pleasant) and one major substation (Brighton) suffered ground subsidence and liquefaction but its equipment survived.
- The company's main head office buildings suffered significant damage. The company has reached agreement to cash settle with its insurers on three of its significant buildings on its head office site and their unrecoverable contents and its overall earthquake deductibles for the 22 February and 13 June earthquakes. The company has recognised $22.3 million as insurance revenues in the year ended 31 March 2012.

The negative impact on net profit for the 2012 financial year is estimated to be $0.07 million. This compares to a negative impact of $19.8 million in 2011. There were also asset write downs totalling $54.1 million in 2011 which were recognised in the other comprehensive income section of the statement of comprehensive income.

The major impact of the earthquakes on the company's capital expenditure for the year ended 31 March 2012 was the $8 million Rawhiti substation. A further $1 million was spent on standby diesel generators. No significant capital projects were cancelled in the year ended 31 March 2012, although a number were postponed until future years.

The Company has recognised $22.3 million as insurance revenues in the year ended 31 March 2012.

Orion's repair bill will likely top $70 million. This bill would have been much higher if Orion hadn't spent $40 million over the past 15 years to strengthen key substations and build resilience into the network, and there would have likely been weeks and months of ongoing power cuts.

Subsidiary companies

- Connetics 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.

Policies and objectives relating to ownership and control
Orion is considered a regional strategic asset, operates in a commercial manner and 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.

Group structure

Orion New Zealand Limited (continued)

Key performance targets

	2012 Target	2012 Actual
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI).	2011 Gazetted NZ weighted average 166.	231
Overall network - Number of supply interruptions per year per connected customer (SAIFI).	2011 Gazetted NZ weighted average 1.8.	2.2

Due to the severity of the earthquakes and the significant uncertainties related to the ongoing nature of the earthquakes, it was not practicable for the company to set meaningful SAIDI/SAIFI targets in the company's Statement of Intent for the year ended 31 March 2012.

The gazetted NZ weighted average figures in the above table exclude Orion's so as not to skew the wider industry comparative data and are for the year ended 31 March 2011. The 31 March 2012 data was not available at the time of printing this document.

Financial summary
Statement of financial performance for the year ended 31 March 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	245,512	222,806
Operating and other expenses	177,386	177,935
Operating profit (loss) before tax	68,126	44,871
Tax expense (benefit)	13,972	16,511
Net profit (loss) for the year	**54,154**	**28,360**

Orion's results were affected by a number of one-offs. In particular, several significant non-recurring insurance receipts increased the reported profit this year. As well as $21.0 million in insurance receipts, Orion's post tax profit of $54.0 million was positively affected by $4.0 million in deferred operational expenses and a $2.0 million part reversal of the previous year's downwards revaluations. The one-off insurance receipts related to Orion's CBD offices that have now been demolished.

Group structure

Red Bus Limited www.redbus.co.nz

Red Bus Ltd (Red Bus) carried approximately 3.4 million passengers in Christchurch City this year with a fleet of 140 buses well down on last year's figures of 5.8 million passengers with a fleet of 167 buses. The reduction in patronage is directly related to the Canterbury earthquake events and reduced commercial activity. Reductions in available services since the Canterbury earthquakes and the cessation of school relocations in February 2012 have impacted on fleet utilisation.

Revenue for Red Bus has reduced from $23.2 million in 2011 to $17.7 million in 2012 due to a number of contracts ending and a drop in fare revenue following earthquake events. The Company's net tax paid profit of $0.08 million is significantly down from the $6.2 million recorded in 2011. This difference is largely due to the recognition of $6.8 million of insurance recoveries in 2011 following the Canterbury earthquakes.

During the year the Company helped address the difficult issue of meeting the need for both Christchurch people and visitors to see and understand what the earthquakes have done to the people and the fabric of the Central City and its recovery process. Red Bus was successful with its expression of interest to CERA for bus tours inside the Central City cordon. These tours delivered in partnership with Canterbury Museum have been highly commended by customers for their understanding and sympathetic treatment of the earthquake story.

Effect of the Canterbury earthquakes

Christchurch City's public transport network emerged from the Canterbury earthquakes as one of the sectors hardest hit by the disaster, requiring the company to deal with a number of major operational issues. Two significant commercial services to Christchurch Airport were terminated in early 2012 due to a sustained drop in passenger numbers, although the Darfield commercial service remains operating successfully.

An immediate effect of the earthquakes was a large fall in passenger volumes which are now 65% of those pre-earthquake. Encouragingly, passenger numbers are beginning to rise at a rate of around 3% annually, as the City's business activity begins to improve. Full recovery to previous patronage levels will depend on how quickly the Rebuild and Recovery of the Central City progresses, with a substantial recovery some years away.

The company has continued working with its insurers and the 2012 Financial Statements record $1.24 million of insurance recoveries in relation to the loss of rental income, workshop plant and equipment, loss of profits and balance of workshop buildings recovery.

The company has held off the planning for new workshop facilities until the Christchurch Central Development Unit provides its report on the Central City Plan.

Nature and scope of activities

Red Bus provides scheduled urban public passenger transport services in Christchurch. The company also delivers a broad base of charter services and operates some commercial urban services.

Policies and objectives relating to ownership and control

The Council, through Christchurch City Holdings Limited, 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

	2012 Target	2012 Actual
Percentage of service trips starting on time.	≥ 97%	98%
Percentage of bus fleet with Euro 2 or higher emission compliant engines.	85%	85%
Employees holding a NZQA qualification.	≥ 55% of staff	73%

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	19,003	30,405
Operating and other expenses	18,991	24,174
Operating profit (loss) before tax	12	6,231
Tax expense (benefit)	(72)	16
Net profit (loss) for the year	**84**	**6,215**

A Red Bus driving through earthquake-damaged Cathedral Square on a Christchurch Red Zone tour.

Group structure

Vbase Limited

Vbase Limited is 100 per cent owned by Council.

Subsidiary company
Jet Engine Facility Limited (JEFL)

The impact of the earthquake on the operations of the company continues to be significant. Only CBS Canterbury Arena was able to operate during the 2011/12 financial year as it sustained only superficial damage.

The other three venues, AMI Stadium, Christchurch Town Hall for Performing Arts (Town Hall) and Christchurch Convention Centre all sustained major structural damage and have been closed since 22 February 2011. The Convention Centre has been demolished and work began in May 2012 to demolish the Hadlee Stand at AMI Stadium.

In June 2011 the Vbase directors and Council agreed that in order to reduce the company's management costs Vbase would enter into a facilities management agreement contract with Council. Under the agreement Council would manage, repair and rebuild the venues. Ownership of all building venues remains with Vbase.

The release of the Christchurch Blueprint in July has provided further clarity on Council's and Central Government's intention to rebuild the three damaged Vbase facilities. The Blueprint provides a suggestion as to the type, size, location and target completion date of each facility proposed to be constructed.

On 29 June 2012 the company sold 100% of its shareholding in JEFL to Annzes Engines Christchurch Limited and Pratt & Whitney Holdings SAS (PWANZ). The sale was reached after an agreement was made to exercise a call option whereby PWANZ purchase all shares in JEFL from the company for a consideration of $9.86 million.

Effect of the Canterbury earthquakes
As noted above, the earthquake events continue to cause significant disruption to the Vbase business. While the CBS Arena has not suffered significant earthquake damage and is operational, Vbase continues to have no ability to provide services from its other venues.

Nature and scope of activities
The Council has entrusted Vbase with ownership and management of the four premier entertainment and event venues within Christchurch City. These venues are:

- the CBS Canterbury Arena,
- the Christchurch Town Hall for Performing Arts,
- the Christchurch Convention Centre, and
- AMI Stadium.

Vbase also owned 100% of subsidiary company JEFL which, as stated above, was sold on 29 June 2012.

Vbase may also undertake other property-related projects that have a commercial focus and/or a regional development impact.

Policies and objectives relating to ownership and control up until June 2012
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.

Vbase staff working in The Tuck Shop café at CBS Canterbury Arena.

Group structure

Vbase Limited (continued)

Key performance targets

	2012 Target	2012 Actual
Utilise the CBS Canterbury Arena to support displaced cultural/community business from the Christchurch Town Hall.	90% booking for annual cultural events displaced from the Christchurch Town Hall.	Reached 70% of target.
Maximise event days at CBS Canterbury Arena.	Greater than 150 event days.	171 event days were booked during the year.
Secure events that will encourage high usage of the venues.	Visitors to venues exceeds 200,000.	244,836 visitors to Vbase venues.
Facilitate access to the venues for local sporting, charitable and cultural organisations.	Total venue discounts exceed $200,000.	$396,118 venue discounts have been provided during the year.

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	181,449	80,299
Operating and other expenses	87,677	62,640
Operating profit (loss) before tax from continuing operations	93,772	17,659
Tax expense (benefit) from continuing operations	9,697	6,004
Net profit (loss) for the year from continuing operations	84,075	11,655
Net profit (loss) for the year from discontinued operations	(1,226)	344
Profit (loss) for the period	**82,849**	**11,999**

The 2011 results include a $21.1 million loss on disposal of buildings and equipment due to the 22 February earthquake. They also include insurance recoveries of $48.7 million of which $43.7 million has been accrued on balance sheet.

The 2012 income results include a $166.6 million material damage insurance accrual which, when added to the 2011 $48.7 million insurance total mentioned above, brings the total amount received and accrued to $215.3 million. This amount represents the combined insurance replacement value for the three significantly damaged venue structures.

The 2012 expense results include a $64.2 million building revaluation write down for both the Town Hall and AMI Stadium. These revaluations along with the 2011 full impairment of the Convention Centre building mean that the only significant building asset remaining in the Vbase asset schedule is the CBS Arena Structure.

Group structure

Tuam Limited

This company is a council-controlled trading organisation, 100 per cent owned by Council.

Effect of the Canterbury earthquakes
The major asset of Tuam Limited is the former Civic Building on Tuam Street. The building has suffered significant damage from the Canterbury earthquakes and at the time of writing no final decision has been made about its future. The Central City Blueprint released by CERA on 30 July 2012 indicates that the company's property could become the Bus Exchange and form part of the 'Southern Frame'. This announcement does not change the company's intention regarding its investment property.

Nature and scope of activities
This company owns and manages the former Civic Building and related Tuam Street properties.

Policies and objectives relating to ownership and control
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

	2012 Target	2012 Actual
Financial targets contained within the Statement of Intent are met.	Budgeted key performance indicators met or exceeded.	Partly achieved. Expenditure costs exceeded target due to higher than expected earthquake related expenses during the year.
The company meets all relevant legislative and contractual requirements.	No breaches of legislative or contractual requirements are recorded.	Not achieved. The Company did not meet the specified timeframes set out in the legislation when submitting the half year financial accounts and 2012 Statement of Intent to the Board.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	943	1,933
Operating and other expenses	895	2,223
Operating profit (loss) before tax	48	(290)
Tax expense (benefit)	(149)	242
Net profit (loss) for the year	**197**	**(532)**

Group structure

Civic Building Limited

This company is a council-controlled trading organisation, 100 per cent owned by Council.

Effect of the Canterbury earthquakes
The building was damaged in the 2010 and 2011 Canterbury earthquakes. The tenants vacated the building while repairs were being carried out and moved back into the building at the beginning of November 2011.

Nature and scope of activities
Civic Building Limited (CBL) owns 50 per cent interest of the Christchurch Civic Building unincorporated joint venture with Ngāi Tahu Property Ltd. The joint venture owns the new Civic Building in Hereford Street.

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

	2012 Target	2012 Actual
To ensure the group meets the financial targets contained within the Statement of Intent.	Budgeted key performance indicators are met or exceeded.	Achieved. A Net surplus after tax of $746,000 was well ahead of the target deficit of ($407,000) after tax.
Manage the investment in a commercially astute and prudent manner.	Ensure a comprehensive management agreement is in place for management of the new Civic Building.	A comprehensive management agreement is in place with Ngāi Tahu Property Limited.
The Civic Building was designed to achieve a high standard in terms of environmental and energy sustainability.	Ensure the Civic Building operates in a manner that preserves Green Star 6 accreditation features.	Green star 6 accreditation features have been achieved.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	12,836	9,575
Operating and other expenses	12,170	11,894
Operating profit (loss) before tax	666	(2,319)
Tax expense (benefit)	(668)	36
Net profit (loss) for the year	**1,334**	**(2,355)**

Group structure

EcoCentral Limited www.ecocentral.co.nz

EcoCentral Limited is a council-controlled trading organisation, 100 per cent owned by CCHL.

On 4 August 2009 EcoCentral, then named 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'). The Meta Group had operated the EcoDrop waste transfer stations, the EcoSort recycling facility, and the EcoShop. Following the acquisition EcoCentral assumed responsibility for these operations.

EcoCentral Ltd oversees the processing of refuse and recycling collections of waste from households and commercial premises throughout the Canterbury region. The company works to reduce the amount of waste going to landfill and finds ways to ensure Christchurch is a leader in recycling.

This year marks EcoCentral's first full year under CCHL ownership.

During the year, the strong New Zealand dollar combined with dramatically lower commodity prices for recovered recyclable materials reduced demand for our products and affected income. The volumes attributed to post-earthquake activity diminished to a consistent level with a substantial reduction in waste volumes in the red zone areas affecting the East and Northern EcoDrop sites.

Effect of the Canterbury earthquakes

The earthquake events caused minor operational disruption to EcoCentral Limited and only minor damage to its buildings and infrastructure. EcoCentral Limited received additional volumes of material into its EcoDrops as a consequence of the damage to property in the Canterbury region. During the 2012 financial year, EcoCentral Limited has received engineering reports on buildings and property that it occupies operationally. Any remedial work has either been undertaken or listed as requiring to be done in conjunction with the landlord – being Council.

Nature and scope of activities

EcoCentral Ltd manages:

- EcoSort, a large facility that receives all the Yellow Bin recycling from Christchurch where it is automatically sorted, baled and sold as a reclaimed material. Some of the materials are shipped overseas and some is sent for reuse within New Zealand.
- Three EcoDrop transfer stations for managing Christchurch's recycling and refuse for both domestic and commercial waste. Each station has a recycling centre, household hazardous waste drop off area and a refuse area for green waste and hardfill.
- EcoShop, on Blenheim Road, is the retail outlet for the recycled goods rescued from the three Ecodrops, thereby diverting material from landfill. Goods are inspected by workshop staff before they are on sold.

Policies and objectives relating to ownership and control

Following purchase from the Council in January 2011, CCHL is now the sole shareholder of this company. The company has an important role in the city as a quality handler and processor of recycled material. Through the negotiation of an annual Statement of Intent, the Council, via its 100 per cent ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2012 Target	2012 Actual
Residual waste from the EcoSort recycling facility.	<6% of total waste received.	8.46%
Amount of waste diverted from EcoDrops for other uses.	>25%	51.62%

Financial summary

Statement of financial performance for the year ended 30 June 2012

	Actual 2012 $000	Actual 2011 $000
Operating revenue	30,176	33,498
Operating and other expenses	33,435	31,210
Operating profit (loss) before tax	(3,259)	2,288
Tax expense (benefit)	(78)	812
Net profit (loss) for the year	**(3,181)**	**1,476**

The 2012 operating expenses number includes a prudent $3.1 million write-down of the goodwill on the EcoSort component of the company's operation.

Group structure

Transwaste Canterbury Limited

Transwaste is a joint venture between local authorities in the region and Transpacific Industries Group (NZ) Limited, with Council owning 38.9 per cent.

Effect of the Canterbury earthquakes
Transwaste has not suffered any significant damage to physical assets as a result of the earthquakes and its ability to deliver services in 2012 has not been impaired.

Nature and scope of activities
Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control
It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Key performance targets

	2012 Target	2012 Actual
Operate with no proven breaches of Resource Management Act consents.	Nil proven consent breaches.	Achieved
Access to landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Achieved. No disruption of waste transport services.

Financial summary
Statement of Financial Performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	33,370	32,088
Operating and other expenses	24,139	21,451
Operating profit before tax	9,231	10,637
Tax expense	2,570	3,192
Net profit for the year	**6,661**	**7,445**

Group structure

Selwyn Plantation Board Limited

This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (61.7 per cent) and CCHL (39.3 per cent).

The net profit for the year was $2.4 million, compared with $4.3 million in the previous year.

Effect of the Canterbury earthquakes

While Selwyn Plantation Board was not directly affected by the Canterbury earthquakes an area of the Board's Bottle Lake Forest Park was identified under the Civil Defence Emergency Management Act as a recycling site for earthquake rubble and silt. The Board has not experienced any immediate financial loss owing to the recovery operation. There has been a direct loss of the two-year-old plantation in the area used, and its establishment costs. This land will be possibly usable again in approximately five years and in the meantime some loss of forest production opportunity will result.

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.

Strategic Direction

To liquidate the Company through a well managed and staged realisation, consistent with Shareholders' expectations.

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

	2012 Target	2012 Actual
Ratio of equity to total assets.	95%	98%
Return before interest and tax to total assets.	1.0%	5.6%
Return after tax to equity.	1.0%	4.6%

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	5,756	17,362
Operating and other expenses	2,780	11,780
Operating profit (loss) before tax	2,976	5,582
Tax expense (benefit)	581	1,240
Net profit (loss) for the year	**2,395**	**4,342**

Group structure

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 by European settlers.

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 Council appoints six of the nine members on the Trust Board.

Impact of the Canterbury earthquakes

Riccarton House was extensively damaged in the 2010 and 2011 earthquakes. The estimated repair bill is $1.8 million which will be covered by insurance. The Trust will be liable for a total of $121,670 for strengthening works and the excess on the insurance claim.

Nature and scope of activities

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

Key performance targets

	2012 Target	2012 Actual
Updating of Management Plan for Riccarton House & Bush, as required by the amendment to the Riccarton Bush Act.	Commence work on a Management Plan for Riccarton House & Bush, as required by the amendment to the Riccarton Bush Act.	On target. Process for plan adopted by Board. Working party established and work underway.
Landscape and grounds.	Improve landscape in front of Riccarton House. Resolve non performing Council administered asset waterway in and adjacent. Qualified survey of Bush conditions and trends.	Landscape enhancement plan completed. Council have re-surveyed the Kauri Drain asset waterway with a view to removing the stones/debris and re-levelling the asset waterway. On target, this project has been initiated with the School of Forestry at Canterbury University.
Continue the successful partnership with DOC and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	Juvenile Great Spotted Kiwi to be crèched in Riccarton Bush during the 2010/2011 Winter/ Spring.	5 juvenile Great Spotted Kiwi crèched in Riccarton Bush and returned to Willowbank for release in Jan 2012.
Maintenance and upgrade of facilities.	Upgrade of commercial kitchen.	On target. Design and specification completed and tendered. Resource consent obtained. Installation delayed due to earthquake repair process.

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	930	2,093
Operating and other expenses	451	1,532
Operating profit (loss) before tax	479	561
Tax expense (benefit)	-	-
Net profit (loss) for the year	**479**	**561**

Group structure

Central Plains Water Trust

The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

Trustees of the CPWT 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 Runanga O Ngāi Tahu.

The resource consent process has taken over 11 years with the 'take' consents for the Rakaia and Waimakariri Rivers having been lodged in 2001. Since this date there has been a lengthy hearing and appeal mediation process resulting in the Rakaia consent being extended by 10 years to 35 years which now makes it consistent with the Waimakariri term.

Central Plains Water Limited, with assistance from the Trust, has successfully negotiated and settled with all appellants and a final memorandum was filed in the Environment Court so that it could issue the final consents. As part of the settlement process the Trust agreed to an agreement made with Ngāi Tahu for additional Ngāi Tahu representation on the Trust Board, and the settler councils have now endorsed this.

The final resource consents were issued by the Environment Court on 25 July 2012.

Trustpower is continuing its plans for an amendment of the Rakaia Conservation Order to allow it to store and release a greater volume of Lake Coleridge water for power generation. The result would be for CPWT to have an opportunity to use that water if the terms and conditions are acceptable and economic. Discussions between Central Plains Water Limited and Trustpower are continuing for this purpose.

The total cost to implement the entire Scheme is estimated at:

- Construction costs $300 - $400 million.
- On farm costs $200 million.

Implementation of the scheme is planned to commence in mid 2013.

Effect of the Canterbury Earthquakes

The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CCHL or its ability to deliver services in the future.

Nature and scope of activities

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

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the Trust, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

	2012 Target	2012 Actual
To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust.	Provide assistance and monitor progress during the financial reporting period.	Achieved. The Trust has monitored progress with regard to the various resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants.
To consult, develop scheme recreational opportunities and environmental community enhancers.	To consult, develop scheme recreational opportunities and environmental community enhancers during the financial reporting period.	Achieved. Priority has been directed towards consent hearings and the mediation of appeals in the Environment Court. In that process the Trust has been able to ensure that environmental, recreational, educational and social benefits have been addressed in accordance with the Trust's objectives.

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	44	43
Operating and other expenses	44	43
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	**-**	**-**

Group structure

Canterbury Development Corporation

Canterbury Development Corporation (CDC) was set up as a limited liability trust company by Council on 5 December 1983. In 2003 the CDC Trust was settled by Council as CDC Limited shareholder. This Charitable Trust has been found to be invalid by the High Court and on 1 July 2012 ownership of CDC was transferred to Canterbury Development Corporation Holdings Limited, a fully owned subsidiary of Council.

CDC acts as the economic development agency for Christchurch City and its interaction with the wider Canterbury economy. Its main role is to stimulate economic growth through the development and stewardship of the Christchurch Economic Development Strategy (CEDS) and resulting significant interventions - particularly focused on innovation, export-ready companies, developing priority sectors and leading major regional projects.

Effect of the Canterbury Earthquakes

CDC had minimal physical assets at the time of the Canterbury earthquakes therefore had little or no direct impact on the Corporation's ability to deliver services in the future.

Nature and scope of activities

The Christchurch and New Zealand economies need to perform significantly better to preserve and enhance our quality of life. As New Zealand's second largest city, Christchurch's recovery and prosperity is very important for New Zealand.

Resource sharing with related organisations has been a significant part of the way CDC does business since the earthquakes. CDC has continued its partnership with the Chamber of Commerce to support Recover Canterbury in providing financial and practical assistance to earthquake affected business and seconded high level expertise to CERA to support the Economic Recovery Plan (ERP) and Infrastructure Rebuild activities.

Collaboration is key to the successful delivery of the CEDS. Working closely with CERA to develop the ERP has ensured alignment between recovery planning and the long term development goals of CEDS. On completion of the Economic Recovery Planning process, CDC will commence its review of CEDS.

Key performance targets

	2012 Target	2012 Actual
Participate in the development of the CERA economic recovery plan to ensure alignment with the long term CEDS, and the best outcomes for the region.	100%	100%
Revision of Christchurch/ Canterbury economic model, capable of undertaking economic impact assessments.	100%	100%
Case management of high-growth-potential businesses in priority industry sectors (at least 10 per sector).	100%	100%
Work with at least 360 earthquake effected SMEs to support earthquake recovery and facilitate the involvement of at least 10 local businesses in supplying goods and services for rebuild activities.	100%	80%

Financial summary

Statement of financial performance for the year ended 30 June 2012

	2012 Actual \$000	2011 Actual \$000
Operating revenue	7,131	4,478
Operating and other expenses	6,004	4,829
Operating profit (loss) before tax	1,127	(351)
Tax expense (benefit)	-	-
Net profit (loss) for the year	**1,127**	**(351)**

Note: 2012 numbers remain subject to audit

Group structure

Canterbury Economic Development Company Limited

Canterbury Economic Development Company Limited (CED Co Ltd) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to coordinate strategic economic development initiatives.

The Canterbury earthquakes have affected the delivery dates of all six CREDS projects funded by NZ Trade and Enterprise (NZTE). This is due to a number of factors including Environment Canterbury losing access to its building and some records, and Aoraki Development Business and Tourism being unable to hold Canterbury wide seminars. NZTE has been extremely accommodating and has granted contract variations.

Effect of the Canterbury Earthquakes
The Company has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on CED Co Ltd or its ability to deliver services in the future.

Nature and scope of activities
CED Co Ltd will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury. Its objectives are:

- To receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund (RSF).
- Act as the clearing house of correspondence between projects and the Ministry of Economic Development (MED) and NZTE.
- Provide feedback regarding project proposals.
- Communicate shifts and changes in MED/NZTE policy to the regional economic development role players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Drive the review of the CREDS.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

Key performance targets

	2012 Target	2012 Actual
Regional Strategy Fund.	Successful application for RSF funding.	Achieved
Actively liaise with stakeholders.	Evidence of active liaison with stakeholders.	Achieved

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	372	258
Operating and other expenses	372	258
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	**-**	**-**

Group structure

Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Council on 18 December 2008. The primary purpose of the Trust is to raise the community's awareness of the benefits of good horticultural, floricultural and landscape construction and design practices and encourage active participation in these practices across all cultures and age groups.

Effect of the Canterbury Earthquakes
The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities
In order to pursue its charitable objects the Trust focuses on the following activities:

- Fostering, promoting and increasing the knowledge of the public as to horticulture, floriculture, landscape construction, landscape design and cuisine.
- Providing support for schools of learning and establishing scholarships and prizes in areas of horticulture, floriculture, landscape design and construction.
- Promoting gardening as a leisure activity across all cultures, genders and age groups in New Zealand.
- Promoting and maintaining the health and safety of the public or any section of the public.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	90	144
Operating and other expenses	90	142
Operating profit (loss)	-	2
Net profit (loss) for the year	**-**	**2**

Group structure

Christchurch Agency for Energy Trust

The Christchurch Agency for Energy (CAfE) Trust is a Charitable Trust established by the Council on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

Effect of the Canterbury Earthquakes
The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities
In order to pursue its charitable objects the Agency has committed to undertaking the following activities:

- By building on the range of initiatives included in the Sustainable Energy Strategy for Christchurch 2008-2018, published by the Council, the Agency is developing a work programme and a structure to manage the delivery of initiatives including those brought in by other parties. The initial focus is the delivery of Christchurch based projects and "localising" relevant Energy Efficiency and Conservation Authority projects.
- Providing an educational role with a primary focus of raising awareness about energy efficiency and renewable energy options as a value proposition with initial focus on homeowners and architects/designers.
- Acting as a broker facilitating projects that deliver benefits to businesses and larger organisations (including schools, hospitals and the transport sector).
- Lobbying government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.
- Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.

Key performance targets

	2012 Target	2012 Actual
Public awareness.	Carry out an annual survey of public awareness on energy efficiency and renewable energy issues.	Focus group and field surveys completed.
Feasibility study.	Completion of District Energy study.	Three feasibility studies completed and made available to public via media and website.
Advisory Scheme implementation.	Development and implementation of an Energy Design Advisory Scheme for major buildings.	Programme developed and completed. Launched and initial applications received.
Submissions or suggested changes to legislation and/ or regulations.	CAfE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch.	CAfE made submissions as follows: - Christchurch City Council on Draft Central City Plan. - CERA on the Draft Central City Recovery Plan.
Report on new initiatives.	Report on new initiatives identified during the year, for current or future action by CAfE.	As part of the Energy Awareness Programme CAfE carried out a series of Energy Dialogues with the public. A review of the suggestions is included as a performance measure in the 2012/13 Statement of Intent.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	1,030	1,052
Operating and other expenses	1,006	147
Operating profit (loss)	24	905
Net profit (loss) for the year	**24**	**905**

$0.66 million of the 2012 expense total related to a District Energy Feasibility Study as well as other project and consultancy costs during the year.

Group structure

The World Buskers' Festival Trust

The World Buskers' Festival Trust (WBF) is a Charitable Trust established by the Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

Effect of the Canterbury Earthquakes
The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities
The Trust is established for charitable objects that include the following:

- Holding an annual buskers festival in Christchurch.
- Fostering the growth of street theatre as a performing art in New Zealand.
- Encouraging the participation of the wider community as audiences and performers in street theatre as a recreational activity.
- Increasing the importance of street theatre as part of our cultural community.
- Furthering the objects and activities of the Trust.
- Generating capital and income to further the aims and objects of the Trust.
- Working in conjunction with other groups, bodies and organisations having aims and objects in common with the Trust.

Key performance targets

	2012 Target	2012 Actual
Visitor attendance.	Attract at least 300,000 visits.	Achieved. An estimated 300,000 people attended based on ticket sales and an approximation of open air events.
	75% of Dome shows sold out.	Not measured. Likely to have been achieved but no measurement procedure in place for 2012.
Customer satisfaction.	90% of visitors are satisfied.	Achieved. More than 92% of the respondents said that they were satisfied or very satisfied with the delivery of the WBF. Furthermore, 93% of the respondents said that they were satisfied or very satisfied with the content of the WBF.
Festival development.	Deliver programme at least the same size as the 2011 programme.	Achieved. 60 performers in 2012 compared to 55 in 2011.
	Introduce children's educational component to festival.	Achieved. 'Be a Busker' event was introduced.
	Generate surplus for future festival development.	Achieved. Net surplus of $85,482.
A City-wide festival.	Deliver Buskers @ Brighton programme.	Achieved
	Introduce free transport from disadvantaged suburbs to the festival.	Achieved

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	1,966	1,259
Operating and other expenses	1,881	1,258
Operating profit (loss)	85	1
Net profit (loss) for the year	**85**	**1**

Group structure

Rod Donald Banks Peninsula Trust

The Rod Donald Banks Peninsula Trust (RDBPT) is a Charitable Trust and was created by the Council on 12 July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region. The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula.

Effect of the Canterbury Earthquakes
The Trust has no significant physical assets. The Canterbury earthquakes therefore had little or no direct impact on its ability to deliver services in the future.

Nature and scope of activities
The Trust recognises the community as being of critical importance to the achievement of its charitable objects and focuses its efforts on engaging with groups and projects which have similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups and projects in the pursuit of their common goals. The Trust's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups and projects to achieve goals that they cannot otherwise achieve on their own.

Key performance targets

	2012 Target	2012 Actual
Inform the public and relevant interest groups of the existence and purpose of the RDBPT.	Develop and implement a communications advertising policy for the RDBPT.	Information about the RDBPT settlement and its purpose was published in local newspapers. A draft communications policy has been developed. The following internet address has had an interim web page uploaded during the year. www.roddonaldtrust.co.nz
Develop relationships with existing interest groups on Banks Peninsula with similar aims, along with relevant government agencies and territorial authorities.	Develop a list of key interest groups that the RDBPT would like to work with. Meet with key contacts within the groups to discuss their projects and the manner in which RDBPT can work with them.	A list of relevant interest groups has been compiled. The trust has contacted 26 groups deemed most relevant.
Explore options for growing the trust fund.	Develop an investment policy for RDBPT. Identify other bodies which have funds available for projects aligned with RDBPT. Develop strategic relationships with these bodies.	An investment policy has been developed. A relationship has been developed with the Department of Conservations nature Heritage Fund and the Walking Access Commission.
Identify key projects the Trust is to be involved in over the 2011/12 to 2012/13 financial years.	Establish a list of projects which will be the key focus of the RDBPT in the short to medium term. A distribution's policy for distributions to projects is developed.	3 key projects have been developed. Various distribution policies being investigated and developed.
Provide tangible support for the key projects identified above.	Evidence of projects that are either in progress or completed due to the support from the RDBPT.	Has been achieved in current project to develop its branding and then website as well as a project to develop a walking strategy.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	157	3,569
Operating and other expenses	23	4
Operating profit (loss)	134	3,565
Net profit (loss) for the year	**134**	**3,565**

Group structure

Canterbury Earthquake Heritage Building Fund

The Canterbury Earthquake Heritage Building Fund is a Trust created by the New Zealand Historic Places Trust, Council, Waimakariri District Council and Selwyn District Council following the September 2010 Canterbury earthquake. The Fund was established to provide assistance to owners of qualifying heritage buildings located within the Canterbury region to repair earthquake damage.

Effect of the Canterbury Earthquakes
The Fund has no significant physical assets and was created in response to the Canterbury earthquakes. The earthquakes have therefore had no impact on its ability to deliver services in the future.

Nature and scope of activities
Funding distributed by the Canterbury Earthquake Heritage Building Fund will be available for:

- historic buildings listed in a District Plan or in New Zealand Historic Places Trust's register of historic places, historic areas, wahi tapu or wahi tapu areas;
- buildings and groups of buildings that make a significant contribution to the historic identity and visual character of communities; and
- Marae buildings and other buildings of significance to Māori.

Grants made by the Fund will be targeted at the gap between insurance cover and the actual cost of repairs and associated conservation, structural upgrading and Building Code compliance works. Grants may be up to a maximum of 50% of the total cost of the works, depending on the significance of the building and/or the group of buildings of which it is a part.

Financial summary
Statement of financial performance for the year ended 30 June 2012

	2012 Actual $000	2011 Actual $000
Operating revenue	3,265	1,364
Operating and other expenses	854	-
Operating profit (loss)	2,411	1,364
Net profit (loss) for the year	**2,411**	**1,364**

Note: numbers remain subject to audit.

Sunrise at Christchurch International Airport

Monitoring

Annual Report 2012
Christchurch Ōtautahi

This section contains information about the Council's capital endowment fund and includes a members' interest register for subsidiary companies.

Monitoring

The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development, civic and community projects. Its objectives and policies are detailed on page 230 in Volume 1 of the Council's LTCCP 2009-19.

The investment objectives of the fund were met during 2011/12. The risk of capital loss was minimised by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives outlined in Council's Investment Policy.

	2012	**2011**
	Actual	Actual
Capital endowment fund – funding allocations	$000	$000
Total available income from fund	2,179	2,668
Economic development 70%	1,525	1,868
Brought forward from previous year	(30)	432
Available to allocate	**1,495**	**2,300**
Less allocated:		
Economic development projects	(850)	(850)
Iconic events	(783)	(899)
One-off events	(75)	(81)
Marketing initiatives	(500)	(500)
Balance available for economic development projects	**(713)**	**(30)**
Civic and community 30%	654	800
Brought forward from previous year	2,578	1,788
Available to allocate	**3,232**	**2,588**
Less allocated:		
Events & festivals	(440)	(10)
Community projects	(90)	-
Balance available for civic and community projects	**2,702**	**2,578**
Total cash carried forward	**1,989**	**2,548**

Monitoring

The capital endowment fund (continued)

	2012	2011
	Actual	Actual
Fund capital	$000	$000
Fund capital at 1 July		
Core fund	93,686	90,855
Fluctuation reserve	3,500	3,500
Unallocated income	2,548	2,220
Total fund balance at 1 July	**99,734**	**96,575**
During the year:		
Total income received by the fund	5,095	5,499
Less distributed	(2,738)	(2,340)
Less transferred to capital for inflation provision	(2,916)	(2,831)
Balance to unallocated income	**(559)**	**328**
Fund capital at 30 June		
Core fund	96,602	93,686
Fluctuation reserve	3,500	3,500
Unallocated income	1,989	2,548
Total fund balance at 30 June	**102,091**	**99,734**

Monitoring

Subsidiary and associate companies

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 2012.

Christchurch City Holdings Ltd (100% owned)

Sarah Smith[1]
Barry Corbett (Cr)
Bruce Irvine
Andrew Pearce
Timothy Carter (Cr)
William Dwyer
Robert Parker (Mayor)
Susan Wells (Cr)

Enable Services Ltd (100% owned)[2]

William (Bill) Luff
Mark Bowman[3]
Charlotte Walshe[4]
Robert Lineham[6]
Craig Richardson
Brett Gamble[4]
William Dwyer[5]

Christchurch International Airport Ltd (75% owned)

Philip Carter
George Gould
Fredrick Murray
Catherine Drayton
David MacKenzie
Christopher Paulsen

City Care Ltd (100% owned)

W. Derek Crombie
Anthony King
Trevor Thornton
Margaret Devlin
Hugh Martyn

Lyttelton Port Company Ltd (79.5% owned)

Trevor Burt
Lindsay Crossen
Brian Wood
Alan Grant[8]
Roderick Carr
Rodger Fisher
Karl Smith[7]

Orion New Zealand Limited (89.3% owned)

Michael Andrews
John Dobson
Gail Jewell
Craig Boyce
George Gould
Geoffrey Vazey

Red Bus Limited (100% owned)

Ross McRobie
Peter Rae
Tony Mountford
Timothy Keenan

Vbase Limited (100% owned)

Ngaire Button (Cr)
Anthony Marryatt
Gregory Campbell[9]
Christopher Doig[9]
Arthur (Jim) Keegan[9]
Thomas Treacy[9]
James Gough
Robert Parker (Mayor)
W. Gill Cox[9]
Dominique Dowding[9]
Simon Mortlock[9]

Monitoring

Subsidiary and associate companies (continued)

Tuam Limited (100% owned)

Paul Anderson
Anthony Marryatt

Civic Building Limited (100% owned)

James Gough
Robert Parker (Mayor)[10]
Christopher Doig[9]
Arthur (Jim) Keegan[9]
Thomas Treacy[9]
Ngaire Button (Cr)[10]
W. Gill Cox[9]
Dominique Dowding[9]
Simon Mortlock[9]

EcoCentral Limited (100% owned)

Paul Anderson
Gregory Campbell
William Dwyer[12]
Sarah Smith[1]
David Kerr[11]

Transwaste Canterbury Limited (38.9% owned)

Robert Brine[13]
Judith Burgess[14]
W. Gill Cox
Thomas Nickels
Richard Davison[15]
Sally Buck (Cr)
Gerry Clemens
Gareth James
Robert McKenzie
Ian Kennedy[16]

Selwyn Plantation Board Limited (39.3% owned)

John Morten
Alan Berge[17]
Sarah Smith[1]
Raymond Polson[18]

Notes

1 Previously known as Sarah Astor
2 Previously known as Christchurch City Networks Limited
3 Appointed 17 November 2011
4 Appointed 13 September 2011
5 Resigned 30 April 2012
6 Resigned 17 November 2011
7 Appointed 3 November 2011
8 Resigned 3 November 2011
9 Resigned 29 July 2011
10 Appointed 8 September 2011
11 Appointed 1 August 2011
12 Resigned 31 July 2011
13 Resigned 14 November 2011
14 Resigned 28 February 2012
15 Appointed 19 November 2012
16 Appointed 28 February 2012
17 Retired 1 July 2012
18 Resigned 30 June 2012

Notes

Glossary

CAfE	Christchurch Agency for Energy Trust Board
CBD	Central Business District
CBL	Civic Building Limited
CCDU	Central City Development Unit
CCHL	Christchurch City Holdings Limited
CCOs	Council-Controlled Organisations
CCT	Christchurch and Canterbury Tourism
CCTOs	Council-Controlled Trading Organisations
CCTV	Closed Circuit Television
CDC	Canterbury Development Corporation Limited
CDEM	Civil Defence Emergency Management
CEDS	Christchurch Economic Development Strategy
Central City Plan	a recovery plan for the Central City
CERA	Canterbury Earthquake Recovery Agency
CFH	Crown Fibre Holdings Limited
CGU	Cash generating unit
CIAL	Christchurch International Airport Limited
Council	Christchurch City Council
CWTP	Christchurch Wastewater Treatment Plant
DEE	Detailed engineering evaluations
ECE	Early Childhood Education
ELC	Early learning centres
ENL	Enable Networks Limited
EOC	Emergency Operations Centre
EQ	Earthquake
EQC	Earthquake Commission

Glossary (continued)

ESL	Enable Services Limited
Group	As outlined in Group Structure section of the annual report
ISP	Internal Service Providers
JEFL	Jet Engine Facility Limited
LAPP	Local Authority Protection Programme
LOS	Level of Service
LTCCP	Long Term Council Community Plan
LTP	Long Term Plan
MCDEM	Ministry of Civil Defence and Emergency Management
MKT	Mahaanui Kurataiao Limited
MOU	Memorandum of understanding
NBS	New Building Standard
NTPL	Ngāi Tahu Property Limited
NZ GAAP	Generally Accepted Accounting Practice in New Zealand
NZ IAS	New Zealand equivalent to International Accounting Standard
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZLGFA	New Zealand Local Government Funding Agency Limited
NZLGIC	New Zealand Local Government Insurance Corporation Limited
NZTA	New Zealand Transport Agency
NZX	New Zealand Stock Exchange
PBE	Public Benefit Entity
RFID	Radio Frequency Identification
SCIRT	Stronger Christchurch Infrastructure Rebuild Team
SOI	Statement of Intent
UFB	Ultra-Fast Broadband
WACC	Weighted Average Cost of Capital

City Care workers repair roads as part of Christchurch's infrastructure rebuild.

Christchurch City Council