

# From the Mayor

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History will confirm that this last year was the year when Christchurch City Council and the city itself hit a new level of maturity. This year, in a change from tradition that reflects this new maturity, we have split the covering comments from the Mayor and Chief Executive Officer. This change sums up the way we have started on the long, and sometimes difficult, journey to separate governance and management. It is an overdue change, in my view, that will let both parties improve their overall performance.

This last year has been one where, along with the normal day-to-day operations, we have also been busy with some major internal housekeeping. We have put together a structure that will allow us to start to live up to the far-ranging new powers and potentials we have, courtesy of the new Local Government Act. This legislation is potentially the most profound for local government since the abolition of Provincial Government in the 19th Century.

It is hard to overstate how significant this new law is for a city with a tradition for liking to tackle its own challenges in our own way. The structural and psychological changes it will require have meant that it was vital for us to get a new CEO capable of steering a major corporate entity such as the Christchurch City Council through a time of significant change.

I believe that with the unanimous endorsement of Dr Lesley McTurk for the job that the Councillors made a very good choice. There have also been changes at the top levels of the Council staff structure. These have been the result of the new demands for the new system we are now developing.

In my view we are now moving into a phase of local government development that is probably the most significant since the last major wave of change in the 1980's. Part of this process for us as a Council will be to make sure the Council reflects its leading role in the South Island economy. As about the largest corporate entity in the South Island, the Christchurch City Council has huge strategic and economic weight. We need to make sure that this power is used efficiently and in a way that reflects the aims and aspirations of our ultimate owners, the ratepayers.

I believe our recent internal changes will help us to do this well. We are also now poised to start dealing with the reality of a Council half the size of what we have had in the past. It is another major organisational change that will call on Councillors to show increased strategic vision and discipline in dealing with issues. For Community Boards this will mean more power, and the potential for devolving local decision-making to them, a reality at last.

But not all the last year has been internal housework. One of the greatest days in the recent history of Christchurch was when we finally opened our new Art Gallery. It was a magical day for all who were there, and for the rest of Christchurch, marked a watershed day in our maturing as a city. It has meant that we now have one of the key indicators of a mature metropolitan city, an Art Gallery that reflects the importance and achievement of art in Christchurch and Canterbury. Along with this well-overdue event, it also meant that Christchurch now has one of the largest cultural precincts of any city anywhere.

With the foundations in place of a new Act which requires us to promote a sustainable environment, community and economy; with our Council smaller and a new executive in place; Christchurch City Council is set to tackle the 21<sup>st</sup> Century with gusto.

This boutique city will reach out to the world, promoting our quality of life and our marvellous community. The role of this City Council is to support, advocate for, and include, all in our community. This year we have continued our task. This report records some of our successes. The unrecorded bit rests in Christchurch residents' hearts. That's why we live here.



**Garry Moore**  
Mayor of Christchurch



# From the Chief Executive

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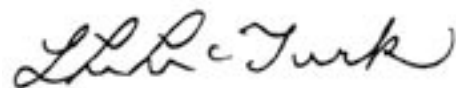
The year ending 30 June 2004 was one of significant change for the Council.

A new structure was developed to provide greater accountability and a more customer-focused organisation. It sees our business divided into four operational units, each headed by a general manager. These groups are supported by three cross-organisation support functions, each also headed by a general manager (see diagram on page 10). The aim has been to build upon the strengths of our history while ensuring that the Council is equipped to deal with the challenges of the Local Government Act 2002.

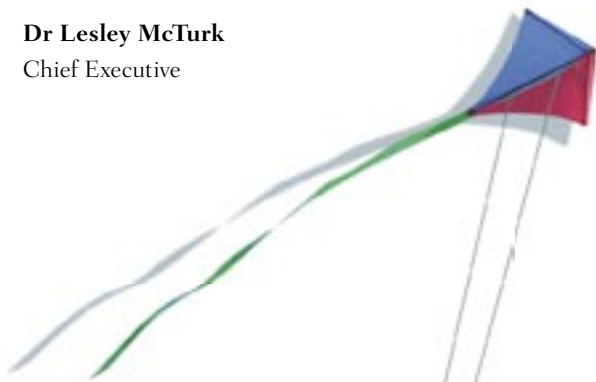
The shift that flows from local government's new statutory framework cannot be underestimated. The Council's role is far wider than ever before. Not only do we have to consider the four aspects of well-being: social, economic, environmental and cultural, we must also promote sustainable development within our area.

During the year, considerable effort was put into the development of our first Long-Term Council Community Plan (LTCCP), "Our Community Plan – Christchurch O-Tautahi" under the 2002 Act. This was no small task, and while it met the requirements of the Act, we know considerable improvement can be made. Much of the feedback from stakeholders during the consultation process on the draft plan centred on the volume of detail in the plan and the vast number of performance measures that were contained within it. We will be looking to improve the presentation of the next LTCCP (scheduled for the 2006/07 year) making it a more user-friendly document and having less, but more focused, performance measures in place.

The LTCCP is designed to focus the Council on the present and future well-being of our community. It will contribute to better alignment of the community's aspirations and vision for Christchurch and the Council's work programme. The Council, however, cannot deliver all the outcomes on its own. Other organisational groups and agencies will also contribute to a positive future for the city. Your Council will need to work not only with Central Government, but also regional bodies and local organisations to make sure that the outcomes of the plan can be delivered over time.



**Dr Lesley McTurk**  
Chief Executive



Cave Rock, Summer

# Highlights

The Christchurch City Council's role is enormously diverse. From treating sewerage to displaying fine art and providing housing, it delivers a range of services to support and enhance its residents' quality of life.

It is only possible to offer a glimpse of the Council's major achievements during the year. See from page 60 for detailed information about its performance, reported in triple bottom line format.

## Refuse and recycling

Ten million two-litre plastic milk bottles were just some of the recycled materials collected from Christchurch kerbsides this year. The Council's popular recycling programme, delivered in partnership with the Recovered Materials Foundation and Onyx, continued to develop during 2004.

Research conducted by the Council showed that half of the contents of a typical household rubbish bag can be recycled or composted. This led to a significant change with the provision of rubbish bags halved to encourage a reduction in the amount of rubbish going to landfill.

Another key foundation of a sustainable approach to waste disposal for Christchurch was laid when the Environment Court granted resource consents for a regional landfill at Kate Valley in North Canterbury. The Christchurch City Council is the largest of six Canterbury councils which, along with two private firms, collectively sought the rights to build and operate a landfill at the Kate Valley site.

[www.ccc.govt.nz/waste](http://www.ccc.govt.nz/waste)

## Events

Citizens continued to enjoy the city's popular public events programme, including Summertimes and Kidsfest, the latter incorporating a record 180 different events in 2004. The Council was involved in a number of other events, including the Whiri Maori new year celebration, conducted in partnership with Ngai Tahu. Event attendance overall increased by 10%. In the Council's annual survey, 82% of residents were satisfied with the value for money that events and festivals represented.

The Council continued to generate economic growth through the support of key events in the city. As well as providing core funding to a wide range of festivals, it gave specific support to several income generating events. Major events included The New Zealand Professional Golf Association Championships at Clearwater, the World Softball Championships at Cuthberts Green, the World Underwater Hockey Championships at QEII and the Warriors-Tigers rugby league match at Jade Stadium.

[www.ccc.govt.nz/recreation](http://www.ccc.govt.nz/recreation)



### Recycling innovation

A Gold Crate campaign was introduced in 2004, designed to thank those household recyclers who put the right, clean materials out for collection. 2,400 of the prized crates were awarded.

In an increasing endeavour to improve the ease of recycling for all residents, the Council translated its "Help Us Recycle" poster into 11 different languages. After consulting local ethnic groups, posters were produced in Afghani; Cambodian; Chinese; English; Ethiopian; Japanese; Korean; Russian; Somali; Thai and Vietnamese.

## Wastewater

Treatment and disposal of wastewater is one of the major environmental issues facing Christchurch. The Council committed significant funds to, and made progress towards improving the way Christchurch deals with its wastewater.

The Council resolved to build a 3km ocean outfall to carry treated wastewater from the Christchurch Wastewater Treatment Plant out into Pegasus Bay off South New Brighton beach. The decision followed significant consultation with Christchurch residents and technical analysis.

A major sewer upgrade programme for the entire city is also underway. It involves laying more than 30km of new pipelines, several new pumping stations, and the proposed construction of a large storage tank during the next 10 years.



Upgrades to the treatment ponds at the plant were completed during the year. The upgrades have changed how the flow moves through the pond system and are expected to produce an effluent quality that is some 10 times better than what was previously discharged into the Estuary.

[www.ccc.govt.nz/wastewater](http://www.ccc.govt.nz/wastewater)

## Parks & Reserves

Strategies completed during the year to protect and enhance Christchurch's green spaces – such as parks, reserves and wetlands, include:

- a planting strategy
- a draft Bio-diversity Strategy
- the Avon River Central City Strategy
- the Estuary Management Plan

Major projects in Christchurch's famous parks network included the Fire Fighters Reserve Stage 2, Bexley Wetland rehabilitation, Charlesworth Wetlands extension, a new ranger's office at Victoria Park, and the redevelopment of Wainoni Park. Work began on Heathcote Heritage Park, Jellie Park pond redevelopment and planning for new facilities at the Christchurch Botanic Gardens.

[www.ccc.govt.nz/parks](http://www.ccc.govt.nz/parks)

## Transport

The transport systems in and around Christchurch are critical to the quality of life and future prospects of the region. During the year the Council released the Metropolitan Christchurch Transport Statement: Stage One (MCTS). The MCTS is part of a programme to provide an overarching direction for transport policy and strategy for the Christchurch metropolitan area and surrounding districts for the next 20 years.

The MCTS seeks to integrate transport planning for the city and all of its main commuter catchments — Rangiora, Kaiapoi, Rolleston, Burnham, Lyttelton and Diamond Harbour. The Council hopes to gain the support of other organisations, agencies and surrounding local bodies for the plan. It includes recommendations about provision of roading, public passenger transport, walking and cycling. The second, more detailed stage will begin later in the year. It will involve more intense work with neighbouring local bodies and national transport agencies – Transit and Transfund, alongside more consultation with major stakeholder groups and the public.

As well as planning for the future, the Council completed many roading projects. The upgrade of Fendalton Road was one of the most notable, providing a four laned road with landscaped median, cycle lanes, and visitor parking among the existing trees where possible. The showcase Living Streets project in Aynsley Terrace was also completed.

[www.ccc.govt.nz](http://www.ccc.govt.nz)



The Botanic Gardens turned 140 this year. Civic tree planting around Christchurch began in 1863, including the Christchurch Botanic Gardens. An oak, a *Quercus robur*, was planted to commemorate the marriage of Queen Victoria's eldest son Prince Albert Edward to Princess Alexandra of Denmark. This

## Regulation

As well as providing services to the city's residents, the Council is also playing a significant role in developing and enforcing bylaws. During the year, the Council initiated measures to control gambling, brothels, liquor consumption in public places and dangerous dogs.

A moratorium was placed on the number and location of gaming machines, brothels were restricted to operating in a defined area of the central business district, public drinking bans were extended and dangerous dogs were required to be neutered and strictly controlled.

 [www.ccc.govt.nz](http://www.ccc.govt.nz)

## Community Facilities

Use of Council facilities was up on previous years, with 2.9 million visits recorded at recreation centres throughout the city. 58% of all residents said they visited a swimming pool and 63% a Council owned stadium<sup>1</sup>. More than 220,000 people participated in Council run recreation programmes, which cover everything from aquasize to pilates to tai chi.

A specific highlight was the opening of a multi-sensory environment for people with disabilities, the Southern Centre QEII Park. It established a world-class facility that offers recreation and leisure experiences for people with profound and multiple disabilities.

 [www.ccc.govt.nz/leisurecentres](http://www.ccc.govt.nz/leisurecentres)

## Libraries

South Christchurch Library in Beckenham opened to a huge response from Christchurch residents. The facility incorporates a Council service centre, a café, learning centre and library. Prime Minister Helen Clark was 'blown away' with the learning centre at its opening.

It has quickly become the second-busiest in the library network, issuing 555,099 items and receiving 348,904 visits in just over 10 months. It has won several awards including the supreme award in the 2004 New Zealand Institute of Architects Resene New Zealand Awards.

 [www.library.christchurch.org.nz](http://www.library.christchurch.org.nz)

## Christchurch Art Gallery Te Puna O Waiwhetu

Christchurch's new art gallery turned one during the year. It broke all estimates with more than 550,000 visitors enjoying 25 exhibitions. The Gallery also won awards for its branding, created by advertising agency Strategy Advertising & Design. They included a bronze Clio Award, presented during the 45th Annual Clio Festival at Miami Beach, and a Highly Commended for Promotional Design from the Museums of Australia Design Awards.

 [www.christchurchartgallery.org.nz](http://www.christchurchartgallery.org.nz)



Prime Minister, Helen Clark, is shown some of the latest learning technologies at the opening of the Council's South Learning Centre by Daniel Rogers and Thomas Gardner.

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<sup>1</sup>Annual Residents Survey, March 2004

*78% of residents said  
they had visited a library  
this year<sup>2</sup>*

## Economic prosperity

The Council is involved directly and indirectly in initiatives that directly support the city's economy. An example of direct involvement was an agreement concluded during the year between the Council and a joint venture of Pratt & Whitney and Air New Zealand for an engine testing facility to be constructed at Christchurch International Airport. The project will deliver jobs and foreign exchange earnings to Christchurch.

The Canterbury Development Corporation (CDC) and Christchurch and Canterbury Marketing (CCM) are two specialist service providers which the Council engages to deliver economic development initiatives.

CDC continued to work with many businesses in Christchurch, providing thousands of hours of workshops and one-on-one coaching. This included mentoring for 600 businesses, and support services for 400 start-up firms. It assisted local companies secure \$2.25 million in government grants.

CDC continued to support the six key industry clusters it has identified: electronics, software, nutraceuticals, international education, film and fashion. The organisation was also involved in a number of citywide economic development initiatives included the Mayoral delegation to the Chinese city of Wuhan.

Key tourism indicators showed the contribution to the city's economic health made by the marketing of Christchurch and Canterbury as a tourist destination by CCM. For the year ending June 2004, guest nights were up 5.8% in Christchurch, exceeding the national average of 3.9%. Christchurch also grew its share of tourists compared with other tourism regions in the country, increasing from 15% to 15.3% of total guests nights, estimated to raise visitor spending by \$40 million.

### Virgin Airlines selects Christchurch

75% Council-owned Christchurch International Airport announced it will be the home base for Pacific Blue, Virgin Blue's new trans-Tasman airline. The deal is estimated to be worth over \$140 million to the South Island and a boost to employment, trade and tourism opportunities.

The Council's own Christchurch City Holdings Limited (CCHL) continued to contribute to the economic strength of the city. Its equity increased from \$741 million to \$762 million, assisted by a \$50 million increase in the value of Christchurch International Airport Ltd's land and sealed surfaces, and an increase in the value of the group's investment in Selwyn Plantation Board Ltd of \$4.4 million. CCHL paid special dividends of \$38 million to the Council during the year.

Since 1995, the overall value of CCHL's assets has increased from \$400 million to nearly \$1 billion. In that period over \$600 million of capital and dividend payments have been made to the Council.

**i** [www.ccc.govt.nz/christchurchcityholdings](http://www.ccc.govt.nz/christchurchcityholdings)  
[www.christchurchnz.net](http://www.christchurchnz.net)  
[www.cdc.org.nz](http://www.cdc.org.nz)

### Victoria Clock restored

The recently restored and strengthened Victoria Street Clock (Jubilee Clock), an important city landmark with links to the early days of European settlement in Canterbury, was officially unveiled in February 2004. The Council allocated \$285,000 to upgrade the clocktower, which is classified Category B by the NZ Historic Places Trust and Group 2 (of national or regional importance) in the Proposed City Plan.



<sup>2</sup>Annual Residents Survey, March 2004



# Financial highlights

## Parent result<sup>3</sup>

Our operating surplus for the year was \$44.4m, \$31.4m ahead of the estimate. Contributions to this performance are outlined in note 27 of the detailed accounts and include the early receipt of a special dividend of \$35m from Christchurch City Holdings Limited (CCHL), and an offsetting unbudgeted cost of \$10m (net) relating to roading transfers and swaps between Council and Transit New Zealand.

Vested Assets at \$106.6m were \$92m higher than estimated. Sixty-one million dollars related to a change in policy to recognise for the first time the Council's ownership of sewer laterals<sup>4</sup> city-wide. Vested assets are transferred to the Council as a result of developments/ subdivision contributions and are typically items such as kerb and channels and sewerage pipes.

The Council has continued to strive to deliver cost-effective services, allocating the \$156.7 million of rates collected across the following areas: [below left]

Our statement of Financial Position reflects the Council's strong position with a growth in equity of over \$189 million to a new high of \$4.1 billion. This strength supported the Council's ability to deliver \$89 million on new capital expenditure in the following areas: [see chart below]

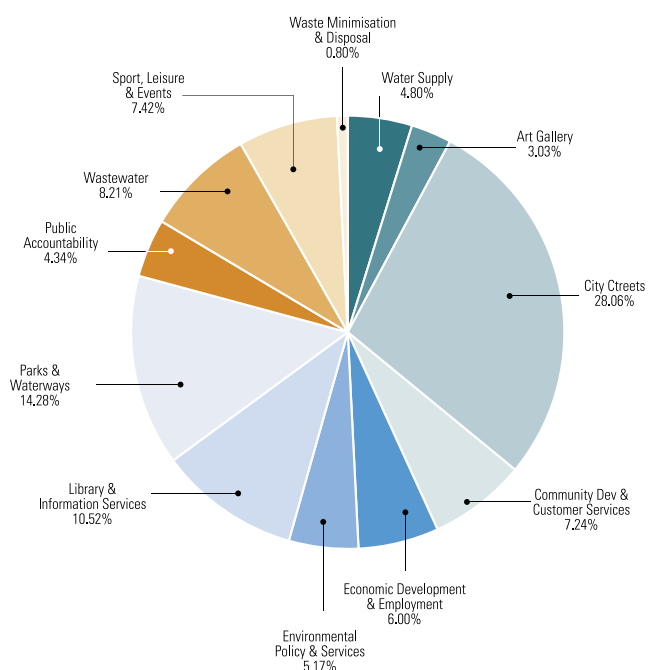
Major capital projects included \$9.7 million for enhancing the city's wastewater system, \$6.3 million for upgrading streets, \$3.6 million for new book purchases in the library network, \$1.6 million for parks and \$1.1 million for the water supply infrastructure.

*over 239,000 plants  
were grown by the Council  
nursery for planting*

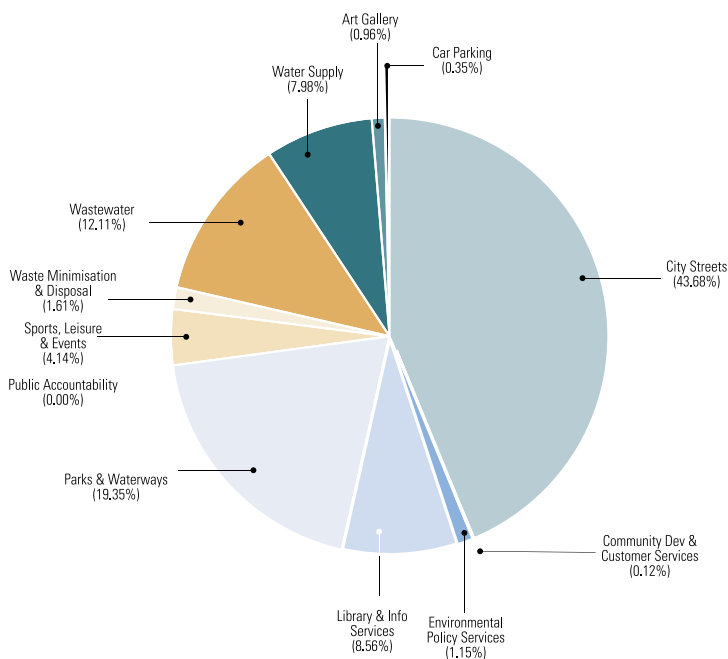
<sup>3</sup>Covers the Council operations only

<sup>4</sup>The section from the main sewer pipes to the property boundary

How your rates dollars were spent



Capital expenditure by significant activity



## Group result

The Group covers the Council and its trading operations (refer to page 19). The numbers, which are after all inter-company transactions have been eliminated, reflect the financial strength and size of the organisation as a whole.

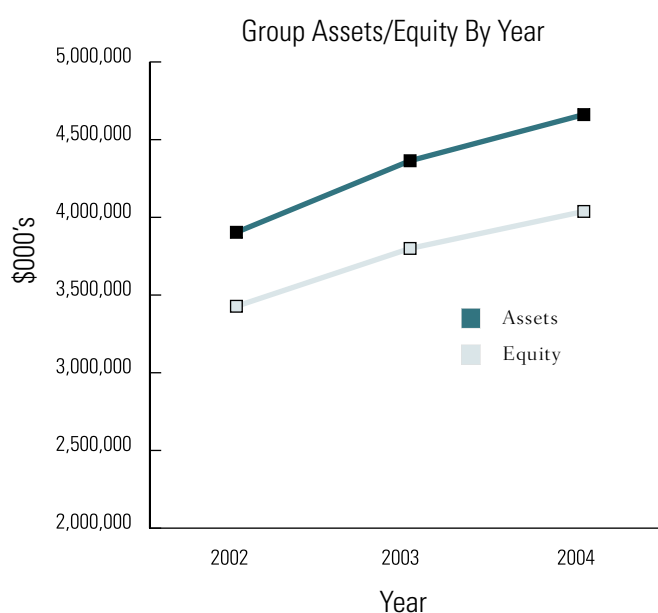
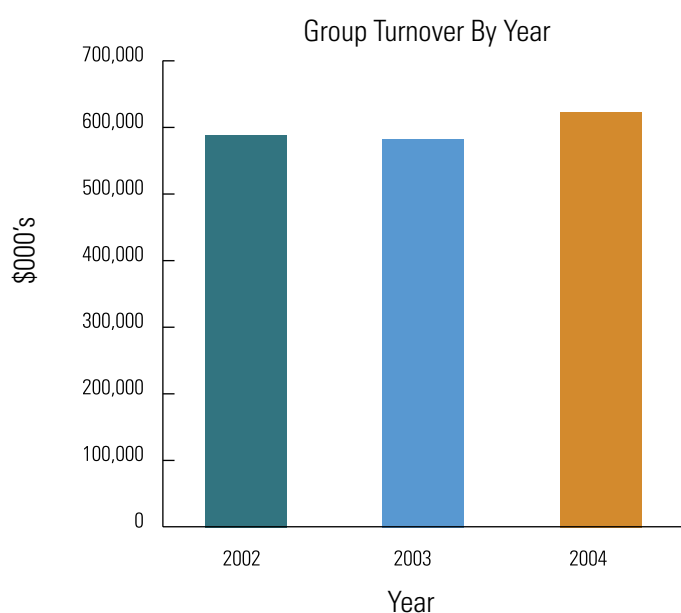
	\$ Million
Turnover	\$622
Net Surplus (before tax)	\$151
Total Assets	\$4,661
Total Debt	\$419
Total Equity	\$4,038

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

The Council's financial strength was confirmed during the year by international rating agency Standard and Poors (S&P). The agency affirmed the Council's AA+ long-term rating and said the outlook was stable. The announcement followed a visit to the Council by Standard and Poors officers in August 2003. The Council was rated AA by S&P from 1994 to 2000. In 2001 it was lifted to AA+, the agency's second-highest ranking. The rating — for the Council operation and for its holding company, Christchurch City Holdings Ltd — has been earned by only three New Zealand local authorities.



CDC working with its ethnic communities via its Ethnic Communities Employment Advocates Programme (ECEAP).





# How the Council works

## The elected Council

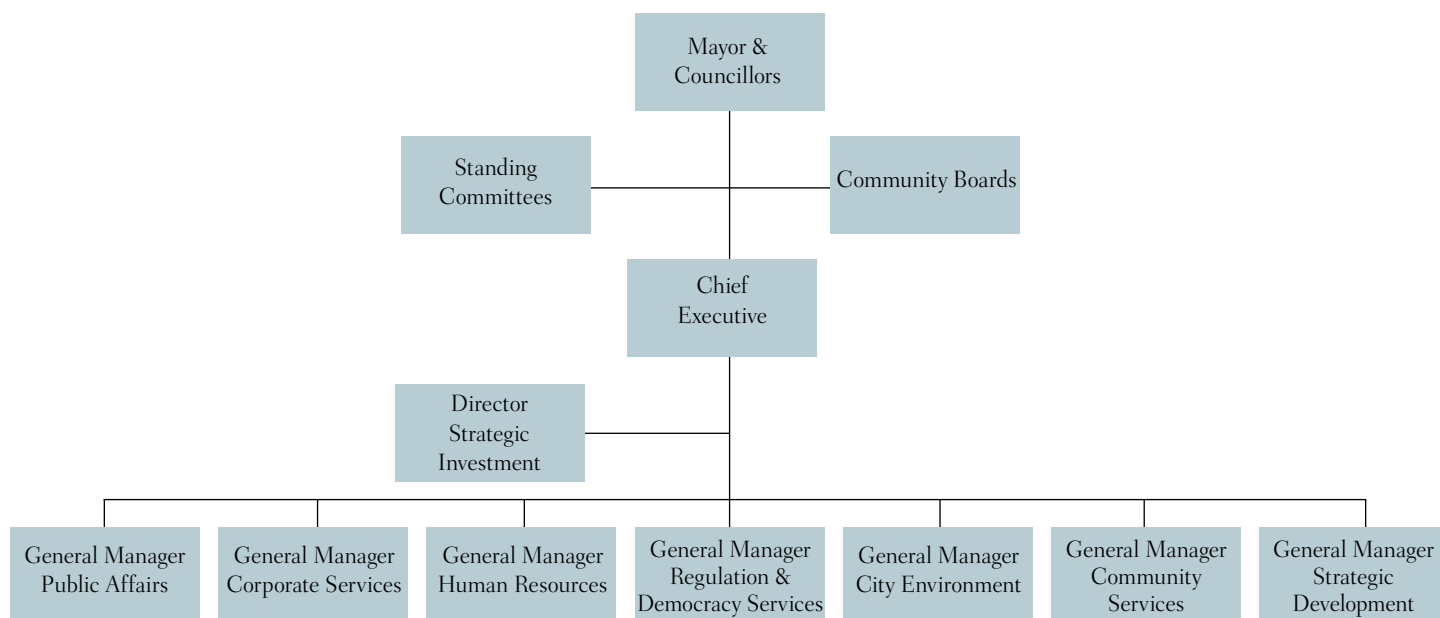
Christchurch City Council has a Mayor and 24 Councillors, who were elected in October 2001 for a three year term. After the next election, to be held on 9 October 2004, the Local Government Commission has determined that the Council will reduce to a Mayor and 12 Councillors.

The Mayor is the elected leader of the Council, chairing meetings of the full Council and performing ceremonial roles as the leading citizen of the City. The Mayor is the spokesperson on major Council matters and participates in regional and national meetings as the Council's representative.

The Council meets in the Council Chambers at Civic Offices, usually on the last Thursday of each month. The role of the elected members is to set the direction of the Council and monitor how effectively its staff are delivering on the goals agreed with the public.

Also elected every three years are the Council's community boards. These boards provide a close link between the community and the Council, and have authority to make certain decisions on behalf of the Council in their area. They meet once a month, and each have six directly elected members and four appointed Councillors. Christchurch's six community boards<sup>#</sup> are:

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



At each meeting, the Council considers recommendations which have been discussed from Council's standing committee meetings. Standing committees are similar to parliamentary select committees, and carry out the bulk of the council's political work. The standing committees,<sup>\*</sup> which meet monthly, are:

- Arts, Culture and Heritage
- Community and Leisure
- Parks, Gardens and Waterways
- Property and Major Projects
- Regulatory and Consents
- Strategy and Finance
- Sustainable Transport and Utilities

*58% of us used public transport at some time during 2004*

<sup>\*</sup>These will change after the 2004 election

<sup>#</sup>These will change after the 2004 election

## Mayor & Councillors



Mayor: Garry Moore

*15,319 LIMs  
(land information memorandums) were processed*



Burwood Ward: Carole Evans & Gail Sheriff



Fendalton Ward: Barbra Stewart & Ron Wright



Ferrymead Ward: David Cox & Linda Rutland



Hagley Ward: Anna Crighton & Denis O'Rourke



Heathcote Ward: Oscar Alpers & Sue Wells



Papanui Ward: Graham Condon & Norm Withers



Pegasus Ward: Alister James & Chrissie Williams



Riccarton Ward: Paddy Austin & Helen Broughton



Shirley Ward: Megan Evans & Ingrid Stonhill



Spreydon Ward: Carole Anderton & Barry Corbett



Waimairi Ward: Sally Buck & Pat Harrow



Wigram Ward: Ishwar Ganda & Lesley Keats

## Community Board members

### Burwood/Pegasus Community Board

Don Rowlands (Chairperson)  
Bob Andrews  
Glenda Burt  
Cr Carole Evans  
Carmen Hammond  
Cr Alister James  
Caroline Kellaway  
Andrew Lea  
Cr Gail Sheriff  
Cr Chrissie Williams

### Fendalton/Waimairi Community Board

Mike Wall (Chairman)  
Sally Buck  
Val Carter (Deputy Chairman)  
Cheryl Colley  
George Hampton  
Pat Harrow  
Yiyi Ku  
Mark Kunnen  
Barbara Stewart  
Ron Wright

### Hagley/Ferrymead Community Board

Bob Todd OBE JP (Chairperson)  
Rod Cameron  
Cr Anna Crighton  
Cr David Cox  
Shirley Fairhall  
John Freeman  
Yani Johanson  
Cr Denis O'Rourke  
Cr Linda Rutland  
Dr Brendan Smith

### Riccarton/Wigram Community Board

Mike Mora (Chairperson)  
Cr Paddy Austin  
Neville Bennett  
Cr Helen Broughton  
Ken Cummings  
Cr Ishwar Ganda JP  
Cr Lesley Keast JP  
Peter Laloli  
Bob Shearing

### Spreydon/Heathcote Community Board

Phil Clearwater (Chairperson)  
Cr Oscar Alpers  
Cr Carole Anderton  
Lynda Carter  
Cr Barry Corbett  
Paul de Spa  
Sonia Gill  
Elizabeth Maunsell  
Cr Sue Wells

### Shirley/Papanui Community Board

Yvonne Palmer (Chairperson)  
Myra Barry  
Robin Booth  
Anne Carroll  
Cr Graham Condon  
Cr Megan Evans  
Dennis Hills  
Cr Ingrid Stonhill  
Cr Norm Withers  
Steve Wright

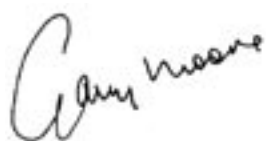
# Statement of compliance and responsibility

## Compliance

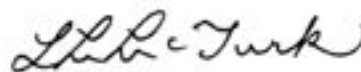
- 1 The Council and management of the Christchurch City Council confirm that all the statutory requirements of section 283 of the Local Government Act 2002, which includes the requirement to comply with Part VIIA of the Local Government Act 1974 regarding financial management and borrowing, have been complied with.

## Responsibility

- 2 The Council and management of Christchurch City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.
- 3 The Council and management of Christchurch City Council accept responsibility for establishing, and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- 4 In the opinion of the Council and management of the Christchurch City Council, the annual Financial Statements for the year ended 30 June 2004 fairly reflect the financial position and operations.



**Garry Moore - Mayor**  
13 September 2004



**Dr Lesley McTurk - Chief Executive**  
13 September 2004

## Chief executive and executive team

The Chief Executive of Christchurch City Council is Dr Lesley McTurk. Dr McTurk is the only employee of the elected Council, and is responsible to the Council for carrying out its decisions.

The Chief Executive employs all of the other staff in the CCC. With an executive team of eight, Dr McTurk manages a staff of more than 2000 people.

### The executive team:



**Dr Lesley McTurk**  
*Chief Executive*

**Philippa Jones**  
*General Manager, Human Resources*  
Human resources develops corporate programmes and policies for the Council's staff, as well providing advice and support to line managers.



**Roy Baker**  
*General Manager, Corporate Services*  
Corporate services supports the organisation through the provision of accounting, information technology, procurement and a variety of administration services.



**Stephen Hill**  
*General Manager, Public Affairs*  
Public Affairs manages the Council's relationship with its customers, covering its customer service, marketing, communications and consultation functions.



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



**Robert Lineham**  
*Director, Strategic Investment*  
Strategic Investment oversees the Council's significant investment in local strategic assets through Christchurch City Holdings Limited.



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



**Stephen McArthur**  
*General Manager, Community Services*  
Community Services delivers a range of social, cultural and recreation services, including the libraries network, the Christchurch Art Gallery, recreation centre network and social housing stock.



**Ian Hay**  
*General Manager, Strategic Development*  
Strategic Development drives policy development and planning, as well as providing project management services.



# Financial Information

## Long term financial strategy and policies

### Year Ended 30 June 2004

Each local authority is required to prepare and adopt a Long Term Financial Strategy, Revenue and Financing policy, Investment policy and Liability Management policy. Every local authority must provide in its annual report, sufficient information about each of those policies to enable an informed assessment to be made of the extent to which the objectives and provisions of the strategy and policies have been met during that year. The information must include an explanation of any significant variation between the objectives and policies of the Long Term Financial Strategy, Revenue and Financing Policy, Investment Policy, and Liability Management Policy, set out in the Financial Plan for the financial year, and the actual achievement of those objectives and policies. This report reflects the second year since these policies were reviewed.

### 1. Long term financial strategy overall performance

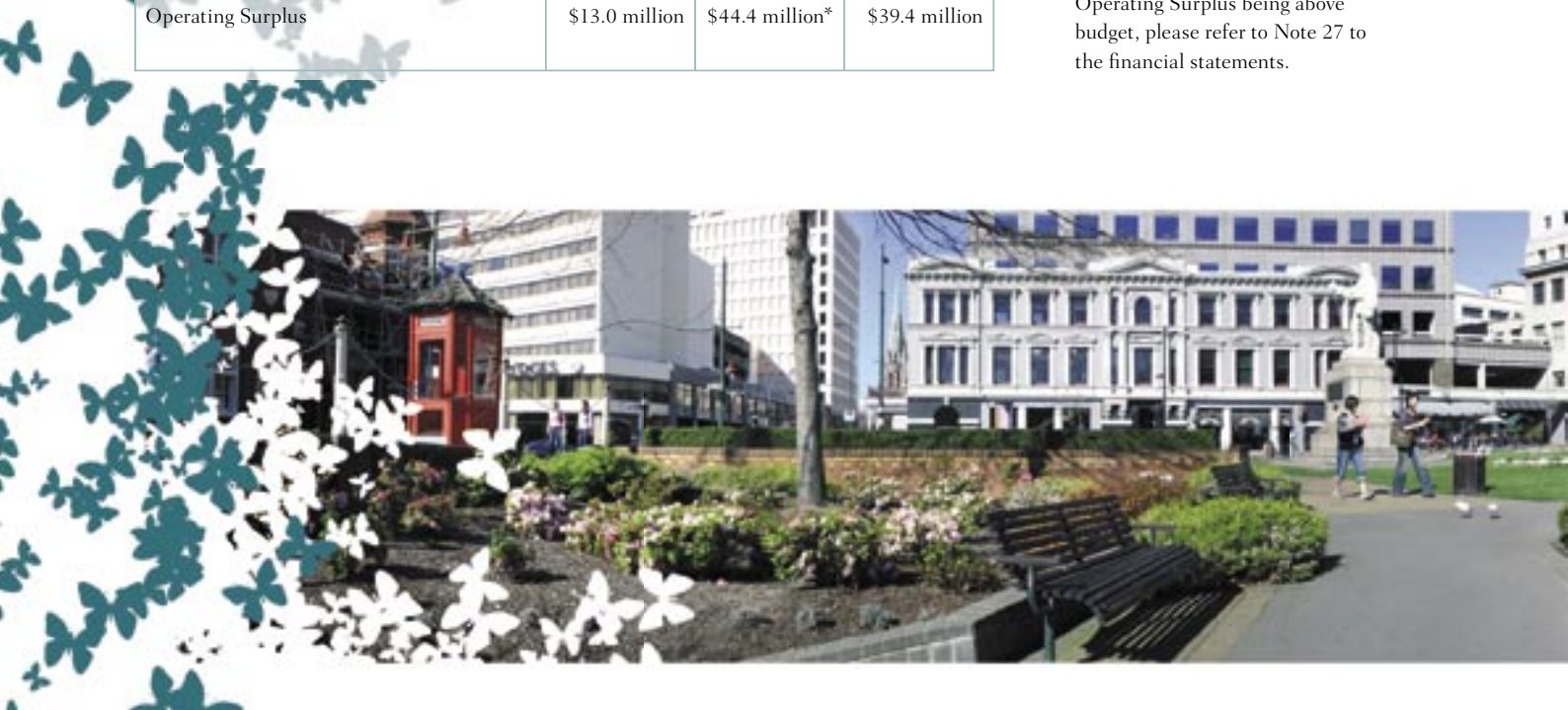
The Council's actual financial performance and financial position is presented in the Statement of Financial Performance and Statement of Financial Position. The Statements of Service Performance attached to each report on Significant Activities show the Council has substantially achieved the objectives and performance indicators that were adopted in the 2003/04 Financial Plan.

Specific Objectives and Targets			
Objective	2003 Targets	2004 Actual Performance	2003 Actual Performance
Maintain four key ratios in the long term:			
Term Debt as a percentage of Total Assets below 12%	4.1%	1.9% <sup>#</sup>	2.8% <sup>#</sup>
Term Debt as a percentage of Realisable Assets below 33%	8.4%	4.2% <sup>#</sup>	6.0% <sup>#</sup>
Net Interest as a percentage of Operating Revenue below 8%	(0.6%)	(0.6%)	0.6%
Net Debt in relation to Funds Flow below 5 times	0.4 times	(0.4) <sup>†</sup> times	(0.4) <sup>†</sup> times
Operating Surplus	\$13.0 million	\$44.4 million <sup>*</sup>	\$39.4 million

<sup>#</sup>The ratio is calculated by deducting \$154 million (2003 \$128M) of the Council's short-term investments, held for debt repayment.

<sup>†</sup> Net Debt is calculated by deducting liquid financial assets from Term Debt and these exceed the Term Debt owed.

<sup>\*</sup> This surplus includes special dividends of \$38.5 million. For more detail of the reasons for the Operating Surplus being above budget, please refer to Note 27 to the financial statements.



## 2. Revenue and financing policy

The implementation of the Revenue and Financing policy has proceeded without any significant variations in respect of the ordinary revenues of Council except that user charges were 7.3% ahead of budget and corporate revenue was 98.4% ahead of budget. The higher than budgeted ordinary revenues was due to a combination of a buoyant economy and revenue opportunities being maximised. The higher than budgeted corporate revenue was principally due to Christchurch City Holdings Ltd paying the \$35 million special dividend in 2003/04 rather than 2004/05 as budgeted.

The lower level of funding from user charges is due to two main factors. Firstly, the early receipt of the \$35 million special dividend. Secondly, the Revenue and Financing policy being calculated inclusive of internal charges that have been eliminated in the financial statements. This has the effect of increasing the percentage of funding from the other sources:

Specific Objectives and Targets			
Objectives: Proportion of revenue by source	2004 Targets	Actual Performance	Actual 2003
User Charges	34.4%	23.7%	25.6%
Grants and Subsidies	5.4%	4.5%	4.9%
Corporate Revenue	14.2%	26.8%	21.1%
Capital Value Rating	41.9%	41.0%	44.3%
Uniform Annual Charge	4.1%	4.0%	4.1%
Rates by Sector			
Residential	72.2%	72.2%	71.5%
Commercial/Industrial	25.0%	25.0%	26.1%
Rural	1.6%	1.6%	1.5%
Institutions	1.2%	1.2%	0.9%

## 3. Investment policy

### Overall Performance

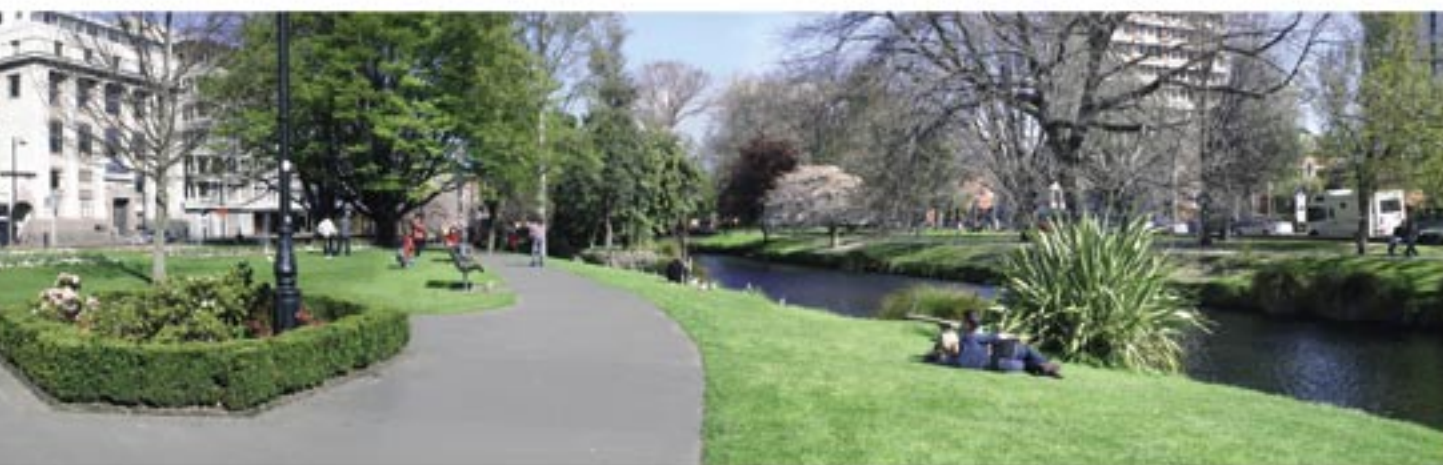
The Council has always had a prudent financial management policy. Christchurch City Holdings Limited has monitored the performance of all Council investments in Council Controlled Trading Organisations and subsidiaries during the year and reported six times to the Council through its Strategy and Finance Committee.

There have been no material departures from the Council's Investment policy principles during the period.

### Specific changes in investments

Changes to the list of equity investments in subsidiary companies have however taken place as follows:

The Council has contributed equity totalling \$1.45 million to Christchurch City Facilities Limited which is a wholly owned subsidiary. It owns the Christchurch Convention Centre and Westpac Centre and is responsible for the management and development of these two facilities plus the Christchurch Town Hall that is leased from the Council.



## 4. Liability management policy

### Overall Performance

There are no significant variations or material departures from the Council's Liability Management Policy as set out in the Financial Plan.

Specific Objectives and Targets			
Objectives	2004 Targets	2004 Actual Performance	2003 Actual Performance
Maintain adequate liquidity	No more than 35% of total debt maturing in any one year.  Liquidity ratio at not less than 1:1 (100%) excluding special purpose investments and the current portion of Term Debt.	31.6% matures in 2004/05 Funds are earmarked to provide for repayment.  6.8% due to \$154 million of funds held for debt repayment being excluded from the calculation of Liquid Assets.	21.2% matures in 2003/04 Funds are earmarked to provide for repayment.  99.5% due to the \$128 million of funds held or debt repayment being excluded from the calculation of Liquid Assets.
Provision for debt to be repaid by contribution to a debt repayment reserve	3%	3% achieved	3% achieved
Maintain debt ratios within specified limits	Refer to Long Term Financial Strategy on previous page	Within limits	Within limits

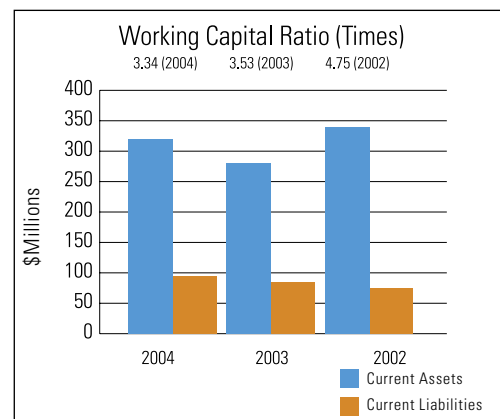
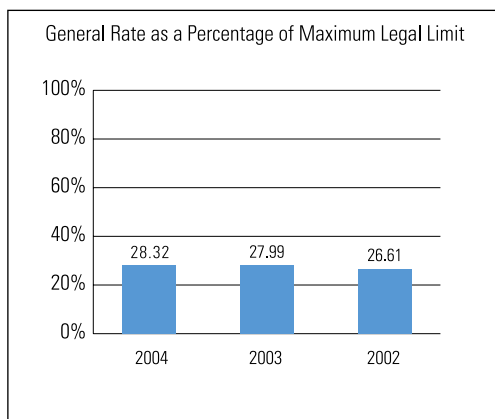
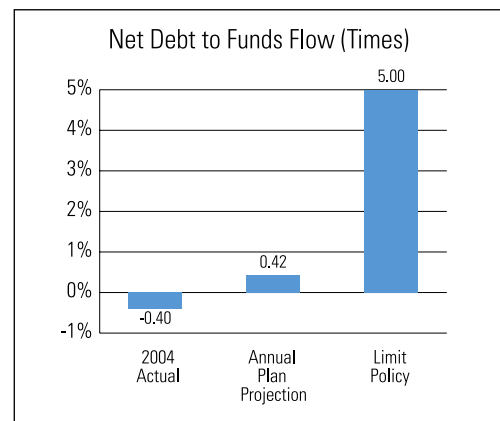
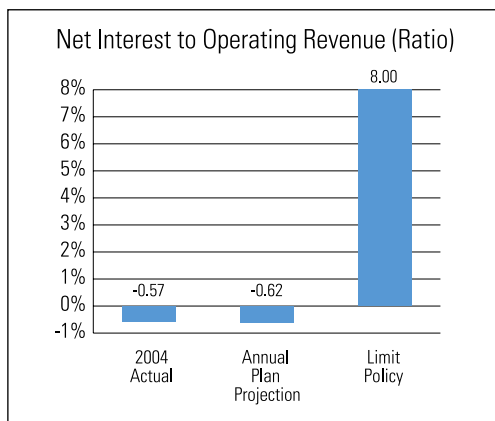
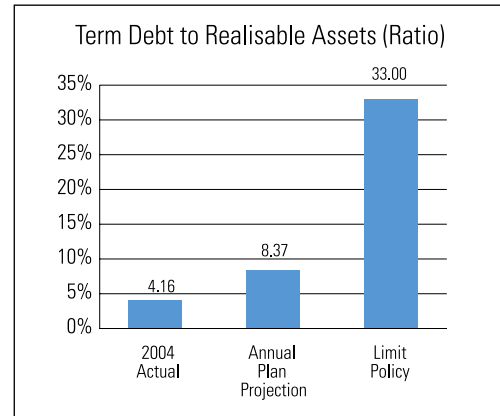
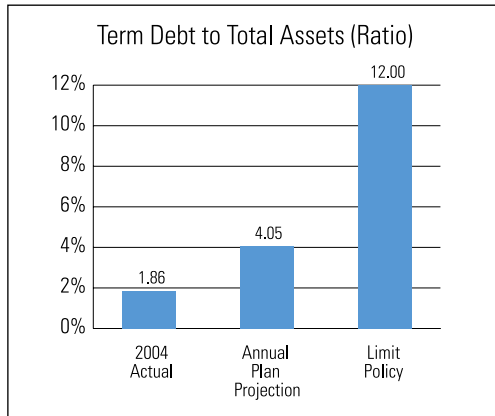


World-first launch of a 3-D book at Council's South Library. Author Gavin Bishop (centre) watches Lucas Keane test out his 3-D book, "Giant Jimmy Jones" with Hitlab NZ Director, Mark Billinghamurst and Hitlab team member, Claudia Nelles also taking a keen interest. CDC helped fund the project that was suggested by Bill Nagelkerk, the Council's Children's Librarian.



# Financial overview

This information has been extracted from the financial statements to provide an overview of the financial health of the Council. This data relates to the City Council only and does not include the consolidated results of the corporatised trading enterprises.







# Audit New Zealand

## Report of the Auditor-General Office

### To the readers of the financial statements of Christchurch City Council and Group For the year ended 30 June 2004

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Devan Menon, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the City Council and group, on his behalf, for the year ended 30 June 2004.

#### Unqualified opinion

In our opinion the financial statements of the City Council and group on pages 19 to 107:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the City Council and group's financial position as at 30 June 2004;
  - the results of operations and cash flows for the year ended on that date; and
  - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 13 September 2004, and is the date at which our opinion is expressed.

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

#### Basis of opinion

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

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

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

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

#### Audit procedures generally include:

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

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

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

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2004. They must also fairly reflect the results of operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Local Government Act 2002, which requires the Council to prepare financial statements under the Local Government Act 1974.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

#### Independence

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

In addition to the audit we have carried out audit related and assurance assignments for subsidiaries within the City Council group. These involved issuing an audit certificate pursuant to the Electricity (Information Disclosure) Regulations 1999, an audit report on a Threshold Compliance Statement pursuant to the Commerce Act (Electricity Lines Thresholds) Notice 2003, an audit certificate pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 and two limited scope assurance reviews.

These assignments are compatible with those independence requirements.

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

D Menon

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

# Christchurch City Council Group

The following pages report the financial statements of the Christchurch City Council and its subsidiaries and associates for the year ended 30 June 2004.

Christchurch City Council Parent Statements include:

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

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

## Subsidiaries and Associates are:

### Christchurch City Holdings Limited

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

The financial statements consolidated are for the year ended 30 June 2004. Major subsidiaries and associates of this Company are:

- **Orion Group Limited**

This Company owns Orion New Zealand Limited and subsidiaries and is an energy network management company. Christchurch City Holdings Limited has an 87.625% interest in Orion Group Limited.

The financial statements consolidated are for the year ended 31 March 2004.

- **Christchurch International Airport Limited**

This Company is 75% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2004.

- **Red Bus Limited**

Red Bus Limited is a public transport company and is wholly owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2004.

- **Lyttelton Port Company Limited**

This Company is 65.33% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2004.

- **City Care Limited**

This Company, that is wholly owned, provides construction and maintenance services for Council and other organisations and manufactures and supplies roading paving material. The financial statements consolidated are for the year ended 30 June 2004.

- **Selwyn Plantation Board Limited**

This associate company is 39.32% owned by Christchurch City Holdings Limited. The financial statements for the year ended 31 March 2004 are equity accounted.

### Christchurch City Facilities Limited

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

The financial statements consolidated are for the year ended 30 June 2004.

This company owns 100% of Jet Engine Facility Limited that has been set up to construct, own and lease the engine testing facility.

### Jade Stadium Limited

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

The financial statements consolidated are for the year ended 30 June 2004.

### Transwaste Canterbury Limited

This Company has the principal purpose of selecting, developing and operating a non-hazardous landfill in Canterbury. Council has 37.85% of the shareholding. The financial statements for the year ended 30 June 2004 are equity accounted.

### Travis Finance Limited

This Company is a non-trading company wholly owned by the Christchurch City Council, that formerly owned and maintained Travis Heritage Park, a natural reserve protecting native species. The land held by the Travis Group was sold to the Christchurch City Council on 28 June 2002. The financial statements consolidated are for the year ended 30 June 2004.



DB Draught Stand, Jade Stadium

# Statement of financial performance

For the year ended 30 June 2004

	Note	Parent Actual 2004 \$000's	Parent Estimate 2004 \$000's	Parent Actual 2003 \$000's	Group Actual 2004 \$000's	Group Actual 2003 \$000's
<b>Income</b>						
Significant Activities	1	102,252	94,151	92,621	113,073	101,319
Rates		156,714	156,293	148,449	153,927	145,678
Dividends	1	64,339	26,410	32,445	528	113
Other Income	1	31,016	21,642	30,109	354,679	333,675
<b>Total Operating Income</b>		<b>\$354,321</b>	<b>\$298,496</b>	<b>\$303,624</b>	<b>\$622,207</b>	<b>\$580,785</b>
<b>Expenditure</b>						
Significant Activities	2	299,601	273,813	253,616	265,549	195,967
Other	2	10,337	11,709	10,598	312,759	292,940
<b>Total Operating Expenditure</b>		<b>\$309,938</b>	<b>\$285,522</b>	<b>\$264,214</b>	<b>\$578,308</b>	<b>\$488,907</b>
<b>Operating Surplus</b>		<b>44,383</b>	<b>12,974</b>	<b>39,410</b>	<b>43,899</b>	<b>91,878</b>
Vested Assets	29	106,638	15,000	36,349	106,638	36,349
Grants/Contributions for Major Projects	30	542	603	2,132	542	2,132
<b>Surplus before Taxation</b>		<b>\$151,563</b>	<b>\$28,577</b>	<b>\$77,891</b>	<b>\$151,079</b>	<b>\$130,359</b>
Less Tax Expense/(Benefit)	16	0	0	0	32,724	36,989
<b>Surplus after Taxation</b>		<b>\$151,563</b>	<b>\$28,577</b>	<b>\$77,891</b>	<b>\$118,355</b>	<b>\$93,370</b>
Minority interests in surpluses of Subsidiaries		0	0	0	(9,142)	(11,030)
<b>Net Surplus for Year</b>	<b>3</b>	<b>\$151,563</b>	<b>\$28,577</b>	<b>\$77,891</b>	<b>\$109,213</b>	<b>\$82,340</b>



# Statement of movement in equity

For the year ended 30 June 2004

	Note	Parent Actual 2004 \$000's	Parent Estimate 2004 \$000's	Parent Actual 2003 \$000's	Group Actual 2004 \$000's	Parent Group 2003 \$000's
<b>Equity at 1 July</b>		3,908,359	3,591,891	3,557,350	3,799,959	3,427,804
<b>Net Surplus Attributable to</b>						
Parent Entity Shareholders		151,563	28,577	77,891	109,213	82,340
Minority Interests		0	0	0	9,142	11,030
Return of Share Capital	4	0	0	0	0	(200)
Movement Relating to Preacquisition Revaluation Reserves, etc	4	0	0	0	(20)	(638)
Increases/(Decreases) in Revaluation Reserves	4	37,872	0	273,118	121,224	273,257
<b>Total Recognised Revenues and Expenses for the Year</b>		189,435	28,577	351,009	239,559	365,789
Distribution Paid and Provided to Minority Interests		0	0	0	(14,321)	(10,963)
Other Movements in Minority Interests		0	0	0	12,873	17,329
<b>Equity at 30 June</b>		<b>\$4,097,794</b>	<b>\$3,620,468</b>	<b>\$3,908,359</b>	<b>\$4,038,070</b>	<b>\$3,799,959</b>



Victoria Square



# Statement of financial position

For the year ended 30 June 2004

	Note	Parent Actual 2004 \$000's	Parent Estimate 2004 \$000's	Parent Actual 2003 \$000's	Group Actual 2004 \$000's	Group Actual 2003 \$000's
Equity	4	4,097,794	3,620,468	3,908,359	4,038,070	3,799,959
Non-Current Liabilities	5	68,561	84,034	84,271	462,657	401,663
Current Liabilities	6	93,883	88,366	78,370	160,376	162,554
<b>Total Equity and Liabilities</b>		<b>\$4,260,238</b>	<b>\$3,792,868</b>	<b>\$4,071,000</b>	<b>\$4,661,103</b>	<b>\$4,364,176</b>
<b>Represented by:</b>						
<b>Current Assets:</b>	8	314,000	224,452	276,673	378,415	335,052
Investments	9	953,635	855,194	986,626	151,576	162,066
Operational Assets	10	549,088	589,302	573,792	1,687,597	1,633,149
Infrastructural Assets	11	2,084,077	1,812,092	1,889,333	2,084,077	1,889,333
Restricted Assets	12	359,438	311,828	344,576	359,438	344,576
<b>Total Non-Current Assets</b>		<b>3,946,238</b>	<b>3,568,416</b>	<b>3,794,327</b>	<b>4,282,688</b>	<b>4,029,124</b>
<b>Total Assets</b>		<b>\$4,260,238</b>	<b>\$3,792,868</b>	<b>\$4,071,000</b>	<b>\$4,661,103</b>	<b>\$4,364,176</b>



# Statement of cash flows

**For the year ended 30 June 2004**

	Note	Parent Actual 2004 \$000's	Parent Estimate 2004 \$000's	Parent Actual 2003 \$000's	Group Actual 2004 \$000's	Group Actual 2003 \$000's
<b>OPERATING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Rates, Grants, Subsidies, and Other Sources		271,336	286,224	257,130	601,714	571,715
Interest Received		19,412	14,093	20,486	18,324	19,385
Dividends		71,834	28,200	46,773	1,216	310
Net GST		523	0	5,293	537	5,273
		<b>363,105</b>	<b>328,517</b>	<b>329,682</b>	<b>621,791</b>	<b>596,683</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		215,278	246,998	198,749	401,840	366,214
Income Tax Paid		0	0	0	24,730	27,055
Interest Paid		6,058	3,851	6,951	24,444	21,847
		<b>221,336</b>	<b>250,849</b>	<b>205,700</b>	<b>451,014</b>	<b>415,116</b>
<b>Net Cash Flow From Operating Activities</b>	15	141,769	77,668	123,982	170,777	181,567
<b>INVESTING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Sale of Assets		2,099	2,190	3,377	4,545	5,020
Loans Repaid		1,500	0	5,500	58	1,090
Investments Realised		18,908	0	10,526	18,429	10,526
		<b>22,507</b>	<b>2,190</b>	<b>19,403</b>	<b>23,032</b>	<b>16,636</b>
<b>Cash was applied to:</b>						
Purchase of Assets		86,210	98,080	109,711	166,657	256,863
Purchase of Investments		26,022	25,573	16,952	21,635	12,502
Loans Made/Investing Payments		0	0	0	596	0
Miscellaneous		3,484	0	0	0	0
		<b>115,716</b>	<b>123,653</b>	<b>126,663</b>	<b>188,888</b>	<b>269,365</b>
<b>Net Cash Flow From Investing Activities</b>		(93,209)	(121,463)	(107,260)	(165,856)	(252,729)

	Note	Parent Actual 2004 \$000's	Parent Estimate 2004 \$000's	Parent Actual 2003 \$000's	Group Actual 2004 \$000's	Group Actual 2003 \$000's
<b>FINANCING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Raising of Loans		22,181	45,501	1,080	85,296	128,252
Deferred Revenue Received		0	0	0	0	13,000
		<b>22,181</b>	<b>45,501</b>	<b>1,080</b>	<b>85,296</b>	<b>141,252</b>
<b>Cash was applied to:</b>						
Repayment of Term Liabilities		24,830	24,380	19,462	34,077	64,722
Payment of Dividends		0	0	0	14,321	10,963
		<b>24,830</b>	<b>24,380</b>	<b>19,462</b>	<b>48,398</b>	<b>75,685</b>
<b>Net Cash Flow From Financing Activities</b>		(2,649)	21,121	(18,382)	36,898	65,567
<b>Increase/(Decrease) in Cash</b>		<b>45,911</b>	<b>(22,674)</b>	<b>(1,660)</b>	<b>41,819</b>	<b>(5,595)</b>
Inter-entity Transactions Between Balance Dates		0	0	0	131	22
Add Opening Cash		241,776	190,170	243,436	275,589	281,170
Exchange Fluctuations		0	0	0	(125)	(8)
<b>ENDING CASH BALANCE</b>		<b>287,687</b>	<b>167,496</b>	<b>241,776</b>	<b>317,414</b>	<b>275,589</b>
<b>Represented by:</b>						
Cash and Short Term Investments		287,687	167,496	241,776	317,636	277,268
Bank Overdraft		0	0	0	(222)	(1,679)
		<b>287,687</b>	<b>167,496</b>	<b>241,776</b>	<b>317,414</b>	<b>275,589</b>

The accompanying accounting policies and notes form part of these financial statements