





christchurch city council 2006 annual plan

For the Period 1 July 2005 to 30 June 2006

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This Annual Plan shows how the Council is continuing with the planned activities and services set out in the 2004/14 Long Term Council Community Plan (LTCCP). This is also referred to as Our Community Plan Christchurch O-Tautahi 2004/14.

There are no significant changes to the LTCCP. For more information on the LTCCP please refer to:

<http://www.ccc.govt.nz/Ltccp/CurrentPlan.asp> or alternatively paper copies of the document can be obtained from the Civic Offices, 163 Tuam St, Christchurch.

This Annual Plan is organised as follows:

Overview

This section charts where the Council is heading in 2005/06. The Community Outcomes Summary has been copied directly from the LTCCP and describes the kind of society, community, environment and economy, the people of Christchurch want to live in. It includes the Financial Overview and Funding Impact Statement both of which describe and compare the financials for 2005/06 with those that were included in the LTCCP for 2005/06.

Also included is the Capital Programme which reports at a group of activities level. For each group of activities there is a breakdown into Metropolitan Projects, Local Projects and Technical Projects. All Metropolitan Projects are detailed. Local and Technical Projects are summarised and reported on at the programme level. Details of these projects may be found on the Council's website www.ccc.govt.nz/Ltccp/AnnualPlan/

Plans for Groups of Activities

This section outlines the plans for each of the 13 Groups of Activities for 2005/06. Where there are differences from what was planned in the LTCCP these are explained.

Supporting Information

This section contains details of the budget financial statements, the Capital Endowment Fund allocation, and a list of elected members and executive staff.

This Annual Plan has been produced in accordance with Section 95 and Schedule 10 Part 2 of the Local Government Act 2002.



The Strip, Oxford Terrace

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introduction from the mayor and chief executive

This Christchurch City Council Annual Plan is a graphic example of changes that have been taking place in recent years in the way local government does its planning.

These days, council annual plans are simpler documents. They include only what their name implies – a one-year plan, in this case showing the work the City Council intends to deliver on behalf of the people of Christchurch in the 12 months from 1 July 2005.

Not so long ago, our annual plans held similar information, but each year the Council also had to look out over the subsequent years and give pretty firm indications of what was afoot. The year-by-year nature of local body planning, as well as requiring a power of work, meant local bodies could chop and change; in theory, a council could do a complete about-face from one year to the other.

Now, under a 2002 law, councils are meant to undertake their major planning exercise at least once every three years, in a public process which develops and creates what we call a long-term community plan. The idea is that councils should work harder, but less often, to understand what their communities want and then stick pretty much on that track for three years unless there's a powerful reason to change. Members of the public, by reading that long-term community plan, should have a pretty good idea of what their council has decided it will (and won't) do over that period. It's a kind of no-surprises guarantee.

Here at Christchurch City Council, now that we've got this one-year plan out of the way, we will start reviewing our long-term plan. You can see the current one at www.ccc.govt.nz/Ltccp/ on the Council website and read some material about the Community Outcomes on which it is based. We'll be working on that throughout the year and into 2006. When it's approved, it will be the major blueprint showing the Christchurch City Council's intentions for the three years from 2006 and, in effect, will be the most important piece of work I and my fellow elected members will do in this term of Council.

During this process, there are plenty of opportunities for people to get involved and have their say. I urge anyone with an interest in the city's development and future to take the time and get involved.

In the meantime, I commend this annual plan to you. Christchurch City Council remains in very good heart, in both spirit and finances. Compared to any other large city in New Zealand, Christchurch people's rates are low and I believe we get great value for what we are asked to pay.



A handwritten signature in blue ink that reads "Garry Moore". The signature is written in a cursive, flowing style.

Garry Moore

Mayor of Christchurch

introduction from the mayor and chief executive

Our 2006 Annual Plan focuses on what we are proposing to deliver for the 2005/06 year. It is not a year in which we are updating our long-term plans – this will be done next year when we develop our long-term community plan for the period 2006-16.

This Annual Plan uses the same basic structure as the long-term plan, looking at the various activities the Christchurch City Council undertakes on behalf of the city and setting out how budgets will be spent. Effectively, there is little difference between this year's Annual Plan and that projected in last year's long-term plan (2004-14).

Our draft Annual Plan contained all the information that was required by the Local Government Act 2002. However, we have tried to simplify this final annual plan by not repeating all the service descriptions and performance measures for each activity as they have not changed from our long-term plan. We have provided references back to the long-term plan for readers who would like greater detail.

Even with this more simple approach, this document is still about 60 pages long.

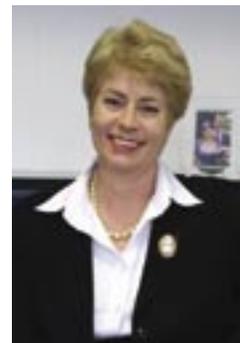
This year we are also producing a short summary document which we believe will identify the key issues and financial details, and hopefully give readers a simple snapshot of what is a very complex business.

The rate increase of 3.49 per cent, which is slightly below that projected in our long-term plan, has not been easily achieved. Cost increases, well in excess of inflation, have impacted upon Council, not only at the capital expenditure level, but also in a number of our operating expense items. Additional income is being received as a result of higher interest rates on our investments, however this is not sustainable in the long run.

The demand for more services from the community continues. A number of submitters to our draft Annual Plan suggested Council should maintain its rates increase at lower than inflation, but without lowering levels of service or reducing some functions - this is not an easily attainable goal.

The changes from the draft to the final have tended to be internal cost realignments. There have been no changes to service levels. Details of changes are covered on page 12.

As the Mayor has said, we are starting to review and develop our long-term plan for 2006-16. We will be inviting the community to provide feedback on that plan next year. I encourage you to take that opportunity and get involved in helping to shape our city.



Lesley McTurk

Dr. Lesley McTurk

Chief Executive

The Community Outcomes for Christchurch in 2005/06 are:

Sustainable Christchurch

- a sustainable natural environment,
- a learning city,
- a prosperous city,
- a well governed city,

and a city

- with inclusive and diverse communities, with a strong sense of place and identity,
- with healthy and active people,
- which is safe,
- which is cultural and fun,
- which is liveable,
- with excellent built and natural environments.

Details of the activities the Council will undertake to contribute to these Community Outcomes may be found in Volume 2 of Our Community Plan 2004/14.

These Community Outcomes belong to the people of Christchurch. The Council led a process to find out what the community as a whole wished for our City. This process has been repeated and the Community Outcomes for 2006-12 have been published. These newer outcomes will replace those described in the following pages. A group of outcome measures or indicators has been developed to track progress towards those outcomes.

A Sustainable Natural Environment

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people enjoy and value our natural environment and take responsibility for protecting and restoring it. • Our City's natural resources, bio diversity, landscapes, and ecosystem integrity are protected and enhanced. • Our people recognise that the natural environment plays a significant role in our prosperity. The whole community ensures that negative impacts on the environment are managed to maintain environmental sustainability. 	<ul style="list-style-type: none"> • Reducing what we extract from the earth's crust (fossil fuels and minerals) • Waste minimisation • Protection of the natural environment • Growing motor vehicle population 	<ul style="list-style-type: none"> • Soil and water quality • Solid waste management and recycling • Climate change
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • City Development • Parks and Open Spaces • Refuse Minimisation and Disposal • Regulatory Services • Wastewater Collection, Treatment and Disposal • Streets and Transport • Water Supply • Waterways and Land Drainage 	

summary of community outcomes

A Learning City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people have the knowledge and skills needed to participate in society, and value lifelong learning. • Our City provides diverse opportunities for learning and innovation. • Our economy thrives on skills, knowledge and innovation. 	<ul style="list-style-type: none"> • Increase educational achievement for all • Ensure a skilled and flexible workforce • Encourage lifelong learning • Foster research, innovation and technology 	<ul style="list-style-type: none"> • Educational qualifications at all levels • Employment in research and technology • Community education and lifelong learning • Training for employment
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • Art Gallery, Museum and Our City • Community Services • Democracy and Governance • Economic Development • Library Services • Regulatory Services 	

A Prosperous City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people have access to adequate income and opportunities to contribute to the City's well-being. • Our City has the infrastructure and environment to support a job rich economy while protecting and enhancing our essential natural capital. • Our economy is based on a range of businesses which enable wealth creation and employment opportunities for all. 	<ul style="list-style-type: none"> • Increase wealth creation • Increase number and range of quality jobs • Maintain and develop essential infrastructure • Reduce economic exclusion 	<ul style="list-style-type: none"> • Employment and income • Income and hours worked • Economic activity
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • City Development • Economic Development • Streets and Transport • Refuse Minimisation and Disposal • Wastewater Collection, Treatment and Disposal • Water Supply • Waterways and Land Drainage 	

summary of community outcomes

A Well Governed City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people participate in decision making and enjoy the rights and responsibilities of living in a democracy. • Our City's infrastructure and environment are managed effectively, are responsive to changing needs and focus on long-term sustainability. • Our economy thrives on strong, proactive and ethical leadership. 	<ul style="list-style-type: none"> • Develop leadership • Improve consultation and participation • Encourage civic responsibility • Strengthen treaty relationship • Improve stewardship • Build collaborative agencies • Develop triple bottom line reporting 	<ul style="list-style-type: none"> • Community involvement in Council decision making • Council credit rating • Community confidence in Council decision making
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • Art Gallery, Museum and Our City • City Development • Community Services • Democracy and Governance 	

A City of Inclusive and Diverse Communities

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people participate in community life, have a sense of belonging and identity, and have opportunities to contribute to the City's well-being. • Our City encourages a diversity of lifestyles, and a sense of social connection, place and identity. • Our economy provides opportunities for all people to participate in wealth creation, develop a sense of belonging and make a contribution. • We recognise our bicultural heritage in our multicultural society. 	<ul style="list-style-type: none"> • Ensure a vibrant voluntary sector • Strengthen communities and neighbourhoods • Maintain and build a sense of identity and place • Reduce social inequalities 	<ul style="list-style-type: none"> • Social networks and groups • Satisfaction with the look and feel of the City, including the built environment and heritage protection • Voluntary work • Relationships with neighbours • Emotional health and well-being
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • Art Gallery, Museum and Our City • City Development • Community Services • Library Services • Parks and Open Spaces • Regulatory Services • Streets and Transport • Waterways and Land Drainage 	

summary of community outcomes

A City of Healthy and Active People

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people live long and healthy lives. • Our City provides the natural and built environments that enable people to enjoy long and healthy lives. • Our economy is based on practices that promote and improve health. 	<ul style="list-style-type: none"> • Increase healthy lifestyles • Ensure we have healthy homes • Improve environmental health • Reduce health inequalities • Improve mental well-being • Ensure effective health services 	<ul style="list-style-type: none"> • Mortality and morbidity • Life expectancy • Air and water quality • Frequency of physical activity • Public open space, including space for sport and recreation • Confidence in the public health system
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • Community Services • Parks and Open Spaces • Refuse Minimisation and Disposal • Regulatory Services • Wastewater Collection, Treatment and Disposal • Streets and Transport • Water Supply • Waterways and Land Drainage 	

A Safe City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people are free from crime, violence, abuse, and injury. • Our City's urban form and infrastructure maximise safety and security for all people from crime, injury and hazards. • Our economy invests in mitigating threats to safety and security. 	<ul style="list-style-type: none"> • Improve road safety • Reduce crime • Ensure safe neighbourhoods and children, young people and families 	<ul style="list-style-type: none"> • Perceptions of safety, including child safety • Injury and crime rates • Road safety • Environmental safety
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • City Development • Community Services • Refuse Minimisation and Disposal • Regulatory Services • Wastewater Collection, Treatment and Disposal • Streets and Transport • Water Supply • Waterways and Land Drainage 	

A Cultural and Fun City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people value leisure time and recognise that arts and leisure pursuits contribute to identity, connectedness and well-being. • Our City's infrastructure, facilities, open space and natural environments support a diverse range of arts and leisure activities. • Our economy is strengthened by the arts and leisure sectors. 	<ul style="list-style-type: none"> • Increase participation in arts and cultural activities • Encourage sense of identity through arts and leisure activities • Develop our arts and cultural infrastructure • Develop our sports and leisure infrastructure 	<ul style="list-style-type: none"> • Participation in the arts and cultural activities • Size of the arts and culture industry • Availability of leisure activities
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • Art Gallery, Museum and Our City • City Development • Community Services • Economic Development • Library Services • Parks and Open Spaces 	

A Liveable City

Outcomes	Challenges and Opportunities	Key Indicators
<ul style="list-style-type: none"> • Our people have appropriate housing and live in an attractive and well designed City and neighbourhoods. • Our City provides a choice of housing, easy mobility and access to open spaces, and a range of utilities that allow people to enjoy an acceptable quality of life. • Our economy invests in and benefits from enhancing the liveability of our City. 	<ul style="list-style-type: none"> • Ensure appropriate and affordable housing • Develop liveable neighbourhoods • Ensure an effective transport system 	<ul style="list-style-type: none"> • Housing affordability; housing crowding • Accessibility of key local services • Availability of public open space
	<p>Council Activity Groups</p> <ul style="list-style-type: none"> • City Development • Community Services • Regulatory Services • Streets and Transport • Refuse Minimisation and Disposal • Wastewater Collection, Treatment and Disposal • Water Supply • Waterways and Land Drainage 	

financial management overview

Costs of Proposed Services

	2005/06 Plan \$m	2005/06 LTCCP \$m
OPERATING SUMMARY		
Operating Expenditure	242.62	248.19
Depreciation	67.70	68.72
Interest Expense	5.91	6.47
Total Operating Expenditure	316.23	323.37
Ordinary Revenues	(82.38)	(93.06)
Grants and Subsidies	(23.14)	(21.01)
Interest and Dividends from CCHL	(30.00)	(29.50)
Interest Received	(18.82)	(16.29)
Rates	(174.21)	(172.72)
Operating Surplus/Contribution to Capital Projects	(12.31)	(9.21)
Percentage Rate Increase	3.49%	3.53%

CAPITAL FUNDING SUMMARY

Capital Expenditure	163.50	125.01
Provision for Debt Repayment	4.70	4.69
Total Capital Cost	168.20	129.70
Funded by :		
Depreciation and Surplus (Deficit) on Operations	(72.23)	(68.15)
Capital Repayment/Sale of Assets in Total	(4.41)	(5.81)
Funded from Debt Repayment Reserve	(78.90)	(47.57)
Reserves	(10.51)	(7.16)
External Funding for Capital Projects	(0.55)	(0.55)
Borrowing Required for the Annual Programme	1.60	0.45

KEY ASSETS / LIABILITIES OF CCC

Gross Debt	97.12	97.44
less Sinking Funds and Debt Repayment Reserves	(32.63)	(38.66)
Term Debt	64.49	58.78

Less Reserve Funds	(153.30)	(147.83)
Net Debt	(88.80)	(89.05)
Total Assets (CCC and CCHL)	4,816.76	4,508.36
Realisable Assets (CCC and CCHL)	2,262.21	2,170.88
Net Debt (CCC and CCHL)	14.62	14.42

Financial Analysis

The Annual Plan is a planning document which concentrates on plans for the next year (i.e. 1 July 2005 to 30 June 2006). Supporting the summary budgets are detailed budgets. All the financial data including a detailed capital works programme has been built into a financial planning model which produces projected balance sheets, cashflows, debt levels, investments and rate requirements.

The overall objective of this financial overview is to compare the 2005/06 budget with the 2005/06 projections in the Long Term Council Community Plan.

The following gives an overview of the factors which have resulted in the main variations between the two sets of figures.

Operational Expenditures

Operational expenditure includes all the day-to-day costs necessary to run a large multi-function organisation. These costs include staff costs, insurance, energy, professional consultancy, computing and maintenance work on the city's infrastructural assets.

The main contributor to the \$5.57m difference between the Annual Plan and the LTCCP relates to the transfer of the operation of the Refuse Stations to the Recovered Materials Foundation (RMF). The expenditure reduction for this change totals \$15.2m. (See page 38).

This reduction was offset by an additional \$4.0m of inflationary cost above what was budgeted, reflecting that many Council costs are related to construction. The construction index increased 7.79 per cent in the 12 months to September 2004.

Depreciation

The \$1.02m difference between the LTCCP depreciation and the Annual Plan depreciation is a net figure which reflects a 'fine tuning' of the calculations to realign the budget with the actual being charged in the current year.

Interest Expense

The interest expense provision reflects a more up to date estimate of the loan servicing costs for 2005/06.

Operational Revenue

The revenue figure which includes user charge revenue, grants and Land Transport NZ subsidies is \$8.55m down on the LTCCP projections.

The main factor contributing to this decrease relates to the RMF taking over the operation of the three Refuse Stations. The impact of this change has been to reduce revenues by \$15.5m (see reduction in operating costs above).

Helping to offset this reduction are increases of \$1.4m to Regulatory Services revenues. The increase here relates to more robust forecasting of revenue targets and a buoyant building sector.

A further significant offset is an increase in the Land Transport NZ subsidy. The subsidy is \$1.7m more than projected in the LTCCP and is because of an increase in the dollar value of the capital programme and an expansion to the categories of work on which a subsidy may be claimed.

Other revenue offsets include Cash in Lieu of Reserve contributions (\$550,000), Water Sales (\$245,000), Trade Waste Charges (\$330,000) and Cell Site Rentals (\$170,000).

Interest and Dividends

The Christchurch City Holdings Ltd (CCHL) dividend has been revised upwards by an additional \$500,000 on the LTCCP projection.

The revision to the interest earnings figure reflects larger than anticipated cash balances for working capital, the Capital Endowment Fund and Special Funds. This has enabled the interest earned figure to be revised upwards from \$16.29m to \$18.82m.

Surpluses

Surpluses reduce the need to borrow for capital works. They also provide a significant contribution to the annual repayment of debt.

A formula has been established which ensures that the funds generated from a combination of depreciation (less funds appropriated back to reserves and separate accounts) plus the balance of the operating surplus in excess of debt repayment provision is sufficient to fund 55% to 66% of the average annual forecast capital expenditure over the next 20 year period. The funding percentage for the 2005/06 year is 60%.

The generation of an operational surplus also ensures that the Council complies with Section 100 of the Local Government Act (2002). This section of the Act, which is sometimes referred to as the 'Balanced Budget Requirement', ensures that the Council has adequate funding for the ongoing maintenance of service levels.

The increased surplus for 2005/06 reflects the increased financial contributions and capital revenues which need to flow through to the Balance Sheet.

Looking Forward

The Council is aware of some significant capital expenditure increases in future years. These include the Civic Offices project, the Ocean Outfall project, and strategic land purchases. The Council has also resolved to review the Flatwater Facility project and the funding for such a facility beyond 2005/06. The \$600,000 in the 2005/06 budget for the Flatwater Facility will be used for capital improvements to the existing flatwater facility at Kerrs Reach. All these issues will be addressed as part of the 2006/16 LTCCP review which will take place during 2005/06.

financial management overview

Capital Expenditure

The changes to the capital programme primarily relate to revised costings. The increase in the construction index has placed considerable pressure on capital budgets which were developed in October / November 2003.

Most of the cost increases have occurred in the infrastructure area as shown in the Capital Expenditure programme on page 19.

In addition, a net \$20m has been added to the Capital Programme for unspecified carry forward projects. This is an estimate of the likely projects which will not be complete and/or will not have been started and need to be carried forward to 2005/06. Carry forward projects will be funded from the Debt Repayment Reserve and have no rates impact.

Changes between the draft and final versions of the Annual Plan

The draft Annual Plan was released on 11 April 2005 and was available for public comment until 13 May 2005.

Most of the 198 submissions received related to matters that the Council will look into as it develops the 2006/16 LTCCP.

While reviewing the final budgets, several minor adjustments were made, both up and down, to expenditure and revenue. These have no rating impact because while costs did increase, compensating savings were found.

Capital Expenditure was increased by \$8.1m, the bulk of which was an additional \$5.0m of capital expenditure carried forward from the 2004/05 year. In addition a further \$2.0m was provided for Social Housing. Neither of these changes has any impact on rates.

Borrowing and Consolidated Debt

Provision for the repayment of Council debt is made by annual contributions to sinking fund and loan repayment reserves. These contributions are calculated to ensure debt is repaid no later than 20 years after it is initially borrowed. These reserves are used to

repay debt as each portion of debt matures, and are shown in the financial summary as a deduction from Gross Debt.

The Council has other reserve funds set aside for future projects, and in accordance with normal practice, these are also offset to determine the 'Net Debt' of the Council.

Intergenerational Equity

The principle of intergenerational equity requires today's users to meet the costs of utilising Council assets but does not expect them to meet the full cost of long term assets that will benefit future generations.

The Council has put in place the following mechanisms to ensure intergenerational equity:

- All assets are depreciated at a rate assessed to reflect the life of particular assets.
- Between 34% and 45% of capital works are funded by loans serviced (or reserve funds) and repaid over a 20 year period from surpluses and depreciation generated in the operating account.
- Revenue of the Council is required to be sufficient to meet the operational expenses in each year including:
 - depreciation on capital assets employed
 - interest on outstanding debt
 - and in addition, produce a surplus sufficient to fund the repayment of outstanding debt over a 20 year cycle.
- Asset Management Plans have been developed for all major assets types to ensure that an appropriate rate of renewal of existing assets is planned for and carried out. This renewal work is generally funded by a first call on depreciation funds generated by revenue.

Credit Rating

In 1993 the Council received an AA+ international credit rating from Standard and Poor's. This rating was last reviewed and confirmed by Standard and Poor's in 2003.

This high rating reflects the strong overall financial position of the Council and the commitment to achieve an annual operating surplus and control the level of debt through a clearly defined debt management policy.

Financial Ratios

The impact which the Council's financial projections have on the four key financial ratios defined in the Council's Revenue and Financing Policy are shown below. These ratios relate to the Christchurch City Council and CCHL combined. The policy limits represent the outer bench marks for the Council to live within over the long term.

	Annual Plan	LTCCP	Policy Limit
Term Debt to Total Assets ratio	3.47%	3.6%	12%
Term Debt to Realisable Assets ratio	7.39%	7.47%	33%
Net Interest to Operating Revenue ratio	-2.17%	-1.49%	8%
Net Debt to Funds Flow ratio	0.19 times	0.19 times	5 times



Buskers in Cathedral Square

financial management overview

Operating Budget Summary

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		
Art Gallery, Museum and "Our City"	13,968	13,775
City Development	14,133	12,812
Community Services	58,211	52,618
Democracy and Governance	9,552	11,071
Economic Development	11,228	10,483
Library Services	27,267	26,811
Parks and Open Spaces	27,549	26,841
Refuse Minimisation and Disposal	14,023	29,066
Regulatory Services	16,699	16,023
Wastewater Collection, Treatment and Disposal	25,029	25,460
Streets and Transport	62,543	63,506
Water Supply	16,424	15,461
Waterways and Land Drainage	11,982	11,276
Provision for Inflation		2,493
Internal Service Providers	1,589	(272)
	310,198	317,425
Other Expenditure		
Corporate/Sundry Expenditure	6,035	5,948
Total Expenditure	316,233	323,372

Revenue

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Art Gallery, Museum and "Our City"	(964)	(1,124)
City Development	(1,189)	(1,154)
Community Services	(22,174)	(21,971)
Democracy and Governance	-	-
Economic Development	(173)	(173)
Library Services	(2,245)	(2,102)
Parks and Open Spaces	(5,714)	(5,042)
Refuse Minimisation and Disposal	(5,235)	(20,764)
Regulatory Services	(11,625)	(10,257)
Wastewater Collection, Treatment and Disposal	(5,644)	(5,100)
Streets and Transport	(34,514)	(32,547)
Water Supply	(3,797)	(3,400)
Waterways and Land Drainage	(588)	(587)
Internal Service Providers	(1,589)	272
	(95,451)	(103,949)
Other Revenues		
Rates ¹	(175,409)	(173,920)
Dividends	(30,114)	(29,680)
Other Income	(27,570)	(25,030)
Total Revenue	(328,544)	(332,579)
Operating Surplus	(12,310)	(9,207)

Notes:

1. Rates figure includes \$1.2m rates penalties and is net of GST.

The Funding of Operating Expenditure and Rates

The Revenue and Financing Policy determines the funding allocation for the Council. The policy is included in the LTCCP. This Funding Impact Statement reflects this policy.

Changes in revenue mechanisms from last year

The significant change this year is the impact of the revaluation of the rating base. The new capital values apply from 1 July 2005. This will affect the distribution of rates between sectors in addition to the change of rates for any property. The Council has decided to retain the rate allocation principles of the Revenue and Financing Policy as they are still relevant. It has decided against any attempt to negate the impact of the revaluation.

There has been no significant change to fee setting or other revenue sources.

Revenue and Financing Mechanisms

The revenue and financing mechanisms were developed from an analysis of the Council activities and funding requirements under the Revenue and Financing Policy. The process and analysis includes:

- For operational expenditure:
 - the nature of the services supplied by each activity,
 - the period over which the services are supplied,
 - the gross cost and the allocation of this cost to the users of services and ratepayers,
 - the direct benefits of services and any charges made for these,
 - the allocation of the shortfall of user charges to ratepayers,
 - the allocation of costs to ratepayers by differential sectors.
- For capital expenditure:
 - the gross cost,
 - timing of the budget provision,
 - funding sources including loans.

The capital expenditure financing is detailed in the Financial Summary.

The Council has budgeted to receive revenue from a number of sources and these are detailed (net of GST) in the table which follows.

	2005/06 Plan \$m	2005/06 LTCCP \$m
Budgeted operating expenditure (Note 1)	316.23	323.38
General revenue made up of:		
Dividends	30.11	29.50
Interest	18.82	16.29
Fees and charges	73.53	86.35
Financial Contributions	7.53	5.52
Grants and subsidies	23.14	21.01
Total General Revenue	153.13	158.67
Rates:		
General rates	110.96	110.58
Uniform Annual General Charge	15.81	15.43
Targeted rates	47.44	46.70
Total Rates set	174.21	172.72
Rates penalties	1.20	1.20
Total Rates	175.41	173.92
Budgeted operating surplus	12.31	9.21

Note 1 – The operation of the refuse stations have been assigned to the Recovered Materials Foundation. The costs and revenues are consequently reduced by \$15.2m and \$15.5m respectively.

funding impact statement

Financing capital expenditure:

	2005/06 Plan \$m	2005/06 LTCCP \$m
Capital expenditure financing:		
Depreciation and surplus funds used	72.23	68.15
Capital repayments / sales of assets	4.41	5.81
Reserves used - Debt Repayment Reserve	78.90	47.57
Reserves used - Other Reserves	10.51	7.16
External funding for capital expenditure	0.55	0.55
Borrowing	1.60	0.45
Total Capital Financing	168.20	129.70

Note - Carry forwards of unspent capital expenditure is now disclosed in the Annual Plan 2005/06. Funding is from reserve funds.

Rate Setting and Rating Policies

The Council has set rates in accordance with this Annual Plan for the financial year 2005/06 which total \$174.208 million.

The Council has resolved on a range of rating policies, as detailed in the LTCCP statement. These are generally a continuation of those used last year.

The Valuation System used for Rating

The valuation system used for rating is the Capital Value system.

The value of each rating unit has been revised as at 1 August 2004. These revised values are used for rating from 1 July 2005. As a consequence there are shifts in the incidence

of rates (excluding the impact of rates requirement changes for 2005/06) as follows:

- Residential sector increases by 3.13%
- Business Sector decreases by 7.17%
- Rural sector increases by 2.44%
- Non rateable sector decreases by 40.94%

Council has not changed its rating policies this year to mitigate the impact of revaluation.

Inspection of Rates Information for each Rating Unit

The Capital Values, the District Valuation Roll, the Rate Information Database information, and the estimated liability for rates for 2005/06 for each rating unit is available for inspection on the Council's Internet site (www.ccc.govt.nz) under the heading 'Ratesinfo' or by enquiry at any Council Service Centre.

Differential System used

Differential rating has been used for general rates only. Each rating unit is assigned to a category, based on land use and City Plan zoning, and the sum of all categories is the basis of allocation of rates.

The differential categories used are:

- Sector A – Business
- Sector B – Residential and other
- Sector C – Rural

The full text of the differential categories is detailed on page 110 of Volume 3 of the 2004/14 Long Term Council Community Plan.

The categories used for differentiation are land use and zoning as allowed under Schedule 2, Clauses 1, 2 and 3 of the Local Government (Rating) Act 2002.

The objective of the differential policy is to implement the Revenue and Financing Policy, and in particular:

- Allow for a higher rate requirement on the Business sector from the City Streets 'Vehicle Ways' activity than that applied to the Residential and other, and the Rural sectors. The Vehicle Ways activity is the only activity identified in the LTCCP as appropriate for specific differential treatment.
- A reduced general rate applied by capital values for the 'Rural' sector to reflect generally the remote location from services and the assumed lower consumption of services for each rating unit. The reduced rates are 75% of the General Rate decimal applicable to the Residential and other sector.

In line with last year, Council has set GST inclusive rates of:

- General Rates - cents in the dollar Capital Value:
 - Sector A – Business – 0.372429
 - Sector B - Residential and other – 0.253837
 - Sector C – Rural – 0.190377
- A Uniform Annual General Charge of \$115 is assessed on each rating unit or separately occupied part thereof.
- Targeted Rates - cents in the dollar of Capital Value:
 - Water targeted rate – 0.035530 (half for non connected)
 - Sewerage targeted rate – 0.051415
 - Land Drainage targeted rate – 0.030378

There are no differentials for targeted rates in that for each rate a common rate in the dollar of Capital Value applies to all rating units inside the serviced area.

- Targeted rates for water supply services of:
 - Water Supply Fire Connection – The targeted rate has been set on a uniform basis to the rating units serviced, at \$100 per fire service connection
 - Targeted rates for water consumed, measured by meter, and supplied to other than private residential consumers

These two water targeted rates fund part of the water supply activity costs.

A full definition of the rates is on page 108 of Volume 3 of the 2004/14 Long Term Council Community Plan.

The following rates (GST incl) have been set for 2005/06:

	2005/06 Plan \$m	2005/06 LTCCP \$m
General Rates		
Residential	89,291,871	85,539,987
Business	33,281,934	36,733,877
Rural	2,258,424	2,133,770
Total General Rates by Capital Value	124,832,229	124,407,634
Uniform Annual General Charge		
	\$115	\$115
Residential	15,786,625	15,453,585
Business	1,806,420	1,698,895
Rural	193,315	211,370
Total Uniform Annual General Charge	17,786,360	17,363,850

funding impact statement

	2005/06 Plan \$m	2005/06 LTCCP \$m
Targeted Rates		
Water	15,955,292	15,306,622
Water - Half for non connected	267,321	-
Sewerage	23,636,082	24,517,848
Land Drainage	13,437,277	12,644,168
Water Fire connection Targeted Rate	70,300	70,300
Total Targeted Rates	53,366,272	52,538,938
Rates for Revenue Policy	195,984,861	194,310,422
Excess Water Supply Targeted rate	2,081,250	1,927,125
Total Rates	198,066,111	196,237,547
Rates Sector Total		
Residential	147,004,536	140,633,340
Business	44,668,587	48,485,921
Rural	2,868,049	2,749,188
Non-rateable	1,443,689	2,441,973
Total Rates	195,984,861	194,310,422

Rates Payable (GST incl) – 2005/06 on the new Capital Values

Residential Capital Values	Residential \$	Business \$	Rural (Excl Targeted Rates) \$
80,000	412		
100,000	486	605	305
200,000	857	1,095	496
300,000	1,228	1,584	686
400,000	1,600	2,074	877
500,000	1,971	2,564	1,067
600,000	2,342	3,054	1,257

Notes:

- (1) Residential and Business rates are those on fully serviced properties, and include a single uniform annual charge of \$115 per property
- (2) Rural properties are assumed to not pay Water, Sewerage or Land Drainage Targeted rates. They include a uniform annual charge of \$115 per property
- (3) Rates include GST but do not include the Canterbury Regional Council Rates.
- (4) Some properties may also be liable for the Targeted Water Supply Fire Connection rate of \$100 per connection per property.
- (5) The City Council is the rate collecting agent for Environment Canterbury (the Canterbury Regional Council). Their rates are in addition to those above. Combined assessments and invoices will continue to be issued by the City Council.
- (6) The revaluation in capital values means that the planned rates per property cannot be directly compared to the previous year's rates. To compare to previous rates, a ratepayer should use the figures on the chart above compared to the City Council rates on their 2004/05 rate assessment.

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Art Gallery, Museum and "Our City"		
Technical		
General Equipment	54	54
Acquisitions	259	259
Metropolitan		
Canterbury Museum	2,200	2,200
Total Art Gallery, Museum and "Our City" Expenditure	2,513	2,513

City Development

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
Non-conforming Uses Purchase	150	150
Urban Renewal Projects	250	250
Total City Development Expenditure	400	400

Community Services

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
Art In Public Places	250	250
Ascot Golf Course	160	20
Camping Grounds	20	20
Centennial Leisure Centre - New Facilities And Extension To Gym	467	467
Leisure Centres - Weights Equipment	45	45
Office Furniture and Equipment	91	91
Pools - Upgrades and Plant Renewal	275	275
QEII - Maintenance, Upgrading and Replacements	519	519
Rugby League Park Improvements	100	100
Shirley Community Centre - Structural Strengthening	230	230
Stadia - Asset Improvements	173	173

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Local		
Social Housing - Upgrading	3,715	1,667
Metropolitan		
Flat Water Facility	600	600
Jellie Park Upgrade	4,000	4,000
Total Community Services Expenditure	10,645	8,457

Economic Development

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
City Promotion	97	97
CCC Equity Contribution to Christchurch City Facilities Ltd	750	450
Total Economic Development Expenditure	847	547

Library Services

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
Furniture and Equipment	130	130
Computer Systems	263	263
Book and Resource Purchases	4,318	4,318
Metropolitan		
Upper Riccarton Library	4,073	4,073
Halswell Library	500	500
Spreydon Library	406	406
Total Library Services Expenditure	9,690	9,690

capital expenditure programme

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Parks and Open Spaces		
Local		
Amenity Landscape/Planting Projects	563	539
Bridges and Structures	356	283
Buildings/Equipment	691	544
Cemeteries Landscape Development	281	191
Landscape and Berm Renewals	404	404
Lighting	43	46
Major Site Rehabilitation Projects	115	128
Major Tree Replacements Projects	203	317
New Reserves Development	820	805
Open Spaces Projects	265	276
Parks Projects	116	190
Pathways	206	262
Playgrounds	475	429
Recreational Facilities	226	272
Reserve Purchases	1,410	1,307
Revegetation Projects	106	111
Technical		
Fencing	180	178
Irrigation Systems/Drainage Work	386	275
Nurseries	32	32
Parks Interpretation/ Parks Furniture	82	
Carpark/Driveway Construction	272	238
Botanic Gardens	120	11
Metropolitan		
Coast Care Development	175	203
Botanic Gardens - Visitor Facility and Greenhouse Replacement	219	200
Total Parks and Open Spaces Expenditure	7,746	7,241

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Refuse Minimisation and Disposal		
Technical		
Refuse Stations - Modifications and Replacements	218	206
Landfill Aftercare	2,150	1,512
Burwood Landfill - Gas to QEI	3,000	
Metropolitan		
Kerbside Recycling (Bins)	80	50
Putrescible Processing Plant	150	3,123
Total Refuse Minimisation and Disposal Expenditure	5,598	4,891

Regulatory Services

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
Dog Control Equipment	25	25
Noise Monitoring Equipment	26	26
Office Furniture and Equipment	13	13
Total Regulatory Services Expenditure	64	64

Streets and Transport

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Local		
Neighbourhood Improvements Works	1,062	845
Street Renewals and Improvements	17,076	15,087
Cycleways	1,135	1,083
Technical		
New Construction/New Kerb And Channel/Paths	992	904
Property Purchase	200	170
Footpath Resurfacing	3,740	3,569
Traffic Management	942	793

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Passenger Transport Infrastructure	108	
Street Lighting	1,514	1,355
Vehicle Ways	6,149	5,960
Parking Control Equipment/Security Systems	82	161
Metropolitan		
Major Amenity Improvements:-		
Beresford Street	284	
Latimer Square	367	404
New Brighton Commercial Area Development	764	653
Southern Central City Transport Projects	26	1,124
Other City Transport Projects	316	207
Road Network Improvements:-		
Amyes/Goulding/Shands	545	
Bealey/Carlton/Harper	23	1,047
Blenheim Road Deviation	2,854	4,165
Ferry Rd/Humphreys Drive Intersection	1,634	
Ferrymead Bridge	598	2,112
Northern Access	32	628
Opawa/Port Hills	1,303	302
Riccarton Rd Traffic Management	278	346
Safety Improvement Works	2,041	1,305
Public Transport Strategy:-		
Public Transport Initiatives	91	836
Bus Shelter Installation	880	943
Capital Smoothing (to be identified)		(3,530)
Total Streets and Transport Expenditure	45,036	40,469

Wastewater Collection, Treatment and Disposal

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
5th and 6th Digester	3,200	3,000
Header Manifold - Modifications	425	535
Islington Sewer Scheme	618	58
Pumping Station Renewals and Upgrades	7,734	3,530
Sewer Renewal - City Wide	1,183	1,145
Treatment Plant Renewals and Replacements	743	693
Wastewater Reticulation Upgrades	1,446	1,288
Metropolitan		
Ocean Outfall	3,327	408
Belfast Station and Pressure Main	6,110	3,650
Total Wastewater Collection, Treatment and Disposal Expenditure	24,786	14,307

Water Supply

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Technical		
Water Supply Reticulation - Renewals and Replacements	2952	2,556
Wells and Reservoirs - Renewals and Replacements	999	1,539
Water Supply Reticulation - Network Improvements	377	358
New Mains Programme	350	250
Standby Diesels	230	140
New Wells for growth	457	220
New Water Meter Connections	891	717
Total Water Supply Expenditure	6,256	5,780

capital expenditure programme

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Waterways and Land Drainage		
Technical		
Renewals and Replacements Utilities	1,240	1,240
Equipment Upgrades and Replacements	26	46
Asset Improvements - Utilities Restoration	1,125	1,153
New Assets	537	328
Local		
Waterways and Wetlands Restoration	2,327	2,581
Waterways and Wetlands Protection	3,471	1,970
TOTAL WATERWAYS AND LAND DRAINAGE EXPENDITURE	8,726	7,318
Corporate		
Technical		
Corporate Computer Systems	6,626	4,732
Office Buildings Projects	420	420
Property Projects - General	614	606
Office Furniture and Equipment	238	210
Plant and Vehicle Replacement	2,229	2,194
Capital Contingency Provision	2,000	4,000
Capital Financing Costs	1,018	817
Provision for unspecified carry forwards	20,052	
Metropolitan		
Office Building Projects	7,995	7,995
TOTAL CORPORATE EXPENDITURE	41,192	20,974
Capital Expenditure Programme - Sub Total	163,497	122,650
Provision for Inflation		2,358
TOTAL CAPITAL EXPENDITURE (GROSS)	163,497	125,007



The Kipling Companion Bench

Description of Services Provided

Christchurch Art Gallery – Te Puna O-Waiwhetu

Christchurch boasts a modern art gallery that will meet the City's needs for years to come. Situated in the heart of the City's cultural and heritage precinct, the Gallery provides exhibitions of international, national and local art, both contemporary and traditional. The Gallery houses a permanent collection numbering over 5,000 items including historical and contemporary paintings, sculptures, works on paper (drawings, water colours, prints and photography), and decorative arts including glass, ceramics and textiles. As well as its exhibition spaces, the Gallery has places for people to gather, and education programmes which take art beyond the walls of the Gallery. It also has storage areas that are maintained and secured to international standards.

Contributing to the Canterbury Museum

The Canterbury Museum is renowned internationally for its collections. Housed in one of Christchurch's finest historic buildings, the museum provides stunning displays such as Nga Taonga Tukuiho O Nga Tupuna "Treasures handed down by our ancestors", which features the Classic Maori period. The Christchurch Street, a re-creation of the bustling city during the Victorian era, is a local favourite. There are other outstanding displays in the hall of Antarctic Discovery, the hall of Asian Decorative Arts and the Edgar Stead Hall of New Zealand Birds. Special exhibitions are constantly changing with traveling national and international shows such as "The Heritage of Gingus Chan" or "Monsoon – Brian Brake's images of India". The recent "Living Canterbury" display is a joint project with Environment Canterbury. It explores the elements of Canterbury's living landscape and looks at the relationship between the people and their environment. "Living Canterbury" also includes "Discovery", an interactive natural history discovery centre which holds treasures of nature and encourages children and adults to explore their senses.

Our City O-Tautahi

Our City O-Tautahi is an exhibition space for displays about the City, its issues, challenges and opportunities. It is a public centre for debating, presenting and exchanging ideas and knowledge about Christchurch. Our City O-Tautahi opened in August 2002 and is located in the former Municipal Chambers building on the corner of Oxford Terrace and Worcester Boulevard. Our City O-Tautahi is open for, and used by, the public, community/residents groups, tangata whenua, Christchurch City Council, Environment Canterbury, professionals, developers and investors.

Rationale for Providing these Services

The Council provides the Christchurch Art Gallery because visual arts make a significant contribution to a vibrant and attractive City. The gallery gives Canterbury people access to international and national art exhibitions, and helps to foster and encourage local artists. The Council contributes to the Canterbury Museum as required by the Canterbury Museum Trust Board Act 1993, to assist it with preserving and presenting the cultural and natural heritage of Canterbury, the Antarctic and sub-Antarctic. The Gallery and the Museum also make a major contribution to the character of the City. The aim of Our City O-Tautahi is to inform and educate our citizens and visitors about the City's environment, and its past, present and future developments. Our City O-Tautahi provides opportunities for agencies like Environment Canterbury and the Christchurch Environment Centre to communicate information and issues with a local, regional and global perspective.

art gallery, museum and "our city"

Cost of Proposed Services

		2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		13,968	13,775
Revenue		(964)	(1,124)
Net Cost of Service	1	13,003	12,651

Consisting of the following Activities

Art Gallery Commercial		(134)	(197)
Canterbury Museum		5,508	5,518
Maintaining and Improving the Collection		2,838	2,710
Our City O-Tautahi		608	579
Public Programmes at the Gallery		4,184	4,041
Net Cost of Service	1	13,003	12,651

Capital Expenditure

Renewals and Replacements		24	24
Improved Service Levels		1,389	1,389
Increased Demand		1,100	1,100
Total Capital Expenditure	2	2,513	2,513

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Expenditure section.

For Performance Measures please refer to pages 27 to 30 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Contribution to Outcomes

Outcome	How Art Gallery, Museum and Our City Contributes to this Outcome
A Cultural and Fun City	Christchurch people can enjoy art by international, national, regional and local artists; they can view traveling exhibitions of world class standard.
A Cultural and Fun City	Local artists have an opportunity to exhibit and sell their work.
A Learning City	Our people can learn about art through various programmes at the Art Gallery, and about the history of Canterbury and Antarctica at the Museum.
A Well Governed City	"Our City" provides displays of topical issues in the City, and a place for people to meet, learn about and discuss City affairs.
Strong and Inclusive	The Museum provides access to the history of the region and its people; "Our City" provides a meeting place; the Art Gallery's Canterbury Collection supports regional and local art and artists.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The variances between the Plan and the LTCCP relate mainly to the Art Gallery Shop revenue which has been revised downward to a more attainable projection, a reduced rental for the café (the rental consists of fixed and variable components), and significant increases in LPG costs.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

There are no variances.

Description of Services Provided

City Development involves planning and carrying out projects which contribute to the quality of life in Christchurch. Activities include developing plans for neighbourhoods and other urban areas, helping to preserve the City's heritage assets, preparing policies on social issues, supporting the City Centre, and organising programmes for protecting the environment and promoting sustainability. Planners, urban designers, policy analysts and researchers work together to focus on developing the future shape of the City.

Rationale for Providing these Services

Christchurch's people and its environment are its greatest assets, and they need to be protected and enhanced. Christchurch City Council sets itself high standards so that it keeps and promotes the things which make the City special. An integrated approach to development ensures that high standards can be met.

There are ongoing challenges and opportunities with new urban developments, and at the same time growing requirements for renewal of existing inner suburbs. Christchurch City Council has major commitments to heritage conservation and to revitalising the Central City. Meanwhile, there is an immediate need to guide newly urbanising parts of the City by providing greater clarity and integration through area plans.

There are also ongoing challenges and opportunities for our people. All must be given the chance to be equal participants in the future of our City, and to realise their full potential. Policies and programmes need to be designed in co-operation with the many social and economic agencies active in Christchurch. All planning needs to be underpinned by excellent monitoring of social, economic and environmental information.

Contribution to Outcomes

Outcome	How City Development Contributes to this Outcome
A Cultural and Fun City	Plans ensure there are adequate, attractive places for meeting and socialising, and for participating in artistic and cultural activities.
A Liveable City	Urban, area and neighbourhood plans ensure the type of development meets human needs and aspirations.
A Prosperous City	It is increasingly recognised that the liveability of a city is important in attracting and retaining the diversity of business necessary for a modern, vital economy.
A Safe City	Plans and projects are designed to minimise hazards, whether natural or man-made.
A Sustainable City	Programmes are developed to encourage environmental awareness and sustainable practices.
A Sustainable City	Policies and systems are designed which enable ongoing environmental sustainability, while supporting human prosperity.
A Well Governed City	Our people and their representatives are able to confer and consult to effectively adapt plans to changing circumstances.
Strong and Inclusive Communities	Our people have the opportunity to participate in planning processes, whether informally or formally.
Strong and Inclusive Communities	Plans and projects aim to improve the liveability of the City by offering diverse areas within the urban environment, but they are all designed to encourage and support human activity.

city development

Cost of Proposed Services

		2005/06 Plan	2005/06 LTCCP
	Note	\$000's	\$000's
Expenditure (After Internal Recoveries)		14,133	12,812
Revenue		(1,189)	(1,154)
Net Cost of Service	1	12,944	11,657

Consisting of the following Activities

		2005/06 Plan	2005/06 LTCCP
City Monitoring and Research		649	505
City Plan Urban Renewal and Area Plans		7,407	6,382
Heritage Protection		2,780	2,710
Policy Development		719	680
Supporting the City Centre		326	521
Sustainability and Environmental Protection		1,063	859
Net Cost of Service	1	12,944	11,657

Capital Expenditure

		2005/06 Plan	2005/06 LTCCP
Renewals and Replacements		-	-
Improved Service Levels		400	400
Increased Demand		-	-
Total Capital Expenditure	2	400	400

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 36 to 40 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The additional costs in comparison with the LTCCP figures reflect adjustments to the original resourcing costs and the funding of additional resources for City Plan (\$630,000), Area Plans (\$186,000), and Heritage (\$220,000).

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

There are no variances.



Work in Cathedral Square

Description of Services Provided

The Council offers a range of services with a community focus, including:

- supporting community and personal safety, and protecting property,
- promoting community development and supporting those on lower incomes,
- providing community halls and facilities,
- a programme of events and festivals,
- providing swimming pools, leisure centres, stadia and other sporting facilities,
- promoting sports and physical activity.

Rationale for Providing these Services

- contribute to the security and safety of the City,
- provide opportunities for people to meet and socialise,
- offer a reasonable standard of housing to those on low incomes,
- promote healthy lifestyles by encouraging physical activity,
- contribute to economic development by attracting visitors and participants to the City,
- offer our people a variety of out-of-doors entertainment,
- enhance the image of Christchurch as a vibrant and attractive City,
- provide opportunities for people to engage in healthy physical activities.

Contribution to Outcomes

Outcome	How Community Services Contributes to this Outcome
A Cultural and Fun City	The events and activities, whether sporting or cultural, provide a range of attractive and interesting activities.
A Cultural and Fun City	The events and activities draw visitors and participants to the City, often from overseas.
A Learning City	The early learning centres give their clients an early start to their education.
A Liveable City	Low-cost housing of a good standard is available to people on low incomes.
A Safe City	Civil defence preparation allows communities to respond to and manage the adverse effects of emergencies in their areas. Rapid response to rural fires minimises injuries to people and damage to property.
A Well Governed City	Our people are able to obtain the information they need to participate in civic affairs.
Healthy and Active People	Our people have ready access to sporting facilities and are encouraged to engage in physical activities.
Strong and Inclusive Communities	Support is provided to non-profit organisations whose activities are seen to benefit the community. Activities and programmes are designed to help bring people together and reduce isolation.

community services

Cost of Proposed Services

		2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		58,211	52,618
Revenue		(22,174)	(21,971)
Net Cost of Service	1	36,036	30,647

Consisting of the following Activities

Civil Defence and Rural Fire Fighting		1,384	1,252
Community Halls and Conveniences		2,759	2,534
Community Recreation		2,432	1,153
Community Support for Individuals and Groups		4,102	4,115
Early Learning Centres and Creches		637	619
Events and Festivals		2,721	2,490
General Information Services		2,857	2,710
Grants for Community Projects and Activities		5,654	4,785
Pools and Leisure Centres		7,203	7,789
Road Safety Promotion		625	623
Social Housing		1,083	(1,690)
Sports Support and Promotion		1,796	1,505
Stadia and Sporting Facilities		2,782	2,763
Net Cost of Service	1	36,036	30,647

Capital Expenditure

Renewals and Replacements		903	895
Improved Service Levels		4,630	4,603
Increased Demand		5,112	2,959
Total Capital Expenditure	2	10,645	8,457

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 42 to 51 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

There are a number of factors which have contributed to the variances between the Plan and the LTCCP figures. These include increased QEII revenue, adjustments to depreciation because of the deferral of capital works at Jellie Park, and an increase in Social Housing expenditure because the deferred maintenance programme has been accelerated in line with the Asset Management Plan. Community Board project funding has also been allocated for the coming year from the Democracy and Governance budget.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

The main variance between the Plan and the LTCCP relates to an increase in Social Housing expenditure of \$2.0m.

Description of Services Provided

Elected members carry out their role as representatives of the people of Christchurch. This role involves leadership, consultation, and promotion of Christchurch's interests nationally and internationally. It is also necessary for Elected Members to have an overview of the services the Council provides, and encourage other organisations and people to act in the best interests of Christchurch. In addition, Elected Members are trustees on behalf of the people of Christchurch for the considerable assets (physical and financial) managed by the Council. They are also responsible for setting the rating levels.

This group of activities also includes providing information and support to elected members to assist sound decision-making.

Rationale for Providing these Services

These activities are carried out to provide democratic governance for Christchurch now and in the future. They particularly enable decision-making by and on behalf of the people of Christchurch, and provide a democratic institution for promoting the social, economic, environmental and cultural well-being of the City and its people.

Contribution to Outcomes

Outcome	How Democracy and Governance Contributes to this Outcome
A Learning City	Residents become familiar with ways they can help make their city a better place, such as through participation in civic activities.
A Prosperous City	Effective democratic leadership is increasingly recognised as essential for the City's prosperity, in every meaning of the word.
A Well Governed City	Elected members receive the information and advice they need to manage the assets in their care.
A Well Governed City	The people of Christchurch receive background information on the City and details of Council plans and intentions. Opportunities are provided to participate in decision-making processes.

democracy and governance

Cost of Proposed Services

	Note	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		9,552	11,071
Revenue		-	-
Net Cost of Service	1	9,552	11,071

Consisting of the following Activities

Elected Member Representation		3,571	3,328
Elected Members Projects		660	2,622
Media Relations and External Communications		528	508
Supporting Elected Member Decision Making		4,793	4,614
Net Cost of Service	1	9,552	11,071

Capital Expenditure

Renewals and Replacements		-	-
Improved Service Levels		-	-
Increased Demand		-	-
Total Capital Expenditure	2	-	-

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme Section.

For Performance Measures please refer to pages 61 – 63 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The changes between the plan and LTCCP can be attributed to three main items:

- The LTCCP included Community Board project funding as a total, these funds have now been allocated to the appropriate activities.
- An amount of \$150,000 has been included for potential costs associated with the Banks Peninsula reorganisation.
- There has been additional Elected Member remuneration determined by the Remuneration Authority.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

There is no change.

Description of Services Provided

The Council undertakes a number of activities aimed at assisting the Christchurch and Canterbury economies to grow and to diversify. These include:

- encouraging the development of small and medium-sized businesses,
- training and employment creation programmes, particularly aimed at groups at risk of long-term unemployment,
- encouraging and supporting the development and adoption of new technologies, and adding increased value to the region's products,
- promoting Christchurch and Canterbury as visitor destinations, and encouraging visitors to spend more time in the City and region,
- providing venues for conventions, the performing arts and events for local and travelling fixtures.

Rationale for Providing these Services

The City Council recognises that economic growth is not an end in itself, but a means to achieving all the goals important to the people of the City. A sound, even-growing economy is essential for achieving our social, cultural and environmental goals. A degree of economic prosperity, equitably shared amongst all the inhabitants of the City, enables adequate access for all our residents to health care, education and the multiplicity of services and events that make up the social and cultural life of the City. An economy which is based increasingly on technology and adding value places fewer demands on the natural environment.

Contribution to Outcomes

Outcome	How Economic Development Contributes to this Outcome
A Cultural and Fun City	Venues of an international standard are available for local performances and events and to attract national and international fixtures.
A Learning City	Programmes are designed to encourage apprenticeships and traineeships; training programmes are provided to help those at risk of long-term unemployment.
A Learning City	Efforts are made to encourage the research and development sector to develop new technologies and add value to existing products.
A Prosperous City	Programmes are designed to encourage new businesses in the City, whether locally owned or attracted from elsewhere; programmes are available to help those at risk of long-term unemployment into paid work, through job creation and training.
A Prosperous City	Programmes are designed to encourage a diversity of businesses, particularly those in technology or which add value to existing products.

economic development

Cost of Proposed Services

	Note	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		11,228	10,483
Revenue		(173)	(173)
Net Cost of Service	1	11,055	10,310

Consisting of the following Activities

City Promotion and International Relations		1,079	1,018
Convention and Entertainment Venues		861	852
Economic Development		4,926	4,288
Employment Services		2,378	2,359
Visitor Promotions		1,812	1,794
Net Cost of Service	1	11,055	10,310

Capital Expenditure

Renewals and Replacements		336	236
Improved Service Levels		250	150
Increased Demand		261	160
Total Capital Expenditure	2	847	547

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 66 – 69 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The variances reflect increases in economic development grants.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

The increase reflects an equity contribution of \$300,000 for the upgrading of the Town Hall.

Description of Services Provided

Christchurch City Libraries - more than you think...

The Council provides a library system - a large central library with a comprehensive collection and range of services, an integrated network of 12 suburban libraries, each with their own characteristics, and a mobile library.

The system's aim is to provide the people of Christchurch with access to information - information in all the forms it takes in the modern world. Besides the expected collections of books, the library lends music and videos, provides information through its own web site, provides access to the world wide web, and assists information seekers by searching the world's library databases.

The Library system expects to issue over 5,500,000 items in a year, and respond to over 800,000 requests for information. Around 80% of Christchurch people are library members, with library visits totalling over 3,400,000 a year.

Rationale for Providing these Services

The purpose of our libraries is to inform, educate, entertain, involve and inspire. The outcomes are improved personal, social, cultural and economic well-being for the people of Christchurch through access to literature, information, music, film and video, and the world wide web.

The libraries are in the business of connecting people with information and ideas to create knowledge and enrich lives through the power of stories.

Contribution to Outcomes

Outcome	How Library Services Contributes to this Outcome
A Cultural and Fun City	The libraries provide a wide range of materials and services - books, recorded music, videos, that our people are able to use in their leisure time.
A Learning City	The libraries are a vast source of information, both printed and electronic. They provide programmes, study areas and computers in support of lifelong learning.
Strong and Inclusive Communities	The libraries provide places where communities can participate in events and programmes. They are a source of information about Christchurch and Canterbury's heritage. They work in partnership with other agencies to strengthen services and support community development.



Surfing the Internet at Christchurch City Libraries

library services

Cost of Proposed Services

		2005/06 Plan	2005/06 LTCCP
	Note	\$000's	\$000's
Expenditure (After Internal Recoveries)		27,267	26,811
Revenue		(2,245)	(2,102)
Net Cost of Service	1	25,022	24,709

Consisting of the following Activities

Building Skills for Lifelong Learning		991	950
Collections and Materials		9,423	9,399
Lending Services		6,520	6,096
On-line Access to Information		1,292	1,292
Places for Reading Listening and Viewing		3,027	3,270
Services to Enquirers		3,768	3,701
Net Cost of Service	1	25,022	24,709

Capital Expenditure

Renewals and Replacements		4,119	4,119
Improved Service Levels		3,454	3,454
Increased Demand		2,116	2,116
Total Capital Expenditure	2	9,690	9,690

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure programme see Capital Programme section.

For Performance Measures please refer to pages 71 – 74 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The variance between the Annual Plan and the LTCCP relates mainly to internal property rental charges for the new Parklands and Upper Riccarton libraries.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

There is no variance.



The Reading Crusade Launch at Christchurch Central Library

Description of Services Provided

Christchurch's reputation as The Garden City is highly valued by its residents and has won international recognition. Maintaining this image requires being sensitive to the needs of the community and its visitors while continuing to develop the extensive parks network.

There are 747 parks in the City covering 5,631 hectares. They include 73 large regional parks such as The Groynes, 98 sports parks, 468 neighbourhood parks, 57 riverbank and wetland parks, 39 garden parks (including the Christchurch Botanic Gardens), 10 cemeteries and two plant nurseries.

The parks network continues to grow as the Council purchases land for parks and developers contribute land when they create subdivisions. In the coming year, it is expected that 130 hectares will be added to the parks network.

Rationale for Providing these Services

The parks network is an integral part of the City and its character. Parks provide open spaces in an otherwise crowded urban environment. They are places for recreation and enjoyment, and provide a safe habitat for native species and other wildlife. The many parks and landscaped areas throughout the City add to its beauty. Trees also provide shelter and help to reduce atmospheric pollution.

Contribution to Outcomes

Outcome	How Parks and Open Spaces Contributes to this Outcome
A Cultural and Fun City	Parks are planned and designed to support a range of activities from quiet enjoyment of nature to active participation in outdoor sports.
A Sustainable City	The parks network includes conservation areas such as portions of the Port Hills, wetland areas and Riccarton Bush.
Healthy and Active People	Parks provide spaces for healthy outdoor activities suitable for people of all ages and circumstances.
Strong and Inclusive Communities	Parks provide meeting places and opportunities for people to play together.
Strong and Inclusive Communities	Parks contribute to The Garden City image of Christchurch and enhance its unique identity.



Christchurch Botanic Gardens

parks and open spaces

Cost of Proposed Services

		2005/06 Plan	2005/06 LTCCP
	Note	\$000's	\$000's
Expenditure (After Internal Recoveries)		27,549	26,841
Revenue		(5,714)	(5,042)
Net Cost of Service	1	21,835	21,799

Consisting of the following Activities

Heritage Parks		4,238	3,956
Landscaping the Transportation Network		5,110	5,044
Parks Customer Services		1,161	1,426
Parks Reserves and Open Spaces		14,826	14,323
Capital Revenue		(3,500)	(2,950)
Net Cost of Service	1	21,835	21,799

Capital Expenditure

Renewals and Replacements		1,741	1,685
Improved Service Levels		2,164	1,848
Increased Demand		3,842	3,708
Total Capital Expenditure	2	7,747	7,241

Notes

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The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 80– 83 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The cost increases are due to adjustments to City Care contracts, professional fees for Greenfield development, and street tree maintenance.

The revenue increase relates to cash in lieu of reserve contributions.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

The increase in capital costs represent adjustments to reflect higher contract prices.

refuse minimisation and disposal

Description of Services Provided

The purpose of this group of activities is to ensure the City is free of solid waste. This is achieved through programmes which aim to minimise the production of solid waste, the collection of solid waste from households and businesses, encouraging and assisting re-using and recycling, and the safe disposal of waste that cannot be re-used or recycled.

The most visible part of the group of activities is the weekly rubbish collection service and the kerbside recycling service. However, the composting plant and other waste minimisation programmes are being increasingly recognised as essential to the future health of the City's people and environment.

Rationale for Providing these Services

The rationale for this group of activities is twofold. It protects the health of the City and its residents by the removal and safe disposal of solid waste. It also contributes to long-term sustainability by reducing the use of materials that create waste, re-using waste materials and articles where possible, and recycling.

Contribution to Outcomes

Outcome	How Refuse Minimisation and Disposal Contributes to this Outcome
A Safe City	Waste that is, or could become hazardous is collected and disposed of safely.
A Sustainable City	Waste minimisation programmes, and the disposal of residue with minimal harm to the environment, contribute towards Christchurch's sustainability.
Healthy and Active People	Waste that is or could become a health hazard is removed from the City and disposed of safely.



Recycling and Rubbish Bag Collection

refuse minimisation and disposal

Cost of Proposed Services

		2005/06 Plan	2005/06 LTCCP
	Note	\$000's	\$000's
Expenditure (After Internal Recoveries)		14,023	29,066
Revenue		(5,235)	(20,764)
Net Cost of Service	1	8,788	8,302

Consisting of the following Activities

Black Bag Collection and Disposal		3,751	3,956
Refuse Transfer and Disposal		(636)	(1,880)
Waste Minimisation		5,673	6,226
Net Cost of Service	1	8,788	8,302

Capital Expenditure

Renewals and Replacements		3,452	697
Improved Service Levels		2,066	4,144
Increased Demand		80	50
Total Capital Expenditure	2	5,598	4,891

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates. Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole. For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 93 – 95 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCP)

There are two main factors contributing to the \$486,000 increase in the net cost of service for this activity:

- Reduction of Clean Fill Levy Revenue as charged to clean fill operators (\$100,000);
- Additional closing costs and increased costs monitoring and meeting resource consent conditions at Burwood Landfill (\$400,000).

Another significant change is as from 1 July 2005 the Recovered Materials Foundation (RMF) takes over the running of the three Refuse Stations and related activities. This has resulted in a significant drop in both revenue (\$15.5m) and cost (\$15.2m) streams from that initially drafted in the LTCCP where it was assumed that the Council would continue to operate the Refuse Stations.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

The significant adjustments to the capital budget relate to the Putrescible Processing Plant expenditure (\$2.97m) which has been deferred to 2007/08 and 2008/09, the addition of the Landfill Gas to QEI Project (\$3m), and increased Landfill aftercare costs.

Description of Services Provided

The Council is responsible for administering and enforcing a wide range of environmental and developmental legislation as well as Council bylaws. Examples include the Resource Management Act, Building Act, Dog Control Act and the Sale of Liquor Act.

The Council's regulatory services can be summarised as follows:

1. Consents

Persons who wish to erect or alter buildings, develop subdivisions or set up industries and businesses must first obtain the relevant consents from the Council. Once consent has been obtained, the Council monitors progress through inspections.

2. Licensing

Many activities are controlled and monitored by licensing regimes to ensure safe standards for people and the minimisation of harm to the environment. Examples include foodservice premises, places that sell liquor, storage of hazardous substances, the registration of dogs, and offensive trades.

3. Enforcing Legislation and Investigating Nuisances

The Council responds to reports of hazardous or noxious situations such as excessive noise, dangerous or insanitary buildings, and aggressive dogs. Legislation and Council bylaws are enforced when necessary to protect people and the environment.

4. Information and Education

The Council provides Land Information Memoranda (LIMs) for properties within the City, notifies the public about significant development proposals that may have an impact on them, and provides a wide range of information and advice to the public on the regulatory legislation it administers.

The Council encourages people to take proactive measures to avoid hazards, such as the adequate fencing of swimming pools and responsible behaviour by dog owners.

Contribution to Outcomes

Outcome	How Regulatory Services Contributes to this Outcome
A Learning City	Christchurch people have easy access to information about their rights and obligations under legislation which deals with animal and dog control, nuisances, consents and licensing.
A Liveable City	New projects will meet accepted standards for environmental impact; new buildings will meet accepted standards. Hazardous and noxious situations will be anticipated and prevented where possible, or rectified when discovered.
A Safe City	Consents and inspection processes help to identify and remove hazards. Nuisances are investigated and action is taken to minimise hazards. Examples include investigating aggressive dog incidents, and ensuring compliance with sale of liquor legislation.
A Sustainable City	Environmental impacts are limited to acceptable levels through the consents process for land use and subdivisions. Nuisances or incidents which could harm the environment are identified and remedied where practicable.
Healthy and Active People	Consents processes are designed to ensure that new projects do not have an adverse impact on people or the environment. Potentially hazardous situations are investigated and mitigated where practical.
Strong and Inclusive Communities	Christchurch people can participate in consent processes regarding activities which could have negative effects on the City, its people or environment. Incidents which could be a source of friction (such as excessive noise or wandering dogs) are investigated and dealt with impartially.

regulatory services

Cost of Proposed Services

	Note	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		16,699	16,023
Revenue		(11,625)	(10,257)
Net Cost of Service	1	5,075	5,767

Consisting of the following Activities

Animal Control		91	239
Building Consents		98	202
Enforcing Legislation and Investigating Nuisances		1,915	1,979
Health and Liquor Licensing		(348)	45
Information on Regulatory Functions		2,637	2,627
Land Use and Subdivision Consents		681	675
Net Cost of Service	1	5,075	5,767

Capital Expenditure

Renewals and Replacements		10	10
Improved Service Levels		54	54
Increased Demand		-	-
Total Capital Expenditure	2	64	64

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 99 – 104 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Rationale for Providing these Services

These functions are carried out primarily to protect the safety of persons and property in Christchurch, and to protect the natural and urban environment.

Additional benefits of the services include:

- buildings are constructed to adequate standards of durability and comfort,
- nuisances which may not be immediately hazardous are investigated, and corrected where possible,
- the people of Christchurch are able to have their say about new proposals and developments, including the right of appeal to the Environment Court,
- proactive steps are taken to prevent hazards from developing in the first place.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The variation from the LTCCP figures can be mainly attributable to:

- increased revenue from Code Compliance Certificates and Building Consents (\$0.9m), offset by additional costs to cope with the increased volume of work,
- increased revenue (volume increase) from Sale of Liquor Licences (\$117,000), and Food Hygiene revenue (\$97,000),
- new revenue stream for Hazardous Substances test certificates (\$129,000),
- increased animal control revenue budgeted from Dog infringement notices (\$106,000) and court recoveries (\$61,000).

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

There is no variance.

Description of Services Provided

Land transport in the City is based on an existing road network with 1,585 km of carriageway, 22 km of which are unsealed. There are 214 bridges, 2,400 km of kerbs and channels and 2,269 km of sealed footpaths. In addition, the Council operates 239 sets of traffic signals, maintains the street markings and signs, and the street lighting. This activity also includes the management and operation of 17 off-street parking buildings providing approximately 3,800 spaces, the operation of the paid on-street parking spaces, provision of bus shelters and the Bus Exchange, and the operation of the free shuttle bus in the Central City. While the system is currently based mainly around motor vehicles and pedestrians, increasing attention is being given to pedestrians, cyclists and public transport.

Rationale for Providing these Services

The Council provides these services so that residents of Christchurch can have access to their homes, the shops, businesses and many attractions throughout the City. The system is designed for safety, ease of getting around the city, and the comfort of users. Efforts are being made to decrease the dependency on private motor vehicles so that there is less traffic congestion, and less impact on the environment.

Contribution to Outcomes

Outcome	How Streets and Transport Contributes to this Outcome
A Livable City	A well designed and maintained transportation system helps people to enjoy everything that Christchurch has to offer.
A Prosperous City	A good transportation system facilitates commerce and makes the City more attractive for business.
A Safe City	A well designed and maintained transportation system reduces the risks of crashes and injuries.
A Sustainable City	Reducing the dependence on private vehicles is better for the environment.
Healthy and Active People	The transport network facilitates cycling and walking.
Strong and Inclusive Communities	A well designed and maintained transportation system makes it easier for everybody to meet and associate with other people.



Free Shuttle Service

streets and transport

Cost of Proposed Services

		2005/06 Plan	2005/06 LTCCP
	Note	\$000's	\$000's
Expenditure (After Internal Recoveries)		62,543	63,506
Revenue		(34,514)	(32,547)
Net Cost of Service	1	28,029	30,959

Consisting of the following Activities

Car Parking Services		(3,032)	(3,217)
Footpaths		9,051	9,010
Shuttle Buses Bus Exchange and Bus Shelters		3,204	3,108
Street Lighting		4,251	4,315
Traffic Management		3,205	3,237
Underground Wiring Conversion		1,332	1,125
Vehicle Ways		22,284	23,892
Capital Revenue		(12,265)	(10,511)
Net Cost of Service	1	28,029	30,959

Capital Expenditure

Renewals and Replacements		29,386	25,224
Improved Service Levels		12,803	9,779
Increased Demand		2,847	5,466
Total Capital Expenditure	2	45,036	40,469

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 115 – 120 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The main factor contributing to the revenue increase is the Land Transport NZ subsidy increase. This can be attributable to an increase in the dollar value of the capital programme and an expansion to the categories of work on which a subsidy may be claimed. The reduction in vehicle ways costs mainly relates to the Opawa Rd Stage 3 project being reprogrammed from 2005/06 to 2006/07.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

Capital costs have increased significantly. The variance reflects adjustments in order to take account of higher contract prices.



Bus Exchange at Night

wastewater collection, treatment and disposal

Description of Services Provided

The wastewater system removes waste, both domestic and commercial, from the urban areas of Christchurch. The waste is treated to standards prescribed in the resource consents held by the Council. At present, treated wastewater is discharged into the Avon/Heathcote Estuary. In the future it will be treated to a higher standard and discharged through an ocean outfall pipeline. Solid residues are disposed of in landfills.

Rationale for Providing these Services

The treatment and disposal of the City's sewage is important for maintaining the health of the citizens of Christchurch, and for maintaining the quality of their environment.

Contribution to Outcomes

Outcome	How Wastewater Collection, Treatment and Disposal Contributes to this Outcome
A Safe City	Wastewater is collected and disposed of before it can become a health hazard.
A Sustainable City	Wastewater is collected before it can harm the environment. It is then treated to standards specified by the Environment Court.
Healthy and Active People	Wastewater is collected and disposed of before it can become a health hazard. Health risks posed by untreated or poorly treated sewage are minimised.



Christchurch Wastewater Treatment Plant

wastewater collection, treatment and disposal

Cost of Proposed Services

	Note	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		25,029	25,460
Revenue		(5,644)	(5,100)
Net Cost of Service	1	19,385	20,360

Consisting of the following Activities

Wastewater Collection		15,102	15,327
Wastewater Treatment and Disposal		5,907	6,467
Capital Revenue		(1,625)	(1,434)
Net Cost of Service	1	19,385	20,360

Capital Expenditure

Renewals and Replacements		4,559	3,478
Improved Service Levels		10,818	4,538
Increased Demand		9,409	6,291
Total Capital Expenditure	2	24,786	14,307

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to pages 106 – 107 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The variation from the LTCCP is made up of both increases and decreases. The most significant decrease relates to the depreciation charge on infrastructural assets (\$546,000), which was overprovided for in the LTCCP. There have also been some adjustments to the Belfast Treatment Works decommissioning costs (\$110,000) which have now been delayed until 2006/07. The budget for Trade Waste charges has also been increased to better reflect actual revenues being received.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

Capital costs have increased very significantly. The variances reflect adjustments to take account of higher contract prices, and cost adjustments resulting from the major sewer upgrade.

Individual items contributing to the increase are:

- The Ocean Outfall	\$2.8m
- Islington Pumping Station	\$0.6m
- Belfast Pumping Station/Pressure Main	\$2.48m
- Pumping Station No. 11	\$1.3m
- Other Pumping Stations	\$1.14m

Description of Services Provided

Christchurch enjoys one of the best piped water supplies in the world. The water in the underground aquifers is of such good quality that it can be delivered to households, businesses and other users without any treatment.

The water supply system is made up of 86 pumping stations which use 32 reservoirs and 1,360 km of water main pipes. It supplies approximately 50 million cubic metres of water annually to 115,000 connections.

Major considerations for the future of the water supply include its conservation, and protection of the aquifers. The Council actively promotes water conservation and pays particular attention to land use proposals to ensure the aquifers are not compromised.

Rationale for Providing these Services

A reliable and plentiful supply of drinkable water is essential for maintaining public health. Water piped to individual premises is a prerequisite for a modern city.

Water is also essential in every neighbourhood for fire fighting.

Contribution to Outcomes

Outcome	How Water Supply Contributes to this Outcome
A Safe City	Risks of water-borne diseases are minimised. Water in sufficient volume and pressure is always available for fire fighting.
A Sustainable City	Education programmes and other measures are used to contain, and even reduce, the long term demand for water.
Healthy and Active People	The system ensures that adequate good quality water is available at all times throughout the City.



Water Supply Check

water supply

Cost of Proposed Services

	Note	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		16,424	15,461
Revenue		(3,797)	(3,400)
Net Cost of Service	1	12,627	12,061

Consisting of the following Activities

Supply of Water		14,483	13,668
Capital Revenue		(1,856)	(1,607)
Net Cost of Service	1	12,627	12,061

Capital Expenditure

Renewals and Replacements		3,268	3,338
Improved Service Levels		678	740
Increased Demand		2,309	1,701
Total Capital Expenditure	2	6,256	5,780

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to page 129 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The Water Supply increase is due almost solely to a \$1.05m increase in the depreciation charge on Water Supply Infrastructural Assets. This corrects the under provision in the LTCCP. This is offset by a \$470,000 increase in revenue from new connection fees and excess water charges.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

Capital costs have increased as a result of higher contract prices.

Description of Services Provided

Christchurch City has an extensive system of rivers, streams and wetlands, that contribute to a world-renowned water environment for residents and visitors, and habitat for many native and introduced flora and fauna. The City also has an extensive network of lined and piped drains to control stormwater.

The Council intends to rely more on open waterways (including pond areas), for managing stormwater in the future. This will reduce the reliance on lined and piped drains, and provide opportunities for increasing other values such as ecology and recreation.

Rationale for Providing these Services

Waterways and land drainage protect people and property from flooding. The system contributes towards the protection of wildlife habitat, the provision of recreation areas, and the protection of our cultural values.

Much of Christchurch is low-lying former swampland. Managing stormwater is essential to avoid flooding and, in the longer term, to prevent land reverting to swamp conditions with the loss of the waterway system's many values.

The Council has chosen to rely more on managing the open waterways to better manage flooding and sustain the environment of Christchurch.

Contribution to Outcomes

Outcome	How Waterways and Land Drainage Contributes to this Outcome
A Safe City	The waterways system is designed to minimise the impact of 50 year floods. Waterways are designed to minimise risks of drowning.
A Sustainable City	Waterways are planned and managed to protect the functioning of natural systems, improve biodiversity, and at the same time allow for urban growth.
Healthy and Active People	Access to and along the waterways is provided to support outdoor recreation such as walking and canoeing.
Strong and Inclusive Communities	Residents are encouraged to become involved in caring for waterways and wetlands in their neighbourhoods.

waterways and land drainage

Cost of Proposed Services

		2005/06 Plan \$000's	2005/06 LTCCP \$000's
Expenditure (After Internal Recoveries)		11,982	11,276
Revenue		(588)	(587)
Net Cost of Service	1	11,394	10,689

Consisting of the following Activities

Waterways and Wetlands Management		11,944	11,239
Capital Revenue		(550)	(550)
Net Cost of Service	1	11,394	10,689

Capital Expenditure

Renewals and Replacements		1,230	1,230
Improved Service Levels		2,324	2,482
Increased Demand		5,172	3,607
Total Capital Expenditure	2	8,726	7,319

Notes

- The revenue figure included in the Cost of Proposed Services Statement is from private goods or those services that directly yield benefits to customers.
The Net Cost of Service is the general benefit or public good element which is funded by rates.
Public goods are funded by rates on a straight capital value as the benefit applies to the community as a whole.
For further details see the Funding Impact Statement.
- Capital Expenditure is corporately funded from asset sales, rates (depreciation and surplus), capital revenues, special funds, loans and where applicable development contributions.
For further details of the capital expenditure see Capital Programme section.

For Performance Measures please refer to page 136 of Volume 2 of the 2004/14 Long Term Council Community Plan.

Explanation of Operational Variations from the Long Term Council Community Plan (LTCCP)

The City Care maintenance contract is \$407,000 above the inflation provision. The scheduled 2005/06 completion of the Sumner Pipeline Sediment Project has resulted in a one-off increase in cost of \$200,000 above that budgeted in the LTCCP.

Explanation of Capital Expenditure Variations from the Long Term Council Community Plan (LTCCP)

The variance mainly relates to the surface water management scheme at the Aidanfield Subdivision in Halswell. It required \$3.0m to meet statutory requirements under the Resource Management Act.

There is no impact on rates as \$1.5m was to come from the existing capital budget, and the balance from Cash in Lieu of Reserves.

Statement of Financial Performance

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
INCOME		
Groups of Activities	95,451	103,949
Rates	175,409	173,920
Dividends	30,114	29,680
Other Income	27,570	25,030
Total Operating Income	328,544	332,579
EXPENDITURE		
Groups of Activities	310,198	317,425
Other	6,035	5,948
Total Operating Expenditure	316,233	323,373
Operating Surplus	12,310	9,207
Vested Assets	15,000	15,000
Grants/Contributions for Major Projects	550	550
Surplus before taxation	27,860	24,757
Less Tax Expense / (Benefit)	0	0
Surplus after taxation	27,860	24,757
Net Surplus for Year	27,860	24,757

Commentary on Significant Variances

Income – Groups of Activities

The main factor contributing to the decrease relates to the Recovered Materials Foundation taking over the operation of the three Refuse Stations. The impact of this change has been to reduce revenues by \$15.5m. Helping to offset this decrease are increases of \$1.4m to Environmental Services revenues. This increase relates to more accurate forecasting of revenue targets and a buoyant building sector. Other significant offsets include Land Transport NZ subsidy (\$1.7m), cash in lieu of reserve contributions (\$550,000) and Trade Waste charges (\$330,000).

Rates

Includes an additional \$1.5m of rates generated by property development in the City.

Dividends

Includes an additional \$500,000 in dividends from CCHL.

Other Income

Interest income is up \$2.5m.

Expenditure – Groups of Activities

The main contributor to the variance relates to the cessation of the contract costs (\$15.2m) for operating the Refuse Stations and the transfer of this activity to the Recovered Materials Foundation.

Operating Surplus

This reflects increased financial contributions which need to be transferred to Special Funds and Capital Revenues (Land Transport NZ Subsidies).

financial statements

Statement of Movements in Equity

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Equity at 1 July	4,129,319	4,004,793
Net Surplus Attributable to:		
Parent Entity Shareholders	27,860	24,757
Total Recognised Revenues and Expenses for the Year	27,860	24,757
Equity at 30 June	4,157,179	4,029,550

Commentary on Significant Variances

The variance reflects a higher than projected opening Equity balance as at 1 July based on the actuals from the 2004 Annual Report, and a larger than projected surplus.

Statement of Financial Position

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
Equity	4,157,179	4,029,550
Non-Current Liabilities		
Term Debt	75,381	77,403
Provision for Landfill Aftercare	15,314	14,064
Other	7,541	7,718
Non-Current Liabilities	98,236	99,184
Current Liabilities		
Accounts Payable	33,035	34,198
Accruals	10,929	9,930
Owing to Subsidiaries	8,426	7,818
Current Portion of Term Liabilities	21,738	20,038
Current Portion of Landfill Aftercare	1,985	1,512
Total Current Liabilities	76,113	73,496
Total Equity and Liabilities	4,331,527	4,202,230
Represented by:		
Current Assets		
Cash on Hand	46	46
Bank	1,911	983
Short Term Investments	169,666	167,090
Accounts Receivable	14,934	16,454
Other Receivables/ Prepayments	7,743	7,167
Inventory	1,831	1,976
Dividends Receivable	1,805	9,300
Current Assets	197,936	203,016

Non-Current Assets

Investments	959,224	1,007,252
Operational Assets	594,821	633,930
Infrastructural Assets	2,207,531	1,994,487
Restricted Assets	372,016	363,544
Total Non-Current Assets	4,133,591	3,999,214
Total Assets	4,331,527	4,202,230

Commentary on Significant Variances

The variances reflect an update of all figures based on the actuals from the 2004 Annual Report.

Also included in the Infrastructural Assets figure is an additional \$18.44m. This includes construction cost increases, the Landfill Gas to QEII Project (\$3m), Social Housing (\$2m), and other changes as detailed in the Capital Expenditure Programme on pages 19-22.

Statement of Cash Flows

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
OPERATING ACTIVITIES		
Cash was provided from:		
Rates, Grants, Subsidies, and Other Sources	312,394	319,395
Interest Received	18,522	15,980
Dividends	30,114	29,680
Net GST	0	0
	361,030	365,056
Cash was disbursed to:		
Payments to Suppliers and Employees	276,967	281,881
Interest Paid	5,950	6,521
	282,917	288,401
NET CASH FLOW FROM OPERATIONS	78,113	76,655
INVESTING ACTIVITIES		
Cash was provided from:		
Sale of Assets	4,412	4,212
Loans Repaid	0	0
Investments Realised	0	1,600
	4,412	5,812
Cash was applied to:		
Purchase of Assets	161,987	124,248
Purchase of Investments	2,270	1,611
Miscellaneous	0	0
	164,258	125,860
NET CASH FLOW FROM INVESTING ACTIVITIES	(159,846)	(120,048)

Statement of Cash Flows

	2005/06 Plan \$000's	2005/06 LTCCP \$000's
FINANCING ACTIVITIES		
Cash was provided from:		
Raising of Loans	1,623	450
	1,623	450
Cash was applied to:		
Repayment of Term Liabilities	1,683	61
	1,683	61
NET CASH FLOW FROM FINANCING ACTIVITIES	(59)	389
Increase/(Decrease) in Cash	(81,793)	(43,004)
Add Opening Cash	253,416	211,123
ENDING CASH BALANCE	171,623	168,119
Represented by:		
Cash and Short Term Investments	171,623	168,119

Commentary on Significant Variances

The main offsetting variances are the Opening Cash position and Purchase of Assets, both of which relate to the expected carry forward of capital expenditure from 2004/05.

Reporting Entity

The Christchurch City Council is a territorial authority under the Local Government Act 2002.

Measurement Base

The measurement base adopted is that of historical cost as modified by the revaluation of certain assets.

Accounting Policies

The following accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

A. Associates and Joint Ventures

Associate Organisations

Associate Organisations are accounted for by the Equity method, which records the Council's share of profits and losses for the period in the Statement of Financial Performance, and shows the amount of equity held in Investments in the Statement of Financial Position. An associate organisation is one in which the Council has an equity interest of between 20% and 50% and the capacity to significantly influence the policies of that organisation.

B. Operational and Fixed Assets

(a) The following operational assets were valued as at 30 June 1991 by Harcourts Valuations Ltd.

- Chattels
- Mobile Plant (including vehicles)
- Plant

Valuations above were based on depreciated replacement value.

This is deemed to be cost.

b) Land and Buildings were valued by Simes Ltd as at 30 June 2002 to fair value by reference to their highest and best use. Land and Buildings are revalued every three years by external valuers.

(c) Library Books are shown at a valuation by Harcourts Valuations Ltd as at 30 June 1992. The valuation was based on the lower of the net current replacement cost, and the recoverable amount. This is deemed to be cost.

Assets purchased since valuation, have been recorded at cost.

C. Infrastructural Assets

Stormwater Infrastructural Assets have been valued using the optimised depreciated replacement cost method as at 30 June 2002, by Meritec Limited. Sewerage Infrastructural Assets have been valued using the optimised depreciated replacement cost as at 30 June 2003 by GHD Limited. Roading and Water Reticulation Infrastructural Assets (including Traffic Signals and Bus Shelters) have been valued using the optimised depreciated replacement cost method as at 30 June 2004 by Maunsell Limited. Land under roads was valued as at 30 June 1992, by Quotable Value NZ at the value used for rating purposes. This is deemed to be cost.

D. Assets under Construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion, and then depreciated.

E. Restricted Assets

These assets are:

- Land and Buildings with restrictions on sale – eg, Parks and Reserves
- Library Books - New Zealand Collection
- Properties held in trust for other organisations

These assets have been valued on the same basis as Operational Assets with

statement of accounting policies

vested Reserve Land additions recorded at the cost to the subdivider.

- **Heritage Assets**

These assets have been valued at optimised depreciated reproduction cost as at 30 June 2003 by Plant & Machinery Valuers Limited.

- **Works of Art**

These have been valued at market value by the Senior Curator of the Art Gallery as at 30 June 2003 with this revaluation peer reviewed by Marshall Seiffert, an experienced valuer of New Zealand artworks.

Additions are recorded at cost for purchases and at valuation for vested assets.

F. Investment and Development Property

The Council has no properties purchased or acquired for the primary purpose of earning capital gains or rental income.

G. Depreciation

Depreciation provided in respect of Operational and Infrastructural Assets is intended to write off the cost of assets over their estimated useful lives.

The straight line method is used.

The main bases are the following periods:

Operational assets

Buildings	15-100 yrs
Office and Computer Equipment	4-5 yrs
Mobile Plant including Vehicles	2-30 yrs
Sealed Surfaces (other than roads)	30-100 yrs
Leasehold Land Improvements	5-100 yrs
Library Books	3-10 yrs

Infrastructural Assets

Pavement Sub-base	Not depreciated
Basecourse	50-90 yrs
Surface	2-63 yrs
Streetlights and Signs	25 yrs
Kerb, Channel, Sumps and Berms	80 yrs
Bridges	70-150 yrs
Bus Shelters and Furniture	20-40 yrs
Water Supply	55-130 yrs
Water Meters	20-25 yrs
Stormwater	30-120 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment Plant	15-100 yrs
Pump Stations	10-100 yrs

Restricted Assets are not depreciated except for Historic Buildings, Artworks and Heritage Assets that are depreciated at 1%, 0.1% and 0.1% on a straight line basis respectively.

H. Landfill Aftercare Costs

As operator of the Burwood Landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. To provide for the estimated cost of aftercare, a charge is made each year to spread the costs over the life of the landfill.

The estimated cost is calculated based on estimates of:

- (i) **Total current cost**

This is defined as the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period.

The estimate has been based on costs of closure of similar landfills by other local authorities.

(ii) Total capacity

The estimated length of time needed for post-closure care is 30 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 to perform this obligation have been accrued and charged.

The calculations assume no change in the legislative requirements for closure and post-closure treatment.

I. Revenue Recognition

Rates revenue is recognised when levied. Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at year end, are accrued on an average basis.

Land Transport NZ roading subsidies are recognised as revenue upon entitlement, that is, when the conditions related to eligible expenditure have been fulfilled. Other grants and bequests and assets vested in the Council, are recognised as revenue when control over the assets is obtained. Dividends are only recognised as income, net of imputation credits, when the dividends have been declared and have or are almost certain to receive the necessary shareholder approval.

J. Goods and Services Tax

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

K. Research and Development Costs

Research and development costs are expensed in the period incurred. Development costs are deferred where it is probable that future benefits will exceed those costs. Deferred development costs are amortised over future periods in relation to expected future revenue.

L. Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current year's expense and the income tax effects of timing differences applied on a comprehensive basis and calculated using the liability method.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, are only recognised when there is virtual certainty of realisation.

M. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by FIFO or weighted average methods. Some inventories are subject to restriction of title.

N. Leases

(i) Finance Leases

These leases effectively transfer all the risks and benefits of ownership to the lessee. Finance Leases are included in liabilities at their current value.

Assets purchased under such leases are included in fixed assets and depreciated at usual rates.

(ii) Operating Leases

Under these leases, the lessor effectively retains all the risks and benefits of ownership. These lease payments are charged as expenses in the periods in which they are incurred.

statement of accounting policies

O. Employment Entitlements

Provision is made in respect of the Council's liability for retiring gratuity allowances, and annual and long service leave.

The liabilities for leave have been calculated on an actual entitlement basis at current rates of pay. The retiring gratuity liability has been 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. The estimated amounts have been discounted to their present value using an interpolated 10 year government bond rate.

P. Investments

Shares in subsidiaries, apart from Christchurch City Holdings Ltd (CCHL), associates and shares in Local Government Insurance Corporation Limited, are valued at share of equity off the latest Statement of Financial Position.

Shares in CCHL were revalued at 30 June 2003, based on a market valuation undertaken by KPMG with this value reduced as a result of the annual impairment test. All other investments are stated at lower of cost or net realisable value.

Q. Financial Instruments

Christchurch City Council is party to financial instrument arrangements as part of its everyday operations. These financial instruments include Banking Funds, Bank Deposits, Short Term Investments, Accounts Receivable, Sinking Fund Investments, Accounts Payable and Term Debt.

Revenues and Expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position, with the exception of Guarantees and Contingent Assets and Liabilities, which are disclosed by way of note to the Financial Statements. Any income or expenditure arising from the

exercising of a guarantee, or upon a contingency becoming an actual asset or liability, will be recognised in the Statement of Financial Performance at the time of confirmation.

The following methods and assumptions were used to value each class of financial instrument:

- (a) Accounts Receivable and Long Term Receivables are recorded at estimated realisable value.
- (b) Short Term Investments are valued at fair value.
- (c) Investments in Government and Local Authority Stock are valued at cost with premiums paid or discounts taken on acquisition amortised over the life of the investment. Income is recognised on a yield to maturity basis.
- (d) Loans to various sporting and cultural organisations are recorded at fair value.
- (e) All of the financial instruments, including Cash and Bank balances, Accounts Payable and Term Debt are valued at fair value.

R. Debt Servicing Costs

Debt Servicing Costs are apportioned on the basis of the book value of the Operational and Infrastructural Assets employed at 1 July 2005.

S. Cost Allocations

The costs of all internal service activities are allocated or charged directly to external service activities.

External service activities refer to activities which provide a service direct to the public.

Internal service activities provide support for the external service activities. Where the user of a service can be identified, for example with City Solutions, the cost recovery is made by way of direct charge.

Where this has not been possible, the costs are allocated by way of corporate overhead.

The basis of the corporate overhead allocation is reviewed each year and every attempt is made to relate the allocation made with the service utilised.

Internal service costs which are allocated out as corporate overhead include corporate services and financial services.

T. Donated Goods and Services

The Council receives the benefits of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms. From an accounting point of view these services are not considered material in relation to the Council's total expenditure.

Vested Land is included at current value and Infrastructural Assets are included at the cost to the subdivider.

U. Third Party Transfer Payment Agencies

The Council collects monies for many organisations including Environment Canterbury, Building Industry Authority and others. Where collections are processed through the Council's books, any monies held are shown as Accounts Payable in the Statement of Financial Position.

V. Financial Reporting Standard No. 29 (FRS-29) Disclosures

In accordance with the Institute of Chartered Accountants of New Zealand Financial Reporting Standard 29, the following information is provided in respect of the Annual Plan:

(i) Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(ii) Nature of Prospective Information

The financial information has been prepared on the basis of best estimate assumptions as to future events which the Council expects to take place.

The financials for 2005/06 are forecasts which reflect the most probable outcome.

(iii) Assumptions

The principal assumptions underlying the forecasts are noted on page 119 of Volume 3 of the 2004/14 Long Term Council Community Plan. These assumptions were valid as at 30 June 2005, the date this Annual Plan was adopted, with two exceptions. Interest Rates for investments have been altered to an average of 6.25%, and the growth in the Rating Base set at \$3.5m for 2005/06.

(iv) Extent to which Prospective Information Incorporates Actual Results

Although the period covered by the Plan contains no actual operating results, some financial information has been extrapolated from the Council's audited Financial Statements as at 30 June 2004.

(v) Purpose for which the Prospective Information is prepared

The Annual Plan is prepared in accordance with the Local Government Act 2002. The purpose of this legislation is to provide for democratic and effective local government that recognises the diversity of New Zealand communities and promotes the accountability of local authorities to their communities.

W. Changes in Accounting Policies

There are no changes in Accounting Policies. They have been applied on a basis consistent with those used in previous years.

capital endowment fund

Background

In April 2001, the Council set up a Capital Endowment Fund. This fund was established using a share of the proceeds from the sale of Orion's North Island gas company.

A sum of \$75m was set aside in the Fund in order to provide an ongoing income stream which can be applied to economic development and civic and community projects.

The policies relating to the Capital Endowment Fund are contained within the Investment Policy (see the Investment Policy in volume 3 of the 2004/14 Community Plan for details).

Capital Endowment Fund - Funding Allocations

	Plan 2005/06 \$000's	LTCCP 2005/06 \$000's
Estimated Total Available Income from Fund after management expenses	2,920	2,638
Less not to be allocated until later years (25%)		(660)
Total available for allocation this year	2,920	1,979
Economic Development		
70% of 2005-06 Funds Available for Allocation	2,044	1,385
Previously Unspent Budgets Available for Reallocation	429	
Less already allocated		
Unspecified Economic Development - Canterbury Economic Development Fund	(1,600)	(1,385)
Balance available for Economic Development Projects	873	-
Civic and Community 30%		
30% of 2005-06 Funds Available for Allocation	876	594
Previously Unspent Budgets Available for Reallocation	764	
Less already allocated		
Christchurch School of Gymnastics Grant	(350)	
Te Papanui Trust Grant	(250)	
Canterbury Museum Trust Board Building and Development Project Grant	(733)	(733)
Balance available for Civic and Community Projects	308	(139)

Mayor

Garry Moore CA FNZIM

Deputy Mayor

Carole Evans QSO JP

Councillors

Helen Broughton MA DipEd(GC)

Sally Buck MEd (Dist)

Graham Condon QSM JP

Barry Corbett

David Cox FNZIM

Anna Crighton QSO JP MA(Hons)

Pat Harrow DipHort

Bob Shearing

Gail Sheriff JP

Sue Wells BA

Norm Withers



Garry Moore



Carole Evans



Helen Broughton



Sally Buck



Graham Condon



Barry Corbett



David Cox



Anna Crighton



Pat Harrow



Bob Shearing



Gail Sheriff



Sue Wells



Norm Withers

community boards

Burwood-Pegasus

Glenda Burt (Chair)
 Carmen Hammond (Deputy Chair)
 Caroline Kellaway JP
 Tina Lomax
 Don Rowlands
 Carole Evans QSO JP (Cr)
 Gail Sheriff JP (Cr)

Fendalton-Waimairi

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

Hagley-Ferrymead

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

Riccarton-Wigram

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

Shirley-Papanui

Yvonne Palmer QSM JP (Chair)
 Myra Barry QSO JP (Deputy Chair)
 Bill Bush MNZM
 Ngaire Button
 Megan Evans
 Graham Condon QSM JP (Cr)
 Norm Withers (Cr)

Spreydon-Heathcote

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

*Denotes member elected to both Council and Community Board

Chief Executive

Dr Lesley McTurk

General Managers

Human Resources

Philippa Jones

Corporate Services

Roy Baker

Public Affairs

Stephen Hill

Regulation and Democracy Services

Peter Mitchell

City Environment

Jane Parfitt

Community Services

Stephen McArthur

Strategic Development

Ian Hay

Director Strategic Investment

Bob Lineham



Dr Lesley McTurk



Philippa Jones



Roy Baker



Stephen Hill



Peter Mitchell



Jane Parfitt



Stephen McArthur



Ian Hay



Bob Lineham

notes





notes

