

Christchurch City Council Annual Report 2005



Contents

From the Mayor	2
From the Chief Executive	3
Highlights	4
Financial Highlights	8
Summary Financial Statements	10
Notes to the Financial Statements	16
Audit Report	16

This is a summary of Christchurch City Council's full Annual Report 2005. The full report can be viewed at Council service centres and libraries and at www.govt.nz/AnnualReport/
A copy of the full report can be requested by contacting the Council, tel: 941 8999.

Photography supplied by:

Kevin Clarke, Neil Macbeth, and various Council staff and contractors.

From the Mayor



This year has been a significant one for the growth and development of our city, and of the Council.

In this report we outline the significant progress that has been made on major projects and initiatives across the spectrum of social, economic and environmental activity.

Our Council is clearly focused on planning and working to make Christchurch an attractive, liveable city – one that supports all sectors of the community and provides the infrastructure for a vibrant and successful future.

It has also been a year of change for the Council itself. We are now a Council of 12, operating in a completely different way from our former structure. Gone is the committee structure which had led to a fragmented understanding of issues by Councillors. In its place is a portfolio system which ensures Councillors have early input into key issues. Any Councillor can attend the portfolio meetings.

Perhaps the biggest change, and continuing challenge, is that we have lifted our game in the governance arena. Our focus is more strategic, which is critical as we face the challenges of the 2006/2016 Community Plan, which signals significant increase in capital requests to support the Community Outcomes.

As Mayor I'm delighted with the progress we have made in the past year, but there is still much more to do as we work to identify our best opportunities, build our capability and turn our vision for the future into tomorrow's reality.

My gratitude goes to the Councillors, staff and all volunteers and participants from our community who have supported our work in the last year. I look forward to continuing to work with you in realising our vision.

A handwritten signature in black ink that reads "Garry Moore". The signature is written in a cursive, flowing style. Below the signature is a short horizontal line.

Garry Moore - Mayor

15 September 2005

From the Chief Executive



It has been an exciting year for Christchurch City Council, as the organisation has worked within a new, more focused governance structure to respond to our community and to help achieve the future we all aspire to. Council is the city's heart – its purpose is to keep the city ticking, providing for its basic needs but also ensuring it is healthy and strengthened for an active and growing future. This means our focus is not only on infrastructure but also on the social, environmental and community outcomes that make our city a great place to live.

In the past year we have worked to support elected members in their decision-making, and to align our strategies and operating plans with the vision outlined by the people of Christchurch in our Community Outcomes.

This year's activity has produced a larger surplus than was budgeted. Much of this relates to increased economic activity within the region resulting in more vested assets and a higher than anticipated level of cash in lieu contributions. It is important to note that much of the surplus is tagged to specific activities and capital reserves that are not available for rating purposes.

Higher interest rates and lower levels of capital expenditure have seen a significant increase in the amount of interest we received. This is not sustainable in the long term and did place pressure on our 2005/06 rate level. The increased surplus that is not tagged as indicated above will go to our general reserves and also will be used to reduce debt requirements in future years which will benefit all ratepayers. One of the biggest challenges for Council in 2004/05 was delivery of the full capital programme. While some \$30m has been carried forward, we have made significant internal changes in our planning to provide greater certainty around our capital expenditure delivery in future. The desirability for projects from the community's perspective needs to be balanced against their affordability – in short, community pressure for capital projects needs to be balanced with their impact on rates.

A further constraint is posed by the capability of the organisation to deliver. A number of factors influence this, both internally and externally: planning and consultation timeframes can be unpredictable; availability of consultants may be constrained; and even the construction and contracting sectors' ability to respond to varying annual levels of capital spend, can create the need for carry forwards. A better understanding of these influencing factors is improving our ability to deliver a sustainable level of capital expenditure. We are working to increase our delivery capability over the next few years to match the increasing demand for more capital projects as we start to implement the 2006/16 Long Term Council Community Plan.

The first Community Plan was very much a trial run and saw an increase in the number of performance measures we were to report upon. This has proved challenging. While our results are somewhat mixed against these many measures, delivery of activities in support of the Community Outcomes has been sound and we continue to meet service levels of our Asset Management Plans. Looking forward towards the next Community Plan, we will include fewer, more meaningful measures, that will ensure stronger connections to our Community Outcomes and service delivery.

The Council continues in its strong position to lead the development of our city, and ensure the well-being of our diverse communities.

My thanks go to the organisation's staff, who have contributed their energy and passion to supporting our direction and serving the community during the past year, and to the many organisations and agencies which have worked alongside us to help achieve a positive and sustainable future for Christchurch.

A handwritten signature in black ink that reads "Lesley McTurk". The signature is written in a cursive, flowing style.

Dr Lesley McTurk - Chief Executive

15 September 2005

Highlights

Christchurch City Council's roles are enormously diverse. From maintaining and updating the city's infrastructure -- such as supplying water, treating wastewater, providing a transport system -- to planning the city's development, entertaining residents with festivals and displaying fine art, your City Council delivers a range of services aimed at supporting and enhancing residents'/visitors' quality of life.

What follows is a glimpse of the Council's major achievements during the year from 1 July 2004 to 30 June 2005.

Wastewater

- Treatment plant upgrades included installation of the final two clarifiers and completion of a storage tank for processed sewage
- Design started for two new digesters to provide extra treatment capacity
- Council lodged the ocean outfall Assessment of Environmental Effects. Submissions received and hearing process started.

Water

- New wells at Farringdon and Burnside began feeding into the city's water system
- Two new replacement wells drilled
- New pump station in Worcester Street built.

Waste

- Kate Valley Landfill opened by Transwaste Canterbury Limited
- Trials started on garden composting and kerbside collection of organic wastes.

Transport

- Two new variable message signs installed in the central city providing information about parking availability at Council car parks
- Assisted with the successful management of the 2005 British and Irish Lions Rugby Tour in Christchurch
- Widening of Opawa Road started
- Pre-loading work on the Blenheim Road Deviation project started
- Planning and consenting processes for the Brighton Mall slow road project completed.

Greenspace

- Created extra stormwater capacity needed to service infill housing through open waterways and park linkages between streets as part of the Addington Open Space Project
- Purchased land in Mairehau for use as stormwater retention in the Marshland area
- Completed the draft Biodiversity Strategy ready for public comment
- Completed the Jellie Park pond redevelopment, Scarborough Park facility upgrade and Upper Riccarton Domain playground renewal
- Commenced a major redevelopment of the playground at Spencer Park, one of the city's most popular picnic spots
- Completed the circuit walkway at Travis Wetland Nature Heritage Park
- Completed the extension of the Port Hills mountain bike track system.



Regulation

- High number of consent applications associated with land and property development from continued growth
- Implemented the new Building Act, which introduced a new framework for regulating building work and clearer performance standards for buildings
- Started work on preparing for registration as a building consent authority, which the Building Act requires by 30 November 2007.



“8552 building consents were processed this year.”

City Development

- The Council consulted the public about options for the Greater Christchurch Urban Development Strategy from April to June 2005
 - More than 30 public meetings and the wide distribution of an options discussion booklet
 - Local bodies and authorities working well together for the good of Greater Christchurch – Banks Peninsula, Selwyn and Waimakariri district councils, Christchurch City Council, Environment Canterbury and Transit New Zealand are project partners
 - A record 3,200 submissions were received from all over Greater Christchurch.

Community and Recreation

- New youth participation website DriveThru – on the web at www.drivethru.info
- Launched the Go Free Mobility Scooters (17 June) sponsored by TSB Bank
- Organised the Disabled Persons Assembly National Strategic Hui (17–19 June)
- Facilitated the Disability Reference Group
- Organised education sessions for community groups, e.g. 5 Easy Steps to Fundraising
- Coordinated events and other arrangements around the 2005 British and Irish Lions Rugby Tour
- Successful bids for events such as the 2006 World Wheel Chair Rugby Championships and 2008 World Super Senior Tennis
- Successful high-profile sports events held such as Maxi Basketball, Coast to Coast, IPG NZPGA Golf
- Arts Participation Guide - the first free arts guide of its kind in New Zealand
- Creative New Zealand - Creative Places Award for the sculpture 'A Tribute to Firefighters'.



Recreation Facilities

- Overall use of recreation facilities extended to three million visits
- National Touch Rugby Championships at QEII
- Five exciting new water slides worth \$2.6m at QEII developed in a public-private partnership and opened in July 2005.

Christchurch Art Gallery Te Puna O Waiwhetu

- Favourable national reviews received for both a major overseas touring exhibition of contemporary German art (The Scenic Eye), and a Gallery-generated exhibition, Coming Home in the Dark, which highlighted recent Canterbury art.
- Special merit citations received in the 2004 National Business Review Sponsorship of the Arts Awards, and internationally, received the Museums Australia Publications Design Award for its Bulletin.



“75% of residents said they had visited a library this year.”

Libraries and Information

- New Unicorn library system
- Extended opening hours
- Commenced construction of the new libraries at Parklands and Upper Riccarton Library - Te Kete Wānanga o Pūāringamotu
- Over 13,300 entries and approximately 107,000 books read during the Reading Crusade
- A number of events promoted Maori Language Week (26 July–1 August). Christchurch City Libraries won the inaugural Maori Language Week award for local body/library entries and was runner up in the Supreme Award
- May Music Month increased music collection consumption and membership
- More than 700 registrations for Odyssey (July–August), an annual reading incentive programme for young adults
- Simultaneous launch of the National Digital Strategy on 16 May at Parliament and the South Learning Centre
- Any Questions, a partnership with National Library, began in November.

Festivals and Events

- Record crowds at major events within the annual Showtime Canterbury festival
- Increased attendance at the city's free SummerTimes concerts, Starry Nights and Classical Sparks
- More New Zealand content in the Classical Sparks concert.
- Increased ticket sales to KidsFest
- Rejuvenated Festival of Flowers and Romance
- Great Kids Campout and Kite Day added to SummerTimes
- Return of the Godwits, a new event celebrating the oncoming of spring.



Customer Services

- New call centre, opened in January 2005 in a purpose-built facility
- More staff available to answer enquiries
- Callers have faster access to the information they need.

Economic Prosperity

- Canterbury Development Corporation (CDC)
 - Thousands of hours of workshops and one-on-one coaching including mentoring for 465 businesses
 - Support services for 528 start-up firms
 - Assisting local companies in securing \$2.03m in government grants
 - Continued support for six key industry clusters; electronics, software, nutraceuticals, international education, film and fashion
- Key tourism indicators show the contribution to the city's economic health made by the marketing by Canterbury Marketing of Christchurch and Canterbury as a tourist destination
- The Council's Christchurch City Holdings Limited (CCHL) continued to contribute to the economic strength of the city with CCHL's equity increasing to \$971m and assets increasing to approximately \$1 billion.



Financial Highlights

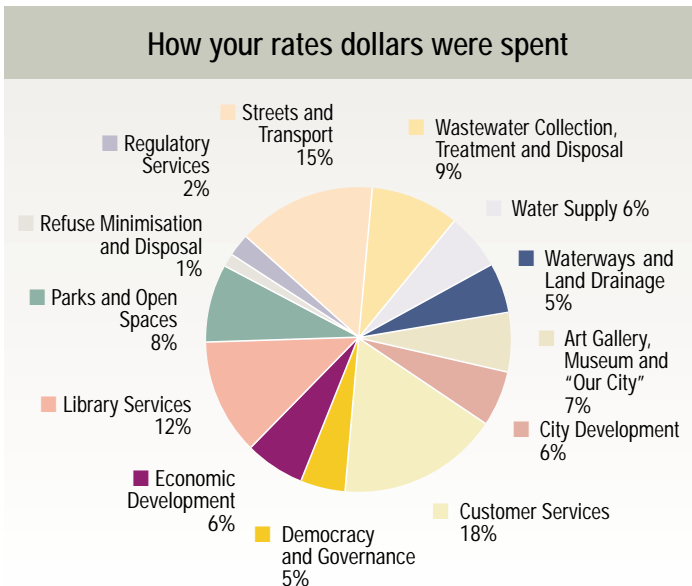
Parent results¹

Our operating surplus before asset contributions for the year was \$45.9m, \$29.6m ahead of the estimate. Contributions to this performance are outlined in note 24 of the full Annual Report and include: interest income of \$6.5m due to delayed capital spending and higher interest rates; \$6.2m of capital contributions, consent fees and other related income due to higher than planned subdivision activity; depreciation of \$1.4m less than plan due to delayed capital spending and a decrease of \$1.4m in the closed landfill expense provision.

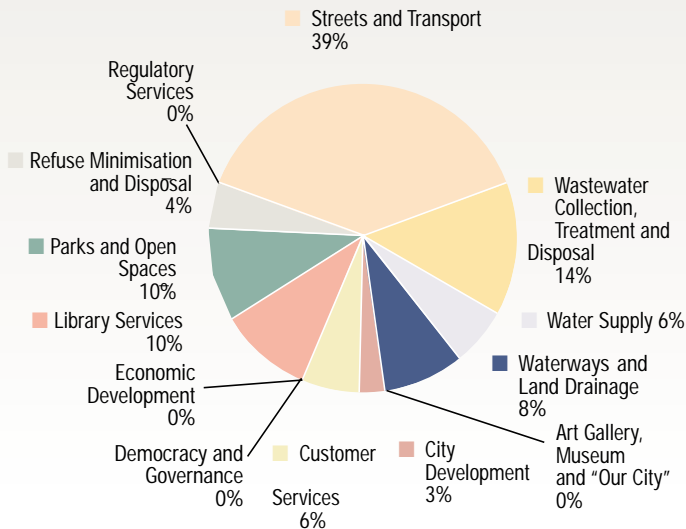
The Council has continued to strive to deliver cost-effective services, allocating the \$167.9 m of rates collected across the areas as detailed in the pie chart below.

Our statement of Financial Position reflects the Council's strong position with a growth in equity of over \$64 million to a new high of \$4.2 billion. This strength supported the Council's ability to deliver \$87 million of new capital expenditure (see pie chart on facing page).

Major capital projects progressed during 2004/05 include the Parklands Library and Upper Riccarton Library (\$2.8m), the Ocean Outfall consent and investigation (\$1.6m), strategic Waterways and Wetlands land purchases (\$2.1m), and the Belfast pressure main (\$1.2m). Other significant items included additional library book purchases (\$3.6m), carriageway surfacing and sealing and footpath resurfacing (\$8.1m), and treatment plant improvements (\$1.6m).



Capital expenditure by group of activities



Group Result

The Group covers the Council and its trading operations per the organisation chart on page 15. The numbers reflect the financial strength and size of the organisation as a whole.

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 & Poors (S&P). The agency affirmed the Council's and the Council's holding company,

Christchurch City Holdings Limited long-term rating of AA+ and short-term rating of A-1+, and said the outlook was stable. S & P said "fiscal flexibility to adjust rates and a transparent and forward-looking corporate governance structure also support the rating".

In 2001 the rating was lifted from AA to AA+, the agency's second-highest ranking. Only three New Zealand local authorities have earned this rating or better. The short-term rating is the highest possible.

Summary Financial Statements

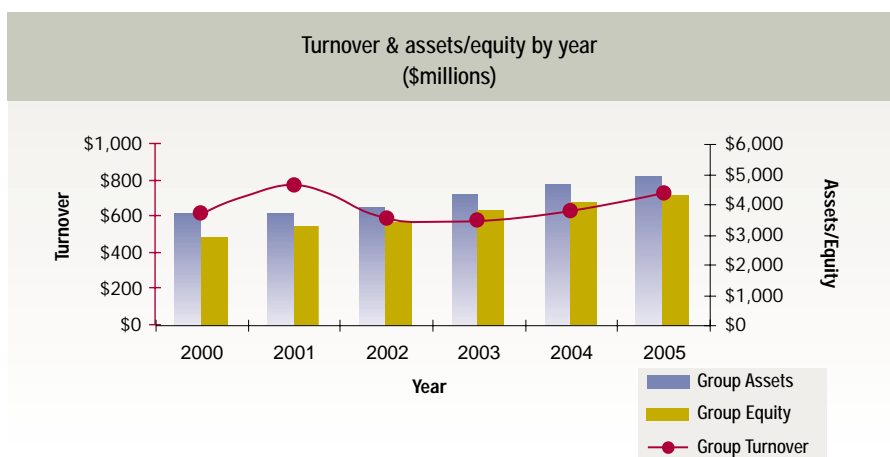
The information included in the Summary Financial Statements has been extracted from the audited full financial report and authorised for issue by the Council on 15 September 2005.

Summary Statement of Financial Performance for the year ended 30 June 2005

	Parent			Group	
	2005	2005	2004	2005	2004
	Actual	Plan	Actual	Actual	Actual
	\$000's	\$000's	\$000's	\$000's	\$000's
Operating income	343,889	321,155	357,331	719,924	629,318
Operating surplus					
before asset contributions	45,853	16,252	44,383	111,709	43,899
Asset contributions	19,730	15,274	107,180	19,730	107,180
Operating surplus before tax	65,583	31,526	151,563	131,439	151,079
Less tax expense/(benefit)	-	-	-	31,058	32,724
Surplus after taxation	65,583	31,526	151,563	100,381	118,355
Minority interests in					
surpluses of subsidiaries	-	-	-	(13,521)	(9,142)
Net surplus for year	65,583	31,526	151,563	86,860	109,213

Summary Statement of Financial Position As at 30 June 2005

	Parent			Group	
	2005	2005	2004	2005	2004
	Actual	Plan	Actual	Actual	Actual
	\$000's	\$000's	\$000's	\$000's	\$000's
Equity *	4,161,753	4,004,793	4,097,794	4,304,057	4,038,070
Non-current liabilities	113,188	120,262	68,561	465,886	462,657
Current liabilities	64,232	53,540	93,883	166,253	160,376
Total equity and liabilities	4,339,173	4,178,595	4,260,238	4,936,196	4,661,103
Represented by:					
Current assets	336,205	246,020	314,000	425,237	378,415
Non-current assets	4,002,968	3,932,575	3,946,238	4,510,959	4,282,688
Total assets	4,339,173	4,178,595	4,260,238	4,936,196	4,661,103
* Minority interest included in group equity				178,216	135,405



Summary Statement of Movements in Equity for the year ended 30 June 2005

	Parent			Group	
	2005 Actual \$000's	2005 Plan \$000's	2004 Actual \$000's	2005 Actual \$000's	2004 Actual \$000's
Equity at 1 July	4,097,794	3,973,267	3,908,359	4,038,070	3,799,959
Net surplus attributable to:					
Parent entity shareholders	65,583	31,526	151,563	86,860	109,213
Minority interests	-	-	-	13,521	9,142
Increases/(decreases) in reserves	(1,624)	-	37,872	136,316	121,204
Total recognised revenues and expenses	63,959	31,526	189,435	236,697	239,559
Distribution paid and provided to minority interests	-	-	-	(9,604)	(14,321)
Other movements in minority interests	-	-	-	38,894	12,873
Equity at 30 June	4,161,753	4,004,793	4,097,794	4,304,057	4,038,070

**Summary Statement of Cash Flows
for the year ended 30 June 2005**

	Parent			Group	
	2005	2005	2004	2005	2004
	Actual \$000's	Plan \$000's	Actual \$000's	Actual \$000's	Actual \$000's
Net cash flow from					
operating activities	93,381	79,854	141,769	176,312	170,777
investing activities	(92,501)	(129,777)	(93,209)	(130,647)	(165,856)
financing activities	10,873	1,683	(2,649)	(34,118)	36,898
Increase/(decrease) in cash	11,753	(48,240)	45,911	11,547	41,819
Inter-entity transactions					
between balance dates	-	-	-	7,010	131
Add opening cash	287,687	259,363	241,776	317,414	275,589
Exchange fluctuations	-	-	-	-	(125)
Ending cash balance	299,440	211,123	287,687	335,971	317,414

Groups of Activities - Service Delivery Performance for the year ended 30 June 2005



























The Council aims to contribute to the cultural, environmental, social and economic well-being of the community through nine Community Outcome areas. For further information on Community Outcomes and their linkage to the Groups of Activities please refer to the full Annual Report.

This is the first year Council is reporting against the measures contained in its first Long Term Council Community Plan 2004/14 (LTCCP) and details can be found with the Performance Reports for Groups of Activities in the full financial statements (in the full Annual Report).



The first Community Plan was very much a trial run and saw an increase in the number of performance measures we were to report upon. This has proved challenging.

While our results are somewhat mixed against these many measures, delivery of activities in support of the Community Outcomes has been sound and we continue to meet the service levels of our Asset Management Plans. Looking forward towards the next Community Plan, we will include fewer, more meaningful measures, that will ensure stronger connections to our Community Outcomes and service delivery.




It is pleasing to note that all but two Groups of Activities operated within the planned net cost with Community Services and Economic Development just 0.1% and 5.2% over planned net cost respectively. The variance in Economic Development is related to two years grants payments being made in 2004/05.

Financial Performance	Groups of Activities	Service Measures Achieved	Planned Targets Measured
	Art Gallery, Museum and "Our City"		30 of 30
	City Development		21 of 31
	Community Services		61 of 67
	Democracy and Governance		11 of 11
	Economic Development		30 of 32
	Library Services		18 of 20
	Parks and Open Spaces		27 of 27
	Refuse Minimisation and Disposal		11 of 11
	Regulatory Services		36 of 37
	Streets and Transport		38 of 41
	Wastewater Collection, Treatment and Disposal		5 of 6
	Water Supply		8 of 9
	Waterways and Land Drainage		7 of 7

Financial Performance

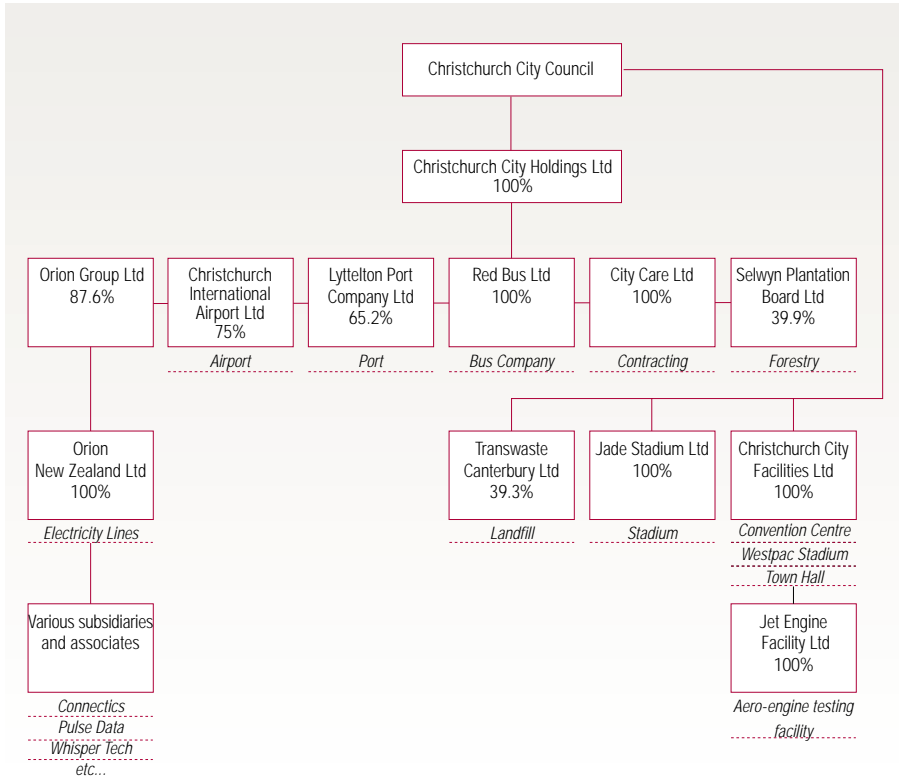
-  Within planned net cost*
-  Exceeded planned net costs

Service Measures Achieved (Excludes targets not measured)

-  75% to 100%
-  50% to 75%
-  below 50%

Christchurch City Council Group Structure

Council's group structure and percentage ownership (excluding non-trading companies) is as follows:





Notes to the Financial Statements for the year ended 30 June 2005.

1. Accounting Policies

Basis of Preparation

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary financial report has been extracted from the full audited annual report dated 15 September 2005.

Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Council.

Users who require additional information are encouraged to access the full Council Annual Report on the Council website at www.ccc.govt.nz. Users who do not have access to the website can request a printed version from the following address:

General Manager, Corporate Services
Christchurch City Council
PO Box 237
Christchurch

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

2. Changes in Accounting Policy

There have been changes in accounting policies in the current accounting period in relation to the valuation of non-current assets of Lyttelton Port Company and Red Bus Limited, both Council Controlled Trading Organisations through the Council's subsidiary Christchurch City Holdings Limited.

Port Land, Buildings and Harbour Structures and Public Transport Land and Buildings have been revalued at 30 June 2005.

AUDIT REPORT

To the readers of Christchurch City Council's Summary Annual Report for the year ended 30 June 2005

We have audited the summary annual report.

Unqualified opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
• the information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 15 September 2005, on:

- the full financial statements; and
• the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. In addition to the audits we carried out a review assignment and four audit assignments for subsidiaries within the group. Other than the audits and these assignments, we have no relationship with or interests in Christchurch City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

[Handwritten signature]

D Menon
Audit New Zealand

On behalf of the Auditor-General
Christchurch, New Zealand
30 September 2005