

6. 2006 ANNUAL REPORT

General Manager responsible:	General Manager Corporate Services, DDI 941 8450
Officer responsible:	Corporate Finance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to present for adoption by Council the 2006 Annual Report containing the audited financial statements of the Christchurch City Council (CCC) for the year ended 30 June 2006.

EXECUTIVE SUMMARY

2. The Annual Report circulated with the agenda is intended to provide financial and non-financial information regarding the Council's operations for the year ended 30 June 2006, as required by Schedule 10 of the Local Government Act 2002.

Parent Financial Result

3. The Council's operating surplus before asset contributions was \$27.2M, \$13.3M ahead of plan. Contributions to this outcome are outlined in Note 24 to the financial statements, and included higher than expected dividend revenue from Christchurch City Holdings Limited, and higher than planned interest income.
4. The net surplus for the year was \$51.0M, \$14.5M lower than in 2005. This was a result of higher depreciation, maintenance and other charges, and lower revenues (including waste minimization levies not charged, owing to the High Court decision).
5. The Statement of Financial Position reflects the organisation's strength, with total assets of \$5.2 billion. This is \$687M higher than plan, primarily due to the strong operating result, the inclusion of Banks Peninsula, and revaluations of certain assets.

Group Financial Result

6. Group net surplus is \$35.8M lower than the prior year. \$14.5M relates to the lower parent surplus noted above. The remaining variance of \$21.3M is a result of Group operations. Specifically, Orion Group Limited's realised gain on sale of \$22.7M of its EDL shares in March 2005 was not repeated in the 2006 financial year.
7. Group total assets have increased \$654M, to \$5.6 billion.

FINANCIAL AND LEGAL CONSIDERATIONS

8. Pursuant to s98 of the Local Government Act 2002, the Council must prepare and adopt an annual report in respect of each financial year. The report must be adopted by resolution within four months after the end of the financial year to which it relates.
9. Within one month of the adoption of its annual report, the Council must make publicly available:
 - Its annual report, and
 - a summary of the information contained in the annual report.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Resolve to adopt the 2006 Annual Report as presented.
- (b) Authorise the General Manager Corporate Services to make changes as required for publishing the Annual Report.
- (c) Authorise the General Manager Corporate Services to produce and publish the Annual Report and Summary Annual Report within the statutory timeframes.