7. CHRISTCHURCH CITY COUNCIL PERFORMANCE REPORT (AS AT 30 JUNE 2007)

General Manager responsible:	General Manager Corporate Services, DDI C/- 941-8528
Officer responsible:	Acting Corporate Finance Manager Corporate Performance Manager
Author:	Roy Baker, General Manager Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to update the Council on performance and financial results for the 2006/07 financial year.

EXECUTIVE SUMMARY

2. Attached are appendices showing:

   - Corporate performance report as at 30 June 2007 (Appendix 1),
   - Financial performance as at 30 June 2007 (Appendix 2),
   - Significant Capital Projects (financials) as at 30 June 2007 (Appendix 3),
   - Balance Sheet as at 30 June 2007 (Appendix 4).

3. This is the sixth and final monitoring report for the 2006/07 financial year. It is important to note that these are the unaudited management results. The audited accounts will be with the Council in September when it approves and adopts the 2006/07 Annual Report. I do not expect any significant variances, unless they are of a technical accounting nature.

Service Delivery Performance

4. The attached report shows the Council's performance in delivering its levels of service.

5. The levels of service are those resolved upon by the Council in the 2006-16 LTCCP.

6. Please note that apart from transactional areas (licensing etc) most Council levels of service do not have month to month statistical results. Traditionally this has meant that performance was not monitored extensively until the end of the financial year, by which time corrective action is not possible.

Financial Performance

7. The plan reflected in these financial reports is the Management Plan.

8. The year end operational result is a $43.6m surplus, $9.7m better than planned.

9. Capital expenditure of $164.5m was $3.1m higher than planned, after carrying forward $28.1m for incomplete work in progress. The vesting of assets in the Council is 33% ($7.6m) less than planned. When looking at Appendix 1, it should be noted that the capital finance bars reflect the position after allowing for the carry forwards, while the capital programme delivery bars reflect the original capital programme.

Operating Costs and Revenues

10. The following comments relate to activity results, with item numbers cross referenced to appendix 2.

    (a) Central City Revitalisation - reprioritisation from the Council on the delivery of strategies has resulted in a $400k variance.

    (b) City and Community Forward Planning - consultants' fees are the main contributor to the under spend which occurred mainly in the following areas: Healthy Environment $524k, Strong Community $282k, Greenfield future development plan $131k, Monitoring and research $135k, and Economic Prosperity $256k. This is because some policies have been delayed by the Council, with staff vacancies also reducing costs.

(c) Community Support - the $200k funding for needs analysis and programme evaluations was unused for community group liaison. There has also been $129k under spent on staff costs in community engagement as a result of more time being spent on facilities management. In addition, $214k under expenditure has occurred against target groups project funding, principally the Aranui project ($79k), and safety projects ($49k).

(d) Parks - there was a restructure between regional parks, Botanic Gardens, City wide parks, garden and heritage parks, Mona Vale, Hagley Park, and community facilities early in the year which has resulted in cost reallocations. In addition harbour and marina expenditure was $450k under budget owing to the Lyttelton Marina project having been delayed.

(e) Waterways and land drainage - a net under spend of $780k relating to contracts and $534k of staff costs.

(f) Parks and Waterways Capital Revenues - while it appears there is a large increase in capital revenues for reserves, the vesting of reserves must be considered in tandem as the Council either receives a financial contribution for reserves or a land. Vested assets has a variance of $4,332k for reserves giving a net positive variance of $1,151k, which would indicate there is an increase in the volume of development compared to plan.

(g) Pools and Leisure Centres - there has been additional revenue received due to increased membership renewals, together with large numbers registered for learn to swim classes and increased numbers through the facilities. The numbers through the facilities is 60% higher than target. Offsetting this additional revenue, the closure of Jellie Park (in April 2007 for a $12 million dollar redevelopment)) resulted in a $2.3 million unbudgeted write off following the demolition of the old buildings, which has driven the behind budget position.

(h) Refuse Transfer and Disposal - a $500k saving on the inner city collection contract is due to more effective management of the contract. A $770k reduction in the landfill after care liability is also recognised due to expenditure incurred during the year and a recognition of a reduction in the anticipated expenditure going forward.

(i) Waste Minimisation - the kerbside collection contract cost was under budget by $80k despite the collection increasing by 869.36 tonnes. Commercial waste reduction programmes came within budget by $296k mainly due to staffing constraints in the early part of the year delaying the planning and implementation of the programme. The regional waste minimisation programme was scaled back resulting in both contractual costs and staff costs coming within budget to produce a saving of $62k. The contract with Terra Nova was renegotiated resulting in savings to the Council of $396k.

(j) Regulatory Approvals - a continuation of the buoyant building industry has led to high numbers of building consents processed. This has led to building consent revenue being $674k higher then budgeted and in addition the buoyant housing market has led to land information memoranda being $248k higher than anticipated. Offsetting this, building consent expenditure is $989k over budget as a result of additional staff costs and other operational costs required to cope with the increased work volumes and to undertake this work within statutory deadlines. Processing costs for resource consents are $524k above budget as a result of the high workload, with consultants contracted to ensure that statutory timeframes are met.

(k) Public Passenger Transport - resulting from lower road network and transport planning costs owing to staff vacancies.

(l) Streets - On Street Parking over-estimated revenues for the year by $2.1m. $3.8m was collected (comparable to the 2005/06 year) compared with a plan of $5.9m. LTNZ revenue is $2.0m ahead of plan due to the additional costs incurred in street maintenance contract costs which are $5.2m over budget. There is a favourable $554k unplanned gain on the disposal of land relating to the Opawa Road project but offsetting this there is an additional loss on write off of assets of $1.8m predominately for footpaths, street lighting, and the old parking meters.

(m) Streets Capital Revenues - reflects the higher LTNZ claim on the capital programme owing to increased costs.

(n) Wastewater Collection - the main contributing factors to the savings were the lower than average costs in maintaining the reticulation network over the last 12 months, and the lower than anticipated depreciation on the sewer laterals.

(o) Wastewater Treatment and Disposal - staff time was below plan by $500k, $356k savings resulted from biosolids being sent to the Burwood landfill rather than being spread over farmland, rental revenue was $200k higher than budgeted due to renegotiated contracts, and there was an additional $280k revenue received for energy sold to the national grid.

(p) Wastewater Capital Revenues - while there appears to be an increase in development over this year, there is a reduced income stream from DCP's for infrastructural assets. This is mainly owing to a timing issue with invoicing relating to the change over from the old scheme to the new.

Capital Expenditure

(q) Parks and Open Spaces - the result is reflective of a number of overspends on a variety of greenspace projects during the year. Most notably there were overspends on Snellings Drain ($213k), Addington Cluster Rain Gardens ($215k) and the Heathcote Heritage Park Pavilion ($221k) in the 2006/07 financial period.

(r) Streets and Transport - the $3.7m overspend mainly relates to additional expenditure in the kerb and channel (K&C) programme of $3.1m, being $2.7m on renewals and replacements and $413k on new K&C. This arose from overspends required to deliver the K&C renewals and replacements KPI target length of 15kms in the 2006/07 financial year. The increase in costs was reflective of the cost per metre of K&C during the year being notably higher than originally budgeted. In addition to this there was a $388k overspend on property purchases required to deliver the transport programme. Most notable of these was money spent on a property purchase in Opawa Road. The balance of the overspend relates to the impact of increased costs on other projects.

STAFF RECOMMENDATION

It is recommended that Council receive the report.