

AUDIT AND RISK MANAGEMENT SUBCOMMITTEE AGENDA

WEDNESDAY 29 SEPTEMBER 2010

AT 12.30PM

IN THE NO. 2 COMMITTEE ROOM, NEW CIVIC OFFICES, 53 HEREFORD STREET

Subcommittee: The Mayor, Mr Bob Parker
Councillors David Cox, Bob Shearing, Gail Sheriff, and Chrissie Williams,
and Messrs John Hooper and Michael Rondel.

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1. APOLOGIES

2. ANNUAL REPORT FOR AUDIT AND RISK SUBCOMMITTEE MEETING

General Manager responsible:	General Manager, Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Diane Brandish

PURPOSE OF REPORT

1. The purpose of this report is to present for review by the Audit and Risk Subcommittee the annual report of the Christchurch City Council (CCC) for the year ended 30 June 2010.
2. Under section 98 of the Local Government Act 2002 a local authority must prepare and adopt in respect of each financial year an annual report. Each annual report must be completed and adopted by resolution, and within one month after the adoption of its annual report, the local authority must make publicly available:
 - (a) its annual report; and
 - (b) a summary of the information contained in its annual report.

EXECUTIVE SUMMARY

3. Attached as **Appendix 1** (previously circulated to Subcommittee members) is a copy of the Annual Report for the year ended 30 June 2010. Attached as **Appendix 2** is a reconciliation of the accounting surplus to the cash surplus.
4. At the time of forwarding this report to the Subcommittee, Audit NZ have examined the financial statements and accompanying reports of the group but have not finally signed off on the report.
5. A representative of Audit NZ will be in attendance at the Committee meeting to answer any questions regarding the accounts.
6. This result differs from the result reported in the Performance Report received by the Council on 26 August 2010. While the reported cash surplus of \$10.3 million has not changed, there has been a \$13.7 million deterioration in the accounting surplus, largely due to asset impairments and fair value and deferred tax adjustments. A reconciliation of the accounting surplus to the cash surplus is provided in **Appendix 2**.
7. The Council's accounting surplus for the year, inclusive of vested asset contributions, was \$107.9 million, \$16.8 million (13.5%) below plan. A detailed analysis of the variance is set out in note 41 of the Annual Report, but the key variances include:
 - vested assets, down \$9.2 million,
 - development contributions, down \$5.9 million,
 - deferred income tax \$1.9 million,
 - other cash revenues, up by \$5.0 million; this is primarily licence fees and a \$1.4 million gain on disposal of property,
 - higher expenses as detailed below, \$4.8 million.
8. Overall, expenses were \$4.8 million above plan. The main variances were:
 - employee costs higher than plan, \$2.7 million;
 - interest expense lower than plan, \$3.8 million; this is mainly due to lower interest rates and the delayed delivery of the capital programme,
 - other expenses lower than plan, \$2.2 million;
 - impairment of assets, \$9.8 million, offset by lower depreciation of \$5.5 million; the impaired assets are the loan to Tuam Limited and several minor investments, the lower depreciation is largely the result of the delay in the delivery of the previous year's capital programme,
 - fair value reduction on assets, \$3.5 million.

9. Other comprehensive income contributed a further \$204.9 million towards the Council's total comprehensive income for the period, net of tax. The key components were:
 - property plant and equipment revaluation, \$356.6 million; roading and water supply assets were revalued as part of a rolling three year programme,
 - losses from investment revaluations, \$113.0 million; the value of Vbase Limited was written down \$30.0 million reflecting the impact of the change in legislation around the treatment of deferred tax, and the value of CCHL was written down by \$83.0 million. This reflects the reduction in CCHL's net asset position as a result of paying the special dividend to Council, a reduction in the value of Orion New Zealand Limited offset by an increase in the value of Christchurch International Airport Limited. Detail is provided in Note 16 of the Annual Report.

10. \$201.1 million was invested in capital projects during the year. Those completed include:
 - the commissioning of the Ocean Outfall project, (\$6 million of an \$83.3 million project),
 - completion of the Burwood gas pipeline, \$2.2 million. Gas reticulation pipelines now run to the drying facility at the Christchurch Wastewater Treatment Plant where it will be used to dry waste, and to the Art Gallery and new Civic building for heating, in addition to the original pipeline to QEII
 - completion of the City Mall enhancement, \$4.5 million,
 - completion of the Akaroa Museum storage facility, \$0.6 million,
 - enhancement of the land around AMI Stadium, \$0.75 million,
 - completion of the Awatea Basin for land drainage, \$8.0 million,
 - development of the artificial hockey pitch at St Bede's College, \$0.3 million, redevelopment of the Wharenui Pool, \$0.9 million and,
 - an upgrade of the Birdlings Flat water treatment to meet the requirements of drinking water standards, \$0.3 million.
 - plant and fit-out for the new Hereford Street civic offices, \$10.6 million,
 - for ongoing development of IT equipment and software, \$9.4 million,
 - strategic land purchases including purchases at Ruapuna, \$3.6 million, Te Oka farm, \$3.2 million, and land required for land drainage, \$2.4 million.

11. In addition \$49.2 million was invested in equity in Vbase Limited. This included a net \$10 million to fund AMI Stadium, (\$15 million was received from Central Government and invested in Vbase and \$5 million of Council's equity was repaid) and \$38.5 million funded the transfer of the Town Hall and the commencement of its refurbishment.

12. Projects progressed include:
 - expenditure on the road corridor, \$39.3 million,
 - bus priority lanes, \$6.6 million,
 - the Biosolids Drying Facility, \$19.1 million,
 - work on the extended tram base in preparation for the Rugby World Cup, \$1.7 million,
 - ongoing work for the planned Transport Interchange, \$6.9 million and,
 - further work on the Western Interceptor sewer upgrade, \$8.1 million,
 - Graham Condon Leisure Centre, \$3.8 million,
 - housing improvements, \$3 million and
 - community centre upgrades, \$1.3 million, including the purchase of land for the St Albans Resource centre upgrade.

13. The Council's balance sheet reflects its strong financial position with total assets of \$7.3 billion and net assets of \$6.9 billion. Equity increased by \$348.8 million, comprising \$240.9 million of gains on revalued assets and investments and the \$107.9 million surplus.

14. The Council has five financial ratios which form a key part of its financial risk management strategy. All five actual results fell well within policy limits.

FINANCIAL IMPLICATIONS

15. There are no financial or legal implications.

STAFF RECOMMENDATION

It is recommended that:

- (a) The General Manager Corporate Services be authorised to make changes as required by Audit NZ to correct errors in preparation for presentation of the report to the Council on 30 September 2010.

- (b) The Christchurch City Council 2010 Annual Report be forwarded to the Council for adoption.

Christchurch City Council

Annual Report 2010

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0040 – Council vision

The Christchurch City Council has a vision for this city:

“Our future Christchurch is a world-class boutique city, where people enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and peninsula.”

1000 – Introduction

Annual Report 2010
Christchurch Otautahi

Welcome to the Christchurch City Council's Annual Report 2010. The introduction to this report describes what sort of city we live in and outlines the Council's vision for the future. It includes a message from Christchurch Mayor Bob Parker and Council Chief Executive Tony Marryatt, reflecting on the Council's achievements over the past year.

1005 – What is the Annual Report?

The Annual Report for the financial year July 2009 to June 2010 sets out what the Christchurch City Council did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how the Christchurch City Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they want for their city as part of our long-term planning process.

The report shows the Council's overall financial position and performance as measured by its achievement against its financial key performance indicators.

1010 – Message from the Mayor and Chief Executive

The past year has been a busy one for the Council and this Annual Report sets out our achievements and results for 2009/10.

As this report was being prepared in late-2010, Christchurch was struck by one of the region's worst natural disasters on record. The 4 September earthquake which rocked the city caused substantial damage to property and infrastructure, but mercifully, no lives were taken.

Those first days after 4 September showed the true character of our city as people came together to help each other get through the worst. It was a difficult time, but we can be proud of the way Christchurch responded.

Parts of the city were left without water or power for some time after the quake and the Council has a lot of work ahead to repair all of the damage. As a result, our work plans for coming years will be re-prioritised as we focus on getting the city back to normal.

This Annual Report details the work carried out by the Council in the 2009/10 financial year – we are already working on what needs to be done in the future.

As well as delivering the essential services necessary for the city, such as water supply, rubbish collection, library services and wastewater collection, this Council progressed or completed a number of major projects over the 12 months to 30 June 2010. At the same time, resident satisfaction with Council services has remained high. Our latest survey of residents found that 78 per cent of Christchurch people were satisfied or very satisfied with the performance of the Council in delivering city services. This is a pleasing result and one which the Council aims to maintain and improve upon in coming years, with a long-term programme of maintenance, capital development and growth which will carry our city into the future.

One of the highlights of the year was the opening of the Council's largest construction project to date – the \$83.3 million Ocean Outfall. This hugely technical engineering project was designed to improve our city's environment by depositing treated wastewater 3 kilometres out to sea via the new pipeline. The treated wastewater had previously been dispersed in the Avon/Heathcote Estuary.

We also made significant progress on implementing our Central City Revitalisation Strategy – which aims to make Central Christchurch a more attractive place to live, work, visit and do business. We completed the major City Mall renovation project in December 2009, and already businesses are returning to Christchurch's premier pedestrian shopping precinct. We have also started work on the Tram Extension Project. The first stage of the construction project will see the tram travel as far as the corner of Poplar, High and Tuam Street in time for the Rugby World Cup 2011. In February 2010, the Council adopted a new action plan for the Central City, based on Danish urban designer Jan Gehl's review of central Christchurch. The action plan is a 12-year programme of activities, linked to the Council's three-yearly reviews of the Long Term Council Community Plan (LTCCP), which outlines 66 projects to be undertaken by Council to create a Central City which is vibrant, safe, attractive and where people want to spend their time.

Projects to enhance suburban Christchurch have also been progressed over the past year. Work started in June 2010 on the Graham Condon Recreation and Sport Centre. This is a partnership development, using Papanui High School land, and has been much-anticipated by the community. Resource consent was granted for the new Aranui Library in the same month. The new facility, which will provide a great resource for the local community, is due to open next year on Aldershot Street, bordering Wainoni Park.

The Belfast Area Plan was also adopted in 2010 which, alongside the South-West Christchurch Area Plan adopted in April 2009, provides a blueprint for future growth in Christchurch which is sustainable and well-managed. Lengthy public consultation formed the basis of these plans for development and city growth and they will help Christchurch's boundaries expand in a sensible and controlled manner.

Spanning the entire city, the Council has continued its programme of bus priority measures aimed at making public transport easier to use and more reliable. Bus lanes and other priority measures on the Papanui Road/Belfast route have proved successful, with travel times decreased and a rise in passenger numbers. The Council has also rolled-out bus priority routes on Colombo Street South and Queenspark via Hills Road. Work on improving our public transport infrastructure, with the aim of making our buses more efficient, will continue over coming years as demand on our roading system increases.

The Council has delivered these projects and continued its programme of city services and infrastructure development while achieving an operating surplus of \$4.5 million. We also exceeded targets for levels of service, with 90.4 per cent achieved over a target of 85 per cent.

International credit rating company Standard and Poor's confirmed the Christchurch City Council's AA+ financial rating in December 2009, unchanged from the previous year's rating. This reflects the Council's sustainable financial strategy, set out through our long term planning process, and our ongoing tight financial management.

On 7th September 2010, following the earthquake, Standard and Poor's placed the Council on negative watch until such time as it could be determined what additional borrowings, if any, the Council will incur.

It is pleasing to see strong results and achievements over the past year and we now look to the future to ensure our city continues to prosper.

Chief Executive Tony Marrayatt
Mayor Bob Parker

1020 – Statement of compliance

Compliance

The Council and management of the Christchurch City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Bob Parker – Mayor

Tony Marrayatt – Chief Executive

23 September 2010

23 September 2010

1050 – Christchurch at a glance

Christchurch is a bustling urban centre, bounded by the Pacific Ocean and Waimakariri and Selwyn Districts. Residents and visitors enjoy the excitement of city life in an environment that offers a myriad of recreation choices close at hand – from mountain biking in the Port Hills to relaxing at the beach. Christchurch truly is a wonderful place to live, work and play.

Known as the Garden City, Christchurch residents value their parks and open spaces. The most significant is Hagley Park: 165 hectares of wide-open spaces and mature woodlands which has been in the heart of the city since the 1850s.

Christchurch is also known as the gateway to New Zealand's South Island. Christchurch International Airport saw more than 6 million travellers in the year to 30 June 2010, and more than 1,100 ships carrying passengers, cars, coal and other bulk cargo came to our shores through Lyttelton Port last year.

Snapshot of the city

Population	386,100 people live in Christchurch
Diversity	Christchurch is home to 37 ethnicities, speaking 191 languages
House prices	The average house price in Christchurch is \$364,131
Recreation	Christchurch has 342 playgrounds, 109 sports parks, 47 garden and heritage parks, 87 riverbank parks, 629 local/community parks, and 84 regional parks, totalling around 8,830 hectares
Transport	Christchurch has more than 2,000 kilometres of roads, 2,509 kilometres of footpaths and 219 kilometres of cycle ways

The above information was sourced from QVNZ, Statistics New Zealand, 2006 Census of Population and Dwellings, Statistics New Zealand June 2010 population estimate and CCC Parks GIS Layer, 2009.

2000 – Highlights

Annual Report 2010
Christchurch Otautahi

The Christchurch City Council delivers the core services necessary to keep the city running, such as water supply and rubbish collection. It also undertakes large infrastructure, building and community projects to build an even better city for the future. Some of the highlights of the past year are outlined in this section.

2010 – Our achievements

In the past financial year, the Christchurch City Council has continued to provide those essential services necessary to keep the city running smoothly such as rubbish collection, water supply and the operation of libraries and leisure centres. At the same time, a number of new projects and services have been introduced to help achieve our vision of becoming a world-class boutique city. Highlights are set out below.

Ocean Outfall

Christchurch's biggest construction project to date – the \$83.3 million Ocean Outfall pipeline – was officially opened in March 2010. The outfall system includes a new pump station at the Christchurch Wastewater Treatment Plant oxidation ponds and a five kilometre pipeline. The system carries highly treated wastewater out to sea. Previously the wastewater was discharged into the Avon-Heathcote Estuary.

City Mall

The revitalisation of City Mall was completed and officially opened by the Mayor in December 2009. The pedestrian shopping precinct in the heart of the city underwent a major renovation to create an exciting new destination for visitors and residents, tying in with strategies to revitalise the Central City.

Bus priority

The Council continued its programme of bus priority in 2009/10, with the introduction of bus lanes and other priority measures on the Papanui/Belfast route, Colombo Street South and Queenspark via Hills Road. The measures have helped improve bus travel times and have resulted in an increase in passenger numbers.

Graham Condon Recreation and Sport Centre

Construction of the Graham Condon Recreation and Sport Centre started in June 2010. The \$13 million complex, which is being built on Papanui High School land, will boast an eight-lane, ramped 25-metre indoor swimming pool, a ramped spa pool, a ramped learners' pool, a separate toddlers' pool with wet deck and water toys, a 300 square metre sports hall and a new fitness centre.

Tram extension

Work started on the extension of Christchurch's Central City tram route in 2010. The Council approved the extension of the Christchurch tram route on 30 June 2009 and included funding for the project in its Long Term Council Community Plan 2009-19. The first stage of the tram extension, to the corner of High and Tuam streets, is to be completed in time for the Rugby World Cup 2011. Tram tracks have already been laid in City Mall as part of the revitalisation of the Central City pedestrian precinct.

Ellerslie International Flower Show 2010

Christchurch's second Ellerslie International Flower Show was held in 2010, with thousands of visitors once again enjoying the show. The success of the second event helped cement the show's new home in Christchurch, with visitors commenting on the improvements over the 2009 show and looking forward to next year.

Belfast Area Plan

The Council adopted the Belfast Area Plan in June 2010. It is the second area plan specifically developed by the Council to sustainably manage development in key greenfield areas around the city; the first was the South-West Christchurch Area Plan adopted in April 2009.

Aranui library

Resource consent for the new Aranui Library project was granted in June 2010. The eagerly awaited new library facility will be built on land in Aldershot Street, bordering on to Wainoni Park, and is due to open in the middle of 2011.

A City for people

The Council in February 2010 adopted *A City for People*, the action plan for the implementation of the Public Space Public Life Study developed by Danish urban designer Jan Gehl. The work includes developing a concept plan for a high-quality walk along Colombo Street from Victoria Square to the new Transport Interchange, and investigating a change for Colombo Street to one of shared priority for pedestrians, cyclists and public transport.

Akaroa Museum storage facility

The new Akaroa Museum storage building was officially opened February 2010. The new storage space, which is linked to the existing museum, will enable the collection of precious objects for the community to treasure well into the future.

2020 – Celebrating our success

City Mall

Christchurch's City Mall revitalisation project won a Gold Award at New Zealand's prestigious Landscape Architecture Awards. The awards, hosted once every two years by the New Zealand Institute of Landscape Architects, honour the best in landscape architecture from across the country. Project City Mall was a partnership between designers Isthmus Group, Reset Urban Design, the Christchurch City Council and construction contractor Downer.

Road safety

The Council's City Environment Business Support team won the NZ Traffic Institute (TRAFINZ) Leadership Award for Road Safety Programmes "for outstanding performance and contribution towards safety and sustainability in Transport in New Zealand". The award, developed to recognise organisations, individuals or committees that have made an outstanding contribution and have demonstrated leadership in transportation safety and sustainability, was presented on 7 September 2009.

New Zealand Planning Institute

The Council received two 2010 Nancy Northcroft Planning Practice Highly Commended Awards from the New Zealand Planning Institute. They were awarded to Boffa Miskell and Christchurch City Council for the Christchurch Central City Residential Capacity Study and to Christchurch City Council for the Akaroa Harbour Basin Settlements Study.

Ellerslie International Flower Show

Christchurch City Council was well-recognised by judges at the 2010 Ellerslie International Flower Show.

- Christchurch Botanic Gardens won the show's Supreme Award for its "Life and Death" exhibition garden, on top of a Gold Award and a Gold Lighting Award. The team from the gardens also won a Silver Distinction for its bedding display.
- The Council's Capital Programme Group won a Bronze Award for its playground exhibition garden.

Institute of Professional Engineers of New Zealand

City Water and Waste Unit Manager Mark Christison was made a Fellow of the Institution of Professional Engineers of New Zealand (IPENZ) in April 2010. IPENZ recognised Mark for his contribution to the advancement of engineering practice and application of engineering and technology in the community. In particular, he was recognised for his contribution to establishing long-term public and private contracts as a viable service delivery method within New Zealand's local government.

Civic Awards

The Council's Capital Programme Group won a Civic Award for its Community Shelter on Cashmere Village Green in October 2009.

Christchurch Art Gallery

Christchurch Art Gallery Te Puna o Waiwhetu won top honours in the Exhibition Excellence category at the 2010 New Zealand Museums Awards in April 2010. The Selecon Award for Exhibition Excellence was granted to the exhibition *Brought to Light: A New View of the Collection*. A complete redevelopment and rehang of the Christchurch Art Gallery's collection, it is the largest single exhibition project the Christchurch Art Gallery has undertaken since opening seven years ago.

Christchurch City Libraries

Christchurch City Libraries was one of three finalists in the Best Content (Corporate) section of the Onya awards, which celebrate the design, development and creation of New Zealand websites and applications.

3000 – Your Council

Annual Report 2010
Christchurch Otautahi

The Council is a large organisation with many facets and responsibilities. In this section you will find out who makes up the Council, how the organisation works and what activities it carries out.

3005 – How the Council works

Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Elections are held every three years to select the people who will act and speak for our community.

Council

The Mayor and 13 Councillors govern the city and ensure the needs of its residents are met. They make decisions for Christchurch's future, plan the way forward and are accountable for delivering what the community has identified as necessary for its cultural, economic, environmental and social well-being.

In 2005, the Council asked the community what these goals should be. They are called the Community Outcomes; our residents have determined Christchurch will be:

- a safe City
- a City of inclusive and diverse communities
- a City of people who value and protect the natural environment
- a well-governed City
- a prosperous City
- a healthy City
- a City for recreation, fun and creativity
- a City of lifelong learning
- an attractive and well-designed City

Community Boards

At a local level, eight Community Boards represent and act as advocates for the interests of their communities. Community Board members advise the Council on local needs, community views and how Council proposals will affect their communities.

The Community Boards span seven wards across the city. The metropolitan wards, each represented by two Councillors and five Community Board Members, are:

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

The Banks Peninsula ward, because of its diversity and size, is represented by one Councillor and two Community Boards – Akaroa/Wairewa and Lyttelton/Mt Herbert, each consisting of five Community Board Members.

The Council organisation

The Council is responsible for employing the Chief Executive – the only member of staff who reports directly to elected members. Tony Marryatt was employed as the Chief Executive of the Christchurch City Council in May 2007. He employs all the other staff in the Council.

Council structure

The Council's organisational structure is designed to ensure its services are provided as effectively as possible. To achieve this, Council activities and services are divided into eight groups, each headed by a General Manager, they are:

- Capital Programme
- City Environment
- Community Services
- Corporate Services
- Human Resources
- Public Affairs

- Regulation and Democracy Services
- Strategy and Planning

Within these groups, various community units are tasked with providing specific services to the community and organisation. The services and activities provided by the City Council are wide and varied, from rubbish collection, roads and water, to the Botanic Gardens, Christchurch Art Gallery, City libraries and the funding of festivals and events.

These activities are grouped into 12 Council Activities and Services. Find out more about these groups in the upcoming sections: Our activities at a glance, or for an in-depth view, Council activities and services.

3010 – Community Outcomes

Community Outcomes

Christchurch people have described what sort of city they want to live in; they have set nine goals for our future and the Christchurch City Council is responsible for achieving them. We call these nine goals our Community Outcomes and everything the Council does is focused on reaching them.

Our residents want Christchurch to be:

- a safe city
- a city of inclusive and diverse communities
- a city of people who value and protect the natural environment
- a well-governed city
- a prosperous city
- a healthy city
- a city for recreation, fun and creativity
- a city of lifelong learning
- an attractive and well-designed city.

How did we identify our goals?

In 2005, before the release of the Christchurch Long Term Council Community Plan 2006–2016, the Council asked residents what sort of city they wanted to live in. It reviewed public consultations, interviewed stakeholders and considered Government strategies. The result was the set of nine goals – which were confirmed by elected members and now steer Council activities.

The Community Outcomes are aligned with other Council planning documents and processes, which themselves are the result of consultation with the community. Submissions on significant policies, such as the City Plan, were considered as part of the Community Outcomes identification process.

How do we achieve our goals?

Our goals must be measurable. That way, the Council can see where it is operating correctly and where there is room for improvement. To do this, we have set up a range of monitoring processes for each goal. These are outlined in more detail in the following section.

The Community Outcomes are set for the city as a whole: the Council is just one contributor to their achievement, and works with a wide range of community groups and other agencies to attain them. By promoting partnerships and working alongside other local and regional organisations, Central Government, non-governmental organisations, Māori and the public sector, we are more likely to achieve lasting results in the community.

The Council continually monitors performance in these areas to make sure it is on the right track. It is required to produce a monitoring report at least once every three years, to identify where progress is being made and what areas require more attention. A summary of the 2009 report is included in this section. The full monitoring report is online at www.ccc.govt.nz/LTCCP/CommunityOutcomes/Monitoring/



1. Security

A safe city

Community outcome

We live free from crime, violence, abuse and injury. We are safe at home and in the community. Risks from hazards are managed and mitigated.

We will know we are succeeding when

- rates of crime and injury decline.
- people feel safe at all times in Christchurch.
- we have excellent safety networks, support people and services.

Progress is measured using these headline indicators

- hospital treatment for accidents
- total offences
- notifications to child protection agencies
- perceptions of safety
- road casualty statistics

How are we doing as a community?

Violence, particularly fuelled by drugs or alcohol, is the biggest safety concern for the city. Overall crime levels have trended downwards over the last 10 years, with reported offences per 1000 people declining by 21 per cent between 1999 and 2008.

While levels of crime compare favourably with other places in New Zealand, perceptions of safety are comparatively low particularly in the central city. People feel safer in their homes and neighbourhoods than in the central city after dark – 38 per cent of people feel safe or very safe in the central city after dark.

Road fatalities and serious injuries have trended downwards over the last five years, although serious road injuries increased by 40 per cent between 2006 and 2007.

There has been an increase in the amount of child abuse reported but this is not proportional to the amount of abuse found. People are becoming more prepared to speak out about violence and in particular, family violence. To make Christchurch safer, a number of agencies are collaborating to reduce violence particularly in the central city.

In 2008, less than half the community was prepared for a natural disaster, with only 36 per cent of people having water to last for the recommended three days or more.



2. Community

A city of inclusive and diverse communities

Community outcome

Our diversity is seen, heard, valued and celebrated. All people feel a sense of belonging and participate in the community.

We will know we are succeeding when

- our city is built on strong communities.
- a diverse range of people feel at home in Christchurch.
- everybody is able to participate, particularly those who are most vulnerable.

Progress is measured using these headline indicators

- New Zealand deprivation index
- income gap between low and high income earners
- perceptions of ethnic diversity
- māori language speakers
- perceptions of quality of life
- perceptions of community support

How are we doing as a community?

Local community connections are generally strong with 52 per cent of people having a sense of connectedness within their neighbourhood. Resident surveys report that people continue to have a high overall quality of life (91 per cent of people rate their quality of life good or very good).

A number of agencies are working to assist the resettlement of new migrants. There is value in capitalising on what new migrants can bring to Christchurch and for the host community to be accepting of those who differ from the mainstream community. For newcomers to be fully integrated they need to become part of mainstream programmes and the community.

Retaining language is an important aspect of maintaining cultural identity. Twenty five percent of Māori in 2006 could speak Te Reo Māori.

A strong economy in the last few years has meant that many have been able to obtain jobs, including new migrants. This has resulted in more people being able to participate in the community. However, for those at the bottom of the economy, particularly those on benefits, the situation has become worse because of increasing basic living costs such as dairy products, other foods and petrol.

Christchurch has a smaller percentage of people living in areas categorised as having high deprivation than the rest of New Zealand. The challenge is lifting the situation of people at the bottom end of the economic scale and in particular, lifting their children out of poverty.



3. Environment

A city of people who value and protect the natural environment

Community outcome

Our lifestyles reflect our commitment to guardianship of the natural environment in and around Christchurch. We actively work to protect, enhance and restore our environment for future generations.

We will know we are succeeding when

- everybody takes responsibility for their impact on the natural environment.
- biodiversity is restored, protected and enhanced.
- we manage our city to minimise damage to the environment.

Progress is measured using these headline indicators

- tonnes of waste to landfill
- liquid waste
- total ground water use
- renewable versus non-renewable energy consumption
- waste recycling
- recreational water quality
- number and area of ecological heritage sites

How are we doing as a community?

Climate change is an environmental issue for Christchurch as it is for the planet.

To date, few city-wide comprehensive actions have been taken to reduce climate change. Some environmental initiatives are increasing their positive impacts over time. These include: target sustainability, which is supporting businesses to better manage energy use and waste; domestic recycling initiatives, which aim to reduce the quantity of domestic waste that goes to landfill; and water conservation education programmes. The public has responded positively to these initiatives.

Since 2003, waste to landfill has decreased from 651 kilograms to 487.7 kilograms per person and the amount of waste recycled over the last eight years has increased.

Between 2002 and 2006 the total amount of energy used per person has shown little change, fluctuating between 117 and 123 gigajoules per person per year.

In 2007, there were approximately 15,376 hectares of protected conservation land within Christchurch - around 11 per cent of the total land area. The percentage of river site samples exceeding water quality guidelines fell from 81 per cent in the summer of 1999/2000 to 42 per cent in 2007/2008.

Positive environmental initiatives such as the three bin waste management initiative, which commenced in 2009, will help minimise environmental damage into the future. Per capita, water abstraction has remained steady over the past seven years averaging 150 cubic metres per person annually from 2001 to 2008 (equalling 410 litres per person per day).



4. Governance

A well-governed city

Community outcome

Our values and ideas are reflected in the actions of our decision makers.
Our decision-makers manage public funds responsibly, respond to current needs and plan for the future.

We will know we are succeeding when

- everybody actively participates in public decision-making.
- everybody feels represented by their decision-makers.
- our decision-makers plan for a sustainable Christchurch.

Progress is measured using these headline indicators

- confidence in council decision making
- representation on school boards of trustees
- census response rates
- voter turnout at council elections
- voter turnout at general elections

How are we doing as a community?

Voter turnout at Council elections has declined this decade compared with the 1990s, but increased slightly in 2007 to 42 per cent over the 39 per cent in 2004.

Christchurch resident voter turnout at the 2008 General Election was 82 per cent, a decrease of 4 per cent from the 1996 General Election.

In 2006, 46 per cent of people agreed that the Council makes decisions in the best interests of the city and 36% per cent of people agreed they understand how the Council makes decisions.

Nearly 90 per cent of people on school boards identify with European ethnicity; Māori, Pacific Island and Asian ethnic groups are under-represented relative to their proportion of the total population.

Based on community feedback, democratic processes that are based at the community level and include the community are considered the most effective.

However, many people find the democratic and decision making processes too confusing.



5. Prosperous

A prosperous city

Community outcome

We have a strong economy that is based on a range of successful and innovative businesses. We value sustainable wealth creation, invest in ourselves and in our future.

We will know we are succeeding when

- Christchurch has a strong, healthy economy
- standards of living improve for everyone
- our economic development prioritises future wellbeing

Progress is measured using these headline indicators

- economic activity index
- full and part-time employment rates
- unemployment rate
- personal, family and household income
- volume of commercial waste recycling

How are we doing as a community?

Christchurch experienced positive economic growth for the years preceding early 2008 resulting in low unemployment, although progress was hampered by skills shortages. Christchurch aims to attract more skilled workers by having a world class living environment including high quality arts; sports and outdoor recreation; quality infrastructure; higher wages; and innovative and sustainable businesses.

To help develop a high value economy, Christchurch needs to maximise its developing technology sector, both enhance natural products and to develop new products.

Annual average growth rates for Canterbury have been slightly higher than the rest of New Zealand since 2003, with growth fluctuating between 1 per cent and 5 per cent.

Median family income (inflation adjusted) increased by 20 per cent to \$57,630 between 1991 and 2006 While generally the economy has strengthened, people on fixed and low wage incomes have not experienced the same economic gains as the rest of the economy and will need to be supported into better paid jobs to experience positive economic benefits.

Looking into the future, collaboration such as that illustrated by the Canterbury Regional Labour Market Strategy, demonstrates that Canterbury people work cooperatively for positive economic outcomes.



6. Healthy

A healthy city

Community outcome

We live long, healthy and happy lives.

We will know we are succeeding when

- we all have access to affordable health services that meet our needs
- more people in Christchurch live healthy lifestyles
- our city environment supports the health of the community

Progress is measured using these headline indicators

- self reported health status
- life expectancy
- frequency of physical activity
- type 2 diabetes rates
- barriers to accessing medical services
- number of days exceeding air quality guidelines

How are we doing as a community?

The city has seen general health improvements. These are due to a number of factors including a strong economy and an associated rise in living standards; and from cheaper access to primary health care as a result of health funding changes. However, the number of people who wanted to visit a GP, but didn't, increased from 13 per cent to 20 per cent between 2002 and 2006. By far, the most common reason given for not visiting a GP (53 per cent of people), was cost.

Through providing people with information about available health services, maintaining good health and the financial and physical means (e.g. transport and childcare) to access services, the momentum of recent health gains can be maintained.

Cigarette smoking, a significant contributor to poor health, declined by 2.5 per cent between 2001 and 2006 to 17. per cent of the population. In 2006, 59 per cent of the population reported that they exercised on at least five days of the week and 77 per cent of people were satisfied with their work/life balance.

Active transport is being promoted for its health benefits. However, cycling to work declined to 5 per cent of the population between 1991 and 2006.

During 2008, air quality exceeded healthy limits on 19 days. Air pollution is improving in Christchurch as a result of less people burning wood and coal to heat their homes. This is positively impacting residents' health, particularly in the winter.

A holistic, collaborative approach to health is desired by the public and the health sector to ensure healthier physical and social environments foster continued improvements.



7. Recreation

A city for recreation, fun and creativity

Community outcome

We value leisure time and recognise that the arts, sports and other recreational activities contribute to our economy, identity, health and wellbeing.

We will know we are succeeding when

- more people participate in leisure activities.
- more people participate in physical and sporting activities.
- everybody is included in the creation and enjoyment of the arts.

Progress is measured using these headline indicators

- main leisure pursuits in free time
- satisfaction with free time
- numbers of people taking part in the arts
- culturally rich and diverse arts scene

How are we doing as a community?

In 2006, 75 per cent of people were satisfied with their leisure time. Arts and sport participation is popular with a wide variety of activities available. However, there is an increasing pressure on leisure time which limits participation.

Numerous leisure information sources promote a wide variety of leisure opportunities in Christchurch. Many feel that transport to activities, particularly those providing active transport such as cycling or walking, is a key challenge which restricts participation.

Many formal initiatives such as Push Play aim to get more people active. In 2006, 59 per cent of people engaged in physical activity for five days or more per week. 17 per cent of people engaged in physical activity two times or less per week. Between 2000 and 2008, visits to pools and leisure centres increased significantly: the greatest increase was at QEII where visitor numbers increased by 166 per cent to 1,956,948 in 2008.

The New Zealand Academy of Sport's Centre of Excellence at QEII is developing elite sports people in Christchurch through its elite facilities and sport services provider hub.

Partnerships between business (particularly the technology sector) have the potential to enhance arts and sport in Christchurch making the city more attractive to current and potential citizens.

In 2006, 65 per cent of people agreed that it is easy to take part in the arts in Christchurch and 77 per cent of people agreed that Christchurch has a culturally rich and diverse arts scene.

Both sport and arts should provide clear pathways to take people from amateur/recreation participation to higher levels if they desire to do so. Key to this is access to high quality coaches and facilities.

Young people are more likely to remain in the arts and sport long enough to be high level participants if they enjoy their early participation and learning experiences.



8. Knowledge

A city of lifelong learning

Community outcome

Our learning opportunities help us to participate in the community and the economy. Quality education is available for people of all ages.

We will know we are succeeding when

- everybody receives a good basic education.
- Christchurch people are skilled people.
- a broad range of learning opportunities is available in Christchurch.

Progress is measured using these headline indicators

- highest qualification gained
- numbers of children who have attended early childhood education
- school leavers with no qualifications
- literacy and numeracy performance

How are we doing as a community?

Between 2001 and 2007, the number of first day school children who had attended pre-school increased from 96.6 per cent to 98.5 per cent.

In 2007, 46 per cent of school leavers were qualified to attend university, compared with 37 per cent in 2005. In some areas ('no formal attainment'; NCEA Level 1; and NCEA Level 2), Christchurch's overall student results are worse than the rest of New Zealand. In particular, the needs of Māori students need to be better catered for.

At a tertiary level, a coordinated approach to education provision would better serve the region's needs. This has the potential to turn Christchurch into an education hub, utilising the range of high class learning institutions and environments. In June 2007, there were 714 modern apprenticeships in progress in Christchurch. The number of modern apprenticeships has increased from 248 to 900 (263 per cent) between 2002 and 2008.

In 2008, 76 per cent of Christchurch residents attended a public library. Since 1999, the number of residents who visited a library at least once per year has consistently been around 74 per cent. Libraries endeavour to constantly keep pace with customer needs and information/entertainment preferences.



9. Development

An attractive and well-designed city

Community outcome

Christchurch has a vibrant centre, attractive neighbourhoods and well-designed transport networks. Our lifestyles and heritage are enhanced by our urban environment.

We will know we are succeeding when

- Christchurch is attractive and well maintained.
- our heritage is protected for future generations.
- we design our city to meet current needs and future challenges.

Progress is measured using these headline indicators

- perceptions of look and feel of the city
- bus patronage figures
- modes of transport to work
- residual income after housing costs
- hectares of public open space
- perceptions of problems in Christchurch
- number of heritage buildings, sites and objects

How are we doing as a community?

In 2008, 57 per cent of people were satisfied with the look and feel of the central city.

Between 1999 and 2008, a total of 15 heritage items were demolished or removed from the City Plan Heritage List. Heritage requires protection in the face of development and ideally, should move from predominantly protecting buildings to protecting total sites including Māori sites. Heritage can be enhanced through community action. To do this people need to be aware of the heritage that exists in local areas.

In 2008, it took, on average, 17 minutes at peak times (am and pm) to travel 10 kilometres by private motor vehicle on Christchurch's key arterial routes, a slight decrease in time from 2007.

Traffic congestion is a key concern with current peak time congestion predicted to grow if private vehicle use doesn't reduce. Priorities for transport are a better road network, more abundant and efficient public transport, and safer and better facilities for commuter cycling.

There is a broad variety of well-maintained parks and public open spaces for people to enjoy. There is also a need to balance development with open space protection, particularly on the hills.

Nearly all Christchurch residents live within 400 metres of a public open space with those located north of the central city being the exception.

3020 – The elected Council

Photo to come (same photo as 2009)

3030 – Chief Executive and Executive Team

Photo to come

3040 – Community Board Members

Community Board members representing Akaroa-Wairewa

Stewart Miller (Chairperson) – QSM
Bryan Morgan (Deputy Chairperson)
Jane Chetwynd – PhD
Pam Richardson – JP MNZM
Eric Ryder

Councillor
Claudia Reid

Community Board members representing Burwood-Pegasus Ward

David East (Chairperson) – B.Sc.
Tim Sintes (Deputy Chairperson)
Nigel Dixon
Tina Lomax – B.Ed, Dip.Tchg., PG Ch AD (Dist)
Linda Stewart – Dip. Bus. NVP, Accred. Bus. Mentor

Councillors
Gail Sheriff – JP
Chrissie Williams – B.Tech. (Maths) (Hons), Dip.Tchg.

Community Board members representing Fendalton-Waimairi Ward

Val Carter (Chairperson)
Cheryl Colley (Deputy Chairperson) – JP, MA (Hons) BBS, Dip.Tchg.
Faimeh, Lady Burke – MA
Jamie Gough
Andrew Yoon – JP

Councillors
Sally Buck – M.Ed. (Dist), Dip. Tchg., Dip. TESOL
Mike Wall

Community Board members representing Hagley-Ferrymead Ward

Bob Todd (Chairperson) – OBE JP
Rod Cameron
Tim Carter – M.E.M., B.E. (Hons)
John Freeman – JP, MA
Brenda Lowe-Johnson – JP

Councillors
David Cox – MNZM, FNZIM
Yani Johanson

Community Board members representing Lyttelton-Mt Herbert

Paula Smith (Chairperson) – B.Sc. (Hons), Dip. L.A., Dip. Hort.
Jeremy Agar (Deputy Chairperson) – MA
Douglas Couch – JP
Ann Jolliffe
Dawn Te-Riaki Kottier – QSM

Councillor
Claudia Reid

Community Board members representing Riccarton-Wigram Ward

Peter Laloli (Chairperson)
Mike Mora (Deputy Chairperson)
Jimmy Chen – MComm, B.Sc.
Beth Dunn – B. Ed.
Dr Judy Kirk – B. Sc. (Hons), Dip. Tchg. (Dist), PhD (Educ. Cant.) NZCER C registered tester

Councillors

Helen Broughton – MA (Hons), Dip.Ed. (Counselling), Dip.Tchg.
Bob Shearing

Community Board members representing Shirley-Papanui Ward

Yvonne Palmer (Chairperson) – QSM, JP
Pauline Cotter (Deputy Chairperson) – Trained Teachers Certificate NZED
Kathy Condon
Aaron Keown
Matt Morris – PhD

Councillors

Ngairé Button
Norm Withers (Deputy Mayor) – MNZM

Community Board members representing Spreydon-Heathcote Ward

Phil Clearwater (Chairperson) – MA (Hons)
Chris Mene (Deputy Chairperson)
Oscar Alpers – LLB, Notary Public
Karolin Potter
Tim Scandrett

Councillors

Barry Corbett
Sue Wells – B.A.

3050 – Governance and management

The Christchurch City Council works for the people of Christchurch, providing essential services and planning for the future, based on the desires of the community.

The Council's elected members and staff work within a range of systems and processes that help ensure they comply with New Zealand laws and follow good business practice. These checks and balances help the community to interact with the Council, and provide assurance the Council is acting in the best interests of the community.

They include:

- **Divisions between Council and management**
Governance is about setting direction and achieving the vision and goals of the city. This is the role of the Mayor and Councillors who set the priorities and policies, and review progress. The Mayor and Councillors employ and delegate the management and delivery of Council services to the Chief Executive. Management is responsible for implementing the policies and strategies set by the Council.
- **Training elected representatives**
Sessions occur after every election and are ongoing. They include meeting procedures and an overview of the parameters within which local authorities operate.
- **Listening to the community**
The Council is required to listen to the community and consider the views of residents and ratepayers when making decisions. This happens in different ways, from formal public consultation periods on city projects – which include public hearings – to petitions and deputations to Community Boards and the full Council.
- **Legislative compliance**
The Council uses its internal legal department and external consultants to help ensure it complies with the wide range of relevant legislation.
- **Accountability**
The activities of the Council must be clear and transparent; this is achieved by holding open meetings and providing meeting agendas and reports to the public and media for scrutiny. The Council complies with the Local Government Official Information and Meetings Act 1987, which allows members of the public and media to request information. The Council also informs residents of council decisions and projects through regular newspaper features and by providing information to the media.
- **Audit**
The Council is required to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council must report on the achievement of non-financial objectives, set three-yearly as part of the Long Term Council Community Plan process. Audit New Zealand is contracted on behalf of the Auditor General to audit the Council's financial and non-financial statements.
- **Internal audit**
Council's internal audit function monitors its systems of internal control and the quality and reliability of information reported to the Council. This function is overseen by PricewaterhouseCoopers, with the assistance of internal audit staff.
- **Risk management**
The Council has an Audit and Risk Management Sub-committee, made up of representatives of the Council, along with external members experienced in financial and risk management.
- **Monitoring Council-controlled organisations**
The Council has interests in other organisations. In particular, Christchurch City Holdings Ltd (CCHL), a wholly owned subsidiary of the Council, groups trading activities under one umbrella and keeps Council at arms-length from the activities of Council Controlled Trading Organisations (CCTOs).

The CCTOs include: Orion New Zealand Ltd, Christchurch International Airport Ltd, City Care Ltd, Lyttelton Port Company Ltd, Red Bus Ltd, Selwyn Plantation Board Ltd and Christchurch City Networks Ltd. Each is required to produce a Statement of Intent, developed in consultation with the Council. This document sets out the CCTO's objectives, the nature and scope of its activities, its performance targets and the measures by which these can be judged. CCTOs are required to report quarterly and annually.

These activities are set out in more detail in the upcoming section: Group structure.

3060 – Maori involvement in decision-making

The Council is required to recognise and provide for the special relationship with Māori, their culture, traditions, land and languages in all of its activities.

In August 2007 the Council entered into a management arrangement with Mahaanui Kurataiao Ltd (MKT), a company that represents the six Ngāi Tahu Rūnanga that are within the Christchurch district.

A memorandum of understanding (MOU) formalises how the six Ngāi Tahu Rūnanga, as represented by MKT, can participate in the Council decision-making process around resource management, and the preparation of policy statements and plans. The MOU is also a contractual arrangement by which MKT provides services to increase Council capacity and knowledge around protocol, translation and relationship-building.

The arrangement with MKT is a key step the Council is taking to fulfil its statutory obligations under the Local Government Act 2002 and give effect to the prescribed actions under the Resource Management Act 1991 to consult with Māori, especially in matters that directly affect their culture and traditions as acknowledged by the Treaty of Waitangi.

In November 2008 the Council signed a management memorandum of understanding with Ngā Maata Waka, who represent the non Ngāi Tahu Māori in the Council's district. Processes have been developed to ensure regular contact and communication takes place between the Council and Ngā Maata Waka.

3070 – Our activities at a glance

The work carried out by the Christchurch City Council is organised into categories called Council activities and services.

They are:

City planning and development

City planning and development helps to improve Christchurch's urban environment and revitalise the Central City through urban renewal, Central City revitalisation, the urban development strategy and heritage protection.

The key priority is to transform the Central City into one of the Southern Hemisphere's premier urban environments. This will be achieved through:

- Increasing the residential population by 30,000 by 2026
- Growing our business and commercial sector
- Enhancing vital public spaces
- Redeveloping under-utilised sites
- Improving our transport network

Community support

Community support helps build strong, active communities by providing residents and residents' groups with services and support such as, community facilities, early learning centres, community grants, social housing, strengthening communities, civil defence and emergency management.

The Council achieves all this through community engagement and development, the facilitation of innovative solutions that respond to community needs, creating a safe environment and catering for diversity, whether it is age, ethnicity, disability or social status.

Cultural and learning services

Christchurch City Libraries develops the knowledge, literacy and cultural well-being of the city's residents by providing access to information through its network of community libraries and supporting volunteer libraries. These facilities contain an extensive collection of books, audio visual resources and online services.

Christchurch Art Gallery Te Puna o Waiwhetu collects, presents, interprets and conserves quality works of art to educate, inspire discovery and preserve the legacy of artistic achievement for today's and future generations. Through its exhibitions, programmes and events, the Gallery aims to contribute to the cultural development of the city and make its Cultural Precinct, around Worcester Boulevard, the most visited cultural tourism site in New Zealand.

Democracy and governance

The Christchurch community is represented by the Mayor, 13 Councillors and 40 Community Board members. Council staff provide support to all elected members to carry out their responsibilities and functions by co-ordinating arrangements for elections, arranging meetings and seminars, and providing advice.

The Council provides opportunities for the community to participate in decision-making that contributes to a well-governed city by providing information, undertaking consultation, and processing the community's input.

The Council communicates with residents through a variety of channels, including providing information on Council activities in metropolitan and local newspapers, use of the internet and providing information to local media.

Economic development

The Council actively supports the growth and development of local businesses by means of support to the Canterbury Development Corporation and through its own trading organisations.

The Council has interests in other organisations. Through its wholly owned subsidiary Christchurch City Holdings Ltd (CCHL) the Council owns shares in a number of major local companies including: Orion New Zealand Ltd, Selwyn Plantation Board Ltd, Christchurch International Airport Ltd, City Care Ltd, Lyttelton Port Company Ltd, Red Bus Ltd and Christchurch City Networks Ltd. CCHL serves to group the activities of these Council-controlled Trading Organisations (CCTOs) under one umbrella and keeps Council at arms-length from their activities. These and other companies owned by the Council are investments which both serve the strategic objectives of the Council and pay dividends to assist with the other operating costs of the Council.

Each company operates as a commercial business in a competitive environment and each is managed by an independent board of directors. Find out more about these organisations in the upcoming section: Group structure.

The Council has made significant investments to bring the city's business environment to world-class levels and national and international prominence.

Parks, open spaces and reserves

The Council manages the city's parks, waterways and drainage infrastructure. Maintaining Christchurch's image as the Garden City requires being sensitive to the needs of the community and visitors while continuing to develop the extensive parks network and maintain and enhance our waterways and drainage infrastructure.

Recreation and leisure

Through recreation and sports, the Council works to promote a city where its residents have easy access to world-class facilities for a healthy and active lifestyle. Accessible pools and leisure centres, stadia, sporting facilities, and recreational and sporting programmes allow residents to participate in sport and physical activity at a recreational and local, national and international competitive level.

Assistance is also given to clubs, associations and event organisers to promote Christchurch as a national and international sports and recreation destination.

Refuse minimisation and disposal

The Council provides solid waste collection, treatment and disposal services in order to protect the community and environment. Council owns CCC Two Limited that operates three transfer stations, which prior to August 2009 were operated by Meta NZ Ltd. Waste minimisation is encouraged through kerbside collection of recyclable products and paper. A number of initiatives and education programmes are run to reduce the amount of material residents and businesses send to the Kate Valley landfill.

In 2009, Council implemented the new kerbside waste collection system. The new, three wheelie bin system – with a bin for each of recycling, compost, and general rubbish – has increased the amount and range of material that residents recycle. It has significantly reduced the amount of waste our city sends to landfill.

Regulatory services

The Council administers and enforces statutory regulations and Council bylaws for:

- building and development work
- land and site development
- health and safety of licensed activities
- keeping of dogs
- parking within the city
- swimming pool safety
- bylaws

In addition, complaints about nuisances and non-compliance are investigated and the potential effects of various activities monitored and assessed.

Streets and transport

The Council manages the city's streets and transport so that people have safe, easy and comfortable access to homes, shops, businesses and many recreational and leisure destinations. Street corridors also provide access for power, telecommunications, water supply and waste disposal. The Council monitors and manages traffic patterns, undertakes research and devises plans to meet the city's future access and parking needs.

Wastewater collection and treatment

The Council provides liquid waste transport, treatment and disposal services in a manner that enhances the health, safety and convenience of the Christchurch community, meets the needs of a growing city, and conforms to the intentions of district and regional plans and the Greater Christchurch Urban Development Strategy.

The wastewater collection system services all of the Christchurch City urban area as well as Prebbleton, Lincoln, Tai Tapu and Springston in the Selwyn District.

Water supply

The Council plans and operates the city's water supply and distribution system. It provides high quality water to residents and businesses as well as for fire fighting purposes.

Christchurch gets its drinking water mainly from groundwater aquifers. The water is of such high quality treatment is not necessary before it can be used. However, the Council does monitor water quality on a daily basis.

Corporate activities

Corporate activities encompass a range of areas which are not directly attributable to another group of activities within Council. These activities include property costs, managing investments, services provided to external clients, managing revenue from Council Controlled Organisations and other income, such as revenue from regional fuel tax. Overall the corporate activities generate a significant surplus, which is used to reduce the rates collected from residents.

3090 – Biannual survey of residents

The Biannual Survey of Residents evaluates the Council's performance for the financial year 2009/10. The latest survey, carried out in March 2010, showed that 78 per cent of residents are either satisfied or very satisfied with the performance of the Council in delivering its services.

The Council began surveying residents annually in 1991 to gauge customer satisfaction and residents' perceptions of city issues. In 2007, the decision was made to switch to a biannual format so that the Council could better track and respond to emerging issues in the community.

Christchurch residents continue to rate highly the work done by their Council.

The city has embraced the new wheelie bins service, with 95 per cent of residents surveyed satisfied with the collection of recyclable waste. Only three percent were dissatisfied. Ninety-two per cent were happy with the collection of their red bin waste and 77 per cent liked the collection of the organic waste.

Residents were also happy with Christchurch's festivals and events such as the Ellerslie International Flower Show, Classical Sparks and the World Buskers Festival, with 92 per cent saying the Council does a good job.

Waterways are an integral part of the city and overall 72 per cent of respondents expressed high levels of satisfaction with the condition of the water in our waterways and the appearance of the river banks.

Water supply services, where taste, water pressure and presence of sediment were considered, also drew a high level of satisfaction from 92 per cent of residents.

Other areas where residents believe the Council is giving great service are gardens and parks, library services, transport, swimming pools and the Art Gallery. They also appreciate the way the Council communicates with residents.

Areas where residents believe Council could improve are by introducing bigger green rubbish bins, improving road and footpath maintenance, and the need for more transparency and democratic process. Cycling issues were also important.

While 63 per cent of residents were satisfied with the condition of Christchurch roads, 22 per cent were dissatisfied. Comments from residents pointed out potholes in roads and the amount of time taken to repair and resurface some streets. Footpaths were also an area some residents thought needed improvement, with 19 per cent of residents dissatisfied with their maintenance and upkeep.

Some residents also commented on the need for more transparency around Council decisions. While 47 per cent of those surveyed were satisfied that the Council makes decisions which are in the best interest of the city, 27 per cent were dissatisfied. In their understanding of how Council makes decisions, 38 per cent of people said they did not have a full understanding of this process.

4000 – Council activities and services

Annual Report 2010

Christchurch Otautahi

The work of the Council is divided into 12 groups of activities and services. Here you will find information about what each group does how it performed over the past financial year and what work is going to be carried out in the future.

4010 – Summary financial chart

The Christchurch City Council has allocated its service delivery activities into groups, to facilitate management and reporting. The following pages contain information on the council activities and services listed below.

Cost of services for the year ended 30 June 2010

	2010				2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
City planning and development	18,124	3,161	14,963	16,221	13,253
Community support	41,338	18,566	22,772	22,696	24,708
Cultural and learning services	43,866	3,319	40,547	39,858	39,163
Democracy and governance	9,283	-	9,283	9,458	9,573
Economic development	10,616	181	10,435	9,139	10,218
Parks, open spaces and waterways	49,494	9,012	40,482	41,727	38,450
Recreation and leisure	34,818	15,922	18,896	17,352	17,544
Refuse minimisation and disposal	35,944	4,843	31,101	30,335	23,415
Regulatory services	29,928	25,261	4,667	3,588	4,489
Streets and transport	98,717	41,991	56,726	57,512	43,346
Wastewater collection and treatment	35,071	7,991	27,080	27,353	24,209
Water supply	21,574	4,786	16,788	17,142	16,525
Corporate activities	28,467	167,494	(139,027)	(144,115)	(56,646)
Total cost of service delivery	457,240	302,527	154,713	148,266	208,247

A reconciliation of the cost of services summary above to the statement of comprehensive income is shown in note 2 of the financial statements section.

Capital summary

For the year ended 30 June 2010

	2010		2009
	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
City planning and development	337	1,082	627
Community support	4,404	5,739	2,747
Cultural and learning services	8,562	8,805	7,340
Democracy and governance	2	-	-
Economic development	149	100	607
Parks, open spaces and waterways	27,175	32,748	22,530
Recreation and leisure	7,361	14,919	6,715
Refuse minimisation and disposal	3,710	1,313	25,113
Regulatory services	135	59	42
Streets and transport	69,028	66,481	65,205
Wastewater collection and treatment	44,101	35,660	38,576
Water supply	11,179	11,223	10,705
Corporate activities	73,603	52,679	46,211
Gross capital cost	249,746	230,808	226,418

4025 – City planning and development

What is City planning and development and what does the Council do?

City Planning and Development involves the preparation of strategies, plans and policies that guide the future development of Christchurch. It includes the planning and co-ordination of work to revitalise the Central City, the regulation of land use through the District Plan, the protection of our city's heritage, and initiatives to use energy more efficiently.

Why is the Council involved in City planning and development?

The aim is to promote the wellbeing of our community – in social, cultural, economic and environmental terms – and to ensure that the city's development meets not only the needs of current residents, but anticipates the needs of future generations.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities, for the present and the future. The Resource Management Act 1991 also requires district and city Councils to promote the sustainable management of natural and physical resources.

City planning and development activities contribute to the environmental, economic and social well-being of the community by ensuring that long term plans and strategies are developed and put in place to shape the form and function of the city in years to come. These activities also ensure that the city's key resources and heritage sites are protected.

The Council is also responsible for contributing towards the achievement of the city's community's outcomes.

City planning and development activities help make Christchurch a safe city, a city of people who value and protect the natural environment and an attractive and well-designed city – three of the nine goals for our city that are included in our Community Outcomes. This is achieved by ensuring the urban environment develops in a way which hinders crime, meets people's needs, is sustainable and protects natural and physical resources. These activities also facilitate business while still protecting our heritage. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

We all want our city to be well laid-out and offer exciting opportunities to live, work and play. By protecting our environment and managing growth, City planning and development helps to make Christchurch a great place to live.

What activities are involved in City planning and development?

City and community long-term policy and planning

The Council develops strategies, policies and plans, such as the Central City Revitalisation Strategy and the Belfast Area Plan, strategies for the management and enhancement of our environment and for the Council's provision of social housing, and Council's response to the challenges of climate change. These set out how the Council intends to work in future, and guide development across the City and Banks Peninsula. The effectiveness of these strategies, policies and plans, as well as our progress as a city towards achieving our community outcomes, is monitored.

District plan

There are currently two district plans that govern land use within Christchurch City boundaries. The Christchurch City District Plan and the Banks Peninsula District Plan set out policies and rules for land use. Together the District Plans promote sustainable land use and help the Council implement strategies such as the Greater Christchurch Urban Development Strategy. There are two ways in which the District Plans can be changed. The Council can initiate a plan change or by private plan changes, which are initiated by parties other than the Council. Processes for both plan change paths are set out in Schedule 1 of the Resources Management Act 1991.

Heritage protection

A city's heritage helps to sustain a sense of community identity, provides links to the past, and helps to attract visitors. The Council is committed to protecting the heritage of our city and works with developers, landowners and other stakeholders to conserve heritage buildings, areas and other items.

Energy conservation

We work with community and business groups to reduce the total amount of energy we use and to increase the use of renewable energy. Expected benefits are reduced costs, fewer adverse environmental effects (like air pollution), and a sustainable supply of energy for future generations. The establishment of the Christchurch Agency for Energy (CAFÉ) will help to further this work in a collaborative way with partner agencies.

What did we achieve?

In 2009/10 we made considerable progress completing strategy and policy work on surface water, open space and climate change. The Cruising Bylaw and Smokefree Public Places policy were both developed and the Gambling Venues Policy was reviewed. Monitoring programmes were maintained which delivered data to support our strategy development process. This contributed to the city development, safety, and health community outcomes.

Implementation of the Greater Christchurch Urban Development Strategy (UDS) continued, with a key focus on providing information and evidence to support Environment Canterbury in preparing the Canterbury Regional Policy Statement Plan Change 1: Greater Christchurch. The draft Belfast Area Plan was adopted for consultation in September 2009 and the final plan was adopted by Council in June 2010. These contributed to the prosperity, safety, and city development community outcomes.

We also contributed to the heritage and character of the city by providing grants for building refurbishment in excess of \$0.84 million, including the first grant for a building in New Regent Street where Council is working proactively with building owners to protect the significant Spanish-mission-style buildings. This contributed to the city development community outcome.

The “A City for People” action plan was adopted in February 2010 which sets out Council's priorities for investigation and implementation of the Jan Gehl review which aims to improve the Central City's public spaces and streets. This contributes towards the prosperity, safety, community, and city development community outcomes.

Work on the Christchurch Transport Plan commenced – this will bring together all existing Council transport strategies into one aligned document – and when adopted the Plan will contribute to the prosperity, safety, environment, health, and city development community outcomes.

A number of both private and Council initiated plan changes have been progressed and the following plan changes have had decisions released: Templeton (Maddisons Park) (PC 23), Cumnor Terrace, Styx Supa Centre (PC 22), Styx Golf Resort (PC 45), Hagley /Moorhouse Ave (18), Wakefield Park St Albans (31).

How did we measure up?

Activity	Level of service	Actual	Target
City and community long-term policy and planning	Advice is provided on key issues that affect the social, cultural, environmental and economic wellbeing of Christchurch	The proposed work plan was presented to Council on 1 July	Council approves a work programme by 30 June for the following financial year
		Programme of work and strategies, research and policy papers, and plan changes submitted to Council in accordance with agreed programme. Major programmes included the Open Space Strategy, Climate Smart Strategy, Central Plains Water Scheme and the Cruising Bylaw	At least 85% of milestones agreed for each year are achieved
	Development of policy and plans to implement the Council's components of the greater Christchurch urban development strategy (UDS) action plan. The focus of work for 2009/10 to 2011/12 will be on: — supporting regional policy and	Report to go to Council in coming months. Delayed due to higher level of involvement from UDS members than expected Work underway or	Council approves a work programme, based on the approved UDS Action Plan, by 30 June for the following financial year

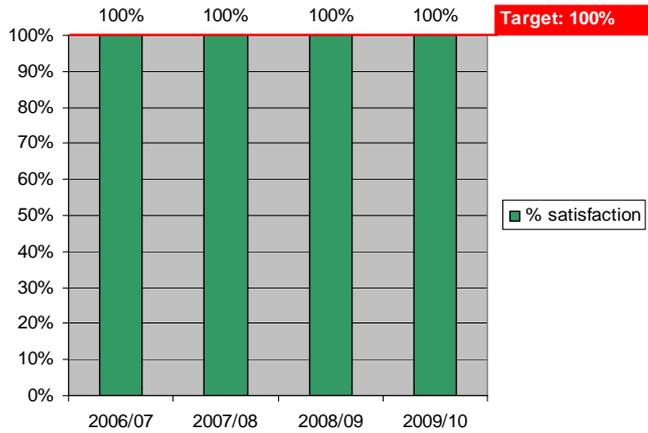
<p>planning processes</p> <ul style="list-style-type: none"> — Central City revitalisation — intensification and centres planning — greenfield [area] planning — transport planning 	<p>completed included the Christchurch Transport Plan, a change to the Regional Policy Statement in collaboration with UDS partners</p>	<p>Achieved</p>	<p>At least 85% of milestones agreed for each year are achieved</p>
<p>Development of policy and plans to direct the Council's work to implement the central city revitalisation strategy. The focus of work from 2009–10 to 2011–12 will be on:</p> <ul style="list-style-type: none"> — business retention and development — transport, and — street and amenity upgrades in the central city 	<p>Programme under review. It was recognised that the programme needs to be restructured to incentivise and encourage economic development in the Central City</p>	<p>The business retention & development programme has been consolidated with other work exploring financial and funding tools to provide incentives for specific types of development</p>	<p>Business retention and development programme milestones will be reported against as part of key strategy monitoring and reporting</p>
<p>Open spaces strategy completed and to be adopted by Council in 2010</p>	<p>Open spaces strategy completed and to be adopted by Council in 2010</p>	<p>Master plan for central city open spaces is completed by end of December 2009</p>	
<p>Concept plans prepared for Westpac Lane and Strand Lane</p>	<p>Concept plans prepared for Westpac Lane and Strand Lane</p>	<p>Concept designs are completed for two central city street upgrades per year</p>	
<p>Scoular Park concept plan developed; Civic Office redevelopment process underway, Central City South Plan change progressed</p>	<p>Scoular Park concept plan developed; Civic Office redevelopment process underway, Central City South Plan change progressed</p>	<p>Master plan for development of properties south of Lichfield Street (Central City South) developed, and implementation started by end of June 2010</p>	
<p>A City for People Action Plan was adopted by Council March 2010 and the Central City Transport concept will be absorbed into this plan</p>	<p>A City for People Action Plan was adopted by Council March 2010 and the Central City Transport concept will be absorbed into this plan</p>	<p>The Central City Transport Concept is reviewed, adopted by Council, and key projects started by December 2009</p>	
<p>Development of policy and plans to direct intensified development of the Christchurch urban area. The focus of work for 2009–10 to 2011–12 is on:</p> <ul style="list-style-type: none"> — setting the high-level policy framework, and — beginning the more detailed planning, including community engagement, for intensification in particular areas of the city 	<p>Not achieved</p> <p>A measure will be developed for 2011</p>	<p>The Strategic Intensification Review (SIR) is completed, and adopted by Council by end of June 2010</p>	
<p>Area Plans are progressed</p>	<p>A draft South-West Area Plan Implementation Plan was prepared by December 2009. The Implementation Plan will be updated on a regular basis</p>	<p>South-West Area Plan (SWAP) implementation Plan is completed by December 2009</p>	
<p>Draft Belfast Area Plan was approved by Council on 24 September 2009 and final</p>	<p>Draft Belfast Area Plan was approved by Council on 24 September 2009 and final</p>	<p>Draft Belfast Area Plan (BAP) is presented to Council for adoption by December 2009</p>	

Plan approved by Council 24 June 2010

	Community Outcomes are monitored	85% of Community Outcome indicators on the website have been maintained with up to date information through the year	Regularly updated community outcomes reports are available to the public
District Plan	The Christchurch City District Plan is fully operative	Not achieved Awaiting a decision from the Environment Court. Time frame for a decision is not yet clear	Both territorial sections of the plan are fully operative by 30 June 2010
	The effectiveness of the Christchurch City District Plan is monitored	Achieved	Monitoring programme will be established by 30 June 2010
	Prioritised programme of plan changes is prepared and approved by the Council on an annual basis	The report was adopted by Council August 2010	A prioritised work programme, matched to staff capacity and availability, to be presented for Council approval annually by 30 June for the following financial year
	Processing of all privately requested plan changes complies with statutory processes and timeframes	All 15 private plan changes are being processed in compliance with the statutory process time frames	100%
Heritage protection	A programme to ensure a consistent level of heritage protection in Christchurch and Banks Peninsula is implemented	A research programme was prepared by July 2009 and is being implemented. Research has focussed on the Banks Peninsula Plan to ensure consistent documentation of the heritage significance of the scheduled items in the plan	A programme of research and documentation is defined by July 2009 and completed by June 2015
	All grants meet Heritage Incentives Grants policy and guidelines	100% 24 grants were made to a value of \$842,106	100%
	Asset management plans, which include heritage conservation principles and priorities, are in place for all Council owned restricted heritage assets	On target - in 2009/10 the conservation plan for the Provincial Chambers was completed	Plans in place by June 2015
	Incentive grant recipients satisfied with heritage advice and grant process	75% satisfaction - all grant recipients receiving a grant payment between March 2009 and March 2010 were surveyed	75% satisfaction
Energy conservation	Establish a local Energy Agency to implement the Sustainable Energy Strategy for Christchurch 2008– 2018	Christchurch Agency for Energy (CAFÉ) established at Council on 24 June 2010	By 30 June 2010

Trend

Processing of all privately requested plan changes complies with statutory processes and timeframes (District Plan)



Where are we heading?

Implementation of key Council policy documents, such as the UDS, underpins the work programme.

Central City Revitalisation continues with the implementation of A City for People Action Plan. This is a 12 year action plan that guides how public spaces and streets within the Central City will be improved and follows a Public Space Public Life Study by Gehl Architects.

The Heritage Review is completed and the successful heritage grants programme continues. The Heritage Review focuses on built heritage within the city to define the strategic objectives and priorities and Council's role in achieving these.

Investigation of financial tools/incentives and mechanisms to support urban regeneration continues.

The Christchurch Transport Plan will be finalised. Implementation of the South West and Belfast Area Plans continues and a study of future land use in the North West of the city will commence.

Development of a wastewater strategy begins.

The Canterbury District Health Board (CDHB) has proposed a major redevelopment of Christchurch Hospital. We will be working with the CDHB on aspects of the redevelopment which have impact beyond the immediate site.

The Council's bylaw review programme will continue to respond to changing circumstances and ensure the Council's bylaw regulations remain current.

Council-initiated plan changes and private plan changes progress through various stages of the regulatory process. A report on the efficiency and effectiveness of the Christchurch City Plan will be completed.

What did it cost?

City planning and development
Statement of cost of services for the year
ending 30 June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
City & community long-term policy and planning	9,342	831	8,511	9,589	8,846
District plan	4,277	891	3,386	2,405	2,753
Heritage protection	3,791	613	3,178	3,990	2,525
Energy conservation	714	826	(112)	237	(871)
Cost of service	18,124	3,161	14,963	16,221	13,253
Capital expenditure					
Renewals and replacements			125	844	-
Improved service levels			-	-	357
Increased demand			212	238	270
Total capital expenditure			337	1,082	627

Explanation of significant cost of service variances

District plan net cost was \$1 million more than plan as staff time and external costs were prioritised against projects within this activity over projects within the city and community long term policy and planning activity. This also accounts for the variance against 2008/09 results.

Heritage protection was \$0.8 million less than plan due to timing delays around a seismic grant to the Arts Centre, low uptake of the character housing grants and heritage incentive grants. The Heritage Incentive Grants Policy provides for grants to be uplifted over an 18 month period and therefore funds have been carried forward to meet these commitments. Character housing grants were not fully allocated or uplifted however a review of this grants policy is currently underway to improve effectiveness.

Energy conservation is \$0.2 million less than plan. This relates to the delay in commencing the Energy Conservation Programme until carbon credit funding was certified and received. Funding will be carried over to the end of the programme. In addition \$0.1 million is unspent this year due to the closure of the Energy Home.

Significant capital expenditure

Not applicable

Explanation of significant capital expenditure variances

Planned strengthening and heritage refurbishment works at the Robert McDougall Art Gallery were delayed due to ongoing negotiations related to the lease issues related to the Conservation Plan. Due to these delays, \$0.4 million has been carried forward to 2010/11 to complete the strengthening work required.

4030 – Community support

What is community support and what does the Council do?

Community Support provides housing, community facilities, project funding, community programmes and emergency management for the benefit of our community. Through Civil Defence we prepare the city in case of disaster and co-ordinate our response when that occurs. Community facilities and funding enable people to socialise and carry out voluntary work for the good of the city, and programmes aimed at those at risk help make our city a better place to live.

Why is the Council involved in community support?

We provide opportunities for meeting and socialising and develop strong and inclusive communities within the city.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Community support activities contribute to the cultural and social well-being of the community by ensuring that Civil Defence initiatives are in place, that community groups receive support and funding for further development, and that a wide range of services and facilities, including social housing, are available for the use of the community.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a well-governed city, and a prosperous city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made through funding and working with community organisations to support their communities, involving them in Council decision making processes and helping them stand on their own feet so they are able to prosper. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

Community support services mean you'll have help if disaster hits. Community groups in your area receive funding for projects that will make your neighbourhood a better and safer place to live and provide places in your part of town that can be used for socialising and recreation. Ultimately, it means you will live in a safer, stronger community.

What activities are included in community support?

Civil Defence and emergency management

We co-ordinate local Civil Defence, including training of operations centre staff and community volunteers. We also promote community awareness of the likely impact of a disaster and encourage everyone to be prepared.

Community grants

We provide community grant funding to community groups for projects and initiatives that benefit wider Christchurch, local communities and communities of interest.

Community facilities

We own a range of facilities, community centres, halls and cottages which can be hired by community groups for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

Community facilities allow activities to take place which fulfil a wide variety of social, educational and recreational needs. They are places for people to meet, play and learn.

Early learning centres

We operate three early learning centres at Tuam Street, and QEII and Pioneer sports and recreation centres where children under five years old are safe and well cared for. We also provide an additional 13 facilities which are operated by the community.

Social housing

We provide affordable housing for Christchurch people on low incomes, for the elderly and people with disabilities. The housing is financially sustainable and is not funded through general rates.

Strengthening communities

Community development projects planned, facilitated or delivered by the Council, voluntary organisations, iwi and other stakeholders, help to build and promote strong communities. Projects are promoted to many communities of interest through support to various groups representing youth, people with disabilities, the elderly, multi-cultural groups, and voluntary and not-for-profit environmental, arts and social service groups.

Community Engagement refers to the process of involving communities in planning and development of services in their own area. The community engagement process is essential for the legitimacy and responsiveness of local government. The Local Government Act 2002 requires local authorities to place emphasis upon enhancing opportunities for public participation in local decision-making. It is important to recognise, however, that differing levels of public participation will be appropriate depending on the circumstances.

As the Safer Christchurch team, we work to achieve the goals of the Safer Christchurch Strategy. Specifically, we work in the areas of Injury Prevention, Crime Prevention and Graffiti vandalism mitigation. We aim to make Christchurch the safest city in New Zealand and to maintain Christchurch's accreditation as an International Safe Community.

Walk-in customer services

The Council operates walk-in customer services at service centre locations across greater Christchurch. Customers have ready access to a wide range of Council information and services at first point of contact, including: drainage plans, payments, reception, bookings, kerbside collection services and products, dogs licensing and dispatching requests for service to various Council departments.

What did we achieve?

The Education Review Office (ERO) visit to QEII Preschool during the year confirmed we provide high quality care. All three early learning centres (ELC) provided flexible care to meet community needs. Children experienced quality interactions in a positive, supportive, stimulating environment. Community Support provided over 161,000 hours of early childhood learning. Council's provision of ELC activities supports the community outcome goals of community and prosperity

Social housing is a key contributor to the community outcome and provided over 2,649 tenancies with an average occupancy rate of 97 per cent.

Safer Christchurch introduced new initiatives such as the Graffiti Office, Ilam Alcohol Accord and new migrant taxi driver training.

In the 2009/10 funding year, just over \$7.8 million was distributed via the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to almost 1,000 projects across the city. A high level of customer satisfaction was achieved. Providing these grants directly contributes to the ability of community organisations to support their communities and supports the community outcome goals of community, governance, and prosperity.

How did we measure up?

Activity	Level of service	Actual	Target
Early learning centres	Provide five day a week half, full-day and flexible-hours care at early learning centres	160,800	Provide 164,120 hours of childcare per annum at QEII and Pioneer ELC
		88.5%	Maintain 75-85% occupancy
		23.3%	18-25% of attendees at QEII and Pioneer attend the Leisure Centres
	Quality, high standard of professional childcare is provided that satisfies customers' needs	96.5%	80-99% of ELC staff are trained, qualified and registered teachers
		94%	85-95% customer satisfaction with quality of care
		See trend graph below	

Strengthening communities	Community development projects are provided	Achieved. Projects cover the areas of older persons, youth, multi cultural, disability and general	Successfully deliver projects across each target area and within budget allocation
	Safety projects –working towards making Christchurch safer	Currently have accreditation. Re-accreditation due 2013. All work currently on target	Maintain safe city accreditation (every 5 years)
Housing	Maintain portfolio of rental units and owner/occupier units	2,649 rental units and 28 owner/ occupier units provided	Minimum of 2,649 rental units and 28 owner/ occupier units
	Council housing complexes are well-managed	Average occupancy rate of 98% achieved	Maintain average occupancy rate at 97%
	Tenants are satisfied with quality of tenancy service provided	70% of tenants surveyed are satisfied with the tenancy service provided 14% of tenants surveyed are neither satisfied nor dissatisfied See trend graph below	More than 80% of tenants surveyed are satisfied with the tenancy service provided
Community facilities	The portfolio of community centres/halls/cottages is maintained	Community centre portfolio maintained at 52	Maintain the number of community centres, halls and cottages at 52: that is, 1 community centre/hall/cottage per 6,700 residents
Community grants	Grants schemes are properly administered. (Council does not have the necessary resources to meet the needs and expectations of all not-for-profit and voluntary groups. Therefore, it focuses assistance toward those key activities and initiatives that contribute to and align with the community outcomes in the Long Term Council and Community Plan (LTCCP) and with other Council strategies	All community and creative communities grant schemes were managed in line with respective policies and guidelines. A total of \$7,445,355.00 was distributed to 969 recipients ¹	Administer grants schemes in a manner consistent with the Strengthening Communities Strategy and the Creative NZ guidelines for the Creative NZ scheme
Civil Defence and emergency management	Approved Civil Defence and Emergency Management (CDEM) plans covering local response and recovery arrangements and specific contingencies are in place	CDEM Plans are in place for local response and recovery arrangements. The following plans were reviewed and updated by CDEM in consultation with other staff: Welfare Plan; Pandemic Plan; Communications Plan; Coordination Centre SOP; Emergency Welfare SOP; Sector Post SOP Work is continuing on the Recovery Plan, the Engineers' Plan, the Emergency Operations Centre manual and the Building Evaluation and Rescue Plan	At all times

¹ Figures exclude grants made from the Discretionary Response Fund

	An Emergency Operations Centre (EOC) is available for the co-ordination of multi-agency response in the event of an emergency	An EOC was available for the response to an emergency. Procedures were developed and implemented to ensure resources were maintained	At all times
	Fully equipped Light Rescue Response teams maintain their national 'registered' status	Three light rescue response teams have maintained their national "registered" status with the Ministry of Civil Defence & Emergency Management for both equipment and training standards. Training included pre-hospital emergency care, first aid, rope responder and incident management.	Three teams
	Build upon national / regional initiatives to promote the need for individuals to be prepared for when a disaster occurs	Disaster Awareness Week promoted through 'Our Christchurch'. Readynet launched on 16th February 2010. Media coverage, e-newsletters (local and national) and promotion through Council networks is maintaining the profile of the service	Two major Civil Defence promotions occur annually via Council publications
	Key sections of the community are informed of a pending civil defence emergency in a timely manner (those that are registered with the online alerting system)	Communications (Readynet message) sent within one hour of decision. Readynet was used for the May 2010 flood event. Messages were sent to five local schools in the Beckenham and Cashmere areas.	Communication sent within one hour of civil defence emergency, confirming warnings
	Relevant hazards and risks are identified and managed in the City's District and Civil Defence Emergency plans	A background report regarding the collection, storage, maintenance and provision of hazard information produced Work will continue in 2010/11 regarding the establishment of a hazards framework	Framework (to identify and manage hazards and risks) is established by 30 June, 2010
Walk-in customer services	Customer service centres are provided. (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton)	Services provided at 11 locations	Walk-in services at 11 locations
	Number of amount of walk-in customer service hours provided	451 hours per week achieved	Total of 451 hours per week
		8 hours per day achieved at each location	8 hours per day at Civic, Akaroa, Little River, Lyttelton, Fendalton, Riccarton, Beckenham, Shirley, Papanui
		8.5 hours per day achieved at each location	8.5 hours per day at Linwood and Sockburn
		3 hours per day achieved at each location	3 hours per day on a Saturday (10am-1pm) at Shirley and Papanui

All walk-in customer services staff are identifiable as Council employees

There are minimal wait-times for walk-in services

Customers are satisfied with walk-in services

All front-line staff have a suitable corporate uniform

Waiting times of less than 3 minutes were recorded 100% of the time during survey periods

98% of customers are satisfied with walk-in services

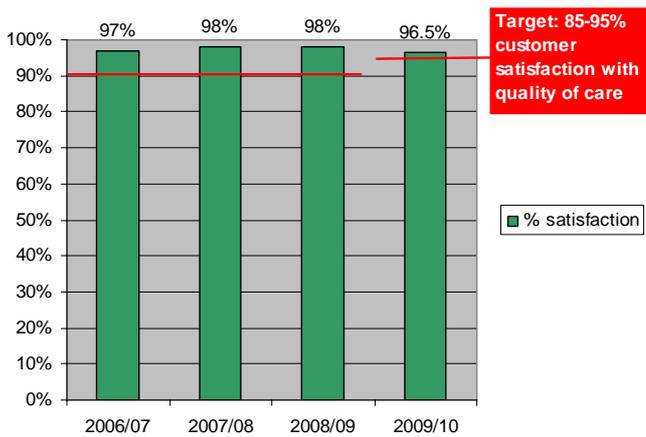
All front-line staff have a suitable corporate uniform

Less than 3 minutes, 80% of the time

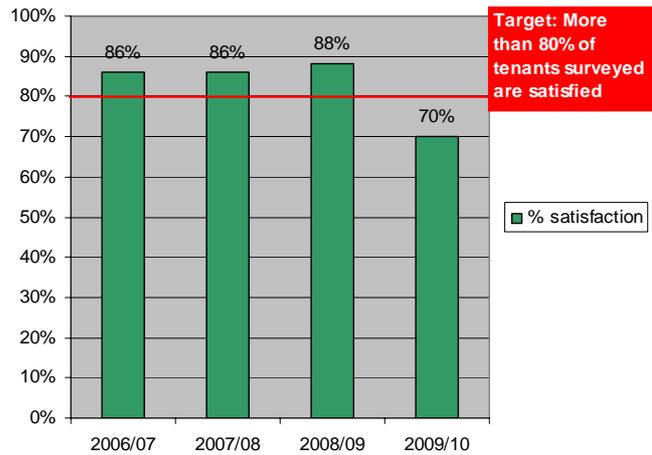
95% of customers are satisfied with walk-in services

Trends

Quality, high standard of professional childcare is provided that satisfies customers needs (Early Learning Centres)



Tenants are satisfied with quality of tenancy service provided



Where are we heading?

QEII Preschool and Pioneer ELC will continue under Council ownership and management. Tuam Street ELC will close at the end of 2010. A number of education and care services will continue to be supported with funding from Council.

Community development will continue to work with community organisations and the voluntary and not-for-profit sector to provide support, advice, information and advocacy services to facilitate stronger communities.

We will continue to provide contestable community grants to support community organisations to undertake projects and services that support and provide benefit to the wider Christchurch community, local communities and communities of interest.

Improved asset management will assist the social housing and community facilities teams to upgrade and ensure energy efficiency of our assets.

What did it cost?

Community support
Statement of cost of services for the year
ending 30 June 2010

	2010				2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Community facilities	2,477	559	1,918	1,659	1,884
Early learning centres	2,306	1,997	309	47	192
Strengthening communities	4,761	741	4,020	4,652	4,461
Community grants	11,321	222	11,099	11,053	10,544
Social housing	17,118	14,926	2,192	2,023	3,216
Civil Defence and emergency management	898	38	860	819	764
Walk in customer services	2,457	83	2,374	2,443	3,647
Cost of service	41,338	18,566	22,772	22,696	24,708
Capital expenditure					
Renewals and replacements			4,404	4,512	2,747
Improved service levels			-	1,227	(34)
Increased demand			-	-	34
Total capital expenditure			4,404	5,739	2,747

Explanation of significant cost of service variances

Community facilities

Community facilities was \$0.3 million over plan due to the loss on disposal of the Banks Peninsula Heartlands Centre demolition, and roof replacements at Bishopdale Crèche and Harvard Lounge. Additional maintenance was also required at community halls and facilities and early learning facilities.

Early learning centres

Council operated early learning centres was \$0.3 million over plan due to unplanned costs associated with the outsourcing tender, cost overruns in contract labour and a shortfall in revenue.

Strengthening communities

Strengthening communities was \$0.6 million under plan due to an under-spend in the Safe City Officer's area as the service was established. In addition, engagement expenditure was lower than budgeted due to savings across a number of projects.

The net cost of service is lower than 2008/09 due to the recognition of revenue from graffiti, crime and injury prevention grants in the current year.

Community grants

Community grants has a \$0.6 million higher net cost of service compared to 2008/09 due to new grants for the Wigram Airforce Museum (\$0.5 million), St Bede's Hockey (\$0.25 million), Canterbury Development Corporation (\$0.35 million) and heritage grants (\$0.3 million), offset by a \$0.75 million reduction in community grants.

Social housing

Housing has a \$1 million lower net cost of service compared to 2008/09 as a result of a 14 per cent increase in housing rentals.

Walk in customer service

Walk in customer service has a \$1.3 million lower net cost of service compared to last year due to a reallocation of costs as part of the LTCCP activity review.

Significant capital expenditure

During the 2009/10 year \$3 million was spent on housing improvements and redecorations. \$1.3 million was spent on community centre upgrades including the purchase of land for the St Albans Resource Centre extension.

Explanation of significant capital expenditure variances

Actual expenditure is \$1.3 million below plan due to delays in the St Albans Resource Centre extension, and the Civil Defence Emergency Management facility. These projects have been carried forward to 2010/11. Capital expenditure was lower in 2008/09 following a reduction in housing expenditure.

4035 – Cultural and learning services

What are cultural and learning services?

These are the galleries, museums and libraries that enable residents to experience art, historical and other material and to gain access learning materials.

Why is the Council involved in cultural and learning services?

We provide these facilities so that residents of Christchurch have access to a full range of cultural activities and information within the city.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Culture and learning services activities contribute to the cultural and social well-being of the community by ensuring that a range of facilities (art galleries, libraries and museums) are available and that a wide range of support services are in place for those using these facilities.

The activities also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a city for recreation, fun and creativity and a city of lifelong learning – three of the nine goals for our city that are included in our Community Outcomes.

This contribution is made by providing accessible and welcoming public buildings, providing and supporting a range of arts, festivals and events, and by providing books, information and learning programmes. For more information on these nine goals for our city see the Community Outcomes section of this report.

How does it affect me?

Every time you visit the Christchurch Art Gallery, local museums and city libraries, you make use of the Council's cultural and learning services. You can gain access to interesting material, collections and other programmes, such as exhibitions and public events. You can also take advantage of a range of services and learning opportunities online.

What activities are involved in cultural and learning services?

Art gallery and museums

We operate the art gallery and support museums to ensure the artistic and historical heritage of the region is collected and presented to residents and visitors to the city. Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. Council funding is provided to the Canterbury Museum as required by statute.

Libraries

City libraries provide recreational and learning material, create opportunities for lifelong learning and literacy, and provide community spaces for the public.

Christchurch libraries are well-used, with membership around 79% of the Christchurch population.

What did we achieve?

Art gallery and museums

A major revision of the upstairs collection galleries was undertaken, with 'Brought to Light', a national award-winning long-term exhibition, opening in November 2009. In addition, several exhibitions which each shed light on a portion of the collection were mounted, including *The Naked and the Nude*.

The Gallery organised six large-scale solo exhibitions: Séraphine Pick, Ronnie van Hout, et al, Neil Pardington, Christine Webster and Andrew Drummond. Three new publications have been produced in 2009/10 and two are being toured to other centres.

New projects were initiated in the foyer and forecourt as part of the popular Outer Spaces programme and 'Blue Planet', the latest in the series of exhibitions for family audiences was installed with very positive visitor feedback.

The large range of projects and exhibitions offered throughout the year has contributed towards the community and recreation community outcomes.

Libraries

Christchurch City Libraries celebrated its 150th birthday in August 2009 with parties, events and entertainment across the library network. Council marked the occasion with a gift to the city — free internet access for customers at all libraries. A wide range of programmes and events offered throughout the year saw attendance increase by just over 9 per cent. This contributed to the recreation community outcome.

Uptake of the free internet service has been significant with usage up 60 per cent from the previous system. Similar growth in the use of wireless access has been experienced: up 52 per cent on the previous 12 months. Visits to the library website increased 18 per cent. Borrowing continued to be a popular activity with over 6 million books, magazines & DVDs again being loaned.

Both Shirley and New Brighton libraries were significantly refurbished.

The increased visits to the library, books being loaned, and internet availability has greatly contributed to the knowledge community outcome goals.

How did we measure up?

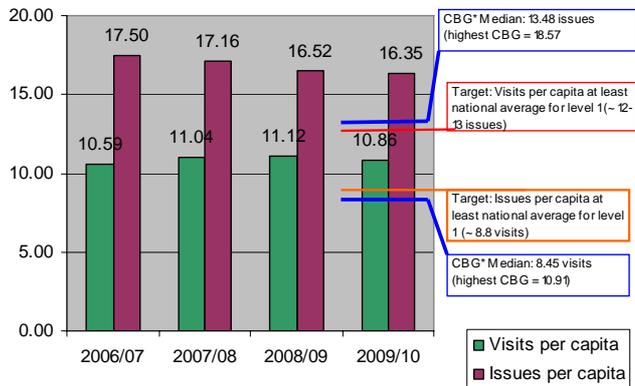
Activity	Level of service	Actual	Target
Art gallery and museums	Hours of opening	2,840 hours open to the public	Minimum hours open to the public: 2,793 hours per annum by end 2010
	Exhibitions and publications presented	20 exhibitions presented	15-18 exhibitions presented per annum
		7 publications produced	4-6 publications per annum, with at least 1 significant publication every 2 years
	Public programmes and school specific programmes delivered	28,093 attended advertised public programmes	Average of 25,000 attending advertised public programmes per annum
		12,256 attended school specific programmes	11,000 attend school specific programmes per annum
	Collection items available on web	87% of the collection is online with images	80% of collection online with images by end 2009-10
	Number of visitors per annum	Total visitors 470,074 See trend graph below	Number of annual visitors within the range 370,000 – 410,000
	Visitors satisfied with their Art Gallery experience	99%	At least 90% of visitors rate their experience as good, very good, or excellent
	Akaroa Museum: hours of opening	2,088 Lost five hours opening due to three hours closing during tsunami warning (28 February), and two hours closing due to power cut (2 March)	Minimum of 2,093 opening hours per annum
	Akaroa Museum: number of visitors per annum	Total visitors 16,291	A range of 14,250-15,750 visitors per annum
Administer the Canterbury Museum levy as per statutory requirements	Canterbury Museum levy funding paid as required	Canterbury Museum levy funding paid as required	
Libraries	Collections are available to meet the needs of the community	3.06 items per capita	Maintain collections at 3 – 3.5 items per capita

	16.35 issues per capita. This is above the national average	Maintain the number of issues per capita of city population, per year, at national average or better
	See trend graph below	
Residents have access to a physical library relevant to local community need or profile	All facilities opened as per target	Metropolitan 72 hrs Suburban (large) 57 to 67 hrs Suburban (medium) 48 to 57 hrs Neighbourhood 43 to 57 hrs
	Mobile library service maintained	Maintain a mobile library service
	10.86 visits per capita	Maintain visits per capita to national average or better, per annum, for level 1 NZ Public Libraries Maintain
	The provisional national average for 2010 is 8.8 visits per capital	
	See trend graph below	
	Facilities provided rent free and support provided to 10 voluntary libraries. Support included building maintenance and assistance with purchasing books	Provide 10 voluntary libraries with rent free facilities and provide support for maintaining building and collections
Residents have access to information by walking in, library website, phone, email professional assistance and online customer self-service, as well as on-site access to computers/internet	1.9 enquires per capita	Maintain the number of reference and research enquiries from customers per year at national average or better
	The provisional national average for 2010 is 1.31 enquiries per capita	
	11.38 million page views to the website	10.45 million page views to the website
	9.57 million external page views to the online catalogue	7.59 million external page views to the online catalogue
	Achieved	Provide free bookable time on public PCs with charges for ancillary services
Provide programmes and events to meet diverse lifelong learning needs of customers	250 per 1,000 of population	Participation of 200 – 230 per 1,000 of population

Trends

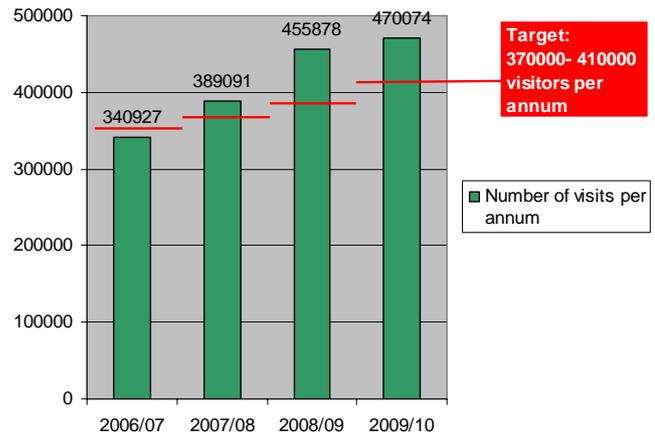
Library collections are available to and meet the needs of the community

Residents have access to a physical library relevant to local community need or profile



*Council Benchmarking Group

Number of visitors per annum (to Art Gallery)



Where are we heading?

Art Gallery and museums

Christchurch Art Gallery Te Puna o Waiwhetu will continue to attract a large number of returning residents, national and international visitors to Christchurch; it will also take steps to increase the diversity of its visitors. The focus of its activities will be building a nationally significant collection and ensuring a strong exhibition and authoritative publishing programme. A range of other events will educate, entertain, provoke and challenge our audiences.

Canterbury Museum will be supported by an annual grant and collection items will be moved into the new storage building in Akaroa.

Libraries

The installation of radio frequency identification technology will commence. This project will result in significant efficiency gains, with the first phase being the tagging of six million library items.

After much planning and consultation with the local community, a new library will open in Aranui in July 2011. Building will start in November 2010. Central Library will undergo a refurbishment to make better use of the space. A Family History Centre and a flexible learning space will be developed on the second floor.

What did it cost?

Cultural and learning services
Statement of cost of services for the year
ending 30 June 2010

	2010				2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Libraries	29,552	1,968	27,584	27,652	26,661
Art gallery and museums	14,314	1,270	13,044	12,789	12,502
Capital revenues	-	81	(81)	(583)	-
Cost of service	43,866	3,319	40,547	39,858	39,163
Capital expenditure					
Renewals and replacements			7,933	6,966	7,036
Improved service levels			617	1,839	304
Increased demand			12	-	-
Total capital expenditure			8,562	8,805	7,340

Explanation of significant cost of service variances

Libraries

Libraries has a \$0.9 million higher net cost of service compared to 2008/09 as a result of increased staff costs and an increase in internal charges due to a reallocation of costs as part of the LTCCP activity review.

Art gallery and museums

The 2009/10 variance to plan is a result of the art gallery not having a fee paying exhibition in 2009/10 and therefore receiving lower revenue.

Art gallery and museums has a \$0.5 million higher net cost of service compared to last year as a result of the increase in Canterbury Museum Trust Board levies and the reallocation of internal costs referred to above.

Capital revenues

Development contributions were less than anticipated.

Significant capital expenditure

\$4.7 million was spent on library book purchases and \$0.5 million on art gallery acquisitions. \$0.7 million was spent re-hanging some items within the Christchurch Art Gallery Permanent Collection and \$0.6 million on the Akaroa Museum storage facility. \$1.1 million was spend on building related renewals and replacements at Libraries including \$0.3 million on the new Aranui library and \$0.3 million was spent on renewals and replacements at the Art Gallery.

Explanation of significant capital expenditure variances

The 2009/10 variance to plan is a result of the delays in purchasing land for the Aranui Library.

The \$1.2 million increase in capital expenditure compared to that in 2008/09 is due to expenditure on the Christchurch Art Gallery Permanent Collection and the Akaroa Museum storage facility.

4040 – Democracy and governance

What is democracy and governance?

Democracy describes a system of government which is run on behalf of the people, through their elected representatives. Governance is about how those representatives (the Council and community boards) run the city.

What is the Council's role in democracy and governance?

The people of Christchurch choose their Mayor, City Councillors and Community Board members at elections held every three years. The Council 'governs' by making strategies, policies and decisions which set the direction for the future of Christchurch. The Council regularly seeks community input on a range of issues, including draft policies, local capital works projects, and the Council's 10 year community plan.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Democracy and governance activities contribute to the social well-being of the community by ensuring a wide range of opportunities are available for individuals and groups to be involved in local government decision making.

They also contribute toward the achievement of the city's Community Outcomes. Democracy and governance activities help make Christchurch a city of diverse and inclusive communities and a well-governed city – two of the nine goals for our city that are included in our Community Outcomes. This contribution is made by ensuring everyone's views are heard before decisions are made and by enabling elected members to make the best decisions for the city. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

The activities of the Christchurch City Council have a direct impact on everyone in Christchurch – from the collection of kerbside rubbish, to the provision of safe drinking water, the upkeep of our parks, and the hosting of festivals and events. You can influence how the Council runs the city by voting for your representatives in local body elections every three years, and by becoming involved in the decision-making process through public consultation.

What activities are included in democracy and governance?

City governance and decision-making

Council staff provide support and advice to the Mayor, Councillors and Community Board members so that they are able to make good decisions on behalf of Christchurch residents. Staff ensure that the decision-making process is clear to residents, and meets all statutory and policy requirements.

Public participation in democratic processes

Christchurch residents are encouraged to participate in the democratic processes of Council through local elections held every three years; and by having their say at consultation and decision-making times. It is important that decisions are based on the views of the community, in particular the views of those directly affected.

What did we achieve?

Work was undertaken to implement the final decision of the Local Government Commission on the review of representation arrangements for the governance of Christchurch. That decision resulted in minor boundary alterations to four of Christchurch's seven wards, but no change to other arrangements including the number of elected members.

Around 230 submissions were received on the Council's draft Annual Plan for 2010/11, with nearly 80 submitters attending hearings to speak to the Council on their submissions. A total of 230 hearings panels were convened to hear submissions on a range of issues, including proposed cycle lanes, reserve management plans, draft strategies on Climate Change and Open Spaces, as well as regulatory issues under various legislation.

The eight Community Boards continued to fund and support community organisations and projects, and to advocate on behalf of their communities to the Council and other organisations on issues of importance or interest to their local areas.

The governance community outcome is measured partly by asking residents how satisfied they are that Council make decisions in the best interest of Christchurch and if residents understand how Council makes decisions. The result for 2010 is shown below in the section, How did we measure up?. In both cases, the result has improved since 2008: the percentage of residents satisfied that the Council makes the best interests of Christchurch 47 per cent in 2010 compared to 41 percent in 2008; and the percentage of residents who understand how Council makes decisions 37 per cent in 2010 compared to 31.5 per cent in 2008.

How did we measure up?

Activity	Level of service	Actual	Target
City governance and decision-making	Percentage of residents who understand how Council makes decisions	37%	40%
	Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch	47%	48%
	Council and Community Board decisions comply with statutory requirements	100%	100%
Public participation in democratic processes	Percentage of residents that feel the public has some or a large influence on decisions the Council makes	38%	61%
	All elections and polls comply with relevant legislation	100%	100%

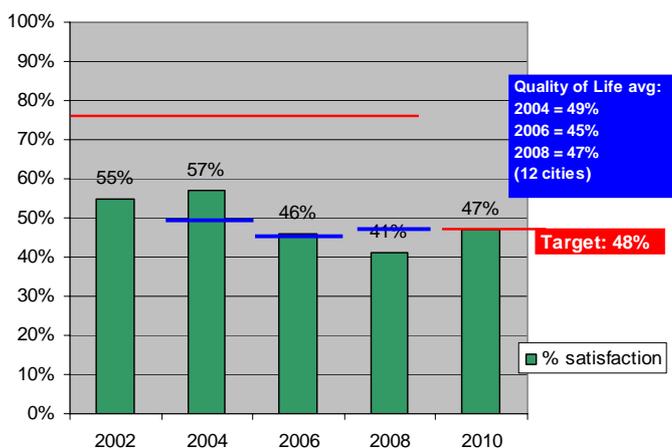
See trend graph below

The key performance indicator (KPI) regarding residents' understanding of how Council makes decisions is relevant to this KPI. This KPI will be discussed with elected members to identify any remedial action

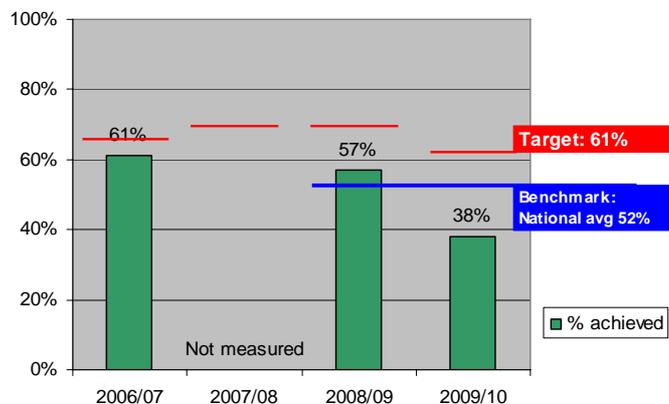
See trend graph below

Trends

Percentage of residents satisfied that the Council makes decisions in the best interests of Christchurch



Percentage of residents that feel the public has some or a large influence on decisions the Council makes



Where are we heading?

Work will be undertaken to prepare for and hold the October 2010 local body elections.

We will focus on identifying the most effective means of raising awareness and increasing understanding among Christchurch residents of how the Council makes decisions. This includes the ways in which the Council seeks community views on decisions to be made.

What did it cost?

Democracy and governance
Statement of cost of services for the year ending 30
June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
City governance and decision-making	7,987	-	7,987	8,160	8,362
Public participation in democratic processes	1,296	-	1,296	1,298	1,211
Cost of service	9,283	-	9,283	9,458	9,573
Capital expenditure					
Renewals and replacements			2	-	-
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			2	-	-

Explanation of significant cost of service variances

There were no significant variances.

Significant capital expenditure

There was no significant capital expenditure

Explanation of significant capital expenditure variances

There were no significant variances..

4045 – Economic development

What is economic development and what does the Council do?

We support Christchurch businesses and key industries to grow, helping to build a prosperous city. Increasing the number of visitors and tourists helps boost the local economy, while civic and international relations programmes help build useful international partnerships and foster cultural understanding within the local community.

Why is the Council involved in economic development?

A sound economy is essential for the city to achieve its goals. Economic prosperity, shared fairly among all Christchurch residents, enables improved access to health care, education and other services. An economy based on technology and added value places fewer demands on the natural environment.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future and for contributing towards the achievement of the city's Community's Outcomes.

Economic development activities contribute to the economic and social well-being of the community by ensuring that a range of employment, business start up and other programmes are available to support individuals and business. There is a significant impact through tourism and promotion of the region. These and other economic development activities carried out by the Council help make Christchurch a prosperous city- one of the nine goals included in our Community Outcomes. For more information on these goals see the Community Outcomes section of this report.

How does it affect me?

A strong economy benefits everyone in Christchurch because it creates employment and business opportunities. A culturally inclusive city that has strong international ties is more likely to attract high-value migrants, investment and innovation.

What activities are included in economic development?

Regional economic development, business support and welfare development

Christchurch is the main business location for Canterbury and the South Island. The Council works in three key areas:

- economic development
- industry and business development
- promotion of Christchurch and Canterbury to tourists and visitors

City promotions

We promote Christchurch as an attractive place to work and to do business. Promotional brochures, websites and displays advertise events and attractions.

Civic and international relations

We promote cultural links with city-to-city programmes. These help to attract high-value investment and innovation. Council staff maintain relationships with Antarctic partners, and organise civic and mayoral events such as citizenship ceremonies and ANZAC Day services.

What did we achieve?

The regional economic development governance group completed the review of the Canterbury Regional Economic Development Strategy (CREDS). The strategy identifies five key priority areas as a focus for projects to deliver on the vision:

- Canterbury Water
- Canterbury Intellectual Property
- Canterbury Trade Alliance
- Canterbury Connectivity (especially broadband)
- Canterbury Tourism.

Applications have been made and the full funding available for Canterbury from NZ Trade and Enterprise has been allocated to projects in these areas. Amongst the projects funded is work on the Canterbury Regional Innovation System being lead by Grow Mid Canterbury with support from Canterbury Development Corporation (CDC).

CDC has been leading the development of the Christchurch Economic Development Strategy (CEDS). The strategy positions Christchurch as a Smart City and the hub of the South Island. Challenging 'stretch' goals for the city's economy are identified and a series of projects to begin the transformation of the Christchurch economy are identified.

The first stage of the Christchurch and Canterbury Tourism (CCT) joint venture funding for the Australian market (January – June 2010) brought an extra 13,000 Australians to the region. Overall visitor numbers have shown growth fuelled by the Australian market and supported by the domestic market.

It has been a positive year for conferences and incentives with a significant increase in activity in the second half of the year. Over the period the Christchurch & Canterbury Convention Bureau has participated in nearly 50 city bids.

Plans are well underway for the Rugby World Cup 2011 and CCT continues to promote events to visitors.

How did we measure up?

Activity	Level of service	Actual	Target
Regional economic development, business support, and workforce development	Council develops a framework for its involvement in economic development	This work is dependent on the CEDS. This was not completed according to scheduled timeline. Level of service completion date re-set to 30 June 2011	A strategic framework for Council's involvement in economic planning and development is completed. (February 2010)
	CDC provides economic development leadership for Christchurch	CEDS strategy approved by CDC Board	Refresh of the CREDS by 31 August 2009 unless agreed otherwise by CDC's board
		Criteria have been developed as part of CEDS project	Christchurch Economic Development Strategy (CEDS) developed by 31 December 2009 unless agreed otherwise by CDC's Board
	CDC develops centres of expertise in economic research, workforce, and investment	Economic models were trialled by end of September and were completed and in use by end November 2009	Christchurch/Canterbury economic model, capable of undertaking economic impact assessments, developed by 30 September 2009 unless agreed otherwise by CDC's board
		Report completed prior to 31 October 2009	Key economic indicators for Christchurch and Canterbury are developed by 31 October 2009 unless agreed otherwise by CDC's Board
		CDC publishes the Canterbury Economy Report quarterly on its website. This includes indicators such as: GDP, employment by sector, the number of building consents and value of building work, employment and unemployment rates, labour force participation rate, size of the working population, ease of finding labour, profitability of firms - over the last three months and projected for the next three month, earnings, retail expenditure, migration and median real estate price	
		Indicators are tracked and published monthly in an Economic Snapshot available online on CDCs knowledge centre page	Key economic indicators for Christchurch and Canterbury published quarterly

	Power House Ventures now has the contract to manage the Canterbury Economic Development Fund (CEDF) fund. Over one hundred eligible companies have been put in front of CEDF	10 high-growth-potential businesses and projects that meet investment objectives of CEDF are identified each year unless agreed otherwise by CDC's Board
CDC initiates and/or implements priority economic development projects identified through Christchurch Economic Development Strategy or Canterbury Regional Economic Development Strategy	CDC continues to work on the Cruise Ship Berth, Health Innovation Hub and Centre for Innovative Foods	Three projects (new and ongoing) per annum unless agreed otherwise by CDC's board
CDC delivers a programme supporting existing and emerging high growth industry sectors	Ongoing support and activity is provided to six sectors: ICT, International Education, Specialised Manufacturing, functional Foods, Nutraceuticals and Medtech sectors	Identify and support five high-growth-potential industry sectors and/or cluster groups (ongoing) unless agreed otherwise by CDC's board
CDC delivers customised business acceleration services to businesses with high growth potential	The Enterprise Training Programme (ETP) contract has been successfully delivered within the city and region. In excess of 90% of the programme has been delivered to high growth potential businesses in multiple target sectors	80% of ETP delivered to support needs of high-growth-potential businesses unless agreed otherwise by CDC's board
Council to work with CCT to implement strategic plan that supports and delivers on visitor strategy	The plan is not completed. CCT expressed that its mandate is visitor marketing, not the implementation of the Visitor Strategy. CCT will only play this role if Council provides associated additional funding. The issue of where the mandate lies for implementing the Visitor Strategy needs to be resolved	Three year strategic plan completed annually by 15 June
	Implementation to date reviewed as part of wider work to audit delivery of Council strategies	Visitors' strategy implementation progress is monitored and reviewed with key stakeholders as part of the strategic planning process
CCT promotes Christchurch and Canterbury as the best value destination for conventions, incentive travel and exhibitions	Covec research shows 19.6% average market share for the region from July 2009 to March 2010. NB: a new research programme was introduced on 1 June 2009	18% market share of conference delegate days by 2015 unless agreed otherwise by CCT's board
	9.8% increase in conference days. NB: a new research programme was introduced on 1 June 2009	3% increase in conference delegate days per annum (ongoing) unless agreed otherwise by CCT's board
CCT supports tourism operators to improve the environmental and cultural sustainability of their businesses	Achieved. 351 licensed operators in Canterbury	5% per annum increase in Qualmark licensed operators with a starting base in 2007 of 285 unless agreed otherwise by CCT's board

		159% increase. For Qualmark Enviromark certification, in June 2010 there were 119 certified operators in the region from starting base of 46 for June 2009	10% increase per annum in businesses adopting environmental programmes (Green Globe, Carbon Zero and Qualmark unless agreed otherwise by CCT's board
	CCT provides support to and works collaboratively with tourism business partners and suppliers	\$922,666 The world-wide recession has impacted the tourism sector making it difficult for CCT to raise private sector funding for consumer campaigns. CCT to determine whether \$1.2 million is an achievable level of service for 2010/11	Private sector funding contribution for domestic and Australian consumer campaigns is at least \$1.2 million per annum unless agreed otherwise by CCT's board
City promotions	Residents are satisfied with the information available about events, activities and attractions in Christchurch	87% Annual residents survey	80% annual residents survey
Civic and international relations	All Sister City Committee annual plans are assessed and 'within-budget' funding approved, for activities meeting the requirements of the International Relations Policy, for culture, education and business	100% of plans assessed (by staff)	100% of plans assessed (by staff)
	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes	All major events delivered including, Antarctic Festival, Antarctic, NZ Cup and Show Week, Summertimes Festivals, Kidsfest and World Buskers Festival	All major events delivered annually, including: season opening function; Antarctic Festival; Antarctic UC scholarship
		Council is an active partner with the Civic and International Relations Manager chairing Antarctic Link community	Council remains an active partner within Antarctic Link community

Where are we heading?

The Christchurch Economic Development Strategy provides a clear direction for both Canterbury Development Corporation's and the Council's work to help transform the city's economy. Over the next year both organisations will need to review their activities to best contribute to achieving the strategy's vision and goals.

Christchurch and Canterbury Tourism has established a goal of injecting \$2.09 billion into the region through tourism 2013 by focusing on targeting core growth markets and consolidating numbers from more challenging high yield markets.

In the next stage of the joint venture funding the Council, Christchurch and Canterbury Tourism, Christchurch International Airport Limited, airlines and key business partners expect to invest approximately \$2.3 million in the Australian market, to bring an additional 30,000 visitors over the next 12 months.

Work will continue to increase visitors for the Rugby World Cup 2011.

What did it cost?

Economic development

Statement of cost of services for the year ending 30 June 2010

	2010				2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Civic and international relations	922	19	903	898	483
Regional economic development, business support and employment development	8,974	162	8,812	7,510	9,207
City promotions	720	-	720	731	528
Cost of service	10,616	181	10,435	9,139	10,218
Capital expenditure					
Renewals and replacements			149	100	607
Improved service levels			-	-	-
Increased demand			-	-	-
Total capital expenditure			149	100	607

Explanation of significant cost of service variances

Net cost of service is higher than plan due to impairment of property, plant and equipment.

Significant capital expenditure

There was no significant capital expenditure.

Explanation of significant capital expenditure variances

There were no significant variances.

4050 – Parks, open spaces and waterways

What is included in parks, open spaces and waterways, and what does the Council do?

The Council maintains and manages 1,000 separate parks and reserves covering nearly 9,000 hectares within the greater Christchurch City area. The Council is also responsible for a number of gardens and sports areas, managing the city's stormwater drains, waterways and harbour facilities, and the rural fire fighting service.

Why does the Council provide parks, open spaces and waterways?

There are community and environmental needs for open space, for protection of natural resources and scenic values, and for beautifying the city. We also manage the land drainage network and provide places for burial and remembrance.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

The parks, open spaces and waterways activities contribute to the environmental and social well-being of the community through the provision of a network of parks and gardens throughout the city, offering a range of active and passive recreational opportunities.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment, a healthy city, a city for recreation, fun and creativity, and an attractive and well-designed city – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing areas for people to engage in a range of healthy activities, enabling people to contribute to environmental projects and providing a well cared for environment. For more information on these nine goals see the Community Outcomes section of this report.

How does it benefit me?

Everyone benefits by having access to areas for recreation, leisure and sport. We protect community health and safety by maintaining waterways, by providing cemeteries, and managing rural fire fighting.

What activities are included in parks, open spaces and waterways?

Neighbourhood parks

We maintain neighbourhood parks to provide places for community relaxation and enjoyment.

Sports parks

We maintain specialised sports grounds, such as at Hagley Park, for organised sports and other recreational activities.

Garden and heritage parks

The Botanic Gardens and other heritage parks are maintained to protect Christchurch's biodiversity and our Garden City image, as well as to provide relaxation and enjoyment.

Regional parks

We maintain a network of regional parks to protect the region's natural landscapes, including coastal areas, the Port Hills, and the plains.

Cemeteries

We maintain cemeteries and administer burials.

Waterways and land drainage

By maintaining natural waterways and stormwater drainage systems, we protect the community from flooding, enhance waterways and provide opportunities for walking and cycling.

Harbours and marine structures

We manage wharves, moorings and boat ramps at Lyttelton Harbour, Akaroa Harbour and around the peninsula, for recreational and commercial use.

Rural fire fighting

We train rural fire officers and volunteers, educate the public about fire safety, and manage the issue of fire permits.

What did we achieve?

Volunteer hours remained high as staff worked with community members contributing to the International Year of Biodiversity and the City's Biodiversity Strategy with plantings, weed control and other environmental protection projects. We celebrated the tenth year of coordinated volunteer restoration plantings on the Port Hills - such as in Bush head (Bowenvale Valley).

The Te Oka Farm purchase contributed significantly to publicly accessible land in Banks Peninsula for recreation and conservation.

Significant upgrades to the Bottle Lake Forest Park mountain bike tracks ensure that this area remains a popular playground for city bikers.

We again hosted the Ellerslie International Flower Show, with the Botanic Gardens team winning both gold and silver distinction medals for their displays, and the Supreme Judges Award for their "Life and Death" display.

We removed over 1,500 tonnes of aquatic weed from the city's three main rivers and maintained 2,000 kilometres of natural waterways, 133 kilometres of manmade drains, 800 kilometres of under road stormwater drainage pipes, 100 water detention basins, and 12 kilometres of stop banks throughout the year.

Substantial drain upgrades on the Riccarton main drain and on Hayton's drain in Wigram have greatly improved the capacity of these drains, and the completion of the Awatea Basins will not only cater for the Wigram Aerodrome development, but also improve the drainage for the Halswell area.

Three new rose gardens for ash burials were installed in Ruru Lawn Cemetery, and the RSA area has also been upgraded with new plantings.

Council's achievements in parks, open spaces and waterways continues to contribute strongly towards our desired community outcomes of environment, health, recreation, and city development. This is demonstrated through the very high level of residents satisfaction with Council's recreation facilities and parks – as shown in the 'How did we measure up?' section below.

How did we measure up?

Activity	Level of service	Actual	Target
Neighbourhood parks	Neighbourhood parks are satisfactorily maintained	<ul style="list-style-type: none"> — furniture kept clean, safe and serviceable condition — annual programme completed — all rubbish bins clean, emptied and serviceable, with surrounding loose litter removed 	<p>Maintain furniture and signs, based on seasonal demands. Minimum weekly:</p> <ul style="list-style-type: none"> — keep furniture clean, safe and serviceable — paint and stain as required — keep rubbish bins clean, emptied and serviceable, with surrounding loose litter removed <p>Maintain hard surfaces and paths:</p> <ul style="list-style-type: none"> — maintain surfaces in a clean, safe and serviceable condition — make safe and report serious damage or faults within 24 hours — painted markings to be clearly visible
		<ul style="list-style-type: none"> — surfaces maintained in a clean, safe and serviceable condition — all major damage or faults made safe within 24 hours — all painted markings are clearly visible 	

Maintain playground equipment:

- playground equipment kept safe, clean and serviceable
- fortnightly safety inspections conducted
- repaired or replaced damaged, worn or missing equipment; Unsafe equipment immobilised within two hours of notice
- all bark under surfacing was 200 mm deep
- all accidents investigated and reported within two working days
- keep playground equipment safe, clean and serviceable
- conduct fortnightly safety inspections
- repair or replace damaged, worn or missing equipment; make safe or immobilise unsafe equipment within two hours of notice
- bark to be 200 mm deep
- investigate and report accidents within two working days

Maintain shrub gardens:

- plants maintained for long-term display and health
- weeds controlled within specification: no flower or seed heads, and height ≤50 mm
- all mulch has a minimum depth of 75 mm
- plant pests and diseases monitored, reported and controlled
- irrigation performed to an agreed programme
- maintain plants for long-term display and health
- control weeds within specification: no flower or seed heads, and height ≤50 mm.
- mulch to a minimum depth of 75 mm
- monitor, report and control plant pests and diseases
- irrigate to an agreed programme

Maintain toilets, changing rooms and buildings:

- toilets and changing rooms were serviced either 1–3 times weekly or 1–2 times daily, depending on seasonal demand
- all major damage and faults reported within 24 hours of notice
- service toilets and changing rooms either 1–3 times weekly or 1–2 times daily, depending on seasonal demand
- report serious damage or faults within 24 hours of notice

Maintain turf areas:

- mown areas were kept to within the following parameters: rugby, league, soccer, hockey 20 mm – 50 mm; cricket wickets 5 mm – 20 mm
- turf was kept in a healthy, dense, uniform condition
- line markings clearly visible
- keep mown areas within the following parameters: rugby, league, soccer, hockey 20 mm – 50 mm; cricket wickets 5 mm – 20 mm
- maintain turf in a healthy, dense, uniform condition
- line markings to be clearly visible

Customers are satisfied with the range of recreation facilities, including playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks, and fitness equipment

92%

≥90% customers satisfied each year with the range of recreation facilities available at neighbourhood parks

Overall customer satisfaction with neighbourhood parks

89%

See trend graph below

≥90% customers satisfied each year with the appearance and condition of neighbourhood parks

Sports parks

Sports parks are satisfactorily maintained

- furniture kept clean, safe and serviceable condition
- annual programme completed
- all rubbish bins clean, emptied and serviceable and surrounding loose litter removed

- surfaces maintained in a clean, safe and serviceable condition
- all major damage or faults made safe and reported within 24 hours
- all painted markings are clearly visible

- playground equipment kept safe, clean and serviceable
- all fortnightly safety inspections conducted
- repaired or replaced damaged, worn or missing equipment
- Unsafe equipment was made safe or immobilised within two hours of notice
- all bark under surfacing 200 mm deep
- all accidents investigated and reported within two working days

- plants maintained for long-term display and health
- weeds controlled within specification, no flower or seed heads, and height <50 mm
- mulch minimum depth of 75 mm
- plant pests and diseases were monitored, reported and controlled
- irrigation performed to an agreed programme

- toilets and changing rooms were serviced either 1–3 times weekly or 1–2 times daily, depending on seasonal demand
- major damage and faults were reported within 24 hours of notice

Maintain furniture and signs, based on seasonal demands. Minimum weekly:

- keep furniture clean, safe and serviceable

- paint and stain as required

- keep rubbish bins clean, emptied and serviceable, with surrounding loose litter removed

Maintain hard surfaces and paths:

- maintain surfaces in a clean, safe and serviceable condition

- make safe and report serious damage or faults within 24 hours

- painted markings to be clearly visible

Maintain playground equipment:

- keep playground equipment safe, clean and serviceable

- conduct fortnightly safety inspections

- repair or replace damaged, worn or missing equipment

- make safe or immobilise unsafe equipment within two hours of notice

- bark under-surfacing to be 200 mm deep

- investigate and report accidents within two working days

Maintain shrub gardens:

- maintain plants for long-term display and health

- control weeds within specification: no flower or seed heads, and height ≤50 mm

- mulch to a minimum depth of 75 mm

- monitor, report and control plant pests and diseases

- irrigate to an agreed programme

Maintain toilets, changing rooms and buildings:

- service toilets and changing rooms either 1–3 times weekly or 1–2 times daily, depending on seasonal demand

- report serious damage or faults within 24 hours of notice

		<ul style="list-style-type: none"> — mown areas were kept to within the following parameters: rugby, league, soccer, hockey 20 mm – 50 mm; cricket wickets 5 mm – 20 mm — turf was kept in a healthy, dense, uniform condition 	<p>Maintain turf areas:</p> <ul style="list-style-type: none"> — keep mown areas within 25 mm – 60 mm — maintain turf in a healthy, dense, uniform condition
	Customers are satisfied with the range of recreation facilities available, including; playgrounds, skateboard ramps, tennis and petanque courts, BMX tracks and fitness equipment	92%	≥90% customers satisfied each year with the range of recreation facilities available at sports parks
	Overall customer satisfaction with sports parks	95%	≥90% customers satisfied with the appearance and condition of sports parks
		See trend graph below	
Garden and heritage parks	Christchurch Botanic Gardens and heritage parks (including fountains, clocks, statues and outdoor art) are well maintained	<ul style="list-style-type: none"> — Christchurch Botanic Gardens — heritage garden parks 49 — clocks 8 — fountains 21 — buildings 3 — bridges 1 — war memorials 22 — statues 8 	<p>Continue to provide:</p> <ul style="list-style-type: none"> — Christchurch Botanic Gardens — heritage garden parks 49 — clocks 8 — fountains 21 — buildings 3 — bridges 1 — war memorials 22 — statues 8
	Proportion of visitors to the Botanic Gardens satisfied with the appearance of the gardens, and other garden and heritage parks	98% resident survey result	≥89% satisfied or very satisfied with the Botanic Gardens
		92%	≥87% satisfied or very satisfied with garden and heritage parks (excluding the Botanic Gardens)
	Number of visits to the Botanic Gardens	1.453 million visits	≥1.3 million visits
		See trend graph below	
	Provision of Botanic Gardens services	Hours maintained	Visitor Centre opening hours 9.00 am–4.00 pm weekdays and 10.15 am–4.00 pm weekends
		6	Permanent displays, educational area, exhibitions: six per year
		No alteration to standard operation	Herbarium environment standards achieved
		Available for restricted access	Restricted access (for reference only) to herbarium library, archives for wider community – two hours per day, by appointment
		38 learning experiences outside the classroom (LEOTC) programmes	Environmental education programmes: 20 per year
		4	Community exhibitions, and education information: four per year

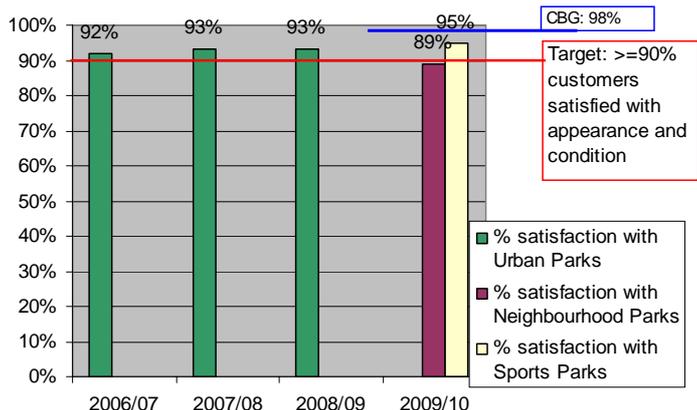
		161 hours: Royal Society, Turf trials, Rose trials, Landcare, DOC, Lincoln University	Science and research, partnerships with Crown Research Institutes, other research institutes, higher learning institutions and government departments: 160 hours per year
		Café operated throughout the year to agreed hours of operation	Café open 7 days, 9 am–5 pm
		4	Between two and four events/promotions each year
		Daily operation	Tour vehicle operates within Botanic Gardens
Regional parks	Satisfactory management of regional parks	Ranger service available 24 hours, seven days per week meeting community needs	Ranger service provided 24 hours, seven days per week, to meet community needs for: <ul style="list-style-type: none"> — advocacy and information — conservation and amenity — recreation and asset management — emergency management
	Biodiversity values are protected	30 projects at regional park sites	— Ecological restoration projects at regional parks: 20–30 per year
		30	— Sites monitored (bird counts, pest numbers etc): 20–30 per year
		Nil	Nil notices of direction served following inspection by Environment Canterbury
	Numbers of students attending environmental education programmes each year	10,486 See trend graph below	9,500–10,500 each year (on parks and other Council sites, such as waste facilities)
	Participant satisfaction with environmental education programmes	100%	≥95% each year
	Proportion of customers satisfied with their experience of regional parks	95%	≥90%
Cemeteries	Cemeteries are maintained	<ul style="list-style-type: none"> — all furniture kept clean, safe and serviceable condition — painting and staining programme completed — all rubbish bins clean, emptied and serviceable and surrounding loose litter removed 	<p>Maintain furniture and signs: frequencies will vary based on seasonal demands. Minimum weekly:</p> <ul style="list-style-type: none"> — keep furniture clean, safe and serviceable — painting and staining as required — keep rubbish bins clean, emptied and serviceable, with surrounding loose litter removed
		<ul style="list-style-type: none"> — surfaces were maintained in a clean, safe and serviceable condition — all major damage or faults were made safe and reported within 24 hours — all painted markings are clearly visible 	<p>Maintain hard surfaces and paths:</p> <ul style="list-style-type: none"> — maintain surfaces in a clean, safe and serviceable condition — make safe and report serious damage or faults within 24 hours — painted markings to be clearly visible

	<ul style="list-style-type: none"> —plants were maintained for long-term display and health — weeds controlled within specification: no flower or seed heads, and height <50 mm — mulch minimum depth of 75 mm — plant pests and diseases were monitored, reported and controlled — irrigation performed to an agreed programme 	<p>Maintain shrub gardens:</p> <ul style="list-style-type: none"> — maintain plants for long-term display and health — control weeds within specification: no flower or seed heads, and height ≤50 mm. <ul style="list-style-type: none"> — mulch to a minimum depth of 75 mm — monitor, report and control plant pests and diseases — irrigate to an agreed programme 	
	<ul style="list-style-type: none"> — toilets and changing rooms were serviced either 1–3 times weekly or 1–2 times daily, depending on seasonal demand — major damage and faults were reported within 24 hours of notice 	<p>Maintain toilets, changing rooms and buildings:</p> <ul style="list-style-type: none"> — service toilets and changing rooms either 1–3 times weekly or 1– 2 times daily, depending on seasonal demand — report serious damage or faults within 24 hours of notice 	
	<ul style="list-style-type: none"> — mown areas were kept to within 25 mm – 60 mm — turf was kept in a healthy, dense, uniform condition 	<p>Maintain turf areas:</p> <ul style="list-style-type: none"> — keep mown areas within 25 mm – 60 mm — maintain turf in a healthy, dense, uniform condition 	
Interment capacity meets the needs of the city	<p>Reduced from 4.6 years (2,697 plots) to 4.1 years (2,356 plots)</p> <p>This is on track</p> <p>Current capacity is 2.2 years</p> <p>This is on track</p>	<p>Burial plots: reduce the number of available plots to meet the two year capacity target, by 2014</p> <p>Ash Plots: reduce the number of available plots to meet the two year capacity target, by 2012</p>	
Response time to burial plot applications	All applications for interment were confirmed within four hours on each working day of receiving the application	All applications for interment will be confirmed within one working day of receiving the application	
Customer satisfaction with maintenance and appearance of Council cemeteries	68%	Establish baseline measure	
Customer satisfaction with Council cemetery services	100%	Establish baseline measure	
Waterways and land drainage	Houses are safe from flooding during normal rain events	Nil reported for year	Less than 10 properties flooded per year
	Customer satisfaction with the maintenance of waterways and their margins	72% satisfaction See trend graph below	At least 66% customers satisfied with the maintenance of waterways and their margins

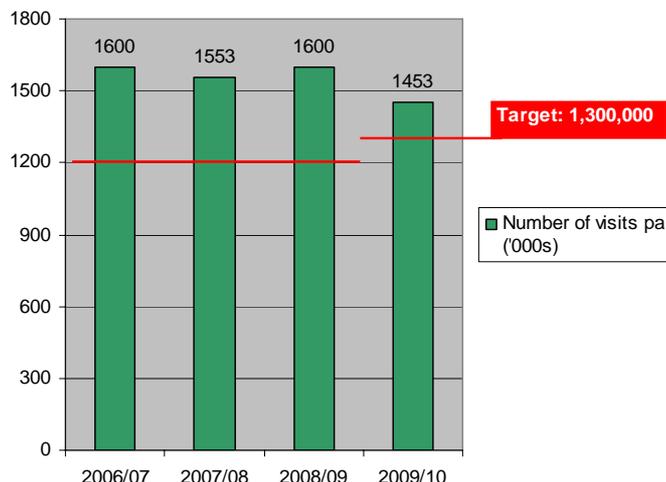
Harbours and marine structures	Marine structures are maintained for public recreation and commercial use	<ul style="list-style-type: none"> — New Brighton Pier — wharves/jetties 22 — slipways 12 — one pile mooring group — two swing moorings — associated grounds, buildings and shelters 	<ul style="list-style-type: none"> Continue to maintain: — New Brighton Pier — wharves/jetties 22 — slipways 12 — one pile mooring group — two swing moorings — associated grounds, buildings and shelters
	Proportion of customers satisfied with the appearance and maintenance of marine structures provided by Council	62%	Establish baseline measure
Rural fire fighting	An approved and operative Rural Fire Plan is in place	Approved plan in place throughout the year	At all times
	Adequate response to NZ Fire Service requests for fire-fighters and equipment	100% Response turnout within 30 minutes	Response turnout initiated within 30 minutes of NZ Fire Service call for assistance
	Fire permits are issued in a timely manner	100% permits issued within three working days	80% within three working days
		100% permits issued within three working days	95% within five working days
	Community informed of fire season status	One public notification missed	Public notice in the daily newspaper prior to each fire season change
		All signage was changed by City Care within the seven days period	Signage changed within seven days of any notified fire season change

Trends

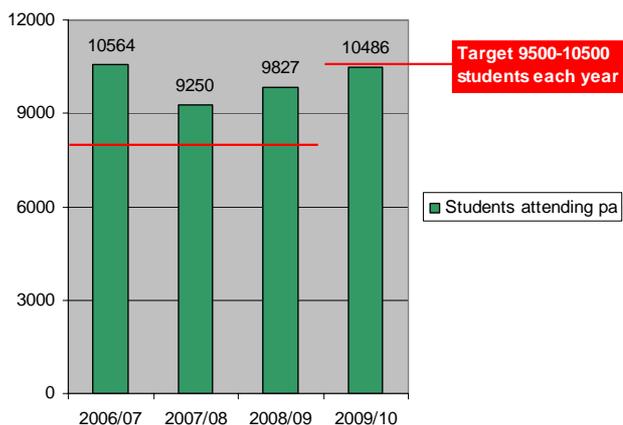
Overall customer satisfaction Neighbourhood Parks and Sports Parks



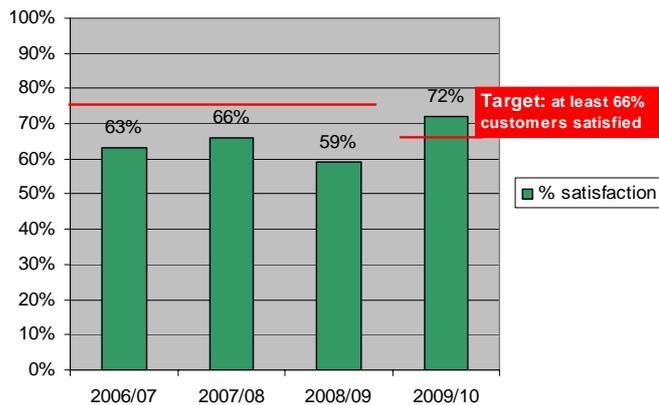
Number of visits to the Botanic Gardens



Number of students attending environmental education programmes each year



Customer satisfaction with the maintenance of waterways (rivers, streams) and their margins (banks)



Where are we heading?

Detailed planning is underway for the new Botanic Gardens Centre which will provide a new focus of learning and visitor experience as well as providing enhanced facilities for our indoor plant collection. Construction is expected to start by the end of the next financial year.

We will continue to provide a network of safe, accessible and attractive sports, garden, heritage, neighbourhood and regional parks and reserves, and maintain Christchurch's identity as the Garden City.

We will continue to provide cemeteries to meet the current and future needs of the city, and enhance the park amenity value of these facilities.

We will continue to protect and enhance the city's waterways, their ecosystems and the biodiversity they sustain, as well as provide a safe, reliable, cost-effective and ecologically sustainable stormwater system. The roll-out of the stormwater catchment and drainage associated with the South West Christchurch Area Plan will continue.

We will continue to provide safe, accessible and appropriately located wharves and other marine structures, including the New Brighton Pier, Akaroa and Diamond Harbour wharves.

What did it cost?

Parks, open spaces and waterways
Statement of cost of services for the year ending 30
June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Neighbourhood parks	8,815	160	8,655	10,273	10,583
Sports parks	8,679	251	8,428	8,471	8,133
Garden and Heritage parks	6,256	272	5,984	5,743	5,533
Regional parks	7,460	629	6,831	6,485	6,053
Cemeteries	1,523	864	659	358	760
Waterways and land drainage	15,236	19	15,217	15,493	14,563
Harbours and marine structures	627	252	375	492	212
Rural fire fighting	898	160	738	765	603
Capital revenues	-	6,405	(6,405)	(6,353)	(7,990)
Cost of service	49,494	9,012	40,482	41,727	38,450
Capital expenditure					
Renewals and replacements			8,088	9,270	9,526
Improved service levels			603	5,036	757
Increased demand			18,484	18,442	12,247
Total capital expenditure			27,175	32,748	22,530

Explanation of significant cost of service variances

The only significant variance to plan is in Neighbourhood parks which is \$1.6 million under plan due to lower depreciation (\$1.1 million), park planning (\$0.4 million) and park maintenance (\$0.3 million). Partially off-setting this was an under recovery of internal plant sales from the nursery of \$0.2 million.

Garden & heritage parks net costs is \$0.4 million higher than last year due to an increase in internal charges and depreciation (\$0.3 million), and planning costs (\$0.1 million). Internal charges increased due to a reallocation of costs as part of the LTCCP activity review.

Regional parks net costs is \$0.8 million higher than last year due to increases in maintenance costs (\$0.3 million), internal charges and depreciation (\$0.2 million), and staff costs (\$0.2 million).

Waterways and land drainage is \$0.6 million higher than last year due to a net increase in planning, maintenance and monitoring costs (\$0.3 million), and an increase in internal charges and depreciation (\$0.3 million).

Total net cost of service is \$2.0 million higher than last year. The main reason is the \$1.7 million drop in cash development contributions within capital revenues. A city wide drop in development was expected and provision made accordingly within the plan, but the effect of the recession was underestimated.

Significant capital expenditure

\$8 million was spent in developing the Awatea Basin for land drainage, \$1 million on land purchases for further land drainage development, and \$5.3 million on renewing or improving a wide range of existing land drainage assets.

We purchased Te Oka Farm on Banks Peninsula for \$3.2 million, and spent a further \$2 million renewing or improving other regional park assets. We also purchased \$2 million of land for future neighbourhood park development and spent \$2 million renewing or improving existing neighbourhood parks, as well as \$1 million on renewing or upgrading playgrounds and sports fields.

\$0.75 million was spent on enhancing the land surrounding the AMI Stadium, and \$0.6 million was spent on the initial development of the Botanic Gardens Information Centre, renewing the Botanic Gardens irrigation system, and enhancing its collections.

Explanation of significant capital expenditure variances

Land purchase for new reserves (improved services levels) was under-spent by \$4.3 million largely due to the delay in purchasing the Cashmere Forest Park (\$3 million). Council has committed to fund \$3 million for a five year period conditional upon on other parties first fulfilling their funding obligations. Expenditure was higher last year as a result of the Akaroa landing extension work undertaken

Expenditure to meet increased demand was higher than last year due to the Te Oka Farm purchase, \$3.2 million and an additional \$3.1 million on land drainage infrastructural improvements.

4055 – Recreation and leisure

What are recreation and leisure services and what does the Council do?

These services include running city sports facilities and programmes, promoting Christchurch as a destination for top sports events, and hosting festivals and events in the city.

Why is the Council involved in recreation and leisure?

The goal is to make Christchurch a better place to live by promoting healthy, active lifestyles.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Recreation and leisure activities contribute to the social well-being of the community by offering a wide range of facilities (pools, leisure centres, stadia and sporting facilities) as well as a range of services, programmes and events, many of which are based around those facilities.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of diverse and inclusive communities, a prosperous city, a healthy city, and a city for recreation, fun and creativity – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing the opportunity for, and encouraging everyone to, participate in leisure, sport and physical activities. It also delivers economic benefits to the City through festivals and events and by encouraging residents to live a healthy and active lifestyle. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

You use the Council's recreation and leisure services if you use facilities like QEII Park, Pioneer Leisure Centre, Jellie Park or Centennial Leisure Centre. You also use them if you attend any Council events such as Christmas in the Park or Classical Sparks, or a council-supported sporting event in the city, such as PGA Golf.

What activities are included in recreation and leisure?

Recreation and sports services

Recreation and sport centres, swimming pools and stadiums enable residents to take part in recreation and sport. As well as running these facilities, we support other groups offering recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

Events and festivals

Events and festivals help make Christchurch a fun, interesting city to live, and they attract visitors both from within New Zealand and internationally. We produce a year-round programme of free and affordable events, and support a range of festivals that enhance the lifestyle qualities of Christchurch.

What did we achieve?

Participation in recreation and sports has remained strong. New programmes such as Zumba have helped increase group fitness participation and focussed professional marketing has increased gym membership amongst our target populations. Much loved community events such as Children's Day, Community Orienteering and Culture Galore achieved record numbers.

A focused approach to building capacity within community groups to deliver recreation and sports has lifted standards across the board, especially in Christchurch's response to the Government's Kiwisport programme. We are working together with our partners to improve the swimming ability of our most vulnerable kids.

The development of an artificial hockey pitch at St Bedes College and the redevelopment of the Wharenui Pool have been completed and frustrating delays in the Graham Condon Recreation and Sport Centre have been overcome; the centre is now under construction.

We have worked with our partners to host a great programme of major sporting events including the Wellington Phoenix, Cycling Road Nationals, NZ Women's Golf Open and the NZ PGA Championships. We have secured Christchurch as a World Cup training base for rugby giants England, Argentina and Australia.

Our achievements during the year have contributed towards community, prosperity, health and recreation community outcomes. One way of measuring our progress towards these outcomes is through the number of visits to council sports and recreation facilities. The result for 2010 was 4,718,216, compared to 4,289,632 in 2009 and 3,922,172 in 2008.

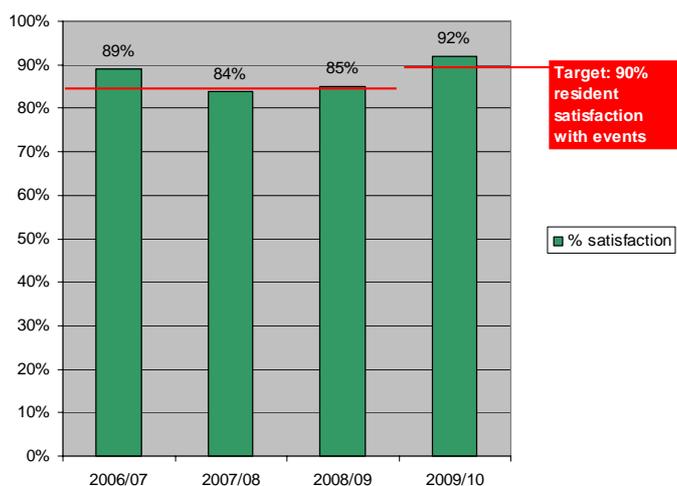
How did we measure up?

Activity	Level of service	Actual	Target
Events and festivals	Manage and develop iconic events	NZ Cup and Show Week and Ellerslie International Flower Show delivered	Two events in place by 2010. (NZ Cup and Show Week, Ellerslie International Flower Show)
	Provide and support year-round programme of events delivered	92% See trend graph below	90% resident satisfaction with events (Annual Residents Survey)
	Produce top quality events	92%	90% attendee satisfaction across five Council funded events
Recreation and sport services	Residents have access to fit-for-purpose recreation and sporting facilities	Operating facilities open to target excluding Graham Condon which was not finished	Monday to Friday, 6am–9pm: Centennial, Graham Condon, Jellie Park, Pioneer, QEII
		Construction of Graham Condon was delayed by additional time needed to secure leases and a resource consent. Construction is now underway	
		Operating facilities open to target except Graham Condon which was not finished	Saturday/Sunday: Centennial, 7am–7pm; Graham Condon, Jellie Park, QEII, 7am–8pm; Pioneer, 8am–8pm
		Open to schedule	Wharenui: Monday to Thursday, 6.30 am–9 pm; Friday, 6.30am–8pm; Saturday/Sunday, 9 am–5 pm
		Outdoor pools open seasonally to target	Six public outdoor pools open seasonally: Jellie Park, Lyttelton, Waltham, and Halswell, open November to March; Belfast open December to February; Templeton open January to February. Woolston pool will be decommissioned in 2009 and will no longer be available for schools' use
		Pools open seasonally	Two community outdoor pools open seasonally: Governors Bay, Port Levy
		Nine pools open seasonally	Nine paddling pools open from November to March

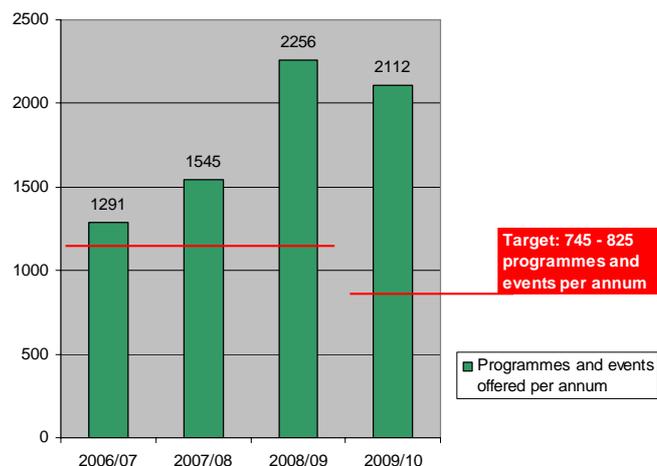
	QEII, Lyttelton, Pioneer and Wharenui	Four stadiums available for hire, 364 days per year
	51 Weeks	One multi-sensory centre, open between 48-56 hrs per week, 6-7 days per week, 50 weeks per year
	16 facilities maintained and leased	Maintain and lease 16 sporting and recreation facilities (opening hours subject to maintenance, public holiday and Christmas schedules)
Provide facilities that have current PoolSafe accreditation	Accreditation reconfirmed February 2010	PoolSafe accreditation maintained for all eligible pools
Facility-based recreational and sporting activities and programmes are provided	4,718,216	Participants using recreation and sport centres, outdoor pools and stadiums during 2009/10: 4-4.4 million
	6.75	4.75-5.75 visits to swimming pools per head of population
Provide advice and resources to community based organisations and networks to support their ability to develop, promote and deliver recreation and sport in Christchurch	9,382.5 staff hours provided to 693 organisations	9,200 staff hours of advice are provided to 300-400 organisations
Community-based recreation and sport programmes/events are delivered	2,112	745-825 programmes and events per annum
	An increased number of smaller programmes were delivered for the same level of investment	
	See trend graph below	
	99%	95%-100% of programmes and events target populations with accessibility challenges
Deliver economic benefits to the city by supporting a range of regional, national and international sporting events consistent with Council policy in liaison with the Council Events Team	Allocation spent in line with strategy	Spend Council allocation (provided in support of a range of regional, national and international sporting events) in line with the Physical Recreation and Sports Strategy, and the Events Strategy

Trends

Provide and support year-round programme of events



Community-based recreation and sport programmes/events are delivered



Where are we heading?

We will focus on improving the swimming ability of children. Infrastructure developments will include an artificial pitch at English Park and the Graham Condon Recreation and Sports Centre.

Christchurch will host the World Women's Water Polo Championships, the International Paralympic Athletics Championships, the NZ Women's Golf Open and PGA Golf Championships, the NZ Touch Nationals, the ANZAC Rugby League Test and the NZ Road Cycling Nationals.

Above all we will be working with our communities to ensure everyone has the opportunity to participate at whatever level they choose.

What did it cost?

Recreation and leisure
Statement of cost of services for the year ending 30
June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Recreation and sports services	26,748	12,197	14,551	14,321	13,538
Events and festivals	8,085	3,383	4,702	4,191	4,366
Capital revenues	(15)	342	(357)	(1,160)	(360)
Cost of service	34,818	15,922	18,896	17,352	17,544
Capital expenditure					
Renewals and replacements			3,314	4,032	5,005
Improved service levels			3,407	9,342	1,710
Increased demand			640	1,545	-
Total capital expenditure			7,361	14,919	6,715

Explanation of significant cost of service variances

Recreation and sports services

Recreation and sports services has a \$1 million higher net cost of service compared to 2008/09 as a result of a new one off \$0.5 million grant to the International Paralympic Committee Games with the remainder due to increased internal charges and staff costs.

Events and festivals

Amortisation costs of \$0.3 million relating to events and festivals was not planned. This has been included in next year's plan.

Capital revenues

Development contributions were less than anticipated.

Significant capital expenditure

\$3.7 million was spent on the Graham Condon Leisure Centre and \$0.8 million on Wharenui air and water upgrades. The remaining expenditure relates to renewals and replacements at facilities.

Explanation of significant capital expenditure variances

Construction of the Graham Condon Leisure Centre was delayed and \$5.3 million of the 2009/10 plan will be carried forward to 2010/11. The English Park artificial surface project was also delayed and \$1.4 million will be carried forward to next year.

4060 – Refuse minimisation and disposal

What is refuse minimisation and disposal and what does the Council do?

We collect and dispose of the city's rubbish and work with the community to reduce the waste we send to landfill. Encouraging residents and businesses to recycle and reduce the amount of waste they create is increasingly important. We monitor disused landfills around the city and are responsible for the capping and aftercare of the old Burwood landfill.

Why is the Council involved in refuse minimisation and disposal?

We provide solid waste collection, treatment and disposal services in order to protect the health of the community. Our involvement in waste reduction, reuse and recycling reflects the importance placed on the sustainable use of resources.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Refuse minimisation and disposal activities contributes to the environmental and economic well-beings of the community by ensuring the reliable removal of refuse, the recycling of any resources in that refuse, and the disposal of any residue in a cost effective and environmentally acceptable manner.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a city of people who value and protect the natural environment and a healthy city – two of the nine goals for our city that are included in our Community Outcomes. This contribution is made by enabling and encouraging waste minimisation and recycling, and by providing a safe collection and disposal of refuse. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

Properly disposing of rubbish and reducing the amount we send to landfill helps to create a healthy, safe environment for us to live in.

What activities are included in refuse minimisation and disposal?

Recyclable materials collection and processing

We aim to reduce the amount of rubbish we send to landfill by collecting recycling from homes and public places, educating the public about the benefits of reusing and recycling materials, and by sorting and processing recyclable materials so they can be reused.

Organic material collection and composting

We collect kitchen and garden waste from homes and turn it into compost for resale. We also encourage people to set up their own compost bins at home to reduce the amount of waste we send to landfill.

Residual waste collection and disposal

Not everything can be recycled and we collect and transport this remaining waste to landfill. We also look after old landfills to make sure they do not harm the environment; at the old Burwood land fill site, methane gas is captured, piped underground and used to power city buildings.

Commercial and industrial waste minimisation

Businesses are encouraged to limit the amount of waste they produce. We help them by offering programmes and services – such as the Target Sustainability project – that reduce waste and make businesses more energy and water efficient.

What did we achieve?

The Burwood gas project continues to perform very well. The gas reticulation pipelines to the Christchurch Wastewater Treatment Plant and a line to feed the Art Gallery and new Civic Building were completed and the Art Gallery is now running on landfill gas. The new Civic Building is being commissioned on landfill gas. In 2010 we received our second payment for carbon credits associated with the Burwood gas project. In addition we have sold \$138,700 of "grey carbon credits".

The new kerbside collection system has been running for 16 months and the participation and success of the scheme is impressive. There has been 11,000 tonnes of additional kerbside material recycled (33% increase) and 46,800 tonnes of kerbside organic waste processed through the new compost plant. Whilst more residual waste (red bin material) was collected than originally anticipated (36,800 tonnes versus 33,100 tonnes under bag system) the total Council waste sent to Kate Valley landfill dropped from 131,000 tonnes to 90,000 tonnes.

During the year we continued to monitor progress towards our community outcomes. One of the measures for environment is quantity of waste to landfill per person (2010: 484.7 kilograms) This has decreased considerably since 2008 (677) and 2009 (603) and follows a steady trend of annual decreases since 2005. Conversely the tonnes of green waste composted has increased from 28,930 in 2008 to 46,800 in 2010 due to the introduction of the green bins and ongoing education on organic materials.

In August 2009 we purchased the assets and liabilities of Meta Holdings Limited which runs the Material Recovery Facility and transfer stations.

The capping of Burwood landfill is on schedule for completion in July-August 2010. Restoration work and planting will continue in future years.

The Target Sustainability programme has continued to be very successful with the business community.

We committed \$0.1 million to the Canterbury Waste Joint Committee towards regional waste minimisation projects. These projects included the continuation of the compost trial in South Canterbury and at Lincoln, aimed at verifying the benefits of using compost in agriculture. External funding was gained in the 2010 financial year to support this trial which has now been extended to 5 years.

How did we measure up?

Activity	Level of service	Actual	Target
Recyclable materials collection and processing	Recyclable materials collected and received by Council services for processing at the Materials Recovery Facility (MRF)	122kg	120kg +/-10% recyclable materials / person / year collected and received by Council services
	Kerbside wheelie bins for recyclables emptied by Council services	99.9%	≥99.5% kerbside wheelie bins for recyclable materials, that are free of contamination, emptied when correctly placed at the kerbside each fortnight
	Customer satisfaction with kerbside collection service for recyclable materials	95%	≥80% customers satisfied with Council's kerbside collection service for recyclable materials each year
	Proportion of incoming recyclable materials that are contaminated and sent to landfill	3.16%	<10% (by weight) contamination of incoming recyclable materials
Organic material collection and composting	Amount of organic material composted at the Council composting plant	186.6 kg Previous results had not included greenwaste windrowed	200 kg +/-10% organic material / person / year composted by Council services

	Kerbside wheelie bins for organic material emptied by Council services	99.75%	≥99.5% kerbside wheelie bins for organic material, that are free of contamination, emptied when correctly placed at the kerbside each year
	Customer satisfaction with kerbside collection service for organic material	77%	≥80% customers satisfied with Council's kerbside collection service for organic material each year
		First year of new service	
	Proportion of incoming organic material that is contaminated and sent to landfill	0.83%	<2.5% (by weight) contamination of incoming organic material
Residual waste collection and disposal	Residual waste sent to landfill from Christchurch	484.7 kg	≤640 kg total residual waste sent to landfill / person
		Big reduction partly due to economic times and due to new waste services	
	Kerbside wheelie bins for residual waste emptied by Council services	99.9%	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week
	Customer satisfaction with kerbside collection service for residual waste	92%	≥80% customers satisfied with Council's kerbside collection service for residual waste each year
Commercial and industrial waste minimisation	Businesses actively taking part in target sustainability	108	Average of 100 businesses actively taking part in target sustainability each year
	Proportion of businesses actively taking part in target sustainability satisfied with the advice and support received	92%	≥85% customer satisfaction each year

Where are we heading?

We will continue to work with residents to maximise diversion through the kerbside system. Education programmes are targeting the maximum diversion of organic waste from households and ensuring we minimise contamination of the organic and recyclable streams.

We will continue to actively participate in the Canterbury Waste Joint Committee, with programmes for waste reduction and monitoring that reduce waste to landfill across the region.

The capping programme at Burwood Landfill will be completed in 2010/11 but ongoing restoration works in the form of tree planting will continue. The landfill will supply landfill gas to QE II Pool, Art Gallery and new Civic Building. Any surplus gas will be used at the new biosolids drying facility at the Christchurch Wastewater Treatment Plant.

We are continuing to work with Council business units and the business community to reduce and reuse valuable materials such as paper, plastics, metals and glass. We will help facilitate diversion of organic material from commercial and industrial premises to the new compost plant to reduce organic material going to landfill.

The 2006 Waste Management Plan will be reviewed in 2010/11 financial year.

What did it cost?

Refuse minimisation and disposal					2010	2009
Statement of cost of services for the year ending 30 June 2010						
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s	
Operational service result						
Recyclable materials collection and processing	6,601	709	5,892	5,997	7,418	
Residual waste collection and disposal	15,326	3,761	11,565	9,517	11,293	
Organic material collection and composting	13,292	373	12,919	14,094	4,174	
Commercial and industrial waste minimisation	725	-	725	727	530	
Cost of service	35,944	4,843	31,101	30,335	23,415	
Capital expenditure						
Renewals and replacements			2,766	329	24,087	
Improved service levels			944	984	985	
Increased demand			-	-	41	
Total capital expenditure			3,710	1,313	25,113	

Explanation of significant cost of service variances

Residual waste collection and disposal was \$2.1 million more than plan. The main variances were higher landfill aftercare costs (\$1.4 million), higher volumes of waste to landfill (\$0.5 million), lower rubbish bag sales within the CBD (\$0.5 million) and reduced waste minimisation levy (\$0.2 million). Offsetting these were reduced depreciation expense (\$0.5 million) and lower CBD collection costs (\$0.3 million).

Organic material collection and composting was \$1.2 million less than plan. This was due to reduced collection and processing costs and higher uptake of enhanced bin services (\$0.2 million additional revenue).

The 2009/10 year is the first full year of operation of the three bin system as the system was rolled out progressively from February 2009.

Significant capital expenditure

\$2.2 million was spent on the final stage of the Landfill Gas Pipeline to connect to the new Civic offices and Art Gallery.

Explanation of significant capital expenditure variances

The Landfill Gas Pipeline expenditure was not originally included in the current plan. It was funded from a re-allocation of funds from the wastewater collection & treatment activity within the prior year budget.

The prior year expenditure included \$21.9 million relating to the construction and fit-out of the new composting facility and \$0.5 million of start-up costs for the roll-out of the three bin system.

4065 – Regulatory services

What are regulatory services and what does the Council do?

Our regulatory services make sure we follow all the laws and rules that apply in the city to keep our residents healthy and safe. The aim is to protect the public from hazards and nuisances and educate people about their obligations.

Why is the Council involved in regulatory services?

Regulatory services are needed to administer the laws that govern building and development work, the health and safety of licensed activities, and the keeping of dogs. Council staff enforce regulations, investigate complaints and non-compliance, and assess the potential effects of various activities while still enabling builders, developers and property owners to carry on their business.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Regulatory services activities contribute to the environmental and economic well-being of the community through the provision of building and licensing approvals, inspections of construction work, and enforcement of health, noise, parking and other bylaws.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a healthy city and an attractive and well-designed city – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by ensuring legislative requirements are enforced, nuisances are minimised and the consenting process minimises adverse effects and ensures an attractive built environment. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

You use Council's regulatory services if you build a new home, request a property report before buying a home, or express concern about noise. These services affect how you handle dogs and farm animals, and where you can buy liquor. They also ensure that the places you go to eat and drink are healthy and safe.

What activities are included in regulatory services?

Enforcement and inspections

Our enforcement and inspections team protects the health and safety of the city by minimising potential hazards – this includes controlling dogs and wandering stock, controlling where alcohol can be sold, and carrying out health inspections at food outlets. The team ensures that residents and businesses comply with rules for building, parking, and the City Plan and bylaws. It also responds to complaints about noise. Educating the public about the rules is a key part of the enforcement and inspection team's work.

Regulatory approvals

These are the building inspectors and administration officers who ensure that development in Christchurch complies with relevant legislation, national standards, and statutory timeframes. Their aim is to make it easy for property owners, builders, developers and others to do business with the Council. At the same time, they must ensure that the outcomes of individual planning proposals meet the objectives of local policy and national legislation. Day-to-day business includes issuing building consents, land use resource consents, subdivision consents, and LIM and PIM reports.

What did we achieve?

There was an increased demand during the year for building consents but less for applications for subdivision and resource consents. Overall the number of building consents granted increased by 50% from the previous year and numbers were higher than at any previous time.

There were 9,488 building consents, 1,233 non-notified resource consents, 31 notified resource consents and 383 subdivision consents approved during the year with 90% within statutory timeframes. The average cost of consents reduced by between \$140 – \$170 compared to the previous year. The drop in cost is a combination of efficiencies relating to electronic processing and the large number of lower cost consents for solid fuel heaters.

There were 10,663 LIMs issued, 31,000 building inspections for properties under construction and 6,285 (2008/09: 6,934) code compliance certificates issued at the completion of building works.

As a Building Consent Authority we achieved re-accreditation in March 2010, after continuing to meet and exceed the standards outlined in The Building (Accreditation of Building Consent Authorities) Regulations 2006.

The consents and code compliance certificates issued, together with building inspections completed have helped contribute towards progress of the safety, environment and city development community outcomes.

Monitoring and enforcement activity ensures compliance with a host of building, planning, health bylaw, liquor and nuisance related legislation. This has contributed towards progress of the safety and health community outcomes. Enforcement activity continues to grow with a number of high profile issues to address:

- significant increases in swimming pool inspections productivity (3,841 inspections completed compared with 1,514 last year) resulting in increased levels of compliance
- improved monitoring of high risk liquor premises and action taken against sale of liquor to minors
- a number of successful prosecutions for breaches of the Building Act 2004, Resource Management Act 1991 and the Dog Control Act 1996

How did we measure up?

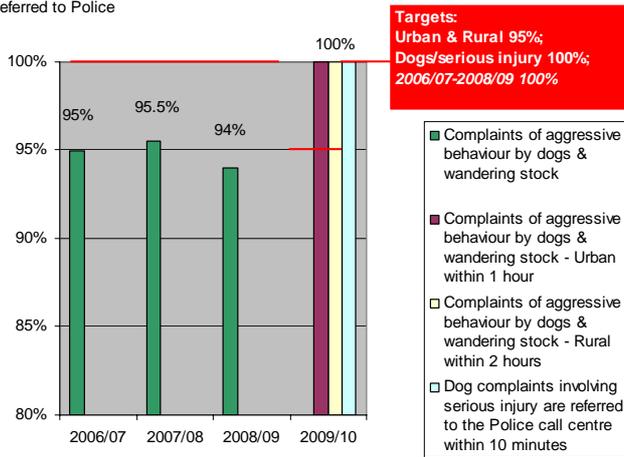
Activity	Level of service	Actual	Target
Enforcement and inspections	Per cent of Priority 1 complaints (aggressive behaviour by dogs and wandering stock) responded to within 60 minutes (urban) and two hours (rural)	100% 246 complaints were received and actioned See trend graph below	95%
	Priority 1 dog complaints involving serious injury are referred to the police call centre within 10 minutes	100% 10 complaints were received and actioned See trend graph below	100%
	Per cent of investigations into reports of matters that pose a serious risk ² to public health or safety commenced within 24 hours of reporting	100% 197 complaints received and actioned within 24 hours	100%
	All high-risk liquor premises (assessed using Council Liquor Licensing Team risk assessment methodology) are inspected at least twice a year	100%	95%
	All food premises are inspected at least once each year	100%	100%
	Upon confirmation by Council staff of non-compliance, at least one written warning regarding corrective action is given within 30 days (for breaches of City Plan, Resource Management Act, Building Act, bylaws)	99% 3,044 notices issued. 3,024 issued within time line	95%
	A minimum of 15% of swimming pools are inspected annually	Achieved	95%
	Per cent of complaints about excessive noise responded to within one hour	93.7% 13,478/14,385 complaints average response time of 26 minutes	95%

² "Serious risk" includes any risk for which an immediate response is required

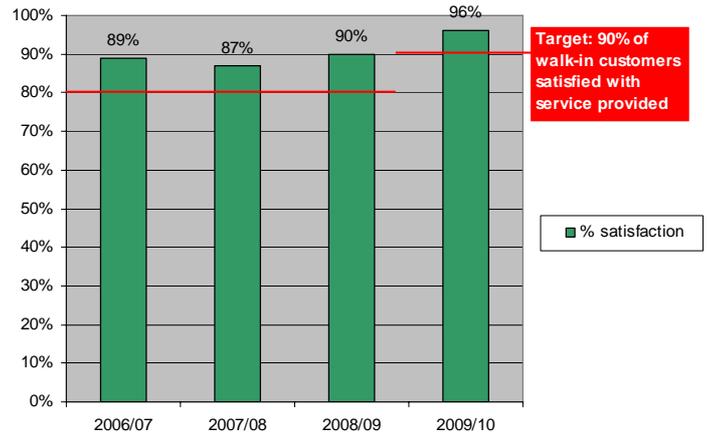
	Court proceedings taken by the council are fair and in the public interest	100% 13 matters approved for prosecution	100%
Regulatory approvals	Per cent of regulatory applications are processed within statutory timeframes	99.1% (5,323 of 5,372) simple consents within 15 days timeframe. Increase in administrative and building consent officer resource has occurred to meet increased demand.	Simple consents: 100% of PIMs and simple consent applications are processed within 15 days. (Building works under \$10,000; resource consents with single non-compliance with rules related to sunlight and outlook, separation from neighbours, continuous building length, outdoor living space, and subdivisions of less than three lots)
		76.6% (3,620 of 4,727 within 20 days)	Complex consents: 75% of complex applications (i.e. not simple consent applications) and of notified resource consents are processed within statutory timeframes
	Council retains 'building consent authority' status for all building works, except dams	International Accreditation New Zealand advised on 25 March that conditions of accreditation had been met	Council retains 'building consent authority' status for all building works, except dams
	Per cent of customers are satisfied with walk-in regulatory services	96% of customers were satisfied with the walk in service at Civic, Linwood, Sockburn and Lyttleton	90% of walk-in customers are satisfied with the service provided
		See trend graph below	
	Per cent of customers are satisfied with the service provided by the planning, building and building inspection services	Overall 75% of customers satisfied with service provided	65% of customers are satisfied with the resource management, building consent, and building inspection services
	Resource consent hearings are appropriately and fairly conducted	One Council decision overturned in the Environment Court (Sez Investments Ltd). Council decision overturned. Reasons for decision will be analysed and will factor those in for the processing of future applications	0% of decisions are lost on appeal or under judicial review (where all resource consent applications are heard by either a council hearings committee, or an officer panel acting under delegation, or a commissioner)

Trends

Animal Control: Percent of priority 1 complaints responded to or referred to Police



Percent of customers are satisfied with walk-in regulatory services



Where are we heading?

Our focus is on building a customer centric approach to regulatory services where we have already seen an improvement in customer satisfaction. We are part way through implementing improved delivery mechanisms such as e-business for building, subdivision and resource consents.

We will be able to offer an improved style of service in the new Civic building where we have consolidated the majority of our customer service and processing staff. In addition improved processes and competency development will enable best practice investigative services to be provided across the broad spectrum of regulatory services where non-compliance is sufficiently serious to warrant the intervention of the law.

We have implemented or are implementing changes brought about by the Resource Management (Streamlining Processes) Amendment Act 2009 including direct referrals to the Environment Court, discounting policies and increased access by applicants to Commissioners. We have also made submissions to proposed legislative changes with the Building Act 2004 and Weathertight Homes proposals which will potentially change Councils responsibilities and involvement in these areas.

What did it cost?

Regulatory services

Statement of cost of services for the year ending 30 June 2010

	2010				2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Enforcement and inspections	11,016	8,911	2,105	507	(1,909)
Regulatory approvals	18,912	16,350	2,562	3,081	6,398
Cost of service	29,928	25,261	4,667	3,588	4,489
Capital expenditure					
Renewals and replacements			90	10	42
Improved service levels			45	49	-
Increased demand			-	-	-
Total capital expenditure			135	59	42

Explanation of significant cost of service variances

Enforcement and inspections net cost of service was \$1.6 million more than plan. This was due to several factors including less infringement revenue for bus lanes, less revenue for court recoveries, high legal costs for party buses and other enforcement, and higher costs than plan for noise control.

Enforcement and inspections net cost of service was \$4.0 million more than last year. \$3.2 million is due to a change in accounting procedure in 2008/09 when parking fines referred to the Courts for collection were recognised on an accrual basis rather than a cash basis as in previous years. There were also higher net costs for enforcement, environmental compliance and noise control of \$0.4 million.

Regulatory approvals net cost of service was \$0.5 million below plan largely due to more revenue for Code of Compliance and LIM's.

Regulatory approvals net cost of service was \$3.8 million less than last year due to additional code compliance revenue (\$0.5 million), building consents revenue (\$0.6 million) and lower consultants expenditure (\$1 million). The provision for weather tight homes in 2009/10 increased by \$0.2 million compared to an increase of \$2.2 million in 2008/09. Actual weather tight home claim costs however were \$0.65 million more in 2009/10 compared to 2008/09. This was due to more claims being settled and at a higher average cost.

Significant capital expenditure

There was no significant capital expenditure. Renewals and replacements expenditure was \$80,000 over plan due to the purchase of dual (computer) screens

Explanation of significant capital expenditure variances

There were no significant variances.

4070 – Streets and transport

What is included in streets and transport services, and what does the Council do?

We plan, build, operate and maintain Christchurch's streets, parking and transport systems. We encourage sustainable travel alternatives such as walking and cycling.

Why does the Council provide streets and transport?

We provide streets and transport so that people have safe, easy and comfortable access to homes, shops, businesses and leisure activities.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Streets and transport activities contribute to the social, environmental and economic well-being by planning, providing and maintaining a road network for the city, as well as cycle and pedestrian linkages, malls and parking.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, an attractive and well-designed city and a city for recreation, fun and creativity – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a well-designed, safe and efficient transport system, attractive street landscapes, and enabling access to recreation facilities throughout the city. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

A well-run transport system makes it easier for us to get around our city. Our promotion of active travel means that sustainable travel, like biking and walking, is being rediscovered as a pleasant and easy option for residents.

What activities are included in streets and transport?

Road network

We are responsible for the city's roading, including planning, building, and maintaining roadways, providing drainage and landscaping, operating street lighting, and running the traffic safety programmes.

Active travel

We promote active travel including the provision of safe footpaths, pedestrian malls, open spaces for recreation and on- and off- road cycle lanes.

Parking

We provide both on-street and off-street parking facilities that are safe, accessible and attractive, and allow easy access to work and leisure activities.

Public transport infrastructure

We provide the integrated bus infrastructure used by the city's bus companies to provide the public passenger transport services. This includes the central bus exchange, bus stops, shelters, bus priority systems, and the free Central City shuttle.

What did we achieve?

Major street renewals during the year involved replacing 18 kilometres of the city's 2,500 kilometres of concrete road gutters, including 17 kilometres of the old style dish channels. More than 65 kilometres of the city's 2,000 kilometres of sealed roads and 95 kilometres of the city's 2,500 kilometres of footpaths were resurfaced in order to maintain the quality of our road network and walkways. We also completed a number of road bridge renewals and cycle path developments, including the Cycleway North, and the Little River cycleway.

The major upgrade of City Mall is now complete and is a significant enhancement to the Central City. The upgrade included the laying of new tram tracks in the Mall, and the next stage of new tram tracks started in June which includes Oxford Terrace, and High Street to Tuam Street, in time for the Rugby World Cup in 2011. Major improvements have also

been made to the pedestrian mall areas around the AMI Stadium, and on the walkway areas to the stadium from the city. These improvements have contributed towards the progress of the city development outcome, ensuring our city is well-designed and attractive.

Throughout the year there was a continued rolling improvement in the efficiency of the city's 35,000 street lights providing better light for the same or less power, contributing to the safety community outcome.

Bus Priority Lanes were installed in Papanui Road and the Queenspark and Colombo Street lanes were started. These will help streamline peak hour travel both now and as the city grows.

How did we measure up?

Activity	Level of service	Actual	Target
Road network	Congestion: peak travel times for private motor vehicles (7.30 am–9.30 am, and 4 pm–6 pm)	16 min 50 sec ³	Peak travel times: 17 min 22 sec
	Congestion: inter-peak travel times for private motor vehicles (inter-peak=10.00 am–12 midday)	14 min 0 sec ³	Inter-peak travel times: 13 min 53 sec
	Total trip proportion by private motor vehicles	71.5%	Private motor vehicles: ≤ 84.9%
	Safety programmes (programmes designed around NZTA crash, fatality and injury statistics)	9 This target was adjusted to 9 in the Activity Management Plan following a change in NZTA funding	14 safety programmes annually
	Resident satisfaction with road and footpath quality	The measure will be established after two years of monitoring 2010 average 65% - road 63%, footpath 67%	Establish baseline measure
	Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported	97.4%	Arterial roads: at least 95% within 24 hours
		98.5%	Collector / local roads: at least 95% within 48 hours
Active travel	Per cent of total trips per person per year by active travel (walking and cycling)	100%	Rural roads: at least 95% within 72 hours
		21.8%	Walking: 9.3%
		2.1%	Cycling: 2.4%
	Cycle Safe education programmes delivered	87%	81% of primary schools in the Christchurch City Council area have a Cycle Safe programme
School travel plans	Four	Four school travel plans per year	

³ Estimated time for a 10 kilometre trip on key routes into the city. Measured in March 2010

Parking	Metered on–street parking spaces provided	2,500	2,500 metered parking spaces
	Metered on–street parking spaces usage	2,387,867 parking events Low due to parking meter vandalism and number of meters off street for a period of time	≥ 2,695,705 parking events
	Customer satisfaction with the ease of use of meters	56% Surveyed as part of residents survey 2010 Low due to parking meter vandalism and number of meters off street for a period of time	97%
	Off–street, short term parking usage	2,477 spaces	Total of 2,477 spaces: Lichfield Street 529, Tuam Street 118, Manchester Street 221, Oxford Terrace 232, Art Gallery 118, Kilmore Street 125, hospital building 355, hospital site 151, Farmers 334, The Crossing 171, Rolleston Avenue 84, Centennial Pool 39
		First hour free parking maintained at these four car parks	First–hour–free available to all short term parkers at: Lichfield St, Manchester St, Farmers, The Crossing.
	Off–street, short term parking is used	40% average. The 47% target was achieved in only 2 months. This is due to the weather and parking charges often greater than the market rates	47% overall average occupancy
	Customer’s satisfaction with the service provided by Council’s off–street car parking attendants	98%	95%
Customer’s perceptions of motor vehicles safety in parking buildings	81% Surveyed as part of the Residents Survey in 2010 (used to be a parking specific survey). There have been no complaints about safety or security. The new survey will produce a new base line after two results	93%	
Public transport infrastructure	Total trips on public transport as a Percentage of total travel trips, per person, per year)	3.2%	Public transport: 3.4%
	Shuttle bus usage	1,049,747 passenger trips See trend graph below	850,000 passenger trips per year

Peak travel times for buses

Measure accepted: 24 min for 2009/10

Establish baseline measure

Result: 23 minutes, 30 seconds⁴

Resident satisfaction with the number and quality of bus stops, and bus shelters at bus stops

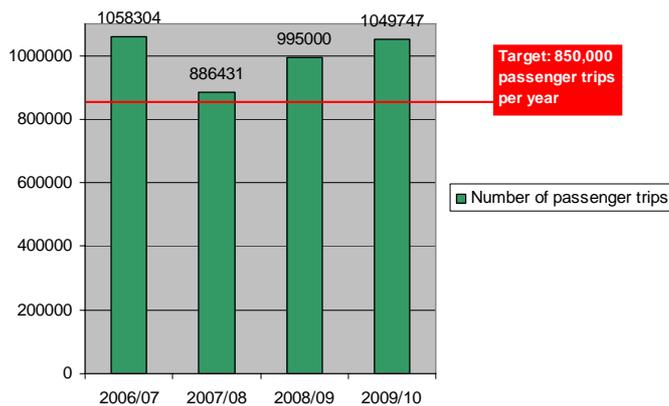
Measure accepted: 65% for 2009/10

Establish baseline measure

Result: 70% of residents surveyed satisfied or very satisfied

Trend

Shuttle Bus Usage (Central City)



Where are we heading?

We will continue to plan, build, and maintain the public road network to provide a safe, sustainable, integrated, attractive and affordable link for all users to all parts of the city. NZTA and Council have combined a number of planning projects for the northern area into a single planning project for 2011/2012. Construction on the northern arterial road project is expected to commence by 2015/2016, with a number of support projects commencing during the 2010/2011 year.

We will continue to plan, build, and maintain facilities which promote active travel, including walking and cycling networks, as well as to promote a change in travel behaviour.

The new transport interchange and the roll-out of the remaining bus priority lanes will be the focus with regards to the public transport infrastructure. The new interchange remains on target to begin construction near the start of 2012/2013. So far we have spent \$27.5 million on 25 property purchases and lease surrenders. The roll-out of the bus priority lanes has been delayed a year for Hornby and Sumner. Hornby is now scheduled to be completed 2011/12 to 2012/13 and Sumner to be completed 2013/14 to 2014/15. The Cranford Street priority lanes have been withdrawn from the current LTCCP. This has occurred due to an NZTA subsidy cap on this programme of \$1.65 million over the next three years.

We will continue to provide accessible, efficient, and cost-effective parking options, both on-street and in the city's parking buildings.

Work is currently underway to extend the tram route along Oxford Terrace, City Mall, High Street and Poplar Street as far as Tuam Street. The extension will bring more people into the retail and hospitality precincts south of Cathedral Square. This will be completed in time for next year's Rugby World Cup.

⁴ Estimated time for a 10 km trip, based on all bus routes in Christchurch

What did it cost?

Streets and transport Statement of cost of services for the year ending 30 June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Road network	71,858	11,582	60,276	61,629	56,556
Active travel	13,303	348	12,955	13,578	12,627
Parking	7,032	11,071	(4,039)	(4,319)	(3,916)
Public transport infrastructure	6,516	2,008	4,508	4,164	3,628
Capital revenues	8	16,982	(16,974)	(17,540)	(25,549)
Cost of service	98,717	41,991	56,726	57,512	43,346
Capital expenditure					
Renewals and replacements			40,479	39,179	42,308
Improved service levels			24,021	22,440	14,258
Increased demand			4,528	4,862	8,639
Total capital expenditure			69,028	66,481	65,205

Explanation of significant cost of service variances

Road network was \$1.4 million under plan due to an over-recovery of commercial rent (\$0.3 million) and service revenues (\$0.4 million) offset by lower NZTA subsidy revenue (\$0.4 million) and bus shelter advertising revenue (\$0.2 million). The following costs were below plan; depreciation (\$0.7 million), internal charges (\$0.5 million), and bus priority lane promotional costs (\$0.2 million). Net staff, planning, and maintenance costs were over (\$0.2 million). Internal charges are lower due to a reallocation of costs as part of the LTCCP activity review.

Road network activity net costs were \$3.7 million higher than last year due to internal charges (\$1.5 million) and net staff, planning, and maintenance costs (\$0.1 million) and a \$2.7 million accounting gain on disposal of property from the Blenheim Road extension in 2008/09. Offsetting these were the following revenues, all of which were up on plan; service revenues (\$0.3 million), commercial rent (\$0.2 million), and NZTA operational subsidy (\$0.2 million).

Active travel was under plan by \$0.6 million due to lower depreciation (\$0.3 million), lower maintenance and planning (\$0.1 million), and NZTA subsidy revenue over plan (\$0.2 million).

Public transport infrastructure net costs were \$0.9 million higher than 2008/09 due to higher depreciation (\$0.9 million), higher internal charges (\$0.3 million), and higher promotional costs for the bus priority lanes (\$0.2 million). Net staff, planning, and maintenance costs were down (\$0.3 million) and NZTA operational subsidy was up \$0.3 million following an increase in the subsidy rate for public transport.

Capital revenues were under plan by \$0.6 million due to a shortfall in development contributions (\$1.6 million), off-set by NZTA capital subsidy (\$0.7 million), and insurance and general recoveries (\$0.3 million).

Capital revenues was \$8.6 million less than 2008/09 due to \$8.6 million less NZTA capital subsidy. Last year's revenue included a \$12.5 million subsidy for the purchase of land for the new public transport interchange.

Significant capital expenditure

The majority of capital expenditure was spent on the road network including kerb and channel (new and renewals), (\$20 million), carriageway renewals and resurfacing (\$12 million), road network upgrades and safety improvements (\$3 million), and bridges and structures renewals (\$1.4 million). \$4.6 million was spent on footpath resurfacing and \$1.6 million on cycleways.

Other capital projects included land purchase for the new public transport interchange (\$6.9 million), bus priority lanes (\$6.6 million), City Mall upgrade completion (\$4.5 million), Lyttelton town centre upgrade (\$0.7 million), AMI stadium amenity area (\$1.1 million), and work on the extended tram base (\$2 million). \$1 million was spent on off-street parking buildings and on the replacement of some of the on-street parking meters.

Explanation of significant capital expenditure variances

Total capital expenditure was \$2.5 million over plan with the main variances being an additional \$6.1 million on bus priority lanes offset by the new public transport interchange which was \$1.4 million under plan, and the City Mall upgrade which was \$1.3 million under. The bus priority lanes were up due to a \$6.5 million of budget carry forward from 2008/09 to 2009/10 as a result of delays within the approval and consultation process. The transport interchange was under budget due to some property purchase delays, and the City Mall upgrade was under budget due to contract efficiencies gained.

Expenditure was up \$3.8 million against last year, the main variances being; new public transport interchange (\$2.9 million) due to the timing of property and easement purchases, bus priority lane expenditure (\$4.7 million) these commenced in late 2009 /10, and footpath resurfacing (\$1 million).

Offsetting this was the City Mall upgrade (\$1.8 million), kerb and channel expenditure (\$2.6 million) and bridges and structures (\$1.7 million).

4075 – Wastewater collection and treatment

What is wastewater collection and treatment and what does the Council do?

Wastewater includes both 'grey water' and sewerage, collected from household drains and sewerage pipes. It is delivered through an underground network of pump stations and pipes to treatment plants, where contaminants are removed prior to discharge to the ocean.

Why does the Council provide wastewater collection, treatment and disposal?

We collect wastewater from Christchurch homes and businesses to protect the health of the city.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Wastewater collection and treatment activities contribute to the environmental, economic and cultural well-being of the community by ensuring that wastewater is collected in a reliable and safe fashion that protects public health, and that wastewater is treated and disposed of in an efficient and environmentally acceptable manner.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment and a healthy city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a sanitary wastewater collection and treatment service. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

The collection and treatment of our wastewater keeps our city healthy and protects our environment.

What activities are included in wastewater collection and treatment?

Wastewater collection

We provide for the continuous collection and transportation of the city's wastewater from properties, via an underground sewerage network, to treatment plants – the main Christchurch plant at Bromley, plus a number of smaller plants in Banks Peninsula.

Wastewater treatment and disposal

The city's wastewater is processed through treatment plants before being disposed of through outfalls to the sea and, at some small plants, to land. An accredited laboratory monitors and controls the treatment process to ensure that discharged treated effluent meets health and environmental standards.

What did we achieve?

Wastewater asset renewal works progressed well over the year and in line with the renewal programme.

The Ocean Outfall project was successfully commissioned in April 2010 and all disinfected and treated effluent is now discharged three kilometres offshore in Pegasus Bay.

The biosolids drying project has progressed well in 2009/10 with the project currently in the commissioning phase. Dried bio solids from the project will be beneficially reused in land rehabilitation projects in the South Island. The plant will be fuelled using renewable energy sources including wood, biogas and landfill gas.

Design work for a replacement cogeneration engine at the Christchurch Wastewater Treatment Plant commenced in 2009/10 and will be completed in 2010/11.

A six year trial associated with the conversion of algae to biofuel commenced in late 2009. Solray Energy and NIWA are Council partners in this study.

The sewer renewal programme was completed in line with the asset renewal programme requirements.

The programme of removing old underground fuel tanks at the pump stations and treatment plants was completed in 2009/10 with the last programmed tanks being removed and replaced with above ground vessels that meet modern environmental and engineering codes.

Good progress was made on the major sewer upgrade project in 2009/10 with the Western Interceptor being completed as far as Fitzgerald Avenue. The tender for the construction of the rest of the Western Interceptor and Fendalton Duplicator were let. The contractor commenced site works in July 2010. These are both major sewer pipelines which are designed to reduce load on the existing system, reducing wet weather overflows into the Avon river and also increasing capacity to allow for growth in the South-West of the city. Modelling and initial investigation works for pressure Main 60 (south west of the city) and the Northern Relief trunk sewer progressed well during the year.

Design for the Wainui wastewater scheme is complete but we are awaiting the outcome of an appeal under the Resource Management Act before a tender can be let and site works for the Stage 1 works can commence.

The Akaroa Harbour working party has been looking at options for wastewater treatment and disposal. The working party will report to Council in late 2010.

All of these achievements have contributed towards providing a sanitary wastewater collection and treatment service and therefore contributed to the safety, environment and health community outcomes.

How did we measure up?

Activity	Level of Service	Actual	Target
Wastewater collection	Wastewater collection is provided in a safe, convenient and efficient manner	94.1% ⁵	≥90% blockages responded to within 1 hour within urban areas
		See trend below	
		99.1% ⁵	≥99% blockages responded to within 2 hours within urban areas
		See trend below	
		97% ⁵	≥90% blockages responded to within 2 hours within rural areas
		See trend below	
		100% ⁵	≥99% blockages responded to within 4 hours within rural areas
		See trend below	
		37	≤80 properties served affected / year
		88%	≥90% customer satisfaction with Council's wastewater services each year
	Odour complaints are minimised	4 ⁶	≤4 odour complaints / 10,000 properties served / year
	Consent conditions regarding wet weather overflows are complied with	Some overflows occurred but were managed in accordance with the consent conditions	No "major and/or persistent non compliance with resource consent for the Avon and Heathcote Rivers, relating to wet weather sewer overflows each year", as reported by Environment Canterbury

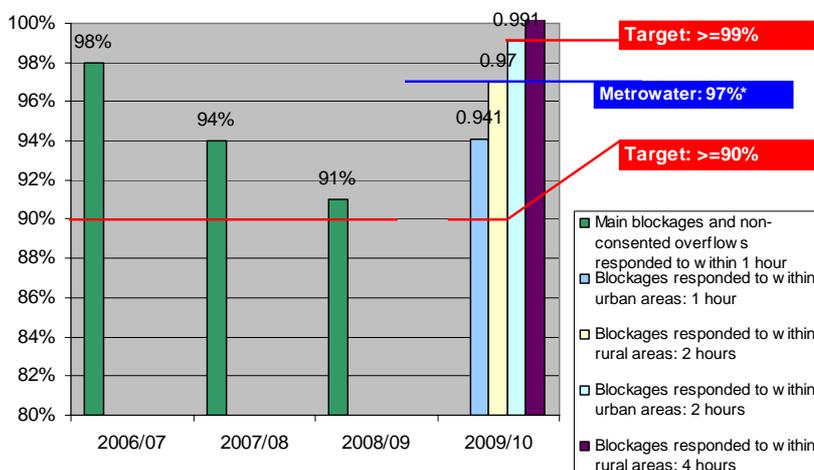
⁵ We are reporting contractor response times rather than Council response times

⁶ Multiple complaints relating to the same 'odour event' have been counted as one complaint. If each individual complaint were counted the result would be 6.23 per 10,000 properties

Wastewater treatment and disposal	Odour complaints from wastewater treatment plants are minimised	0.26 per 10,000 properties	≤1 odour event / 10,000 properties served / year
		Compliance achieved ⁷	Environment Canterbury conditions of air discharge consent are complied with
	Wastewater treatment plants comply with consents	No breaches	No major or persistent breaches of resource consent for wastewater treatment plants and associated discharges, each year, as reported by Environment Canterbury

Trends

Wastewater collection is provided in a safe, convenient and efficient manner: response time for blockages



* Auckland City water and wastewater utility benchmark

Where are we heading?

The bio solids drying facility will be fully commissioned in 2010. This removes water from the waste matter, significantly reducing the cost of transportation to disposal or re-use sites.

Construction on the Western Interceptor and Fendalton Duplicator will commence during the 2010/11 year, as will upgrade works at Pump Station 22. These projects are required to meet resource consent conditions that require a reduction in the frequency of wastewater overflows in wet weather into the Avon and Heathcote rivers. The Western Interceptor also provides for city growth in the South West.

Planning and consenting work will continue to ensure future discharge of the small wastewater treatment plant aligns with the 2009-19 LTCCP construction programmes. Many of the Lyttelton and Akaroa wastewater treatment plants obtained only short term consents under Banks Peninsula District Council to discharge waste into the harbours. Upgrades and new consents are required to enable continuance of the wastewater services for these communities.

Strengthening of the Christchurch Wastewater Treatment Plant electrical network will continue in 2010/11 to reduce the risk of disruption of the plant's operation.

Wastewater catchments modelling will commence in the city. This work is needed to optimise networks and identify any areas of high inflow and infiltration. This provides better information on how the sewer network operates in wet weather events, so that the most cost effective programme of works can be implemented to reduce overflow frequencies.

⁷ Only major or persistent breaches have been measured

Automation upgrades to rural pump stations and wastewater treatment plants (to increase reliability) will continue in 2010/11.

Asset renewal works will progress in line with asset management plans. The asset management plans identify rates of replacement that will ensure a continuation of appropriate levels of service.

Design work will be completed for a new co-generation engine for the Christchurch Wastewater Treatment Plant and construction will commence late in the 2010/11 year. This is to replace equipment used to generate electricity from gas made at the plant, which is reaching the end of its useful life. The new equipment will be more efficient.

Design and consenting work associated with water and wastewater reticulation systems in Charteris Bay will be completed in 2010/11. Construction will follow in 2011/12. The Charteris Bay community currently has no water supply or wastewater service. Originally a weekend batch community, it is increasingly becoming a place of permanent homes. Many failing septic tanks and an expectation that the same services should be applied to all significant Lyttelton Harbour communities has led to the inclusion of these works in the programme.

What did it cost?

Wastewater collection and treatment Statement of cost of services for the year ending 30 June 2010

	2010			2009	
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Wastewater collection	20,973	40	20,933	22,810	19,966
Wastewater treatment and disposal	14,098	4,484	9,614	10,468	8,153
Capital revenues	-	3,467	(3,467)	(5,925)	(3,910)
Cost of service	35,071	7,991	27,080	27,353	24,209
Capital expenditure					
Renewals and replacements			13,047	6,684	16,967
Improved service levels			23,527	21,129	13,171
Increased demand			7,527	7,847	8,438
Total capital expenditure			44,101	35,660	38,576

Explanation of significant cost of service variances

Wastewater collection was \$1.9 million less than plan due to lower depreciation and reduced debt servicing costs. In 2010 there was \$1.1 million more depreciation and \$0.5 million more in corporate costs than in 2009, due partly to restructuring some customer services activities as an internal service. This is partially offset by reduced maintenance costs (\$0.4 million), and lower planning costs (\$0.1 million).

Wastewater treatment was \$0.9 million less than plan mainly due to additional trade waste revenue as a result of higher volumes (\$0.6 million), and efficiency savings at Christchurch Wastewater Plant (\$0.2 million). 2010 net cost of service was \$1.4 million above the 2009 costs due to increased depreciation (\$0.5 million), higher corporate costs \$(0.3 million) as a result of a reallocation of internal charges as part of the LTCCP review, and additional costs associated with transport of bio solids to Burwood landfill (\$0.3 million).

Capital revenues were \$2.5 million less than plan due to a shortfall in development contributions revenue. These decreased due to the recession which has slowed development across the city. We took this into account when setting the plan for the year and reduced this by 40% from 2009.

Significant capital expenditure

\$6 million was spent on the final stage of the Ocean Outfall project. The project which was planned to cost \$87.3 million came in \$4 million under budget at \$83.3 million. Construction was expected to take two years but took three and a half years to complete, with the delays due to bad weather. This project was completed in April 2010 and all disinfected and treated effluent is now discharged three kilometres offshore in Pegasus Bay.

\$19.1 million was spent on the bio solids drying facility at Christchurch Wastewater Treatment Plant. This is a multi-year project with a total budget of \$33.6 million. As mentioned above the drying facility will reduce the volume of the waste material resulting in significant savings in transportation costs.

A total of \$8.1 million was spent on the Western Interceptor Upgrade (part of the major sewer upgrade project).. This project continues from previous years and is progressing well. The remainder of the expenditure related to various renewals and replacements across the wastewater network.

Explanation of significant capital expenditure variances

The Ocean Outfall was originally planned to be completed in the prior year and was therefore not in the plan for this year. The project was delayed due to bad weather and \$6.2 million of expenditure was carried forward to the current year.

Council approved \$3.1 million of expenditure planned for future years to be spent in the current year on the Western Interceptor Upgrade to allow construction to commence earlier than originally planned thereby saving \$15 million across the life of the project.

The variance against last year's expenditure is primarily due to the additional \$13.9 million spent on the Biosolids Treatment Plant. This is offset by lower expenditure on the Ocean Outfall (\$3.8 million) and on other projects at the Christchurch Wastewater Treatment Plant (\$5.0 million).

4080 – Water supply

What is the water supply service, and what does the Council do?

The water supply service is the network of treatment facilities, wells, pump stations, reservoirs and underground pipes used for the distribution of clean drinking water in the city.

Why is the Council involved in water supply?

We maintain it in order to protect the health of the community, to meet the needs of commercial users, to promote water conservation, and to ensure there is an adequate water supply for fighting fires.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and the future.

Water supply activities contribute to the environmental and economic well-being of the community by ensuring a reliable supply of drinking water to both the community and industry.

They also contribute toward the achievement of the city's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a prosperous city, a healthy city and an attractive and well-designed city – five of the nine goals for our city that are included in our Community Outcomes. This contribution is made by maintaining sufficient drinking water and encouraging water conservation. For more information on these nine goals see the Community Outcomes section of this report.

How does it affect me?

When you turn on your tap at home the water that flows is fresh and clean. We make sure that the water supply is reliable and that water quality is maintained.

What activities are included in water supply?

Water conservation

We promote the efficient use of water to protect the resource for future generations. Staff work with the community to reduce the amount of water we use and to make sure the quality of our drinking water is maintained.

Water supply

Providing a clean and reliable water supply is one of our key responsibilities. Council staff monitor and control water quality and maintain the network of assets used for supply.

What did we achieve?

The well head security programme was completed in 2009/10 for all existing wells including the well in Wainui. Additionally more than 100 commercial and industrial premises fitted backflow prevention to their supply mains in the year. Both these measures are designed to protect the public water supply from contamination.

The Cashmere Reservoir was bought into service in 2010 and is an important asset in strengthening the water supply in the centre of Christchurch.

Water main and sub-main pipe renewals were completed in line with the asset management plans with major water main and sub-main renewals being completed in Lyttelton township.

Birdlings Flat water treatment was upgraded to meet the requirements of the drinking water standards. The design for the Duvauchelle plant was completed in 2009/10 and will be constructed in 2010/11. Ensuring we meet requirements of the drinking water standards contributes towards the health community outcome.

As part of the water strategy we are progressing a study on the benefits of rain water tanks in rural townships to support the public water supply.

The annual leak detection programme was completed in line with the asset management plan.

Design for the strengthening of the Rapaki water supply for fire fighting purposes was completed and construction will take place in the 2010/11 financial year. This has contributed towards the safety community outcome.

How did we measure up?

Activity	Level of service	Actual	Target
Water conservation	The amount of water abstracted each year for the public water supply is quantified and monitored, with a view to reducing consumption	72.1%	≤ 71% (+/-10%) of total cap of 75M m3 potable water abstracted per year
		See trend graph below	
	358 m ³ per property per annum	≤ 355 m ³ +/-10% water abstracted per property served per year	
	The water supply network is inspected for leaks	17.2% of water mains network surveyed for leaks	≥ 12.5% of the water supply network is inspected for leaks each year
	The public awareness of water conservation	61%	≥ 70% public awareness / year
		The effectiveness of the Waterwise campaign is currently being reviewed	
	Council runs water conservation campaigns	Campaign completed on time	The Waterwise campaign is run between October and February each year
Water supply	Continuous potable water is supplied to all customers	11.9 ^{8 9 10}	≤ 9 unplanned interruptions per year / 1,000 properties served
		We have experienced more pipe bursts than in previous years. Investigations are underway to identify reasons for this with a view to address in the next LTCCP	
		0.74, being 39 shutdowns during the year. ^{8 11}	≤ 1 unplanned interruption of ≥4 hours on average per week each year
		98% ^{12 13}	≥ 95% serious leaks (in urban areas) have a Council representative on site to assess and confirm repair options within one hour of being reported to Council

⁸ Only urban areas included in this measure. Excludes results from Banks Peninsula

⁹ Includes only interruptions to mains/sub-mains and laterals. Interruptions to individual properties are not measured

¹⁰ Includes all shut-downs – planned and unplanned

¹¹ Shut downs considered to be shut downs to mains or sub-mains

¹² All urgent requests for service, which includes serious leaks and other items such as no water

¹³ Contractor response times measured rather than Council response times

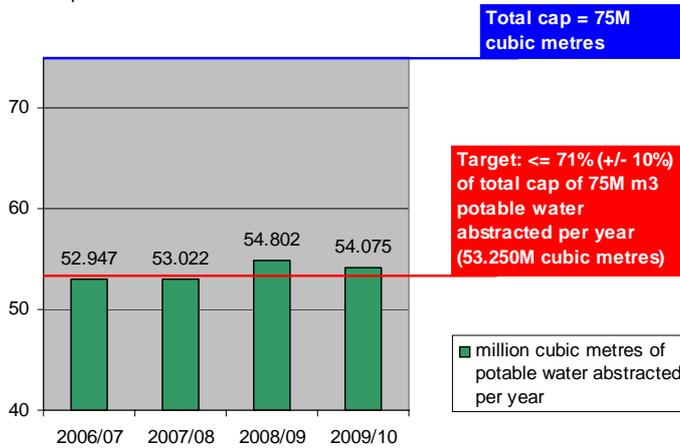
	96.5% ^{12 13}	≥ 95% serious leaks (in rural areas) have a Council representative on site to assess and confirm repair options within two hours of being reported to Council
	98.3%	≥95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council
	97.2%	≥95% minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council
Risk to potable water supply is managed	<p>'Ba' grading maintained¹⁴</p> <p>See trend graph below</p> <p>'Da' grading maintained¹⁵</p> <p>Upgrading to Ba standard is planned to commence in 2011/12</p> <p>Daily microbiological tests (presence/absence) are carried out by Council</p> <p>See trend graph below</p> <p>On track</p> <p>Upgrades are proceeding as follows:</p> <ul style="list-style-type: none"> • Birdlings Flat complete • Pigeon bay 2010/11 • Duvauchelle 2010/11 • Little River 2011/12 • Akaroa/Takamatua 2012/13 • Wainui 2010/11 	<p>Maintain 'Ba' grading for all city supplies, excluding the north–west supply zone (Da)</p> <p>'Da' for the north–west supply zone</p> <p>Undertake improvements to achieve 'Cc', or better risk grading from the Ministry of Health, for all rural area water supplies by 2012</p>
	268 installed	≥100 backflow prevention devices installed by Council (at owners' cost) for highest risk premises each year

¹⁴ Last tested in February 2008

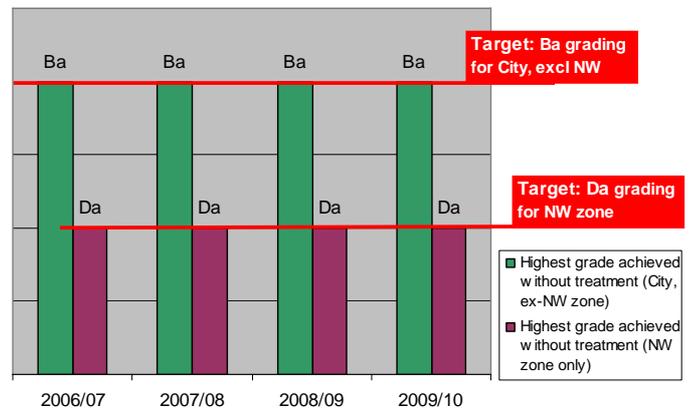
¹⁵ Last tested in July 2007

Trends

The amount of water abstracted each year for the public water supply is quantified and monitored, with a view to reducing consumption



Risk to potable water supply is managed: Maintain 'Ba' grading for all City supplies, excluding the Northwest supply zone (Da)



Where are we heading?

The Health (Drinking Water) Act 2007 requires public water supplies to meet the Drinking Water Standards. This is the driver for the programme of water treatment plant upgrade works on Banks Peninsula.

Duvauchelle water treatment plant will be upgraded and commissioned in 2010/11 financial year. A new fire main will be constructed in Rapaki.

A new reservoir will be constructed in Wainui to increase storage capacity in the township.

Design work will progress in 2010/11 on upgrading the Akaroa water treatment plants to meet the New Zealand Drinking Water Standards and on strengthening the water sources feeding the Akaroa plant. Design work will commence on upgrading the Little River water treatment plant and associated reticulation system.

Design work on reticulating water to Charteris Bay will progress in 2010/11 with construction planned to start the following year. This work will be conducted at the same time as the wastewater reticulation works.

A new water booster pump station will be constructed in the Ferrymead area. This is part of a number of works being carried out to increase security of supply to the Lyttelton Harbour area.

Backflow prevention, well renewal, water mains and submain renewal and lead detection programmes will progress in line with the asset management plans. The asset management plans are designed to ensure these programmes are in place to maintain levels of service and manage risk within acceptable levels.

Review of the restricted water supply areas and upgrading of the water network automation and monitoring systems will continue in the 2010/11 year. This is to increase their reliability and provide consistency in the levels of service within Banks Peninsula.

Work programmed in the water strategy will progress as detailed in the strategy. This strategy sets out a framework for providing a sustainable drinking water supply in Christchurch & Banks Peninsula into the future. A large number of actions are detailed in the strategy with actions to be taken in the coming year including a pressure management study and a rainwater tanks for Akaroa study.

What did it cost?

Water supply

Statement of cost of services for the year ending 30

June 2010

	2010			2009	
	Costs (After internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Operational service result					
Water supply	21,423	2,566	18,857	19,670	18,373
Water conservation	173	-	173	152	140
Capital revenues	(22)	2,220	(2,242)	(2,680)	(1,988)
Cost of service	21,574	4,786	16,788	17,142	16,525
Capital expenditure					
Renewals and replacements			7,972	7,340	7,396
Improved service levels			1,959	1,261	1,563
Increased demand			1,248	2,622	1,746
Total capital expenditure			11,179	11,223	10,705

Explanation of significant cost of service variances

The net cost of service for water supply is \$0.8 million less than plan. This is due to less planning and asset management work in the year as resources were diverted to other activities (\$0.5 million), lower depreciation costs (\$0.4 million), lower maintenance costs (\$0.3 million) offset by additional internal charges (\$0.1 million). There was \$0.3 million less revenue from excess water charges.

In 2010 there was \$0.4 million loss on asset disposal, compared to zero in the previous year.

Capital revenues were \$0.4 million below plan the main variances being a \$0.7 million shortfall in development contributions offset by \$0.2 million of additional revenue from new connections to the water network.

Significant capital expenditure

\$10 million was spent on renewals and replacements of headworks and water mains across the water supply network. Of the balance \$0.5 million was spent on Bridle Path new mains, \$0.2 million on a Ferrymead Booster Station and \$0.3 million on the Cashmere Reservoir project, to provide for increased demand in the network with \$0.8 million spent on new connections to the network.

Explanation of significant capital expenditure variances

There was no significant variance in capital expenditure.

4020 – Corporate activities

What are Council’s corporate activities?

As with other organisations we have support departments such as human resources, finance, and information technology which provide services to other Council departments. We call these units Internal Service Providers (ISPs). The cost of providing these services is charged to the activity receiving the benefit of that service.

However, there are some Council wide costs and income which cannot be considered to be part of an activity. These items are included within this Corporate Activities section. Previous Annual Reports we have not presented corporate activities which has made it difficult for readers of the Annual Report to link the financial information presented in the council activities and services pages to the financial statements. The inclusion of this Corporate Activities section overcomes that problem.

What revenue and costs are included in corporate activities?

- Revenues and costs relating to Council Controlled Organisations (CCOs):
 - dividend income received from CCOs
 - other payments from CCOs, for example donations made to Council for charitable purposes
 - interest income from funds lent to CCOs
 - interest costs relating to borrowing taken out to either:
 - on lend to CCOs, or
 - invest in the equity (shares) of CCOs
- interest income from Council investment of general funds and special purpose reserves
- income from services provided by ISPs to organisations outside of Council.
- costs incurred in providing the services above
- property costs
- other income, such as revenue from regional fuel tax

Overall our corporate activities generate a significant surplus, largely from dividends and other payments from CCOs and interest income. This surplus is used to reduce the level of general rates collected from ratepayers.

What capital expenditure is included in corporate activities?

Corporate capital expenditure includes the budgets for strategic land purchases, costs relating to Council’s office accommodation, information and communication technology, and investment in CCOs.

What did it cost?

Corporate activities

Statement of cost of services for the year ending 30 June 2010

				2010	2009
	Costs (after internal recoveries) \$000s	Income \$000s	Net cost \$000s	Plan net cost \$000s	Net cost \$000s
Cost of proposed services					
Interest - on lending and equity investments	15,855	-	15,855	15,929	9,923
Internal service providers	5,499	-	5,499	4,618	5,307
Property costs and other expenses	7,113	-	7,113	981	2,855
	28,467	-	28,467	21,528	18,085
Revenue from proposed services					
Dividends	-	41,784	(41,784)	(44,361)	(37,354)
Contributions from subsidiaries	-	73,275	(73,275)	(73,275)	-
Interest from on lending	-	14,263	(14,263)	(12,920)	(8,938)
General and special fund interest	-	9,552	(9,552)	(10,519)	(12,780)
Internal service providers	-	5,802	(5,802)	(3,984)	(4,246)
Other income	-	22,818	(22,818)	(20,584)	(11,413)
	-	167,494	(167,494)	(165,643)	(74,731)
Net cost of services	28,467	167,494	(139,027)	(144,115)	(56,646)
Capital expenditure					
Renewals and replacements			15,009	12,829	46,211
Improved service levels			59,467	36,184	-
Increased demand			(873)	3,666	-
Total capital expenditure			73,603	52,679	46,211

Explanation of significant cost of service variances

Interest expense, while close to plan, includes the following variances; an additional \$0.6 million incurred through the unplanned advance to CCC Two Limited as a result of acquiring the assets and liabilities of Meta Holdings Limited group of companies, and a further \$0.6 million from Civic Building Limited due to higher interest rates than planned. This \$1.2 million is offset by savings due to the delay in borrowing resulting from the delay in transferring the Town Hall to Vbase Limited. Interest expense has increased from 2008/09 by \$5.9 million due to new borrowing for on-lending and/or equity investment in subsidiaries, including Vbase Limited, Civic Building Limited and CCC Two Limited.

Internal service providers results largely net out between income and expense as they are transferred to external activities.

Property costs and other expenses incorporate a hedging loss of \$3.2 million and investment impairments of \$4.8 million (being a reduction of \$3 million in the fair value of Tuam Limited, and a write down in the value of other minor advances Tuam Limited manages the old civic building. The write down in value reflects the reduction in rental as a result of the Council's move to the new civic offices. There was no hedging loss last year and impairments were lower.

The variances to plan for dividends and other income are largely offsetting as a higher tax subvention receipt, included within other income, causes a flow on reduction in dividend receipts. The increase in other income from 2009 is due to the Government's contribution of \$15 million towards AMI Stadium.

The contributions from subsidiaries is a special dividend from Christchurch City Holdings Limited. At the time the draft plan was circulated for consultation this revenue was intended to be a donation from Orion. However as was explained at the time, the donation was subject to approval from the Inland Revenue department. Approval was not received and a special dividend was always intended as the fall back position.

Interest revenue from on-lending is higher than plan due to an unplanned advance to CCC Two Ltd that has resulted in additional revenue of \$0.6 million and higher interest rates than planned recovered from Civic Building Limited of \$0.6 million. Interest revenue has increased from 2008/09 by \$5.3 million due to new on-lending to Vbase Limited, Civic Building Limited and CCC Two Limited as mentioned above.

Significant capital expenditure

Significant items of expenditure include \$10.6 million for the new Hereford Street Civic Offices (including furniture \$2.5 million, data centre \$4.5 million, tri-generation and other plant \$2.7 million) and \$11.3 million on strategic land purchases, including purchases around Ruapuna (\$3.6 million), Te Oka farm (\$3.2 million), land drainage properties (\$2.4 million), and the St Albans Resource Centre expansion (\$0.5 million). This is offset by \$12.2 million of land allocated to other council activities and services.

Other expenditure includes \$9.4 million on IT equipment and software development, equity investment in Civic Building Limited \$1.7 million and \$49.2 million invested in Vbase. The investment in Vbase includes a net \$10 million for the AMI Stadium redevelopment, (\$15 million was received from central Government which was invested in Vbase and \$5 million of equity was repaid), and \$38.5 million for the transfer of the Town Hall and commencement of its refurbishment.

Explanation of significant capital expenditure variances

The capital expenditure variance to plan is largely due to a \$33.5 million equity investment in Vbase, related to the transfer of the Town Hall. This was planned to occur in 2008/09. Offsetting this, \$7.3 million of a planned equity investment for its refurbishment will now occur in 2010/11.

5000 – Financial Statements

Annual Report 2010
Christchurch Otautahi

This section contains details about the Council's finances over the past year, how your rates dollars were spent, where additional funding came from and some of the year's financial highlights.

5010 – Financial Highlights

What was our result for the year?

This year's Annual Report shows that we remain in a strong financial position, with an accounting surplus of \$107.9 million. This is \$16.8 million below plan.

Why do we plan for a surplus?

Under accounting standards we are required to show all revenue, including capital revenue as income received for the year. Capital revenues include development contributions, some of which are used to fund future development; New Zealand Transport Agency (NZTA) subsidies, and vested assets, (footpaths, water and drainage infrastructure and reserves land), which are vested to Council by developers. The surplus also includes interest received on funds that are held in the balance sheet for special purposes.

What caused the difference?

The shortfall in accounting surplus of \$16.8 million is a result of the following variances:

- an under-recovery in vested assets of \$9.2 million
- higher than planned depreciation and amortisation costs of \$4.3 million due higher impairment of assets \$9.8 million, offset by lower than planned depreciation and amortisation of \$5.5 million. The impaired assets are the loan to Tuam Limited and several minor investments, the lower depreciation and amortisation is largely the result of the shortfall in the previous year's capital programme.
- higher than planned personnel costs, \$2.8 million
- hedging impairment costs of \$3.2 million which were not planned
- higher than planned income tax expense of \$1.9 million
- these were offset by lower than planned finance costs of \$3.8 million due to timing of the capital programme and lower interest rates.

After adjusting for non-cash items we have made a cash operating surplus for the year of \$10.3 million.

What will we do with the surplus?

\$4.1 million was retained to meet operational costs of projects requiring completion in 2010/11. Council allocated a further \$1.7 million of the surplus to specific projects. The remaining \$4.5 million will be moved into a reserve and used to fund capital expenditure. This will reduce future borrowing costs giving ratepayers long term benefit of the surplus.

Sources of operating income

Total income for the year ended 30 June 2010 is \$567 million. It was received from the following sources:

	Actual	Plan
	\$m	\$m
Rates revenue	257.4	256.1
Sale of goods / services	43.9	33.9
Rental revenue	26.9	29.4
Interest revenue	22.7	23.4
Dividends	115.1	117.6
Development contributions	12.8	18.7
NZ Transport Agency subsidies	27.4	26.4
Other revenue	53.7	55.3
Vested assets	7.1	16.2

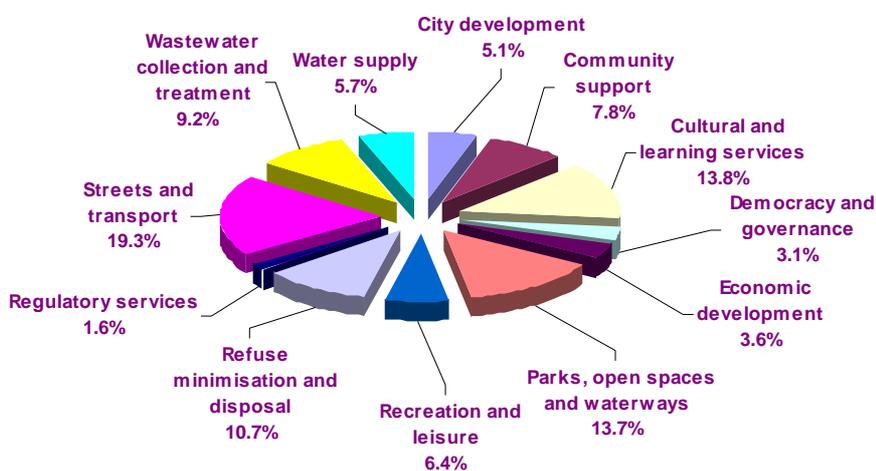
Understanding the Council's operating expenditure

Our total operating expenditure for the year ended 30 June 2010 was \$457.2 million. Key components include:

	Actual \$m	Plan \$m
Depreciation and amortisation	115.8	111.5
Finance costs	17.3	21.1
Personnel costs	126.3	123.6
Grants / Donations	26.7	17.4
Other operating expenses	171.1	178.9

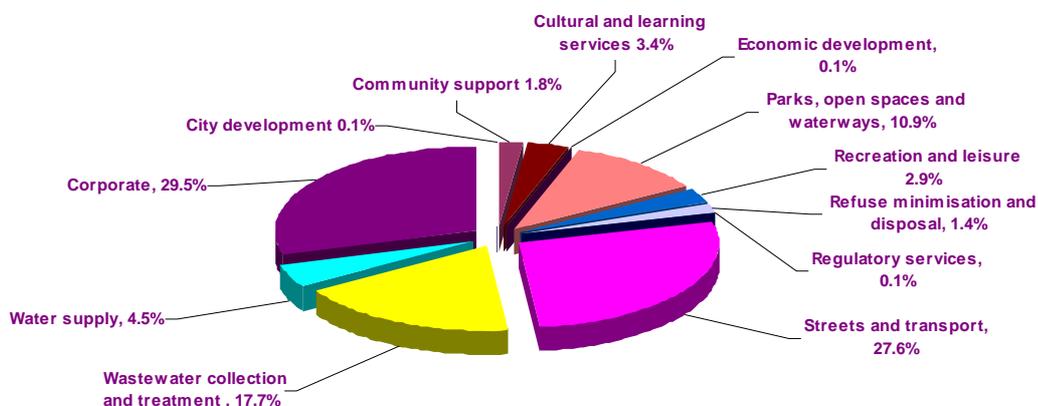
How your rates dollars were spent

The \$257.4 million of rates collected was allocated across council activities and services as shown below.



Investing in the assets of the city

We continued to invest in the city, spending \$249.7 million across a wide range of capital projects. Highlights are below with more detail in the council activities and services pages.



What did we achieve?

Major capital projects completed for the year include the commissioning of the Ocean Outfall project, (\$6 million of an \$83.3 million project), and completion of the Burwood gas pipeline, (\$2.2 million). Gas reticulation pipelines now run to the drying facility at the Christchurch Wastewater Treatment Plant where it will be used to dry waste, and to the Art Gallery and new Civic building for heating, in addition to the original pipeline to QEII. Other projects include the completion of the City Mall enhancement, (\$4.5 million), completion of the Akaroa Museum storage facility, (\$0.6 million), enhancement of the land around AMI Stadium, (\$0.75 million), completion of the Awatea Basin for land drainage, (\$8 million), development of the artificial hockey pitch at St Bede's college, (\$0.3 million), redevelopment of the Wharenui Pool, (\$0.9 million) and an upgrade of the Birdlings Flat water treatment to meet the requirements of drinking water standards, (\$0.3 million).

Ongoing projects include \$39.3 million expenditure on the road corridor and \$6.6 million on Bus Priority Lanes, the Biosolids Drying Facility, (\$19.1 million), the Graham Condon Sport and Recreation Centre, (\$3.8 million), work on the extended tram base in preparation for the Rugby World Cup, (\$1.7 million), ongoing work for the planned Transport Interchange, (\$6.9 million) and further work on the Western Interceptor sewer upgrade, (\$8.1 million).

\$10.6 million was spent for plant and fit-out for the new Hereford Street civic offices and \$9.4 million for ongoing development of IT equipment and software.

The Council spent \$11.3 million on strategic land purchases including purchases at Ruapuna, (\$3.6 million), Te Oka farm, (\$3.2 million), and land required for land drainage, (\$2.4 million).

\$49.2 million was invested in equity in Vbase Limited. This included a net \$10 million to fund AMI Stadium, (\$15 million was received from Central Government and invested in Vbase and \$5 million of Council's equity was repaid) and \$38.5 million funded the transfer of the Town Hall and the commencement of its refurbishment.

\$3 million was spent on housing improvements and \$1.3 million on community centre upgrades including the purchase of land for the St Albans Resource centre upgrade.

Operational achievements for the year include:

- continuing management of the city's wastewater collection and treatment to a satisfactory standard
- continuing management of the city's water supply services to a satisfactory standard
- continuing management of the city's libraries, Art Gallery, sports parks and stadia to a satisfactory standard including organising six large scale solo exhibitions at the Christchurch Art Gallery,
- working with our partners to host a programme of major sporting events including the Wellington Phoenix, Cycling Road Nationals, NZ Women's Golf Open and the NZ PGA championships
- maintenance of the city's streets, footpaths and transport systems to a satisfactory standard
- the distribution of \$7.8 million in support of almost 1,000 projects across the city through the Strengthening Communities Funding Scheme
- continuing management of the city's rivers and natural waterways
- continuing management of the kerbside collection system
- hosting of the second Ellerslie International Flower Show
- ongoing work on the Urban Development Strategy
- re-accreditation as a Building Consent Authority

Looking forward

Major capital works planned for the year to June 2011 included the following although this may change as remedial work is given priority:

- commencement of the new Botanic Gardens centre,
- commissioning of the biosolids drying facility
- planning and consent work in ensure ongoing wastewater services for the communities around the Lyttelton and Akaroa Harbours
- completion of the tram extension
- continuing work on the new transport Interchange
- continuing work on the stormwater catchment and drainage as part of the development of the area to the south west of Christchurch, the South West Christchurch Area Plan
- continuing work on the Western Interceptor and commencement of Fendalton Duplicator sewer upgrade
- completion of the Graham Condon Sport and Recreation Centre at Papanui, and delivery of an artificial pitch at English Park

- ongoing housing maintenance,
- ongoing work on the streets corridors along with kerb and channel replacement and the extension of cycleways
- refurbishment of the Town Hall
- construction of the new library at Aranui
- ongoing work in improving the city's assets including the completing the upgrade of the Duvauchelle water treatment plant, a new reservoir in Wainui and a new water booster pump station in Ferrymead

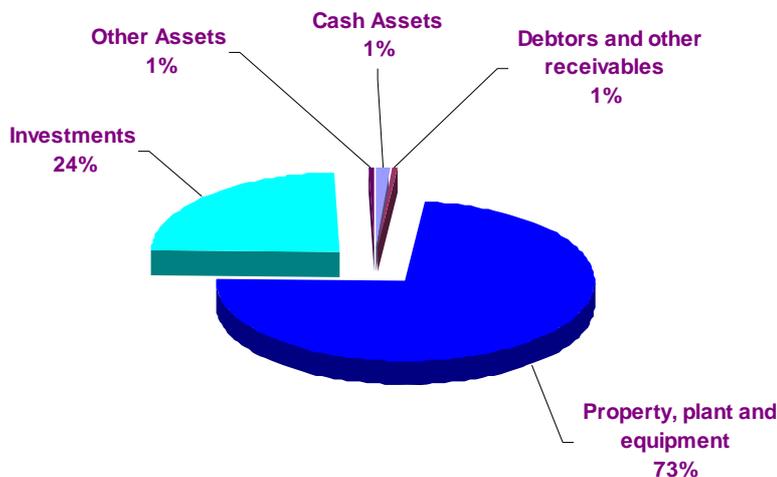
Operational work planned includes:

- ongoing work on the Urban Development Strategy,
- ongoing work with residents to maximise diversion of material from landfill through the kerbside collection system
- working with the Canterbury District Health Board on development of land beyond the immediate site of the Christchurch Hospital
- organisation of the Ron Mueck exhibition at the Christchurch Art Gallery
- ongoing work to establish the Christchurch Agency for Energy
- ongoing support of community organisations through the community grants programme
- implementation of the City for People Action Plan

Financial Position

The Council's balance sheet reflects our strong position with total assets of \$7.3 billion and net assets of \$6.9 billion. Equity increased by \$348.8 million during the year as a result of the \$107.9 million surplus and the \$241.0 million net gain on revalued assets and investments.

Our asset breakdown is as shown:



5015 – Group results

The Group includes the Council and its trading operations. The financial results, after all inter-company transactions have been eliminated, reflect the financial strength and size of the organisation as a whole.

	2010	2009
	\$000s	\$000s
Revenue from operations	977,853	949,486
Operating surplus (before tax)	95,423	120,556
Total assets	8,276,527	7,598,568
Total liabilities	1,367,374	1,067,685
Total equity	6,909,153	6,530,883

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

In December 2009 Standard and Poor's affirmed the Council's and Christchurch City Holdings Limited long-term rating of AA+ and short-term rating of A-1+.

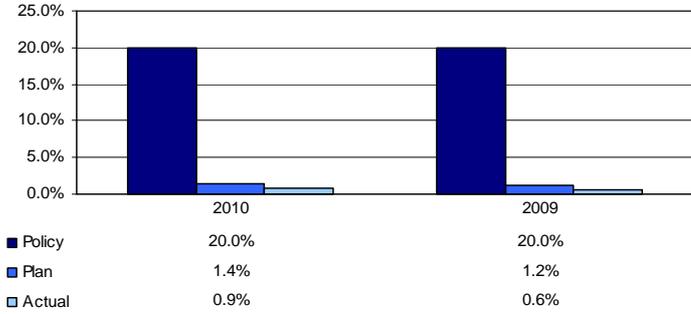
On 7th September 2010, following the earthquake, Standard and Poor's placed the Council on negative watch until such time as it could be determined what additional borrowings, if any, the Council will incur.

5020 - Financial ratios

The Council has five financial ratios which form a key part of its financial risk management strategy. These ratios define the limits within which the Council must maintain its balance sheet and borrowing ratios. The actual ratios for the year are set out in detail below and in all cases fall well within policy limits.

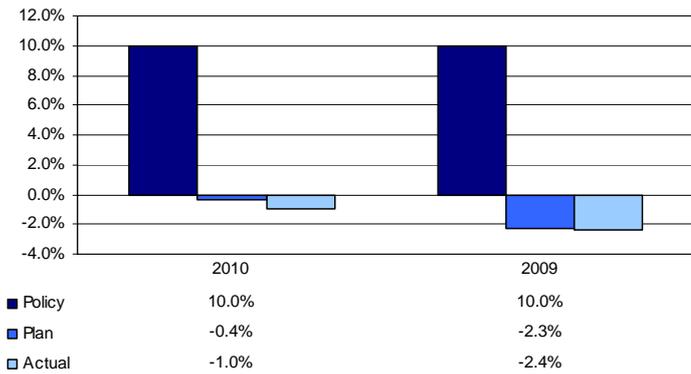
Net debt as a percentage of equity

Ratio Policy <20%



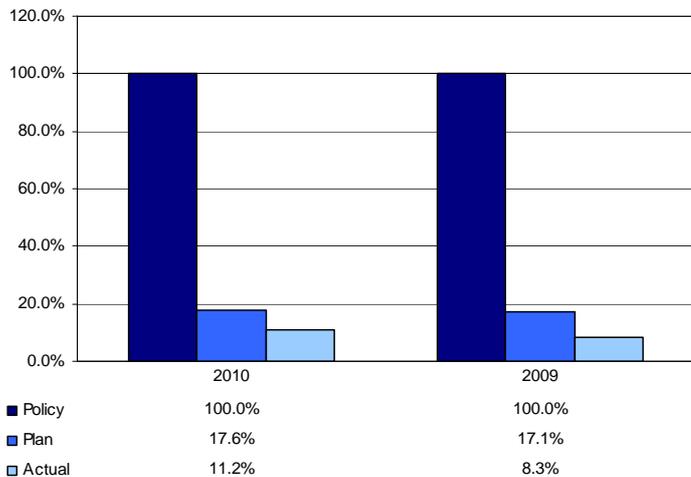
Net interest as a percentage of total revenue

Ratio Policy <10%



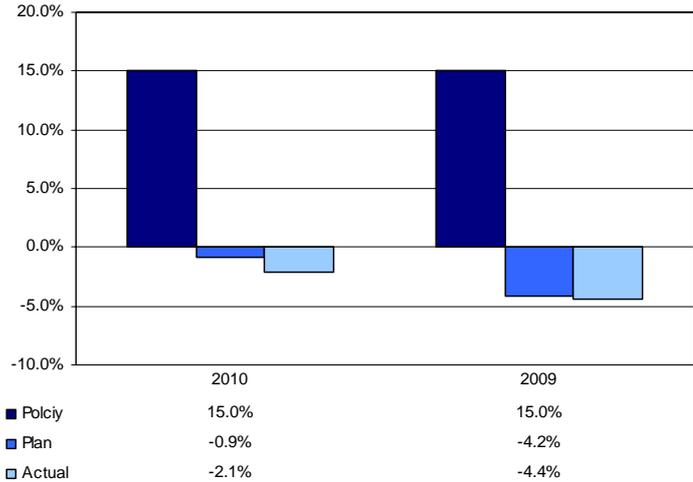
Net debt as a percentage of total revenue

Ratio Policy <100%



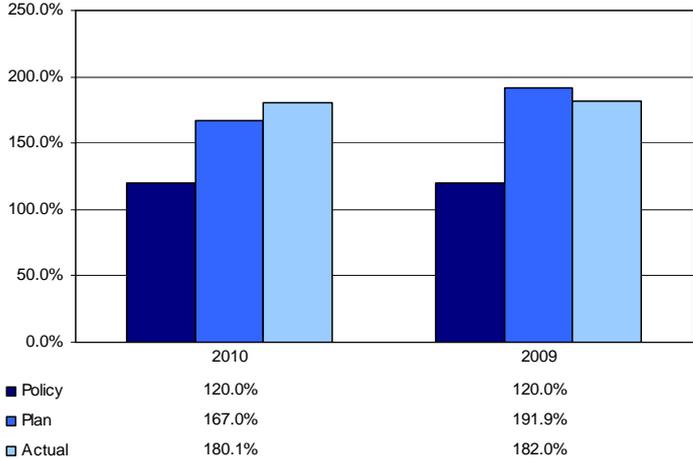
Net interest as a percentage of annual rates revenue

Ratio Policy <15%



Liquidity

Ratio Policy >120%



5025 – Audit New Zealand report

To come

5030 – Summary of consolidating CCTO's

The following pages report the financial results of Christchurch City Council and its subsidiaries and associates for the year ended 30 June 2010.

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 plus the subsidiaries and associates listed below.

Subsidiaries and associates are:

- *Christchurch City Holdings Limited (CCHL)*
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 2010. Major subsidiaries and associates of this company are:

- *Christchurch City Networks Limited*
This wholly owned company was established to make an investment in fibre-optic networks and ducting in the city. The financial statements consolidated are for the year ended 30 June 2010.
- *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 2010.
- *City Care Limited*
This wholly owned company provides construction and maintenance services for the Council and other organisations, and manufactures and supplies road paving material. The financial statements consolidated are for the year ended 30 June 2010.
- *Lyttelton Port Company Limited*
This company is 78.8% owned by Christchurch City Holdings Limited. The financial statements consolidated are for the year ended 30 June 2010.
- *Orion New Zealand Limited*
This company owns Connectics Ltd and is an energy network management company. Christchurch City Holdings Limited has an 89.3% interest in Orion New Zealand Limited. On 31 March 2009 Orion Group Limited amalgamated with its subsidiary Orion New Zealand Limited. The amalgamated entity was renamed Orion New Zealand Limited. The financial statements consolidated are for the year ended 31 March 2010.
- *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 2010.
- *Selwyn Plantation Board Limited*
This associate company is 39.3% owned by Christchurch City Holdings Limited. The financial statements for the year ended 30 June 2010 are equity accounted.
- *Vbase Limited*
This company is wholly owned by Christchurch City Council. It owns the Christchurch Convention Centre, and the CBS Arena, AMI Stadium and the Town Hall from the Christchurch City Council. The financial statements consolidated are for the year ended 30 June 2010.

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

- *Tuam Limited*
This company is wholly owned by Christchurch City Council. It owns and manages the Tuam Street civic building and related Tuam Street properties and leases them to Council. The financial statements consolidated are for the year ended 30 June 2010.
- *Civic Building Limited*
This company is wholly owned by Christchurch City Council. This company manages the Council's 50% interest in the joint venture with Ngai Tahu Property Limited which own and manage the new civic building on Worcester Street.

On 30 June 2009 Civic Building Limited's subsidiary Tuam 2 Limited was amalgamated into Civic Building Limited.

The financial statements consolidated are for the year ended 30 June 2010.

- *CCC Two Limited*
This company is wholly owned by Christchurch City Council. The financial statements consolidated are for the year ended 30 June 2010.
- *Transwaste Canterbury Limited*
This Company has the principal purpose of operating a non-hazardous landfill in Canterbury. The Council has 39% of the shareholding. The financial statements for the year ended 30 June 2010 are equity accounted.

CHRISTCHURCH CITY COUNCIL
Financial Statements
for the year ended 30 June 2010

CHRISTCHURCH CITY COUNCIL
Statement of comprehensive income
For the year ended 30 June 2010

Statement of comprehensive income	Note	Parent			Group	
		30 Jun 10 Actual \$000s	30 Jun 10 Plan \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Rates revenue	2(a)	257,364	256,066	243,663	252,633	239,024
Operating and other revenue	2(b)	278,399	281,329	199,397	706,867	686,437
Finance income	3	22,712	23,439	21,783	14,114	19,101
Other gains	4	1,416	-	4,817	4,239	4,924
Total income		559,891	560,834	469,660	977,853	949,486
Depreciation, amortisation and impairment	5	115,771	111,464	102,530	197,902	186,176
Finance costs	6	17,278	21,054	10,981	44,895	38,723
Personnel costs	7	126,308	123,635	120,574	292,437	274,848
Other expenses	8	194,046	196,247	196,217	352,951	349,673
Other losses	4	3,837	-	9	1,780	8,261
Total operating expenses		457,240	452,400	430,311	889,965	857,681
Share of (losses)/profits of associates	20	-	-	-	466	3,953
Profit before asset contributions		102,651	108,434	39,349	88,354	95,758
Vested assets	9	7,069	16,249	24,798	7,069	24,798
Profit before income tax expense		109,720	124,683	64,147	95,423	120,556
Income tax expense/(credit)	11	1,863	-	788	90,240	27,947
Profit from continuing operations		107,857	124,683	63,359	5,183	92,609
Profit/(loss) from discontinued operations (after tax)		-	-	-	-	-
Profit for the period		107,857	124,683	63,359	5,183	92,609
Other comprehensive income						
Property, plant and equipment valuation gain		356,555	209,000	80,315	383,131	67,322
Gains/losses from:						
Investment revaluation gain/(loss)		(113,033)	-	40,580	-	(34)
Cash flow hedges gain/(loss)		(3,174)	-	(3,479)	(8,654)	(25,296)
Translation of foreign exchange differences		-	-	-	-	3,420
Share of other comprehensive income (after tax) of associates		-	-	-	(1,441)	(1,247)
Income tax relating to components of other comprehensive income		641	-	8,837	8,217	9,117
Transfers and other		(39)	-	-	(226)	520
Other comprehensive income for the period, net of tax		240,950	209,000	126,253	381,027	53,802
Total comprehensive income for the period, net of tax		348,807	333,683	189,612	386,210	146,411
Profit for the period attributable to:						
Parent Entity		107,857	124,683	63,359	(1,785)	81,342
Minority interest		-	-	-	6,968	11,267
		107,857	124,683	63,359	5,183	92,609
Total comprehensive income attributable to:						
Equity holders of the parent		348,807	333,683	189,612	374,187	137,501
Minority interests	35	-	-	-	12,023	8,910
		348,807	333,683	189,612	386,210	146,411

The accompanying notes form part of and are to be read in conjunction with these financial statements.

CHRISTCHURCH CITY COUNCIL
Balance sheet
For the year ended 30 June 2010

Balance sheet As at 30 June 2010	Note	Parent			Group	
		30 Jun 10 Actual \$000s	30 Jun 10 Plan \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Current assets						
Cash and cash equivalents	12	80,892	45,570	84,383	103,855	109,830
Debtors and other receivables	13(a)	43,086	44,356	39,361	83,191	73,312
Derivative financial instruments	15(a)	84	-	15	91	37
Other financial assets	16(a)	116,943	59,129	37,250	117,055	69,331
Prepayments		2,903	-	-	7,370	4,503
Inventories	17(a)	1,470	1,296	1,407	12,382	11,619
Current tax assets	11(b)	98	-	-	809	-
Non-current assets classified as held for sale	18	-	-	35,360	3,841	584
Other	19(a)	-	-	-	160	184
Total current assets		245,476	150,351	197,776	328,754	269,400
Non-current assets						
Debtors and other receivables	13(b)	3,000	-	3,000	29,744	31,322
Investments in associates	20	6,196	-	6,196	36,439	38,542
Derivative financial instruments	15(b)	1,525	-	334	1,917	1,477
Other financial assets	16(b)	1,667,286	1,761,199	1,699,806	63,907	70,151
Prepayments		-	-	-	9,866	-
Property, plant and equipment	23	5,363,582	5,169,801	4,917,727	7,651,568	7,045,761
Investment property	24	-	-	-	85,510	83,110
Intangible assets	25	27,471	14,023	23,290	38,005	31,755
Deferred tax assets	11(c)	-	-	-	11,253	11,516
Goodwill	26	-	-	-	19,385	15,256
Other	19(b)	-	-	-	179	278
Total non-current assets		7,069,060	6,945,023	6,650,353	7,947,773	7,329,168
Total assets		7,314,536	7,095,374	6,848,129	8,276,527	7,598,568
Current liabilities						
Creditors and other payables	27	75,626	60,729	64,562	137,052	118,834
Borrowings	28(a)	45,266	3,449	66,698	232,307	69,365
Derivative financial instruments	15(c)	-	-	-	1,083	1,940
Employee entitlements	30(a)	12,656	12,251	11,496	33,365	33,028
Current tax liabilities	11(b)	-	-	-	-	992
Provisions	31(a)	2,394	670	1,926	3,094	1,926
Other	32(a)	946	-	735	1,163	1,769
Total current liabilities		136,888	77,099	145,417	408,064	227,854
Non-current liabilities						
Borrowings	28(b)	262,117	285,844	142,303	539,995	472,734
Derivative financial instruments	15(d)	9,963	-	3,861	28,937	20,498
Employee entitlements	30(b)	6,013	6,636	6,309	7,111	7,374
Deferred tax liabilities	11(c)	3,382	1,543	2,160	358,772	305,383
Provisions	31(b)	15,855	11,236	15,622	15,855	15,622
Other	32(b)	12,649	-	13,595	8,640	18,220
Total non-current liabilities		309,979	305,259	183,850	959,310	839,831
Total liabilities		446,867	382,358	329,267	1,367,374	1,067,685
Net assets		6,867,669	6,713,016	6,518,862	6,909,153	6,530,883
Equity						
Reserves	33	4,905,944	4,842,839	4,652,541	4,138,280	3,723,209
Retained earnings	34	1,961,725	1,870,177	1,866,321	2,523,984	2,564,968
Equity relating to assets classified as held for sale		-	-	-	-	-
Parent entity interest		6,867,669	6,713,016	6,518,862	6,662,264	6,288,177
Minority interest	35	-	-	-	246,889	242,706
Total equity		6,867,669	6,713,016	6,518,862	6,909,153	6,530,883

The accompanying notes form part of and are to be read in conjunction with these financial statements.

CHRISTCHURCH CITY COUNCIL
Statement of changes in equity
For the year ended 30 June 2010

	Parent										
	Share capital \$000s	Asset revaluation reserve \$000s	Fair value through equity reserve \$000s	Hedging reserve \$000s	FX translation reserve \$000s	Reserve Fund \$000s	Capital reserve \$000s	Retained earnings \$000s	Attributable to equity holders of parent \$000s	Minority interests \$000s	Total \$000s
Balance as at 1 July 2008	-	1,374,926	1,267,381	(32)	-	186,085	1,733,853	1,767,037	6,329,250	-	6,329,250
Profit for period	-	-	-	-	-	-	-	63,359	63,359	-	63,359
Other comprehensive income for year (net of tax)	-	91,811	40,395	(3,434)	-	(38,444)	-	35,925	126,253	-	126,253
Balance as at 30 June 2009	-	1,466,737	1,307,776	(3,466)	-	147,641	1,733,853	1,866,321	6,518,862	-	6,518,862
Profit for period	-	-	-	-	-	-	-	107,857	107,857	-	107,857
Other comprehensive income for year (net of tax)	-	327,835	(113,044)	(3,174)	-	41,786	-	(12,453)	240,950	-	240,950
Balance as at 30 June 2010	-	1,794,572	1,194,732	(6,640)	-	189,427	1,733,853	1,961,725	6,867,669	-	6,867,669

	Group										
	Share capital \$000s	Asset revaluation reserve \$000s	Fair value through equity reserve \$000s	Hedging reserve \$000s	FX translation reserve \$000s	Reserve Fund \$000s	Capital reserve \$000s	Retained earnings \$000s	Attributable to equity holders of parent \$000s	Minority interests \$000s	Total \$000s
Balance as at 1 July 2008	-	1,782,345	-	4,068	(2,325)	186,085	1,733,853	2,446,650	6,150,676	247,588	6,398,264
Profit for period	-	-	-	-	-	-	-	81,342	81,342	11,267	92,609
Other comprehensive income for year (net of tax)	-	71,481	(219)	(15,960)	2,325	(38,444)	-	36,976	56,159	(2,357)	53,802
Dividends paid or provided for	-	-	-	-	-	-	-	-	-	(9,117)	(9,117)
Adjustment to minority interests for share acquisitions	-	-	-	-	-	-	-	-	-	(4,675)	(4,675)
Balance as at 30 June 2009	-	1,853,826	(219)	(11,892)	-	147,641	1,733,853	2,564,968	6,288,177	242,706	6,530,883
Profit for period	-	-	-	-	-	-	-	(1,785)	(1,785)	6,968	5,183
Other comprehensive income for year (net of tax)	-	380,101	(11)	(6,805)	-	41,786	-	(39,099)	375,972	5,055	381,027
Adjustment to minority interests for share acquisitions	-	-	-	-	-	-	-	(100)	(100)	(117)	(217)
Dividends paid or provided for	-	-	-	-	-	-	-	-	-	(7,723)	(7,723)
Balance as at 30 June 2010	-	2,233,927	(230)	(18,697)	-	189,427	1,733,853	2,523,984	6,662,264	246,889	6,909,153

The accompanying notes form part of and are to be read in conjunction with these financial statements.

CHRISTCHURCH CITY COUNCIL
Cash flow statement
For the year ended 30 June 2010

Cash flow statement	Parent			Group	
	30 Jun 10	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
For the year ended 30 June 2010	Actual	Plan	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Cash flows from operating activities					
Receipts from customers and other sources	419,962	419,761	397,308	955,776	910,656
Interest received	22,266	23,439	22,548	11,755	17,856
Dividends received	115,059	117,636	43,495	85	658
Payments to suppliers and employees	(316,680)	(320,823)	(314,464)	(649,687)	(627,866)
Interest and other finance costs paid	(17,129)	(21,054)	(10,989)	(45,024)	(40,013)
Income tax paid	-	-	-	(27,083)	(24,102)
Net GST movement	(2,514)	-	5,172	(2,514)	5,172
Net cash provided by/(used in) operating activities	36 220,964	218,959	143,070	243,308	242,361
Cash flows from investing activities					
Payment for investment securities	(78,590)	(2,186)	(11,915)	(78,590)	(42,004)
Proceeds from sale of investment securities	1,000	-	81,977	36,329	81,977
Payment for equity investment in subsidiaries	(52,098)	-	(13,206)	-	-
Proceeds from subsidiary shares repaid	-	-	4,321	-	-
Loans made to other parties	-	-	(178)	-	(178)
Proceeds from repayment of advances	642	-	-	642	-
Proceeds from repayment of related party loans	4,388	-	-	-	-
Amounts advanced to related parties	(38,916)	-	(56,185)	-	-
Payment for property, plant and equipment	(186,100)	(206,852)	(195,657)	(415,759)	(326,976)
Proceeds from sale of property, plant and equipment	38,329	4,289	4,270	8,292	7,917
Payment for intangible assets	(10,163)	-	(12,354)	(15,031)	(15,798)
Payment for goodwill	-	-	-	(4,129)	(5,028)
Payment for acquisition of business	-	-	-	(82)	-
Payment for investment properties	-	-	-	(1,274)	(4,952)
Other	-	-	-	-	3,000
Deferred acquisition payment	-	-	-	(368)	(130)
Proceeds from the realisation of foreign exchange	-	-	-	-	15,316
Net cash (used in)/provided by investing activities	(321,508)	(204,749)	(198,927)	(469,970)	(286,856)
Cash flows from financing activities					
Proceeds from borrowing	139,624	99,584	91,033	315,549	128,547
Repayment of borrowings	(42,571)	(113,293)	(6,220)	(86,730)	(73,031)
Repayment of finance leases	-	-	-	(409)	-
Dividends paid - minority interests	-	-	-	(7,723)	(9,117)
Net cash provided by/(used in) financing activities	97,053	(13,709)	84,813	220,687	46,399
Net increase in cash and cash equivalents	(3,491)	501	28,956	(5,975)	1,904
Cash and cash equivalents at beginning of year	84,383	45,069	55,427	109,830	107,926
Cash and cash equivalents at end of year	80,892	45,570	84,383	103,855	109,830

The accompanying notes form part of and are to be read in conjunction with these financial statements.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

1. Statement of accounting policies

Reporting entity

Christchurch City Council ("Council") is a territorial authority under the Local Government Act 2002. The consolidated entity consists of the entities listed in the Group structure section.

The primary objective of Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, Council has designated itself a public benefit entity ("PBE") for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). Council is therefore subject to policies and exemptions that may not apply to other entities in the group. Where PBE treatment of specific issues differs from the usual treatment, this fact is noted in each policy.

The financial statements of Council are for the year ended 30 June 2010. The financial statements were approved by Council on 30 September 2010. Council does not have the authority to amend the financial statements after this date.

Basis of preparation

i) The financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000s). The functional currency of Council is New Zealand dollars.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

ii) New accounting standards and interpretations

(a) Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended New Zealand Equivalents to International Financial Reporting Standards and interpretations as of 1 July 2009.

- NZ IFRS 3 Business Combinations (revised 2008) effective 1 July 2009
- NZ IFRS 7 Financial Instruments: Disclosures effective 1 January 2009
- NZ IAS 1 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- NZ IAS 27 Consolidated and Separate Financial Statements (revised 2008) effective 1 July 2009
- Amendments to NZ IFRS arising from NZ IFRS 3 and NZ IAS 27 effective 1 July 2009
- Improvements to NZ IFRSs May 2009 effective 1 January 2009, 1 July 2009 and 1 January 2010
- Amendments to NZ IFRS 1 and NZ IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

NZ IFRS 3 Business Combinations (revised 2008) and NZ IAS 27 Consolidated and Separate Financial Statements (revised 2008)

NZ IFRS 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

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NZ IAS 27 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in NZ IFRS 3 (revised 2008) and NZ IAS 27 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on reported results.

NZ IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 39. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 39.

NZ IAS 1 Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

NZ IAS 40 Investment Property (Revised)

This standard requires investment properties under development to be reclassified as investment property. Previously, investment properties under development were held at cost less any impairment and included within property, plant and equipment balance for the company. This standard requires this amendment to be applied prospectively. The effect of adoption by the Group is Nil.

Amendments to NZ IFRS 1 and NZ IAS 27 - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate effective 1 January 2009

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit or loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify the treatment of reorganisations where a new parent is inserted above an existing parent of the group. The amendments state that the cost of the new parent's investment in the original parent is the carrying amount of its share of equity items in the separate financial statements of the original parent. The adoption of these amendments did not have any impact on the financial position or the performance of the Group or parent.

NZ IFRIC 18 Transfers of Assets from Customers

This interpretation provides guidance on when and how an entity should recognise such assets. The interpretation will not have a material impact on the financial statements of the Group. The interpretation will become mandatory for the Group's 2011 financial statements.

Improvements to NZ IFRSs

In 2008 and 2009 various amendments to NZ IFRS were issued as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. None of these amendments had a material impact on the accounting policies, financial position or performance of the Group.

Principles of consolidation

(i) Subsidiaries

Subsidiaries include special purpose entities and are those over which the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Council controls another entity.

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Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and balance sheet.

(ii) Associates

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for in the parent's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post-acquisition profits or losses is recognised in the profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent's profit and loss, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

(iii) Joint Ventures

Joint ventures are those over whose activities the group has joint control, established by contractual agreement. The group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the group's financial statements on a line by line basis using the proportionate method.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Hedging

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Council documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss.

Amounts accumulated in equity are recycled through profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or cancelled, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised through profit and loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss.

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Property, plant and equipment

The following assets (except for investment properties) are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

- Land (other than land under roads)
- Buildings
- Electricity distribution network
- Airport sealed surfaces
- Infrastructure assets
- Heritage assets
- Works of art

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Operational Assets:

Buildings	1-100 yrs
Office and computer equipment	1-10 yrs
Mobile plant including vehicles	2-30 yrs
Buses	17-26 yrs
Sealed surfaces (other than roads)	9-100 yrs
Container cranes	30 yrs
Harbour structures	3-50 yrs
Seawalls	100 yrs
Telecommunications infrastructure	12-50 yrs
Electricity distribution system	60 yrs
Electricity load control equipment	60 yrs
Leasehold land improvements	5-100 yrs
Library books	3-8 yrs
Vessels	5-25 yrs
Resource consents and easements	5-10 yrs

Infrastructure Assets:

Formation	Not depreciated
Pavement sub-base	Not depreciated
Basecourse	40-120 yrs
Footpaths and cycleways	20-80 yrs
Surface	1-25 yrs
Streetlights and signs	15-40 yrs

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Kerb, channel, sumps and berms	80 yrs
Landscape/medians	8-80 yrs
Drain pipes/culverts/retaining walls	20-100 yrs
Bridges	70-100 yrs
Bus shelters and furniture	15-30 yrs
Water supply	55-130 yrs
Water meters	20-25 yrs
Stormwater	20-150 yrs
Waterways	15-120 yrs
Sewer	50-150 yrs
Treatment plant	15-100 yrs
Pump stations	10-100 yrs

Restricted Assets:

Planted areas	5-110 yrs
Reserves – sealed areas	10-40 yrs
Reserves – structures	25-150 yrs
Historic buildings	100 yrs
Art works	1000 yrs
Heritage assets	1000 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the group.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

In respect of acquisitions prior to the transition to NZ IFRS on 1 July 2005, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (see Impairment policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit and loss.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(iii) Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment policy).

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

(v) Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are:

Software	1-10 yrs
Resource consents and easements	5-10 yrs
Patents, trademarks and licenses	10-20 yrs

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

Investments

The Council classifies its investments in the following categories:

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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(c) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(d) *Financial assets at fair value through equity*

Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Parent company investment in subsidiaries

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are held in a revaluation reserve until the subsidiary is sold.

(ii) Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised through profit and loss.

General and community loans are designated as loans and receivables. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

Financial instruments classified as held-for-trading or fair value through equity investments are recognised / derecognised by the Council on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Council.

(iii) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- The occupants provide services that are integral to the operation of the group's business and/or these services could not be provided efficiently and effectively by the lessee in another location.
- The property is being held for future delivery of services.
- The lessee uses services of the group and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

The classification of properties is done at the lowest possible level. Thus, where part of a property is occupied by a party other than the group, consideration is given to whether that portion of the building could be classified as an investment property. Classification as an investment property will be indicated if the section of the building could be separately sold or leased under a finance lease. If the section of the property occupied by a party other than the group is unable to be sold or leased separately from the rest of the building, the building is assessed as a whole and will usually only be classified as investment property if the group occupies an insignificant portion.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through profit and loss.

Rental income from investment property is accounted for as described in the Revenue policy below.

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When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in profit and loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

Trade and other receivables

(i) Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in contract activities based on normal operating capacity.

(ii) Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment policy).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the balance sheet.

Impairment

The carrying amounts of the Council's assets, other than investment property (see Investments policy and deferred tax assets (see Income Tax policy)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, other intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised through profit and loss. Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a public benefit entity, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. For the group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised through profit and loss over the period of the borrowings on an effective interest basis.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Landfill aftercare provision

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure.

The provision is calculated based on:

- The estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- The estimated costs have been discounted to their present value using a discount rate of 6.93%.
- The estimated length of time needed for post-closure care is 35 years.
- The Council also has a legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

(ii) Weathertight homes

The Council through its insurers is processing a number of weathertight home claims.

The provision is calculated based on:

- The number of known claims,
- The average actual settlement costs,
- The average actual claims settled per year.
- Costs in future years have been adjusted for inflation and discounted to their present value using a discount rate of 6.93%

Employee entitlements

The Group's employee compensation policy is based on Total Cash Remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of the Council's liability for the following short and long-term employee entitlements.

(i) Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g., sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

(ii) Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Superannuation is provided as a percentage of remuneration.

(iii) National Provident Fund's Defined Benefit Plan Scheme (the 'Scheme')

Council participates in the Scheme, which is a multi-employer defined benefit plan. However, because it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers the Council participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

Leases

(i) As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of

CHRISTCHURCH CITY COUNCIL
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the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

(ii) As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Revenue

(i) Rates, goods sold and services rendered

Revenue from rates is recognised through profit and loss at the time of invoicing. Revenue from the sale of goods is recognised through profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through profit and loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised through profit and loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately through profit and loss.

(iii) Finance Income

Finance income comprises interest receivable on funds invested and on loans advanced. Finance income, is recognised through profit and loss as it accrues, using the effective interest method.

(iv) Rental income

Rental income from investment and other property is recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Government grants

Grants from the government are recognised as income at their fair value where there is a reasonable assurance that the grant will be received and the Council will comply with all attached conditions.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(vii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

(viii) Development Contributions

Development contributions are recognised through profit and loss in the year in which they are received.

(ix) Other gains

Other gains include revaluations of investment properties (see Investment Property policy), gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see hedging policy).

Expenses

(i) Operating lease payments

Payments made under operating leases are recognised through profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised through profit and loss as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised through profit and loss using the effective interest rate method. Interest payable on borrowings is recognised as an expense through profit and loss as it accrues.

(iv) Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see hedging policy).

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised through profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding ten years.

Third party transfer payment agencies

The Council collects monies for many organisations. Where collections are processed through the Council's books, any monies held are shown as Accounts Payable in the Balance Sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

Goods and Services Tax

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

Donated goods and services

The Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms, and for this reason are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Two primary drivers for allocating corporate overhead are used. Services related to people are reallocated based on employee costs, and those related to finance are reallocated based on external service activity gross cost.

Plan values disclosed

The plan values shown in the financial statements represent the 2009/10 budget included in the Long Term Council Community Plan 2009-19.

Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- The physical deterioration and condition of an asset. This is particularly so for those which are not visible, for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a combination of physical assessments and condition modelling of underground assets, estimating any obsolescence or surplus capacity of an asset and estimating the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or underestimating the annual depreciation charge recognised as an expense through the profit and loss. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions and past experience. Finally, Council's assets are also periodically revalued by experienced independent valuers who provide assurance that Council's useful life estimates are valid.

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- The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and weathertight homes provisions.
- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.

In addition to the above factors, the following areas specific to individual companies within the group require critical judgement estimates and assumptions.

- Orion New Zealand Ltd's electricity distribution network comprises large numbers of relatively minor individual network asset components which are replaced on a regular basis. The costs of recording and tracking such components substantially outweigh the benefits of doing so. Management use estimates of the quantities and carrying values of these components. Any errors in the estimates are corrected at the next asset revaluation and are not considered to be material.
- Orion New Zealand Ltd invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the later, more accurate data available from the electricity wholesale market and certain metering data from electricity retailers. Management makes an allowance in revenue and in current assets/liabilities for any amounts which are estimated to be under/over charged during the reporting period. However, as final wash-up metering data is not available for in excess of twelve months, it is possible that the final amounts payable or receivable may vary from that calculated.
- Orion New Zealand Ltd enters into arrangements with customers to purchase new network assets at below current replacement costs. Management estimate the difference between cash costs and the replacement costs of these assets, and the differences are reported within revenue. Any errors in estimating the carrying values of these assets are corrected at the next asset valuation date.
- Management of Christchurch International Airport Ltd use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. The main deciding factor for this classification is that the property is not used for aircraft-related activities.
- Management of Christchurch International Airport Ltd have estimated an impairment charge in respect of the ongoing value of capitalised expenditure on the integrated terminal project, due to the evolving nature of the design. Reviews by quantity surveyors and project managers were used in making the impairment assessment.
- Management of Lyttelton Port Company Ltd are required to exercise judgement in determining the carrying value of land, buildings and harbour structures, amortisation of intangible assets such as resource consents, easements and software, and the quantification of contingent liabilities..

New standards and interpretations issued and not yet adopted

The following new standards, interpretations and amendments are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these consolidated financial statements:

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council include:

- Amendments to NZ IFRS arising from the Annual Improvements Project which is effective for reporting periods beginning on or after 1 January 2010 except for the amendments to NZ IFRS 3, NZ IFRIC 9, NZ IFRIC 16 and NZ IAS 38 which are effective from 1 July 2009. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to New Zealand entities is that made to NZ IAS 17 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined.
- NZ IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective from 1 July 2010 - This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.
- Amendments to NZ IFRIC 14 Prepayments of a Minimum Funding Requirement effective 1 January 2011 - This amendment provides entities with the ability to recognise an asset for prepayments of minimum funding requirement contributions.
- Amendments to NZ IFRS 2 – Share-based Payment Transactions effective 1 January 2010 - This Standard makes amendments to NZ IFRS 2 Share-based Payment and supersedes NZ IFRIC 8 Scope of NZ IFRS 2 and NZ IFRIC 11. NZ IFRS 2 – Group and Treasury Share Transactions. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of NZ IFRS 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services irrespective of which entity in the group settles the transaction, and regardless of whether the transaction is settled in shares or cash.
- NZ IAS 24 Related Party Disclosures (Revised 2009) effective 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.
- NZ IFRS 9 Financial Instruments effective 1 January 2013 - This standard is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard applies to financial assets, their classification and measurement. All financial assets are required to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs and subsequently measured at amortised cost or fair value.

The Council intends to adopt these standards and amendments for the year ending 30 June 2011, an initial assessment indicates that the impact is not significant and the changes will mainly impact on the presentation of the accounts.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

2. Operating and other revenue

(a) Rates revenue

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Total rates revenue	260,004	246,456	255,273	241,817
Less remissions:				
Community service	(206)	(167)	(206)	(167)
Cultural	(234)	(281)	(234)	(281)
Social housing	(1,414)	(1,389)	(1,414)	(1,389)
Church	(112)	(126)	(112)	(126)
Maori land	(1)	(1)	(1)	(1)
Recreation and sport	(673)	(829)	(673)	(829)
Rates revenue less remissions	257,364	243,663	252,633	239,024

(b) Operating and other income

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Sale of goods	10,209	10,522	33,273	23,926
Rendering of services	33,661	31,822	497,567	469,400
Donated and subsidised assets	-	-	3,824	7,108
Capital contributions	72	1,130	3,448	5,963
Electricity transmission rental rebates	-	-	3,451	13,378
Rental income from investment properties	-	-	9,450	8,351
Other rental revenue	26,933	25,258	62,567	63,056
Dividends from subsidiaries	113,846	36,731	-	-
Dividends from associates	1,177	558	-	-
Dividends from other entities	35	65	35	65
Government grants received	15,252	550	15,333	1,089
Net foreign exchange gains	-	-	80	52
Subvention receipts	4,156	6,182	-	-
Management fee income	-	-	-	367
Petroleum tax	2,314	2,269	2,314	2,269
Development contributions	12,764	13,786	12,764	13,786
NZ Transport Agency	27,441	35,330	27,441	35,330
Subsidies (excl LTNZ)	795	1,473	795	1,473
Sundry income	29,744	33,721	34,525	40,824
Total operating and other income	278,399	199,397	706,867	686,437

1. Government grants

Parent

Grants received by Council in 2010 were as follows:

- Ministry of Economic Development - \$15 million towards the redevelopment of AMI stadium
- Energy and Efficiency & Conservation Authority - \$0.085 million An energy intensive business grant towards the installation of the TriGeneration plant at the new Civic Building
- New Zealand Fire Service - \$0.166 million towards rural fire trucks

Grants received by Council in 2009 were as follows:

- Ministry of Education - \$0.6 million related to support for the Upper Riccarton Library.

Group

In 2009 Christchurch City Holdings Ltd (parent) received \$0.4 million from the Ministry of Economic Development. The grants were received to support Christchurch City Networks Limited in the development of telecommunications infrastructure in Christchurch, and were used by Christchurch City Holdings Ltd to purchase ordinary shares in Christchurch City Networks Ltd.

These amounts were recorded as revenue. The amounts recognised represent what was received during the year. There are no unfulfilled conditions or other contingencies related to this revenue.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

(c) Disclosure of council activities and services results

	Parent	
	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s
Council activities and services revenue	135,033	144,721
Rates revenue	257,364	243,663
Other revenue (primarily interest and dividends)	167,494	81,276
Total revenue	559,891	469,660
Council activities and services expenditure	428,773	410,079
Other expenditure	28,467	20,232
Total expenditure	457,240	430,311

3. Finance income

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Interest income - bank deposits	5,531	6,569	8,329	10,702
Interest income - investments	3,037	5,577	3,313	5,577
Interest income - related party loans	14,089	9,564	-	-
Interest income - finance lease	-	-	2,199	2,079
Interest income - other	55	73	273	743
Total finance income	22,712	21,783	14,114	19,101

4. Other gains and losses

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Other gains				
Non-financial instruments				
Gains/(losses) on disposal of property, plant and equipment	1,403	2,768	1,792	2,875
Gains/(losses) on disposal of investments	-	-	62	-
Gains/(losses) on assets written off	7	-	7	-
Gains/(losses) on revaluation of investment property	-	-	2,087	-
	1,410	2,768	3,948	2,875
Financial instruments				
Ineffectiveness on cash flow hedges - gain/(loss)	6	-	291	-
Gains in fair value of Endeavour iCap	-	2,049	-	2,049
	6	2,049	291	2,049
Total other gains	1,416	4,817	4,239	4,924

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Other losses				
Non-financial instruments				
Gains/(losses) on disposal of property, plant and equipment	301	-	372	-
Gains/(losses) on revaluation of investment property	-	-	-	4,426
	301	-	372	4,426
Financial instruments				
Ineffectiveness on fair value hedges - gain/(loss)	-	-	132	-
Ineffectiveness on cash flow hedges - gain/(loss)	-	9	-	9
Fair value through income statement financial assets fair value change	3,198	-	938	3,826
Loss on fair value of Endeavour iCap	338	-	338	-
	3,536	9	1,408	3,835
Total other losses	3,837	9	1,780	8,261

CHRISTCHURCH CITY COUNCIL
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For the year ended 30 June 2010

5. Depreciation, amortisation and impairment

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Depreciation of non-current assets	99,768	96,260	180,336	171,130
Amortisation of intangible assets	2,664	1,854	5,752	4,630
Amortisation of other assets	-	-	210	-
Impairment of property, plant & equipment	4,154	-	4,214	4,554
Impairment of other assets	5,707	1,173	2,821	1,912
Replaced assets written off	3,478	3,243	4,569	3,950
Total depreciation, amortisation and impairment	115,771	102,530	197,902	186,176

6. Finance costs

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Interest expense				
Interest on bank borrowings	4,584	3,577	22,649	25,861
Interest on debt instruments	12,655	7,382	18,689	12,294
Interest on finance leases	-	-	550	172
Other interest expense	35	22	3,841	396
	17,274	10,981	45,729	38,723
Fair value (gains)/losses on hedging instruments				
Fair value hedging instruments	(1,525)	-	(2,363)	-
Fair value adjustment to borrowings	1,529	-	1,529	-
	4	-	(834)	-
Net finance costs	17,278	10,981	44,895	38,723

7. Personnel costs

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Salaries and wages	124,200	119,651	286,212	268,241
Defined contribution plan employer contributions	1,399	1,594	3,358	4,322
Defined benefit plan employer contributions	-	-	334	251
Increase/(decrease) in employee entitlements/liabilities	709	(671)	874	149
Other	-	-	1,659	1,885
Total personnel costs	126,308	120,574	292,437	274,848

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

8. Other expenses

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Audit fees	10 265	436	1,057	1,115
Donations	26,748	27,457	26,817	27,493
Net foreign exchange losses	-	-	79	12
Provision expenses	1,646	741	2,463	741
Minimum lease payments under operating leases	3,750	3,768	9,437	9,014
ONZ network maintenance and transmission expenses	-	-	72,687	66,509
Rental expenses	-	-	1,822	-
Raw materials and consumables used	-	-	36,760	34,945
Other operating expenses	161,637	163,815	201,829	209,844
Total other expenses	194,046	196,217	352,951	349,673

9. Vested assets

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Restricted land and buildings	2,091	10,227	2,091	10,227
Infrastructure assets	4,924	8,279	4,924	8,279
Investments	-	6,095	-	6,095
Other	54	197	54	197
Total vested asset income	7,069	24,798	7,069	24,798

In 2009 Council received net assets of \$11.1 million as a result of the vesting of the assets of the Victory Park Board to Council.

10. Remuneration of auditors

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Audit New Zealand				
Audit of the financial statements	259	251	867	780
Audit-related fees for assurance services	-	10	58	79
Audit services in relation to the LTCCP	6	175	6	175
Total	265	436	931	1,034
Other auditor				
Audit of the financial statements	-	-	70	57
Other non-audit services	-	-	56	24
Total	-	-	126	81

The auditor of Christchurch City Council and the rest of the group excluding Lyttelton Port Company Limited is Audit New Zealand. Lyttelton Port Company Limited is audited by KPMG. Both are appointed by the Office of the Auditor-General.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

11. Income taxes

(a) Components of tax expense

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Components of tax expense				
Current tax expense/(income)	-	-	28,183	32,934
Adjustments to current tax of prior years	-	-	(231)	(535)
Deferred tax expense/(income)	2,038	788	75,892	(4,494)
Deferred tax expense/(income) from change in tax rates	(175)	-	(13,637)	-
Deferred tax expense relating to use of prior year losses	-	-	33	42
Total tax expense/(income)	<u>1,863</u>	<u>788</u>	<u>90,240</u>	<u>27,947</u>

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Reconciliation of prima facie income tax:				
(Profit)/loss before tax	<u>109,720</u>	<u>64,147</u>	<u>95,423</u>	<u>120,556</u>
Income tax expense calculated at standard tax rate	32,916	19,244	28,627	36,167
Non-deductible expenses	-	-	882	412
Non-assessable income and deductible items	18,412	(2,464)	5,552	(8,689)
Effect on deferred tax balances of change in tax rate	(175)	-	(13,637)	-
Tax loss not recognised as deferred tax asset	-	-	-	138
Previously unrecognised and unused tax losses now recognised as deferred tax assets	-	-	(1,218)	42
(Over)/under provision of income tax in previous year	-	-	788	127
Imputation adjustment	(49,290)	(15,992)	(499)	(250)
Deferred tax on removal of building depreciation	-	-	69,745	-
Total tax expense/(income)	<u>1,863</u>	<u>788</u>	<u>90,240</u>	<u>27,947</u>

The tax rate in the above reconciliation is the corporate tax rate of 30% payable by New Zealand companies on taxable profits under New Zealand tax law.

Council's tax losses for the current financial year amount to \$4.5 million. These will be utilised by way of subvention receipt of \$4.5 million. The subvention receipts have been accrued as at 30 June 2010.

In May 2010, the Government announced a reduction in the rate of company tax from 30% to 28%, effective from 1 April 2011. The effect of this on the Group's deferred tax balances has been reflected in the tax expense for the year as shown above.

The group deferred tax expense and provision were also affected as a result of a provision in the 2010 Government Budget that effectively removed the ability to claim tax depreciation on buildings with a useful life of 50 years or greater with effect from the 2012 financial year. This change has resulted in a substantial increase in the group deferred tax expense for the year, and a corresponding increase in the group deferred tax liability.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

(b) Current tax assets and liabilities

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Current tax assets				
Tax refund receivable	98	-	809	-
Total current tax assets	<u>98</u>	<u>-</u>	<u>809</u>	<u>-</u>
Current tax payables				
Income tax payable	-	-	-	992
Total current tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>992</u>

(c) Deferred tax balance

Jun 10	Parent				
	Opening balance \$000s	Charged to:			Closing balance \$000s
		Income \$000s	Other comprehensive income \$000s	Equity \$000s	
Deferred tax liabilities:					
Property, plant and equipment	2,160	1,863	(641)	-	3,382
Net deferred tax liability/(asset)	<u>2,160</u>	<u>1,863</u>	<u>(641)</u>	<u>-</u>	<u>3,382</u>

Jun 09	Parent				
	Opening balance \$000s	Charged to:			Closing balance \$000s
		Income \$000s	Other comprehensive income \$000s	Equity \$000s	
Deferred tax liabilities:					
Cash flow hedges	45	-	(45)	-	-
Property, plant and equipment	10,164	788	(8,792)	-	2,160
	<u>10,209</u>	<u>788</u>	<u>(8,837)</u>	<u>-</u>	<u>2,160</u>
Net deferred tax liability/(asset)	<u>10,209</u>	<u>788</u>	<u>(8,837)</u>	<u>-</u>	<u>2,160</u>

Jun 10	Group				
	Opening balance \$000s	Charged to:			Closing balance \$000s
		Income \$000s	Other comprehensive income \$000s	Equity \$000s	
Deferred tax liabilities:					
Cash flow hedges	348	-	(348)	-	-
Fair value hedges	91	-	-	-	91
Property, plant and equipment	299,549	59,671	(7,310)	-	351,910
Intangible assets	480	112	-	-	592
Other	4,915	1,264	-	-	6,179
	<u>305,383</u>	<u>61,047</u>	<u>(7,658)</u>	<u>-</u>	<u>358,772</u>
Deferred tax assets:					
Cash flow hedges	4,424	2	946	-	5,372
Fair value hedges	1,227	(965)	(14)	-	248
Provisions and employee entitlements	5,294	(304)	-	-	4,990
Doubtful debts and impairment losses	92	81	-	-	173
Tax losses	178	11	-	-	189
Other	301	(65)	45	-	281
	<u>11,516</u>	<u>(1,240)</u>	<u>977</u>	<u>-</u>	<u>11,253</u>
Net deferred tax liability/(asset)	<u>293,867</u>	<u>62,287</u>	<u>(8,635)</u>	<u>-</u>	<u>347,519</u>

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

Jun 09	Opening balance \$000s	Income \$000s	Group	Equity \$000s	Closing balance \$000s
			Charged to: Other comprehensive income \$000s		
Deferred tax liabilities:					
Cash flow hedges	2,496	(1,131)	(1,017)	-	348
Fair value hedges	-	91	-	-	91
Property, plant and equipment	305,647	(2,582)	(3,516)	-	299,549
Intangible assets	166	314	-	-	480
Other	4,065	850	-	-	4,915
	<u>312,374</u>	<u>(2,458)</u>	<u>(4,533)</u>	<u>-</u>	<u>305,383</u>
Deferred tax assets:					
Cash flow hedges	-	(160)	4,584	-	4,424
Fair value hedges	-	1,227	-	-	1,227
Provisions and employee entitlements	2,991	2,303	-	-	5,294
Doubtful debts and impairment losses	45	47	-	-	92
Tax losses	327	(149)	-	-	178
Other	1,533	(1,232)	-	-	301
	<u>4,896</u>	<u>2,036</u>	<u>4,584</u>	<u>-</u>	<u>11,516</u>
Net deferred tax liability/(asset)	<u>307,478</u>	<u>(4,494)</u>	<u>(9,117)</u>	<u>-</u>	<u>293,867</u>

(d) Unrecognised tax losses

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
<i>The following tax losses have not been brought to account as assets:</i>				
Tax losses	-	-	68	-
Tax effect	-	-	20	-

(e) Imputation credit balances

	Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Christchurch City Holdings Ltd	47,795	76,151
Vbase Ltd	130	130
Tuam Ltd	62	70
Civic Building Ltd	379	158
Total imputation credits	48,366	76,509

12. Cash and cash equivalents

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Cash and cash equivalents	80,892	84,383	103,454	108,951
Cash and cash equivalents (AUD)	-	-	29	55
Cash and cash equivalents (USD)	-	-	319	325
Cash and cash equivalents (Euro)	-	-	53	499
Total cash and cash equivalents	<u>80,892</u>	<u>84,383</u>	<u>103,855</u>	<u>109,830</u>

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

13. Debtors and other receivables

(a) Current debtors and other receivables

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Current asset portion				
Trade receivables (before impairment)	24,863	25,550	57,638	55,993
<i>Related party receivables</i>				
Subsidiaries	2,132	571	-	-
Construction contract receivables	-	-	452	377
Chargeable work in progress	-	-	4,913	5,016
Interest receivable	1,505	2,749	1,835	1,333
Contract retentions	-	-	846	958
Finance lease receivable - current portion	14	-	3,725	852
GST receivable	3,986	1,482	3,096	-
Rates debtors	11,762	10,448	11,762	10,448
Other debtors	-	-	655	-
	<u>44,248</u>	<u>40,800</u>	<u>84,922</u>	<u>74,977</u>
Provision for impairment - trade receivables	(1,162)	(1,439)	(1,731)	(1,665)
	<u>43,086</u>	<u>39,361</u>	<u>83,191</u>	<u>73,312</u>

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of the movement was recognised through profit and loss for the current financial year.

(b) Non-current debtors and other receivables

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Trade receivables	3,000	3,000	3,000	3,000
Finance lease receivable - non-current portion	14	-	26,744	28,322
	<u>3,000</u>	<u>3,000</u>	<u>29,744</u>	<u>31,322</u>
Total debtors and other receivables	<u>46,086</u>	<u>42,361</u>	<u>112,935</u>	<u>104,634</u>

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

(c) Credit risk aging of receivables

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Gross receivables				
Not past due	23,387	16,341	48,933	39,209
Past due 0-30 days	778	3,697	5,458	7,661
Past due 31-60 days	306	598	1,637	2,426
Past due more than 60 days	3,392	7,914	4,610	9,697
	<u>27,863</u>	<u>28,550</u>	<u>60,638</u>	<u>58,993</u>
Impairment				
Not past due	-	-	-	(3)
Past due 0-30 days	(254)	-	(254)	-
Past due 31-60 days	(61)	-	(103)	(15)
Past due more than 60 days	(847)	(1,439)	(1,374)	(1,647)
	<u>(1,162)</u>	<u>(1,439)</u>	<u>(1,731)</u>	<u>(1,665)</u>
Gross trade receivables	27,863	28,550	60,638	58,993
Individual impairment	(325)	(351)	(894)	(577)
Collective impairment	(837)	(1,088)	(837)	(1,088)
Trade receivables (net)	<u>26,701</u>	<u>27,111</u>	<u>58,907</u>	<u>57,328</u>

Movements in provision for impairment of receivables

Balance at start of year	(1,439)	(900)	(1,665)	(1,188)
Provisions made during year	(134)	(539)	(585)	(596)
Provisions reversed during year	411	-	465	4
Receivables written off during year	-	-	54	115
Other	-	-	-	-
Balance at end of year	<u>(1,162)</u>	<u>(1,439)</u>	<u>(1,731)</u>	<u>(1,665)</u>

14. Finance lease receivables

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
No later than one year	-	-	3,882	904
Later than one year and not later than five years	-	-	15,503	15,529
Later than five years	-	-	25,760	29,616
Minimum lease payments*	-	-	45,145	46,049
Less future finance charges	-	-	(14,676)	(16,875)
Present value of minimum lease payments	<u>-</u>	<u>-</u>	<u>30,469</u>	<u>29,174</u>
Present value of future minimum lease receivables				
No later than one year	-	-	3,725	852
Later than one year and not later than five years	-	-	12,454	12,472
Later than five years	-	-	14,290	15,850
Present value of future minimum lease receivables	<u>-</u>	<u>-</u>	<u>30,469</u>	<u>29,174</u>
Represented by				
Current portion	-	-	3,725	852
Non-current portion	-	-	26,744	28,322
Total	<u>-</u>	<u>-</u>	<u>30,469</u>	<u>29,174</u>

Jet Engine Facility Ltd, a subsidiary of Vbase Ltd, is party to a long term lease arrangement with a Pratt & Whitney / Air New Zealand joint venture, trading as the Christchurch Engine Centre. Lease payments are guaranteed by Pratt & Whitney's holding company, United Technologies.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
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15. Derivative financial instruments

(a) Current assets

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Interest rate swaps - fair value hedges	-	-	-	20
Interest rate swaps - cash flow hedges	84	15	84	15
Forward foreign exchange contracts	-	-	7	2
	<u>84</u>	<u>15</u>	<u>91</u>	<u>37</u>

(b) Non-current assets

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Interest rate swaps - fair value hedges	1,525	-	1,834	-
Interest rate swaps - cash flow hedges	-	334	83	1,477
Forward foreign exchange contracts	-	-	-	-
	<u>1,525</u>	<u>334</u>	<u>1,917</u>	<u>1,477</u>
Total derivative financial instrument assets	<u>1,609</u>	<u>349</u>	<u>2,008</u>	<u>1,514</u>

(c) Current liabilities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Interest rate swaps - fair value hedges	-	-	327	272
Interest rate swaps - cash flow hedges	-	-	485	1,274
Forward foreign exchange contracts	-	-	271	394
	<u>-</u>	<u>-</u>	<u>1,083</u>	<u>1,940</u>

(d) Non-current liabilities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Interest rate swaps - fair value hedges	-	-	-	2,692
Interest rate swaps - cash flow hedges	9,963	3,861	28,937	17,806
	<u>9,963</u>	<u>3,861</u>	<u>28,937</u>	<u>20,498</u>
Total derivative financial instrument liabilities	<u>9,963</u>	<u>3,861</u>	<u>30,020</u>	<u>22,438</u>
Net interest rate swap fair value	(8,354)	(3,512)	(27,748)	(20,532)
Net forward foreign contract fair value	-	-	(264)	(392)
Net derivative financial instruments fair value	<u>(8,354)</u>	<u>(3,512)</u>	<u>(28,012)</u>	<u>(20,924)</u>

On 20 April 2010 Council acquired an interest rate swap which was novated from Christchurch City Holdings Ltd. At the time of the transfer the interest rate swap had a value of \$2.1 million; it has since been revalued at 30 June 2010 to a fair value of \$3.2 million. The changes in the fair value of this interest rate swap, including the initial transfer amount flow through the profit and loss. The impact can be seen in the gains and losses note 4.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

16. Other financial assets

(a) Current financial assets

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
<i>Interest-bearing loans advanced to subsidiaries:</i>				
Vbase Ltd	1,700	4,500	-	-
Total advances to subsidiaries	1,700	4,500	-	-
Other loans and advances	-	-	1,812	1,389
Total current loans and advances	1,700	4,500	1,812	1,389
Local authority stock	14,000	14,250	14,000	14,250
Stocks and bonds with less than one year to maturity	3,000	1,500	3,000	1,500
Bank deposits with maturities of 4 to 12 months	-	-	-	35,192
CCC - short term deposits	98,243	17,000	98,243	17,000
Total current financial assets	116,943	37,250	117,055	69,331

(b) Non-current financial assets

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
<i>Interest-bearing loans advanced to:</i>				
Vbase Ltd	83,022	79,463	-	-
Jet Engine Facility Ltd	12,550	12,550	-	-
Tuam Ltd	13,750	13,750	-	-
Civic Building Ltd	59,288	42,560	-	-
CCC Two Ltd	17,800	-	-	-
Total advances to subsidiaries	186,410	148,323	-	-
Advance to Theatre Royal	2,300	2,300	2,300	2,300
Community, special and other loans	2,876	3,278	2,876	3,278
Less provision for fair value and impairment	(4,300)	-	(1,300)	-
Other loans and advances	-	-	741	1,172
Total non-current loans and advances	187,286	153,901	4,617	6,750
<i>Other investments:</i>				
Local authority stock	19,000	27,995	19,000	27,995
Stocks and bonds with over one year to maturity	23,106	26,179	23,106	26,179
Bank deposits with over one year to maturity	8,000	-	8,000	-
Investment in unlisted shares (excl CCC/CCHL subsidiaries)	6,084	6,227	6,084	6,227
Investment in Enertech Capital Partners 11 LP	-	-	3,100	3,000
Total other investments	56,190	60,401	59,290	63,401
<i>CCC investment in subsidiaries:</i>				
CCHL	1,290,004	1,373,004	-	-
Vbase Ltd	128,558	110,100	-	-
Civic Building Ltd	4,148	2,400	-	-
CCC Two Ltd	1,100	-	-	-
Total shares in subsidiaries	1,423,810	1,485,504	-	-
Total non-current financial assets	1,667,286	1,699,806	63,907	70,151
Total other financial assets (current and non-current)	1,784,229	1,737,056	180,962	139,482

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Local authority stock

The fair value of local authority and government stock is \$34.3 million (2009: \$43.6 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.89-5.38% (2009: 2.80-5.96%).

The face value of local authority stock is \$33 million (2009: \$42.2 million).

CHRISTCHURCH CITY COUNCIL
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Stocks and bonds

The fair value of stocks and bonds is \$28.1 million (2009: \$29.6 million). Fair value has been determined by discounting cash flows from the instruments using a discount rate derived from relevant market inputs. The discount rates range between 2.89-5.38% (2009: 2.80-5.96%).

The face value of stocks and bonds is \$26.4 million (2009: \$27.7 million).

Loans to related parties

The fair value of loans to related parties is \$218.8 million (2009: \$178.2 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.89-5.38% (2009: 2.80-5.96%). The average effective interest rate on the loan to related parties is 8.25% (2009: 8.57%).

The face value of the loans to related parties is \$188.1 million (2009: \$152.8 million). Loans advanced to subsidiaries at balance date are set shown in the table to note 16.

Unlisted shares

Unlisted shares include \$1.4 million in New Zealand Local Government Insurance Corporation, (NZLGIC) and \$4.7 million in Endeavour I-cap. The fair value of unlisted shares of NZLGIC have been determined by using the asset valuation as per their latest published accounts. The Endeavour I-cap funds were invested for the purposes of enabling a portion of Council's investment portfolio to be applied to new economic development initiatives which would benefit the local economy while ultimately providing a return to Council. The determination of the fair value of this investment fund is consistent with prior years. The fair value calculation has been audited by KPMG Wellington

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Shares in subsidiary companies

The fair value of Council's investments in its subsidiary companies was assessed by independent valuers Ernst and Young, as at 30 June 2010 on the basis of their net asset value on a going concern basis.

Council's investment in CCHL was reduced in the year by \$83 million, as a result of the following:

- a reduction in the value of Orion New Zealand Ltd (ONZL) by \$69 million, mainly due to a change in the regulatory environment. Orion New Zealand Ltd now operates under the Commerce Commission- imposed price control regime. Considerable uncertainty remains as to how the new regime will be applied.
- a further reduction to reflect the change in the net asset position of CCHL, as a result of the payment of special dividends to Council.
- Offset by an increase in the value of Christchurch International Airport Ltd (CIAL) by \$41 million was mainly as a result of the revaluation of the property portfolio. The valuation was completed using a combination of methods – a capitalisation of earnings approach for the core airport operations (comprising the aeronautical land, sealed surfaces and infrastructure, and the terminal facilities) and a net asset value approach for the airport's property portfolio assets.

The remaining CCHL subsidiaries were revalued as at 30 June 2009.

The investment in all of CCHL's subsidiaries were reviewed by Ernst and Young as at 30 June 2010 to determine whether there are any significant indicators of value change since their last full valuation.

Council's investment in Vbase Ltd increased in the year by \$49 million. This increase relates to the purchase of redeemable preference shares. This was offset by a \$30 million write-down of the investment in Vbase due to losses and deferred tax adjustments in the year.

Civic Building Ltd has increased in value in the year due to equity advanced of \$1.7 million. Cost prices have been used to estimate fair value of the building during the period of construction. For more details on the joint venture between Civic Building Limited and Ngai Tahu Properties Ltd see note 21.

In August 2009 Council invested \$1.1 million in CCC Two Ltd by way of redeemable preference shares. For more details on this investment see note 43 Business Combinations.

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In 2009 Tuam Ltd, which owns the current civic office in Tuam Street, was written down to zero in 2009, reflecting the drop in property prices and the Council's departure to new premises in August 2010.

Enertech investment

These amounts relate to Orion Group Ltd's investments in Enertech Capital Partners (an offshore venture capital limited liability partnership). The Enertech investment has a carrying value of \$3.1 million (2009: \$3.0 million), and invests in individual high technology and start up type entities. Individual investments remain in the name of the venture capital partnership. The investment held is not publicly traded and is recorded at the directors' estimate of fair value and is revalued annually. The value is based on the group's share of partnerships net assets.

17. Inventories

(a) Current inventories

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Inventory - raw materials and maintenance items	-	-	9,435	8,549
Inventory - work in progress	-	-	384	465
Inventory - finished goods	1,470	1,407	2,909	2,748
Biological assets	-	-	-	174
	1,470	1,407	12,728	11,936
Inventory - allowance for impairment	-	-	(346)	(317)
	<u>1,470</u>	<u>1,407</u>	<u>12,382</u>	<u>11,619</u>

Certain inventories are subject to security interests created by retention of title clauses.

18. Non-current assets held for sale

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Land held for sale	-	-	2,761	-
Other assets held for sale	-	-	1,080	-
Town Hall assets and other land	-	35,360	-	584
Total amounts held as classified for sale	<u>-</u>	<u>35,360</u>	<u>3,841</u>	<u>584</u>

On 31 March 2010 the Christchurch Town Hall assets (\$34.8 million) were sold to Vbase Ltd (a wholly owned Council subsidiary). Council approved this initiative following a consultation process as part of the Long Term Council Community Plan 2009-2019.

19. Other assets

(a) Other current assets

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Capitalised contract set-up costs	-	-	160	143
Other current assets	-	-	-	41
	<u>-</u>	<u>-</u>	<u>160</u>	<u>184</u>

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(b) Other non-current assets

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Capitalised contract set-up costs	-	-	179	278
	-	-	179	278
Total other assets	-	-	339	462

20. Investments in associates

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Balance at start of year	6,196	6,196	38,542	36,420
Share of total recognised revenues and expenses	-	-	466	3,953
Dividends from associates	-	-	(1,128)	(584)
Share of revaluations	-	-	(1,441)	(1,247)
Total investments in associates	6,196	6,196	36,439	38,542

There is no goodwill included in the carrying value of associates (2009: Nil).

The following entities are equity accounted by the Group:

Name of entity	Country of incorporation	Ownership interest	
		30 Jun 10	30 Jun 09
		%	%
Transwaste Canterbury Ltd - Parent	NZ	39%	39%
Selwyn Plantation Board Ltd - Group	NZ	39%	39%
4RF Communications Ltd - Group	NZ	23%	26%

No public price quotations exist for these investments.

Summarised financial statements of associates

	Group	
	30 Jun 10	30 Jun 09
	Actual	Actual
	\$000s	\$000s
Assets	146,950	158,278
Liabilities	55,238	60,334
Revenue	66,938	70,577
Net profit/(loss)	385	13,046

The group has not recognised its 23% share of the accumulated losses relating to 4RF Communications Ltd amounting to \$7.3 million (2009: \$8.0 million). The group has no obligations or rights in respect of these losses. This total includes the associate's \$0.2 million loss for 2010 (2009: \$0.8 million profit). The group's carrying value for this investment is Nil (2009: Nil).

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21. Joint venture

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Interest in joint venture accounted for as a jointly-controlled operation. Interest in the jointly-controlled operation is as follows:				
Current assets	-	-	1,287	312
Non-current assets	-	-	54,717	22,540
Current liabilities	-	-	2,518	1,281
Revenue	-	-	3,658	474
Expenses	-	-	4	151

Civic Building Ltd, (CBL), is in a joint venture partnership with Ngai Tahu Property Ltd (NTPL)

On 30 June 2009 Tuam 2 Ltd was amalgamated into its parent, leaving CBL as the JV partner with NTPL.

22. Construction contracts

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
For contracts in progress at balance date				
Contract costs incurred	-	-	35,635	38,899
Progress billings	-	-	32,995	36,253
Gross amounts due from customers	-	-	2,640	2,646
Retentions included in progress billings	-	-	475	-

23. Property, plant & equipment

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Operational assets	1,074,559	1,057,566	3,362,545	3,185,600
Infrastructural assets	3,494,289	3,076,933	3,494,289	3,076,933
Restricted assets	794,734	783,228	794,734	783,228
Balance at end of financial year	<u>5,363,582</u>	<u>4,917,727</u>	<u>7,651,568</u>	<u>7,045,761</u>

CHRISTCHURCH CITY COUNCIL
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Reconciliation of movement in property plant and equipment

Operational assets	Parent						Total \$000s
	Freehold land \$000s	Buildings \$000s	Plant & equipment \$000s	Work in progress \$000s	Landfill at cost \$000s	Library books at cost \$000s	
Gross carrying amount							
Cost/valuation at 1 July 2008	464,829	527,165	91,173	33,502	8,217	81,690	1,206,576
Additions	24,483	35,795	22,093	-	-	4,875	87,246
Disposals	(109)	(158)	(1,177)	-	-	-	(1,444)
Net movements in work in progress	-	-	-	(16,846)	-	-	(16,846)
Re-classified as held for sale	254	(35,807)	-	-	-	-	(35,553)
Net revaluation increments/(decrements)	2,407	(15,995)	-	-	-	-	(13,588)
Transfers	(2,175)	554	-	-	-	-	(1,621)
Cost/valuation at 30 June 2009	489,689	511,554	112,089	16,656	8,217	86,565	1,224,770
Additions	19,414	13,610	9,339	-	-	4,567	46,930
Disposals	(1,389)	(5,769)	(4,874)	-	-	-	(12,032)
Net movements in work in progress	-	-	-	9,356	-	-	9,356
Re-classified as held for sale	-	-	-	-	-	-	-
Net revaluation increments/(decrements)	(446)	-	-	-	-	-	(446)
Transfers and other	2,614	(5,754)	(8)	-	-	-	(3,148)
Cost/valuation at 30 June 2010	509,882	513,641	116,546	26,012	8,217	91,132	1,265,430
Accumulated depreciation							
Accumulated depreciation and impairment at 1 July 2008	(2,404)	-	(65,796)	-	(8,217)	(66,145)	(142,562)
Disposals	-	14	887	-	-	-	901
Net adjustments from revaluation increments/(decrements)	3,290	-	-	-	-	-	3,290
Re-classified as held for sale	-	956	-	-	-	-	956
Depreciation expense	(1,905)	(15,415)	(7,861)	-	-	(4,563)	(29,744)
Transfers and other	-	(45)	-	-	-	-	(45)
Accumulated depreciation & impairment at 30 June 2009	(1,019)	(14,490)	(72,770)	-	(8,217)	(70,708)	(167,204)
Disposals	2	4,304	4,037	-	-	-	8,343
Impairment losses charged to income statement	-	(229)	(1,408)	-	-	-	(1,637)
Depreciation expense	(2,275)	(15,788)	(7,956)	-	-	(4,313)	(30,332)
Transfers and other	(106)	65	-	-	-	-	(41)
Accumulated depreciation & impairment at 30 June 2010	(3,398)	(26,138)	(78,097)	-	(8,217)	(75,021)	(190,871)
Carrying amount at 30 June 2009	488,670	497,064	39,319	16,656	-	15,857	1,057,566
Carrying amount at 30 June 2010	506,484	487,503	38,449	26,012	-	16,111	1,074,559

Operational assets	Group								Total \$000s
	Freehold land \$000s	Buildings \$000s	Plant & equipment \$000s	Electricity distribution system \$000s	Specialised assets* \$000s	Work in progress \$000s	Landfill at cost \$000s	Library books at cost \$000s	
Gross carrying amount									
Cost/valuation at 1 July 2008	904,890	858,089	345,857	895,498	264,592	91,759	8,217	81,690	3,450,592
Additions	36,658	42,605	41,171	40,626	22,681	-	-	4,875	188,616
Disposals	(1,825)	(311)	(11,014)	(1,110)	-	-	-	-	(14,260)
Net movements in work in progress	-	-	-	-	-	23,060	-	-	23,060
Re-classified as held for sale	254	-	-	-	-	-	-	-	254
Net revaluation increments/(decrements)	(16,617)	(6,952)	-	-	(5,970)	-	-	-	(29,539)
Transfers	(3,540)	(90)	531	-	-	-	-	-	(3,099)
Cost/valuation at 30 June 2009	919,820	893,341	376,545	935,014	281,303	114,819	8,217	86,565	3,615,624
Additions	19,832	44,351	44,803	34,644	17,578	98,516	-	4,567	264,291
Disposals	(1,569)	(2,178)	(12,297)	(1,164)	-	-	-	-	(17,208)
Net movements in work in progress	-	-	-	-	-	18,044	-	-	18,044
Re-classified as held for sale	-	(3,841)	-	-	-	-	-	-	(3,841)
Net revaluation increments/(decrements)	(2,035)	(3,617)	-	-	6,602	-	-	-	950
Transfers and other	3,326	(6,535)	760	-	-	-	-	-	(2,449)
Cost/valuation at 30 June 2010	939,374	921,521	409,811	968,494	305,483	231,379	8,217	91,132	3,875,411
Accumulated depreciation									
Accumulated depreciation and impairment at 1 July 2008	(2,420)	(26,927)	(176,320)	(29,525)	(27,574)	-	(8,217)	(66,145)	(337,128)
Disposals	-	159	9,745	48	-	-	-	-	9,952
Net adjustments from revaluation increments/(decrements)	3,290	-	-	-	2,958	-	-	-	6,248
Impairment losses charged to income statement	-	(49)	-	-	-	(4,505)	-	-	(4,554)
Depreciation expense	(1,905)	(29,718)	(27,306)	(30,426)	(10,696)	-	-	(4,563)	(104,614)
Transfers and other	-	(52)	124	-	-	-	-	-	72
Accumulated depreciation & impairment at 30 June 2009	(1,035)	(56,587)	(193,757)	(59,903)	(35,312)	(4,505)	(8,217)	(70,708)	(430,024)
Disposals	2	430	9,412	75	-	-	-	-	9,919
Net adjustments from revaluation increments/(decrements)	-	2,852	-	-	18,085	-	-	-	20,937
Impairment losses charged to income statement	-	(1,067)	(1,408)	-	-	(498)	-	-	(2,973)
Depreciation expense	(2,275)	(30,868)	(29,167)	(31,128)	(11,616)	(1,533)	-	(4,313)	(110,900)
Transfers and other	(106)	470	(189)	-	-	-	-	-	175
Accumulated depreciation & impairment at 30 June 2010	(3,414)	(84,770)	(215,109)	(90,956)	(28,843)	(6,536)	(8,217)	(75,021)	(512,866)
Carrying amount at 30 June 2009	919,820	836,754	182,788	875,111	245,991	110,314	-	15,857	3,185,600
Carrying amount at 30 June 2010	935,960	836,751	194,702	877,538	276,640	224,843	-	16,111	3,362,545

*Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

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Infrastructural assets	Parent & Group					Total \$000s
	Roading network at fair value \$000s	Sewerage system at fair value \$000s	Water system at fair value \$000s	Stormwater system at fair value \$000s	Work in progress \$000s	
Gross carrying amount						
Cost/valuation at 1 July 2008	1,555,582	653,424	340,577	336,956	109,343	2,995,882
Additions	49,140	8,140	5,472	2,699	-	65,451
Disposals	(3,090)	(262)	-	-	-	(3,352)
Net movements in work in progress	-	-	-	-	73,059	73,059
Net revaluation increments/(decrements)	-	38,433	-	-	-	38,433
Transfers	(3)	2,520	(3,131)	3	-	(611)
Cost/valuation at 30 June 2009	1,601,629	702,255	342,918	339,658	182,402	3,168,862
Additions	79,972	109,336	14,023	9,092	-	212,423
Disposals	(5,421)	(94)	(460)	-	-	(5,975)
Net movements in work in progress	-	-	-	-	(80,011)	(80,011)
Net revaluation increments/(decrements)	124,673	-	97,940	-	-	222,613
Transfers and other	-	1	8	-	-	9
Cost/valuation at 30 June 2010	1,800,853	811,498	454,429	348,750	102,391	3,517,921
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2008	(35,440)	(23,209)	(7,739)	-	-	(66,388)
Disposals	1,056	48	-	-	-	1,104
Net adjustments from revaluation increments/(decrements)	-	35,364	-	-	-	35,364
Depreciation expense	(37,594)	(12,411)	(7,618)	(4,431)	-	(62,054)
Transfers and other	-	(320)	365	-	-	45
Accumulated depreciation & impairment at 30 June 2009	(71,978)	(528)	(14,992)	(4,431)	-	(91,929)
Disposals	1,430	8	100	-	-	1,538
Net adjustments from revaluation increments/(decrements)	108,745	-	22,539	-	-	131,284
Depreciation expense	(38,218)	(14,172)	(7,647)	(4,488)	-	(64,525)
Accumulated depreciation & impairment at 30 June 2010	(21)	(14,692)	-	(8,919)	-	(23,632)
Carrying amount at 30 June 2009	1,529,651	701,727	327,926	335,227	182,402	3,076,933
Carrying amount at 30 June 2010	1,800,832	796,806	454,429	339,831	102,391	3,494,289

Restricted assets	Parent & Group					Total \$000s
	Land and buildings at fair value \$000s	Artworks at fair value \$000s	Heritage assets at fair value \$000s	Library books at cost \$000s	Work in progress \$000s	
Gross carrying amount						
Cost/valuation at 1 July 2008	663,895	70,438	18,428	5,529	2,532	760,822
Additions	12,838	286	288	190	-	13,602
Disposals	-	-	(848)	-	-	(848)
Net movements in work in progress	-	-	-	-	6,970	6,970
Net revaluation increments/(decrements)	(1,356)	-	2,550	-	-	1,194
Transfers	2,232	-	-	-	-	2,232
Cost/valuation at 30 June 2009	677,609	70,724	20,418	5,719	9,502	783,972
Additions	10,008	329	140	217	-	10,694
Disposals	(27)	-	-	-	-	(27)
Net movements in work in progress	-	-	-	-	(534)	(534)
Net revaluation increments/(decrements)	2,874	-	-	-	-	2,874
Transfers and other	3,139	-	-	-	-	3,139
Cost/valuation at 30 June 2010	693,603	71,053	20,558	5,936	8,968	800,118
Accumulated depreciation						
Accumulated depreciation and impairment at 1 July 2008	(11,841)	-	(66)	-	-	(11,907)
Disposals	-	-	3	-	-	3
Net adjustments from revaluation increments/(decrements)	15,521	-	101	-	-	15,622
Depreciation expense	(4,353)	(71)	(38)	-	-	(4,462)
Accumulated depreciation & impairment at 30 June 2009	(673)	(71)	-	-	-	(744)
Net adjustments from revaluation increments/(decrements)	230	-	-	-	-	230
Depreciation expense	(4,802)	(71)	(38)	-	-	(4,911)
Transfers and other	41	-	-	-	-	41
Accumulated depreciation & impairment at 30 June 2010	(5,204)	(142)	(38)	-	-	(5,384)
Carrying amount at 30 June 2009	676,936	70,653	20,418	5,719	9,502	783,228
Carrying amount at 30 June 2010	688,399	70,911	20,520	5,936	8,968	794,734

Revaluations and impairment review

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

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Parent

Roading assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$1.4 billion using the optimised depreciated replacement cost method. In addition, the roading class of assets includes \$407 million of land under roads which has not been revalued. Council's policy is not to revalue these assets.

Water reticulation infrastructure assets were revalued by AECOM Limited at 30 June 2010 to a fair value of \$454 million using the optimised depreciated replacement cost method.

Operational land and land improvements and restricted land and buildings include Park and Open Space assets. These were valued by AECOM New Zealand Limited at 30 June 2009 to a fair value of \$89.3 million using the optimised depreciated replacement cost method.

Sewerage infrastructure assets were revalued by GHD Limited at 30 June 2009 to a fair value of \$700.8 million using the optimised depreciated replacement cost method.

Heritage and Public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of \$20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with Public art being valued at fair value in accordance with NZ IAS 16.

Land and buildings were revalued by Good Earth Matters Consulting Limited at 30 June 2008 to a fair value of \$1.548 billion (operational assets \$958 million and restricted assets \$590 million).

Stormwater, Waterways and Wetlands infrastructure assets were revalued by GHD Limited at 30 June 2008 to a fair value of \$336.9 million using the optimised depreciated replacement cost method.

Works of art have been valued at a fair value of \$70.4 million as at 30 June 2008 by Art + Object Limited. The fair value is assessed as the estimated market value.

Group

Each member of the group has revalued their assets in accordance with group policy. The material revaluations are detailed below.

Orion New Zealand Ltd

The company's sub station land and head office premises were revalued to fair value in accordance with NZ IAS 16 as at 31 March 2010 by independent registered valuer Mr Marius Ogg of CB Richard Ellis Ltd. The revaluation resulted in a write down of the sub station land by \$1.0 million (2009: \$4.4 million), head office premises by \$0.6 million (2009: Nil) for land and \$0.3 million (2009 \$0.1 million) for buildings.

The company's electricity distribution network and substation buildings were revalued at 31 March 2007 to a fair value of \$854 million by Ms Lynne Taylor and Mr Craig Rice, of independent valuers, PricewaterhouseCoopers. The valuations were undertaken on an optimised depreciated replacement cost basis. In 2010 PricewaterhouseCoopers confirmed that the carrying value of the company's distribution system fixed assets did not materially change from that which would be determined using a fair value approach as at 31 March 2010.

Christchurch International Airport Ltd

On 30 June 2010 buildings, car parking assets, sealed surfaces and infrastructure assets were revalued by Independent Valuers Seagar and Partners (buildings and car park assets) and Opus International Limited (sealed surfaces and infrastructure). Land and terminal facilities were revalued on 30 June 2007 by Independent Valuers Seagar & Associates (land), and Opus International Ltd (terminal facilities). In 2010 management reviewed the carrying value of the Terminal Project work in progress and made an impairment adjustment of \$0.5 million (2009: \$4.5 million).

Land and terminal facilities were reviewed for impairment as at 30 June 2010 by Seagar and Partners (land) and Opus International Ltd (terminal facilities). No adjustment for impairment was deemed necessary in relation to these assets.

Vbase Ltd

Vbase Ltd's land, buildings and finance lease assets were valued by Good Earth Matters consulting Ltd at 30 June 2008 to a fair value amount of \$143 million. Land was revalued to fair value using market based evidence. The building valuation was undertaken on an optimised depreciation replacement cost basis.

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24. Investment property

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Balance at beginning of financial year	-	-	83,110	81,219
Transfer from property, plant & equipment	-	-	(712)	1,365
Additional capitalised expenditure	-	-	1,025	4,952
Net gain/(loss) from fair value adjustments	-	-	2,087	(4,426)
Balance at end of financial year	-	-	85,510	83,110

Group

Orion New Zealand Ltd

The company's investment property was valued by independent registered valuer Mr Marius Ogg of CB Richard Ellis Limited as at 31 March 2010. The valuations were performed to assess fair value in accordance with NZ IAS 40. Primarily fair values were determined using discounted cash flow, capitalisation analysis and sales comparison approaches. Reflecting the highest and best use of the investment is as redevelopment, the sales comparison approach was adopted with the most recent land sales evidence used in analysing the underlying land values.

Christchurch International Airport Ltd

The valuation as at 30 June 2010 was completed by Seagar and Partners, registered valuers and member of the New Zealand Property Institute.

The basis of valuation is fair value being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

25. Intangible assets

Intangible assets	Parent				Total
	Software	Work in progress	Trademarks	Other	
	\$000s	\$000s	\$000s	\$000s	\$000s
Gross carrying amount					
Gross carrying amount at 1 July 2008	13,987	3,938	2,850	16	20,791
Additions	3,249	8,639	450	16	12,354
Gross carrying amount at 30 June 2009	17,236	12,577	3,300	32	33,145
Additions	17,779	(8,525)	4	104	9,362
Gross carrying amount at 30 June 2010	35,015	4,052	3,304	136	42,507
Accumulated amortisation and impairment					
Accumulated depreciation and impairment at 1 July 2008	(6,828)	-	-	-	(6,828)
Amortisation expense	(1,700)	-	(147)	(7)	(1,854)
Impairment	-	(1,173)	-	-	(1,173)
Accumulated depreciation and impairment at 30 June 2009	(8,528)	(1,173)	(147)	(7)	(9,855)
Amortisation expense	(2,414)	-	(233)	(17)	(2,664)
Impairment	(2,517)	-	-	-	(2,517)
Accumulated depreciation and impairment at 30 June 2010	(13,459)	(1,173)	(380)	(24)	(15,036)
Carrying amount					
Carrying amount at 30 June 2009	8,708	11,404	3,153	25	23,290
Carrying amount at 30 June 2010	21,556	2,879	2,924	112	27,471

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Intangible assets	Group					Total \$000s
	Easements & resource consents \$000s	Software \$000s	Work in progress \$000s	Trademarks \$000s	Other \$000s	
Gross carrying amount						
Gross carrying amount at 1 July 2008	-	32,155	3,938	2,850	2,986	41,929
Additions	-	7,130	8,639	450	408	16,627
Additions from internal developments	-	111	-	-	-	111
Disposals	-	(62)	-	-	-	(62)
Gross carrying amount at 30 June 2009	-	39,334	12,577	3,300	3,394	58,605
Additions	-	21,201	(7,266)	4	391	14,330
Additions from internal developments	-	400	-	-	-	400
Disposals	-	(86)	-	-	-	(86)
Gross carrying amount at 30 June 2010	-	60,849	5,311	3,304	3,785	73,249
Accumulated amortisation and impairment						
Accumulated depreciation and impairment at 1 July 2008	-	(19,194)	-	-	(1,913)	(21,107)
Amortisation expense	-	(4,264)	-	(147)	(219)	(4,630)
Impairment	-	-	(1,173)	-	-	(1,173)
Disposals	-	60	-	-	-	60
Accumulated depreciation and impairment at 30 June 2009	-	(23,398)	(1,173)	(147)	(2,132)	(26,850)
Amortisation expense	(18)	(5,274)	-	(234)	(227)	(5,753)
Impairment	-	(2,517)	-	-	-	(2,517)
Disposals	-	86	-	-	(210)	(124)
Accumulated depreciation and impairment at 30 June 2010	(18)	(31,103)	(1,173)	(381)	(2,569)	(35,244)
Carrying amount						
Carrying amount at 30 June 2009	-	15,936	11,404	3,153	1,262	31,755
Carrying amount at 30 June 2010	(18)	29,746	4,138	2,923	1,216	38,005

26. Goodwill

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Gross carrying amount				
Balance at beginning of financial year	-	-	16,714	11,686
Additional amounts recognised from business combinations	-	-	4,129	5,028
Balance at end of financial year	-	-	20,843	16,714
Accumulated impairment losses				
Balance at beginning of financial year	-	-	(1,458)	(1,458)
Balance at end of financial year	-	-	(1,458)	(1,458)
Carrying amount				
At beginning of financial year	-	-	15,256	10,228
At end of financial year	-	-	19,385	15,256

The carrying amount of goodwill allocated to Christchurch City Holdings Ltd which is considered a cash-generating unit for the purposes of goodwill impairment testing is as follows:

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Christchurch City Holdings Ltd	-	-	15,256	15,256
CCC Two Ltd	-	-	4,129	-
	-	-	19,385	15,256

During the year, the CCHL group assessed the recoverable amount of goodwill which arises from consolidation of the group's results and position, and determined that there had been no impairment of goodwill for the following reasons:

- The investment in City Care Ltd was revalued by independent valuers Ernst & Young as at 30 June 2009. The company has continued to be profitable since then, and forecasts indicate this trend will continue.

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- A report was commissioned from independent valuers, Ernst & Young, revaluing CCHL's investment in Orion as at 30 June 2010. While there was a downward movement in the valuation, the fundamentals of Orion's business remain in place, the company remains profitable.
- The investment in Lyttelton Port Company Ltd was revalued at 30 June 2010 on the basis of its quoted NZX price. The market capitalisation of this company significantly exceeds its original acquisition value.

On 4 August 2009 CCC Two Ltd purchased certain assets and liabilities of Meta processing Limited, including goodwill of \$4.1 million. A report was commissioned from independent valuers Ernst and Young to test the goodwill for impairment. Their report found there were no indicators of impairment as at 30 June 2010.

27. Creditors & other payables

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Trade payables and accrued expenses	67,754	60,172	128,223	112,689
Amounts due to related parties	7,872	4,390	-	-
GST payable	-	-	-	161
Other	-	-	8,829	5,984
Total creditors and other payables	<u>75,626</u>	<u>64,562</u>	<u>137,052</u>	<u>118,834</u>

28. Borrowings

(a) Current borrowings

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Current portion				
Unsecured:				
Commercial paper	5,000	-	81,000	23,000
Bonds/other fixed rate borrowing maturing < 12 months	3	-	3	17,000
Floating rate notes	-	-	-	7,000
Loans from external parties	-	-	109,200	-
Finance lease liabilities	-	-	81	61
	<u>5,003</u>	<u>-</u>	<u>190,284</u>	<u>47,061</u>
Secured:				
Bank overdrafts	-	-	-	-
Commercial paper	-	5,000	-	5,000
Loans from external parties	37,600	17,035	41,750	17,035
Loans from group entities	2,663	44,663	-	-
Finance lease liabilities	-	-	273	269
	<u>40,263</u>	<u>66,698</u>	<u>42,023</u>	<u>22,304</u>
Total current portion of borrowings	<u>45,266</u>	<u>66,698</u>	<u>232,307</u>	<u>69,365</u>

During the year Council refinanced \$30 million of the current portion of its loans. This loan was refinanced for 5 year period.

In July 2009 Christchurch City Council refinanced \$7 million of the current portion of its loans. These loans were refinanced for a four year period.

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(b) Non-current borrowings

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Unsecured:				
Bonds/other fixed rate borrowing maturing > 12 months	34	-	75,034	70,000
Floating rate notes	-	-	100,000	50,000
Loans from external parties	-	-	127,911	238,936
Finance lease liabilities	-	-	4,912	4,677
	<u>34</u>	<u>-</u>	<u>307,857</u>	<u>363,613</u>
Secured:				
Bonds/other fixed rate borrowing maturing > 12 months	81,529	-	85,529	-
Floating rate notes	100,000	60,000	100,000	60,000
Loans from external parties	42,023	43,772	45,933	48,172
Loans from group entities	38,531	38,531	-	-
Finance lease liabilities	-	-	676	949
	<u>262,083</u>	<u>142,303</u>	<u>232,138</u>	<u>109,121</u>
Total non-current portion of borrowings	<u>262,117</u>	<u>142,303</u>	<u>539,995</u>	<u>472,734</u>
Total (memorandum only)				
Commercial paper	5,000	5,000	81,000	28,000
Bonds and other fixed rate borrowing (excl finance leases)	81,566	-	160,566	87,000
Floating rate notes	100,000	60,000	200,000	117,000
Loans from external parties	79,623	60,807	324,794	304,143
Loans from group entities	41,194	83,194	-	-
Finance lease liabilities	-	-	5,942	5,956
Total borrowings	<u>307,383</u>	<u>209,001</u>	<u>772,302</u>	<u>542,099</u>

Parent

Secured loans

Christchurch City Council's secured debt of \$302.3 million (2009: \$209.0 million) is issued at both fixed and floating rate of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. As at 30 June 2010, this rate averaged 5.48% (2009: 4.45%). Christchurch City Council has entered into derivative contracts to hedge its exposure to interest rate fluctuations. As at 30 June 2010 the average effective interest rate for the fixed rate debt is 6.93% (2009: 6.85%).

Security

Christchurch City Council's loans are secured over either separate or general rates of the district.

Fair Value

The fair value of loans is \$317.9 million (2009: \$223 million). The fair values are based on cash flows discounted using a rate based on the borrowing rates ranging from 2.89-5.38% (2009: 2.80-5.96%).

The carrying amounts of borrowings repayable within one year approximate their fair value, as the impact of discounting is not significant.

Group

Details of the material borrowings are as follows:

CCHL

CCHL's borrowings at 30 June 2010 comprised:

- Bonds and floating rate notes totalling \$175 million (2009: \$150 million) in five tranches ranging from \$5 million to \$70 million. These borrowings mature at various intervals until November 2018. Bond coupon rates are between 6.21% and 6.87%.

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- A loan facility of \$30 million (2009: \$30 million). The facility matured in July 2010, and was replaced by a \$30 million floating rate note issue.
- Commercial paper of \$76 million (2009: \$23 million). This is short term debt on a 90 day rollover period.
- The company also has an undrawn \$20 million standby facility.

The borrowings were put in place under a \$350 million debt issuance programme. The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL. The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Orion New Zealand Ltd

The company's bank debt of \$37.2 million (2009: \$46.8 million) is unsecured against the company; however a deed of negative pledge and guarantee requires the company to comply with certain covenants. This facility matures 30 September 2010 (2009: 30 September 2010). Subsequent to balance date the facilities were extended to mature on 31 December 2010 and the company elected to reduce its facility limit to \$90 million.

Interest rates for all borrowings are floating rate based on bank bill rates plus a margin. As at 31 March 2010 this rate averaged 3.06% (2009: 3.83%). The company has entered into derivative contracts to hedge its exposure to interest rate fluctuations.

Christchurch International Airport Ltd

The company has a \$250 million funding facility with four banks to fund the ongoing business and the proposed terminal development. In addition, the company has a fully drawn subordinated \$50 million facility with CCHL and an overdraft facility of \$1 million (2009: \$250 million funding facility, \$50 million subordinated facility with CCHL and \$1 million overdraft facility).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 6.99-8.80% (2009: 7.08-8.55%).

Lyttelton Port Company Ltd

Current and term advances of \$57.9 million (2009: \$57.1 million) have been raised pursuant to a multi-currency facility agreement with Westpac Banking Corporation. Those funds have been lent against a negative pledge deed where Westpac ranks equally with other creditors. The facility is in two tranches of \$95 million and \$55 million respectively with renewal dates of 1 July 2011 and 1 July 2012 respectively. There was no difference between the face value and carrying amount of these loans and borrowings as at 30 June 2010 or 30 June 2009.

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29. Finance leases

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
No later than one year	-	-	785	841
Later than one year and not later than five years	-	-	2,425	2,912
Later than five years	-	-	9,585	10,695
Minimum lease payments*	-	-	12,795	14,448
Less future finance charges	-	-	(6,853)	(8,492)
Present value of minimum lease payments	-	-	5,942	5,956
Minimum future lease payments				
No later than one year	-	-	354	330
Later than one year and not later than five years	-	-	1,074	1,260
Later than five years	-	-	4,514	4,366
Total present value of minimum lease payments	-	-	5,942	5,956
Represented by				
Current portion	-	-	354	330
Non-current portion	-	-	5,588	5,626
Total finance leases	-	-	5,942	5,956

*Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to construct assets at Transpower grid exit points. The agreements are for terms of 10, 20 or 35 years. The company does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amount may be reviewed annually by Transpower and the risk free portion of the interest rate may be adjusted.

Also included above are agreements by City Care Ltd in respect of motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

30. Employee entitlements

(a) Current portion

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Accrued pay	1,112	454	3,853	5,603
Annual leave	10,311	9,985	24,466	23,365
Sick leave	256	256	573	549
Retirement and long service leave	977	801	2,542	2,418
Bonuses and other	-	-	1,931	1,093
	12,656	11,496	33,365	33,028

(b) Non-current portion

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Retirement and long service leave	6,013	6,309	7,111	7,374
	6,013	6,309	7,111	7,374
Total employee entitlements	18,669	17,805	40,476	40,402

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Employee benefits

The provision for long service leave is an actuarial assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next 5 years.

31. Provisions

(a) Current provisions

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Current portion				
Restructuring provision	-	-	700	-
Landfill aftercare provision	1,751	1,476	1,751	1,476
Weathertight homes provision	643	450	643	450
	<u>2,394</u>	<u>1,926</u>	<u>3,094</u>	<u>1,926</u>

(b) Non-current provisions

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Landfill aftercare provision	13,239	13,055	13,239	13,055
Weathertight homes provision	2,616	2,567	2,616	2,567
	<u>15,855</u>	<u>15,622</u>	<u>15,855</u>	<u>15,622</u>
Total provisions	<u>18,249</u>	<u>17,548</u>	<u>18,949</u>	<u>17,548</u>

Landfill aftercare

In previous years Council operated several landfills. Council has responsibility under the resource consents to provide ongoing maintenance and monitoring of these landfills after the sites are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover, and vegetation.

Closed Landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is \$15 million (2009: \$14.5 million).

The Council participates in the regional waste disposal joint venture run by Transwaste Canterbury Limited through its Kate Valley landfill site. This site has been granted resource consent for 35 years from opening date which was 8 June 2005. The Council's ownership share of Transwaste Canterbury Limited is 38.9%.

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Weathertight Homes

The Council through its insurers is processing a number of weather-tight home claims. Provision has been made within the accounts for the estimated cost of known claims currently outstanding. The Council has no reliable means of estimating what claims may be lodged prior to the cut-off date in 2015. In 2009 RiskPool made a call on the Council for \$0.2 million being its share of a deficit in RiskPool's funds for the years 2002-03 and 2003-04 and a further call was made in 2010 of \$1.1 million covering the exposure through to June 2013. The \$1.1 million was treated as a prepayment.

Provision has been made for the estimated cost of known claims based on the average actual settlement costs.

	Parent		
	Landfill aftercare \$000s	Weathertight homes \$000s	Total \$000s
Balance at 1 July 2008	13,197	800	13,997
Additional provisions made	2,705	2,217	4,922
Amounts used	(1,371)	-	(1,371)
Balance at 30 June 2009	14,531	3,017	17,548
Additional provisions made	1,403	242	1,645
Amounts used	(944)	-	(944)
Balance at 30 June 2010	14,990	3,259	18,249

32. Other liabilities

(a) Other current liabilities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Deferred income	-	-	867	-
Hire purchase agreement	-	-	86	-
Income in advance	210	-	210	-
Lease incentive liability	-	-	-	-
Service concession agreement	736	735	-	735
Other	-	-	-	1,034
	<u>946</u>	<u>735</u>	<u>1,163</u>	<u>1,769</u>

(b) Other non-current liabilities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Deferred income	-	-	5,370	6,237
Income in advance	-	-	3,234	600
Lease incentive liability	-	-	-	-
Service concession agreement	9,259	9,995	-	9,995
Other	3,390	3,600	36	1,388
	<u>12,649</u>	<u>13,595</u>	<u>8,640</u>	<u>18,220</u>
Total other liabilities	<u>13,595</u>	<u>14,330</u>	<u>9,803</u>	<u>19,989</u>

Deferred income

On 11 September 2002, Lyttelton Port Company Ltd entered into a 15-year coal handling agreement with Solid Energy New Zealand Limited which provided for the company to receive a \$13 million prepayment of agreement charges. Should Lyttelton Port Company Ltd fail to meet its material obligations in respect of the agreement and Solid Energy exercises its right of termination then the company would be required to repay to Solid Energy a proportion of the value of its agreement charge prepayment up to a maximum of \$13 million. Deferred lease income received is recognised through profit and loss on a straight line basis over the 15 year term of the agreement.

Service concession arrangement

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On 16 May 2008, Council entered into an arrangement with Meta Processing Limited to construct the Material Recovery Facility located at 21 Parkhouse Road. The arrangement required Meta to build, own and operate the facility for a period of 15 years. After 15 years, the ownership of the facility will be transferred to Council at zero cost. The facility began operations in February 2009.

This arrangement is governed by NZ IFRIC 12, Service Concession Arrangements. The IFRIC requires Council to recognise the facility as an asset and depreciate the asset over its useful life. This asset is recognised as additions in note 23. Council is also required to recognise the Service Concession Liability, which represents the deferred benefit that the arrangement provides to the Council. This consideration is released as a credit to the profit and loss over the 15 year life of the arrangement. At balance date, \$0.7 million (2009: \$0.7 million) was recognised as a current liability.

In August 2009 Council's subsidiary company CCC Two Limited purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group'). As CCC Two Ltd is part of the Council group for the year ended 30 June 2010, the accounting impact of the service concession agreement has been eliminated on consolidation. For more details on the purchase see note 43 Business Combinations.

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33. Reserves

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Asset revaluation reserve	1,794,572	1,466,737	2,233,927	1,853,826
Fair value through equity reserve	1,194,732	1,307,776	(230)	(219)
Hedging reserve	(6,640)	(3,466)	(18,697)	(11,892)
Reserve funds	189,427	147,641	189,427	147,641
Capital reserves	<u>1,733,853</u>	<u>1,733,853</u>	<u>1,733,853</u>	<u>1,733,853</u>
	<u>4,905,944</u>	<u>4,652,541</u>	<u>4,138,280</u>	<u>3,723,209</u>
Asset revaluation reserve				
Balance at beginning of financial year	1,466,737	1,374,926	1,853,826	1,782,345
Gain/(loss) on revaluation of assets	356,555	80,315	372,368	68,550
Tax associated with revaluation movements	641	8,792	7,313	2,799
Reversal of deferred tax liability on realisation of P,P&E	-	-	45	-
Transfer (to)/from retained earnings	(29,361)	8,951	(1,497)	8,010
Transfer (to)/from other reserves	-	(6,247)	-	(6,247)
Effect on reserve balance due to changes in income tax rates	-	-	3,500	-
Transfers and other	-	-	(187)	(384)
Share of increment in reserves attributable to associates	-	-	(1,441)	(1,247)
Balance at end of financial year	<u>1,794,572</u>	<u>1,466,737</u>	<u>2,233,927</u>	<u>1,853,826</u>
Fair value through equity reserve				
Balance at beginning of financial year	1,307,776	1,267,381	(219)	-
Gain/(loss) on revaluation of investments	(113,033)	40,614	-	-
Transfers and other	(11)	(219)	(11)	(219)
Balance at end of financial year	<u>1,194,732</u>	<u>1,307,776</u>	<u>(230)</u>	<u>(219)</u>
Hedging reserve				
Balance at beginning of financial year	(3,466)	(32)	(11,892)	4,068
<i>Gain/(loss) recognised on cash flow hedges:</i>				
Interest rate swaps	(3,174)	(3,479)	(7,946)	(20,924)
Forward foreign exchange contracts	-	-	(34)	(249)
Income tax	-	45	1,123	5,665
<i>Transfer to income statement:</i>				
Interest rate swaps	-	-	-	(568)
Income tax	-	-	52	-
Transfers and other	-	-	-	116
Balance at end of financial year	<u>(6,640)</u>	<u>(3,466)</u>	<u>(18,697)</u>	<u>(11,892)</u>
Foreign currency translation reserve				
Balance at beginning of financial year	-	-	-	(2,325)
Translation of foreign exchange differences	-	-	-	2,565
Related income tax	-	-	-	(855)
Other (specify)	-	-	-	615
Balance at end of financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserve funds				
Balance at beginning of financial year	147,641	186,085	147,641	186,085
Transfer and other	-	185	-	185
Transfer to/(from) other reserves	41,786	(38,629)	41,786	(38,629)
Balance at end of financial year	<u>189,427</u>	<u>147,641</u>	<u>189,427</u>	<u>147,641</u>
Capital reserves				
Balance at beginning of financial year	1,733,853	1,733,853	1,733,853	1,733,853
Balance at end of financial year	<u>1,733,853</u>	<u>1,733,853</u>	<u>1,733,853</u>	<u>1,733,853</u>

Asset revaluation reserve

These include revaluations of property, plant and equipment.

Fair value through equity reserve

This reserve records movements in the fair value of fair value through equity assets. In the parent accounts, these assets are the investments in subsidiaries and associates.

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Hedging reserve

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Foreign currency translation reserve

This reserve is no longer used by the group.

Reserve funds

These include special funds and reserve funds, some of which are restricted by legislation or Council resolution.

Capital reserves

This reserve represents ratepayers' equity assumed upon amalgamation of several councils in 1989.

34. Retained earnings

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Balance at beginning of financial year	1,866,321	1,767,037	2,564,968	2,446,650
Net profit for the period	107,857	63,359	(1,785)	81,342
Income tax transferred	-	-	(40)	(71)
Transfer from reserves	(41,789)	44,876	(40,892)	44,876
Transfer to/(from) retained earnings on disposal of property, plant and equipment	29,361	(8,951)	1,268	(7,897)
Other movements	(25)	-	565	68
Adjustment to controlling interests on purchase of shares	-	-	(100)	-
Balance at end of financial year	<u>1,961,725</u>	<u>1,866,321</u>	<u>2,523,984</u>	<u>2,564,968</u>

35. Minority interests

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Balance at beginning of financial year	-	-	242,706	247,588
Share of comprehensive income for period	-	-	12,023	8,910
Dividends paid or provided for	-	-	(7,723)	(9,117)
Adjustment to minority interests for share acquisitions	-	-	(117)	(4,675)
Balance at end of financial year	<u>-</u>	<u>-</u>	<u>246,889</u>	<u>242,706</u>

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36. Reconciliation of surplus for the period to net cash flows from operating activities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Profit for the period	107,857	63,359	5,183	92,609
Add/(less) non-cash items				
Depreciation, amortisation and impairment expense	115,771	102,530	197,902	186,176
Donated and subsidised assets	(7,069)	(24,798)	(10,893)	(31,906)
(Gains)/losses in fair value of investment property	-	-	(2,087)	4,426
(Gains)/losses in fair value of derivative financial instruments	3,534	9	283	9
Share of associates' loss/(profit) (less dividends)	-	-	(466)	(3,953)
Net foreign exchange (gains)/losses	-	-	(1)	(40)
Deferred tax charged/(credited) to income	1,863	788	62,287	(4,494)
Finance lease income	-	-	2,199	(2,079)
Gains/losses in fair value of Endeavour iCap	338	(2,049)	338	(2,049)
Other non cash movements	-	-	(4,437)	(5,172)
Changes in fair value of assets classified as fair value through the income statement	-	-	-	3,826
Net changes in non-cash items	114,437	76,480	245,125	144,744
Add/(less) items classified as investing or financing activities				
(Gain)/loss on disposal of non-current assets	(1,109)	(2,768)	(1,489)	(2,875)
Movement in capital creditors	(5,800)	(4,958)	(5,462)	(7,414)
Recognition of service concession arrangement	-	(10,730)	-	(10,730)
Other (specify)	-	-	61	-
Other (specify)	474	-	2,391	-
Net changes in investing/financing activities	(6,435)	(18,456)	(4,499)	(21,019)
Add/(less) movement in working capital items				
Current trade and other receivables	(3,725)	1,740	(6,879)	(7,700)
Current inventories	(63)	(111)	(763)	(1,723)
Current prepayments	(2,903)	-	(2,867)	(842)
Income tax receivable	(98)	-	(809)	7,136
Other current assets	-	-	24	(44)
Non-current receivables	-	3,000	(1,422)	1,520
Non-current inventories	-	-	-	885
Non-current prepayments	-	-	(9,866)	3,810
Other non-current assets	-	-	99	-
Current payables	11,064	(152)	18,218	8,487
Current provisions and employee benefits	1,628	(830)	1,505	(20)
Income tax payable	-	-	(992)	-
Other current liabilities	211	4,562	867	4,520
Non-current provisions and employee benefits	(63)	(117)	(30)	(107)
Other non-current liabilities	(946)	13,595	414	10,105
Net changes in net assets and liabilities	5,105	21,687	(2,501)	26,027
Net cash from operating activities	220,964	143,070	243,308	242,361

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37. Capital commitments and operating leases

(a) Capital and other operating commitments

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Capital commitments				
Property, plant & equipment	51,933	62,881	153,969	225,116
Electricity distribution network	-	-	3,607	6,031
Intangible assets	135	1,051	938	3,404
Other - specify if material	-	-	-	263
Total capital commitments	<u>52,068</u>	<u>63,932</u>	<u>158,514</u>	<u>234,814</u>
Other operating commitments				
Other operating commitments	<u>65,114</u>	<u>13,979</u>	<u>65,114</u>	<u>13,979</u>

Included in the Group property, plant and equipment value above is \$4.4 million (2009: \$17.8 million) which is related to Civic Building Ltd, the joint venture that the Group is a party to. See note 21 for more information on the joint venture.

(b) Non-cancellable operating lease liabilities

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
No later than one year	10,317	3,496	15,688	6,550
Later than one year and not later than five years	39,837	6,474	53,220	13,224
Later than five years	159,751	4,692	166,366	11,522
Total non-cancellable operating lease liabilities	<u>209,905</u>	<u>14,662</u>	<u>235,274</u>	<u>31,296</u>

Parent

The Council leases computer equipment, property and motor vehicles.

Effective 13 August 2010 Council leased the new civic building in Worcester Street from Civic Building Ltd, a wholly owned subsidiary of Christchurch City Council. Civic Building Ltd owns the Council's 50% interest in the unincorporated joint venture with Ngai Tahu Property Ltd. The initial annual lease payment is \$8.2 million plus GST. The lease has an initial term of 24 years with 3 rights of renewal of 24 years. The note above only includes the first lease term of 24 years.

(c) Non-cancellable operating lease receivables

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
No later than one year	7,244	8,022	45,949	36,135
Later than one year and not later than five years	24,286	23,992	154,950	95,394
Later than five years	70,480	45,874	207,975	134,971
Total non-cancellable operating lease receivables	<u>102,010</u>	<u>77,888</u>	<u>408,874</u>	<u>266,500</u>

Parent

The Council leases properties to various parties.

Group

Christchurch International Airport Ltd

Non-cancellable operating lease receivables \$231.7 million (2009: \$111.3 million). The company has a number of property leases that generate rental income.

Lyttelton Port Company Ltd

Non-cancellable operating lease receivables \$67.4 million (2009: \$69.5 million). The company leases a range of land, buildings and equipment to a number of customers. A number of leases include rights of renewal for further periods up to 12 years. There were no contingent rents recognised as income during the year.

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38. Contingent liabilities & contingent assets

	Parent		Group	
	30 Jun 10	30 Jun 09	30 Jun 10	30 Jun 09
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Contingent liabilities				
Performance bonds	1	-	7,639	7,870
IRU contract under CFNL purchase		-	486	525
Lyttelton Port Coy Ltd - Port noise mitigation	2	-	1,400	1,500
Uncalled capital in CCHL		350,138	-	-
Uncalled capital in Tuam Ltd		7,000	-	-
Uncalled capital in Civic Building Ltd		10,000	-	-
Uncalled capital in Transwaste Canterbury Ltd		1,556	1,556	1,556
Professional indemnity weathertight homes insurance claims		-	-	-
Other professional indemnity insurance claims		200	200	200
Christchurch Symphony Orchestra guarantee	3	200	200	200
Transwaste Canterbury Ltd	4	-	4,342	3,934
Legal action from a contractor		-	80	-
Claims for alleged breach of contract and nuisance	5	3,800	3,800	-
Total contingent liabilities		372,894	19,703	15,785

1. The following contingent liabilities exist in respect of contract performance bonds:

- City Care Ltd \$6.11 million (2009: \$6.24 million);
- Red Bus Ltd \$1.17 million (2009: \$1.13 million); and
- Orion New Zealand Ltd \$0.35 million (2009: \$0.50 million).

None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made

2. Lyttelton Port Company Ltd is party to a deed, along with Christchurch City Council, Environment Canterbury, Lyttelton Harbour Resident's Association and other interested parties (collectively the Port Noise Working Party), which committed the various parties to the process of seeking amendments to the District Plan to reflect the agreements reached between the parties on future port noise levels, future mitigation measures required on the part of Lyttelton Port Company Limited and land use restrictions on affected areas.

The agreements recognised the need for the Lyttelton Port Company Ltd and the community to co-exist and provided for the installation at the Company's expense, of acoustic treatment for identified affected dwellings in accordance with desired District Plan amendments. The desired District Plan amendments have been made operative provisions through a successful application to the Environment Court under section 293 of the Resource Management Act. A Port Noise Liaison Committee, comprising representatives of the various parties, has been established to administer the terms of the new operative provisions in the District Plan.

No liability has been recognised in the financial statements for any future obligations under the agreement as it is considered to be a contingent liability. The Directors have estimated that the maximum amount payable by Lyttelton Port Company Ltd under this agreement would be \$1.5 million in total over the next ten years.

3. In March 1998 the Council guaranteed a \$0.1 million bank overdraft for the Canterbury Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further \$0.1 million to be guaranteed if required. A guarantee for the additional \$0.1 million was activated in June 2009. This guarantee was not reported in previous years.
4. Christchurch City Council's share of the contingencies of associates is \$4.3 million (2009: \$3.9 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to the company. It is anticipated that no material liabilities will arise.
5. Current legal proceedings against the Council for three separate issues. The amounts claimed are disputed.
6. The Council is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the 'Scheme'), which is a multi-employer defined benefit scheme. As at 31 March 2009, the Scheme had a past service surplus of \$15.3 million (5.7% of the liabilities). This amount is exclusive of specified superannuation contribution withholding tax. This surplus was calculated by the actuary to the Scheme using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were

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consistent with the requirements of NZ IAS 19. The actuary to the Scheme has recommended the employer contribution continues at 1.0 times contributors' contributions at present. The 1.0 times is inclusive of specified superannuation contribution withholding tax. The equivalent information as at 31 March 2010 is not available at the date of preparation of these financial statements.

Council will possibly have a further liability in relation to weathertight homes claims; however the amount is unknown as it is dependent on claims received. For detail on Council's provision for weathertight homes see note 31.

39. Financial instrument risks

Financial risk management objectives

The Council and group have a series of policies to manage the risk associated with financial instruments.

The Council and group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the group's policies, which provide written principles on the use of financial derivatives.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Market Risk

The Council and the Group enter into derivative arrangements in the ordinary course of their business to manage interest rate and foreign currency risks.

Interest rate risk management

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps contracts and forward interest rate contracts.

The following tables summarises the Council's and group's exposure to interest rate risk.

	Non-interest bearing			Parent		
	Fixed Jun 10 \$000s	Variable Jun 10 \$000s	Jun 10 \$000s	Fixed Jun 09 \$000s	Variable Jun 09 \$000s	Non-interest bearing Jun 09 \$000s
Financial assets						
Cash and cash equivalents	-	80,892	-	10,000	74,383	-
Bank deposits with maturities > 12 months	8,000	-	-	-	-	-
CCC - short term deposits	-	98,243	-	-	17,000	-
Debtors and other receivables	-	-	43,954	-	-	41,790
Related party receivables	-	-	2,132	-	-	571
Local authority stock	23,000	10,000	-	27,245	15,000	-
Stocks and bonds	24,550	1,556	-	25,997	1,682	-
Loans and advances	1,950	933	(2,007)	3,278	-	2,300
Related party loans	153,761	24,850	9,499	138,822	4,500	9,152
Net settled derivative assets	84	1,525	-	349	-	-
	<u>211,345</u>	<u>217,999</u>	<u>53,578</u>	<u>205,691</u>	<u>112,565</u>	<u>53,813</u>
Financial liabilities						
Commercial paper	-	(5,000)	-	-	(5,000)	-
Bonds and other fixed rate borrowing	(1,566)	(80,000)	-	-	-	-
Floating rate notes	(68,200)	(31,800)	-	(47,000)	(13,000)	-
Loans from external parties	(43,723)	(35,900)	-	(143,607)	(394)	-
Loans from group entities	(38,250)	(2,944)	-	-	-	-
Other	(9,963)	-	-	-	-	-
	<u>(161,702)</u>	<u>(155,644)</u>	<u>-</u>	<u>(190,607)</u>	<u>(18,394)</u>	<u>-</u>
	<u>49,643</u>	<u>62,355</u>	<u>53,578</u>	<u>15,084</u>	<u>94,171</u>	<u>53,813</u>

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				Group		
	Fixed Jun 10 \$000s	Variable Jun 10 \$000s	Non-interest bearing Jun 10 \$000s	Fixed Jun 09 \$000s	Variable Jun 09 \$000s	Non-interest bearing Jun 09 \$000s
Financial assets						
Cash and cash equivalents	5,500	97,676	679	11,000	97,641	1,189
Bank deposits with maturities > 12 months	8,000	-	-	35,192	-	-
CCC - short term deposits	-	98,243	-	-	17,000	-
Debtors and other receivables	793	-	81,673	-	-	104,634
Related party receivables	-	-	-	-	-	-
Local authority stock	23,000	10,000	-	27,245	15,000	-
Stocks and bonds	24,550	1,556	-	25,997	1,682	-
Loans and advances	4,503	933	993	5,427	-	412
Finance lease receivables	30,469	-	-	29,174	-	-
Net settled derivative assets	84	1,615	309	-	-	-
Other	-	-	3,100	-	-	-
	<u>96,899</u>	<u>210,023</u>	<u>86,754</u>	<u>134,035</u>	<u>131,323</u>	<u>106,235</u>
Financial liabilities						
Commercial paper	-	(81,000)	-	(23,000)	(5,000)	-
Bonds and other fixed rate borrowing	(80,565)	(80,000)	-	(87,000)	-	-
Floating rate notes	(118,200)	(81,800)	-	(104,000)	(13,000)	-
Loans from external parties	(230,723)	(94,072)	-	(256,807)	(47,336)	-
Finance lease liabilities	(1,059)	(4,883)	-	(1,339)	(4,617)	-
Net settled derivative liabilities	(30,020)	-	-	(22,438)	-	-
	<u>(460,567)</u>	<u>(341,755)</u>	<u>-</u>	<u>(494,584)</u>	<u>(69,953)</u>	<u>-</u>
	<u>(363,668)</u>	<u>(131,732)</u>	<u>86,754</u>	<u>(360,549)</u>	<u>61,370</u>	<u>106,235</u>

Interest rate swap contracts

Under interest rate swap contracts, the Council and the Group agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the borrower to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Notional principal amount		Fair value	
	Jun 10 \$000s	Jun 09 \$000s	Jun 10 \$000s	Jun 09 \$000s
Floating for fixed contracts				
Less than 1 year	5,000	10,000	84	15
1 to 2 years	-	5,000	-	334
More than 5 years	98,200	68,200	(9,963)	(3,861)
	<u>103,200</u>	<u>83,200</u>	<u>(9,879)</u>	<u>(3,512)</u>
Fixed for floating contracts				
2 to 5 years	80,000	-	1,525	-
	<u>80,000</u>	<u>-</u>	<u>1,525</u>	<u>-</u>

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	Notional principal		Fair value	
	Jun 10 \$000s	Jun 09 \$000s	Jun 10 \$000s	Jun 09 \$000s
Floating for fixed contracts				
Less than 1 year	20,000	58,000	(729)	(1,531)
1 to 2 years	58,000	60,000	(2,161)	(3,333)
2 to 5 years	90,000	88,000	(3,184)	(829)
More than 5 years	267,200	247,200	(23,199)	(14,859)
	<u>435,200</u>	<u>453,200</u>	<u>(29,273)</u>	<u>(20,552)</u>

	Notional principal		Fair value	
	Jun 10 \$000s	Jun 09 \$000s	Jun 10 \$000s	Jun 09 \$000s
Fixed for floating contracts				
Less than 1 year	-	17,000	-	20
2 to 5 years	80,000	-	1,525	-
	<u>80,000</u>	<u>17,000</u>	<u>1,525</u>	<u>20</u>

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The group is exposed to equities securities price risk on its investments in Lyttelton Port Company Ltd, a company listed on the New Zealand Stock Exchange. The investment in Lyttelton Port Company Ltd is classified as a financial asset held at fair value through equity, and revalued annually on the basis of its quoted share price. While the share price can and does fluctuate, the investment is held as a long term asset with no intention of sale, and such fluctuations do not impact on the group's profits.

Orion New Zealand Ltd is exposed to price risk through its investment in unlisted companies. Its policy is not to hedge its exposures to price risk.

Lyttelton Port Company Ltd has previously entered into fuel swap agreements to reduce the impact of price changes on fuel costs. Up to 80% of forecast fuel costs for the next 15 months may be hedged. These fuel price derivatives are designated as a cash flow hedge. As at 30 June 2010 there were no hedges in place (2009: the company had hedged 2 million litres of fuel with a fair value of \$0.1 million).

The Group is exposed to market risk through its investment in unlisted companies. Its policy is not to hedge its exposures to market risk.

Foreign currency risk management

Foreign currency risk is the risk that the value of the group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars, and Euros. The group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts. The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

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The following table summarises the group's exposure to foreign currency transactions:

Jun 10 in thousands of New Zealand dollars	Group				
	USD \$000s	AUD \$000s	EURO \$000s	Other - GBP \$000s	Other \$000s
Foreign currency risk					
Trade receivables	257	1	76	-	-
Trade payables	(29)	(70)	(477)	-	-
Net balance sheet exposure before hedging activity	<u>228</u>	<u>(69)</u>	<u>(401)</u>	<u>-</u>	<u>-</u>
Estimated forecast sales	7,606	-	(253)	-	-
Estimated forecast purchases	(349)	(404)	(1,638)	-	-
Net cash flow exposure before hedging activity	<u>7,257</u>	<u>(404)</u>	<u>(1,891)</u>	<u>-</u>	<u>-</u>
Forward exchange contracts					
Notional amounts	<u>(6,847)</u>	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>-</u>
Foreign currency on hand	<u>319</u>	<u>29</u>	<u>53</u>	<u>-</u>	<u>-</u>
Net unhedged exposure	957	(444)	(687)	-	-
Jun 09					
Foreign currency risk					
Trade receivables	-	132	18	5	-
Trade payables	(310)	(39)	(334)	-	-
Net balance sheet exposure before hedging activity	<u>(310)</u>	<u>93</u>	<u>(316)</u>	<u>5</u>	<u>-</u>
Estimated forecast purchases	(431)	(451)	(2,440)	(3)	-
Net cash flow exposure before hedging activity	<u>(431)</u>	<u>(451)</u>	<u>(2,440)</u>	<u>(3)</u>	<u>-</u>
Forward exchange contracts					
Notional amounts	<u>276</u>	<u>154</u>	<u>2,218</u>	<u>-</u>	<u>-</u>
Foreign currency on hand	<u>325</u>	<u>55</u>	<u>499</u>	<u>-</u>	<u>-</u>
Net unhedged exposure	(140)	(149)	(39)	2	-

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. Financial instruments that potentially subject the group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the group.

The Council's Investment policy includes parameters for investing in financial institutions and other organisations including where applicable entities that have required Standard and Poor's credit ratings.

Council receivables mainly arise from statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

Orion New Zealand Ltd has a concentration of credit risk with regard to its trade receivables, as it only has a small number of electricity retailed customers. Christchurch International Airport Ltd also has a concentration of credit risk on a small number of customers, with 71.0% (2009: 62.0%) of trade receivables due from 10 customers. City Care Ltd also has a concentration of credit risk in respect of its transactions with 47% (2009: 47.0%) of its revenue derived from its ultimate shareholder, the Council. Red Bus Ltd has a concentration of credit risk with Environment Canterbury, which provides 59% (2009: 51%) of the company's revenue.

The group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. With the exception of Orion New Zealand Ltd, which generally requires collateral security (such as

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bank letters of credit) from its electricity retailer customers against credit risk, the group does not generally require collateral security from its customers.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status other than trade receivables.

The following table summarises the status of receivables as at balance date:

Maximum exposure to credit risk	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Cash at bank, term deposits and foreign currency	187,135	101,383	210,098	162,022
Debtors and other receivables	46,086	42,361	112,935	104,634
Loans	190,986	156,101	5,344	5,839
Government or local authority stock	33,000	42,245	33,000	42,245
Stocks and bonds	26,106	27,679	26,106	27,679
Derivative financial instrument assets	1,609	349	2,008	1,514
	<u>484,922</u>	<u>370,118</u>	<u>389,491</u>	<u>343,933</u>
Counterparties				
Cash at bank, term deposits and foreign currency				
	AA	186,135	100,383	209,098
	A	-	-	-
	Lower than BBB or unrated	1,000	1,000	1,000
		<u>187,135</u>	<u>101,383</u>	<u>210,098</u>
Loans				
	Lower than BBB or unrated	190,986	156,101	5,344
		<u>190,986</u>	<u>156,101</u>	<u>5,344</u>
Government or local authority stock				
	AA	7,000	-	7,000
	A	5,000	-	5,000
	Lower than BBB or unrated	21,000	42,245	21,000
		<u>33,000</u>	<u>42,245</u>	<u>33,000</u>
Stocks and bonds				
	AA	9,500	11,000	9,500
	A	12,500	6,482	12,500
	Lower than BBB or unrated	4,106	10,197	4,106
		<u>26,106</u>	<u>27,679</u>	<u>26,106</u>
Derivative financial instrument assets				
	AA	1,609	349	2,008
		<u>1,609</u>	<u>349</u>	<u>2,008</u>

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the group manages its investments and borrowings in accordance with its written investment policies. In general the group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The following tables analyse the parent company's and group's contractual cash flows for its financial assets and liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows:

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Financial instruments - liquidity risk

Jun 10	Balance sheet \$000s	Contractual cash flows \$000s	Parent			
			Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial liabilities:						
Creditors and other payables	75,626	75,626	75,626	-	-	-
Net settled derivative liabilities	9,963	7,261	512	4,834	1,534	381
Bank overdrafts	-	-	-	-	-	-
Commercial paper	5,000	5,000	5,000	-	-	-
Bonds and other fixed rate borrowing	81,566	97,132	5,481	4,713	86,936	2
Floating rate notes	100,000	123,598	5,837	7,378	110,383	-
Loans from external parties	79,623	100,546	41,430	6,038	17,952	35,126
Loans from group entities	41,194	52,804	5,190	2,644	29,484	15,486
	392,972	461,967	139,076	25,607	246,289	50,995

	Balance sheet \$000s	Contractual cash flows \$000s	Parent			
			Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial assets:						
Cash and cash equivalents	80,892	80,892	80,892	-	-	-
Bank deposits with maturity > 1 year	8,000	8,000	-	8,000	-	-
CCC - short term deposits	98,243	100,090	100,090	-	-	-
Debtors and other receivables	43,954	44,454	44,454	-	-	-
Related party receivables	2,132	2,132	2,132	-	-	-
Local authority stock	33,000	38,884	15,867	1,257	16,422	5,338
Stocks and bonds	26,106	34,290	4,813	9,977	8,395	11,105
Loans and advances	876	3,959	48	53	2,787	1,071
Related party loans	188,110	350,861	21,037	17,542	65,283	246,999
Net settled derivative assets	1,609	(1,100)	986	(595)	(1,491)	-
Financial guarantee	-	200	200	-	-	-
	482,922	662,662	270,519	36,234	91,396	264,513

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Jun 09	Parent					
	Balance sheet \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial liabilities:						
Creditors and other payables	64,562	64,562	64,562	-	-	-
Net settled derivative liabilities	3,861	1,748	1,382	775	(280)	(129)
Commercial paper	5,000	5,000	5,000	-	-	-
Floating rate notes	60,000	83,360	(11,590)	4,455	90,495	-
Loans from external parties	60,807	85,182	20,758	5,279	18,084	41,061
Loans from group entities	83,194	99,728	49,545	5,249	29,457	15,477
Financial guarantees	-	200	200	-	-	-
	277,424	339,780	129,857	15,758	137,756	56,409

Jun 09	Parent					
	Balance sheet \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial assets:						
Cash and cash equivalents	84,383	84,383	84,383	-	-	-
CCC - short term deposits	17,000	17,000	17,000	-	-	-
Debtors and other receivables	41,790	41,790	41,790	-	-	-
Related party receivables	571	571	571	-	-	-
Local authority stock	42,245	47,557	16,013	15,263	10,606	5,675
Stocks and bonds	27,679	34,813	3,294	4,740	18,305	8,474
Loans and advances	5,578	11,156	5,578	-	-	5,578
Related party loans	152,823	284,731	(9,306)	16,217	50,906	226,914
Net settled derivative assets	349	340	275	65	-	-
	372,418	522,341	159,598	36,285	79,817	246,641

Jun 10	Group					
	Balance sheet \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial liabilities:						
Creditors and other payables	137,052	134,731	134,360	228	62	81
Net settled derivative liabilities	30,020	28,784	5,628	8,549	5,965	8,642
Commercial paper	81,000	81,333	81,333	-	-	-
Bonds and other fixed rate borrowing	160,565	206,083	10,849	12,021	108,455	74,758
Floating rate notes	200,000	248,925	9,657	11,198	146,416	81,654
Loans from external parties	324,795	354,566	159,929	80,184	79,327	35,126
Finance lease liabilities	5,942	12,795	785	778	1,647	9,585
	939,374	1,067,217	402,541	112,958	341,872	209,846

Jun 10	Group					
	Balance sheet \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial assets:						
Cash and cash equivalents	103,855	103,855	103,855	-	-	-
Bank deposits with maturities of 4 to 12 months	8,000	8,000	-	8,000	-	-
CCC - short term deposits	98,243	100,090	100,090	-	-	-
Debtors and other receivables	82,466	82,466	82,466	-	-	-
Related party receivables	-	-	-	-	-	-
Local authority stock	33,000	38,884	15,867	1,257	16,422	5,338
Stocks and bonds	26,106	34,290	4,813	9,977	8,395	11,105
Loans and advances	6,429	7,643	1,757	599	3,341	1,946
Finance lease receivables	30,469	45,145	3,882	3,882	11,621	25,760
Net settled derivative assets	2,008	(4,917)	219	(1,362)	(3,710)	(64)
Other - specify	-	200	200	-	-	-
	390,576	415,656	313,149	22,353	36,069	44,085

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Jun 09	Balance sheet \$000s	Contractual cash flows \$000s	Group Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial liabilities:						
Creditors and other payables	118,834	117,306	117,306	-	-	-
Net settled derivative liabilities	22,438	22,241	13,029	4,542	2,016	2,654
Commercial paper	28,000	28,000	28,000	-	-	-
Bonds	87,000	121,191	22,337	9,618	14,427	74,809
Floating rate notes	117,000	169,589	(2,849)	9,745	100,652	62,041
Loans from external parties	304,143	351,870	121,523	90,275	99,011	41,061
Finance lease liabilities	5,956	14,448	841	813	2,099	10,695
Financial guarantees	-	223	223	-	-	-
	683,371	824,868	300,410	114,993	218,205	191,260

	Balance sheet \$000s	Contractual cash flows \$000s	Less than 1 year \$000s	1-2 years \$000s	2-5 years \$000s	5 years + \$000s
Financial assets:						
Cash and cash equivalents	104,991	104,991	104,991	-	-	-
Bank deposits with maturities of 4 to 12 months	36,192	35,735	35,735	-	-	-
CCC - short term deposits	17,000	17,000	17,000	-	-	-
Debtors and other receivables	80,210	80,073	80,073	-	-	-
Local authority stock	42,245	47,557	16,013	15,263	10,606	5,675
Stocks and bonds	27,679	34,813	3,294	4,740	18,305	8,474
Loans and advances	8,139	14,840	7,287	546	554	6,453
Finance lease receivables	29,174	46,048	904	3,882	11,646	29,616
Net settled derivative assets	1,514	2,576	659	373	1,544	-
Other	-	(33)	(33)	-	-	-
	347,144	383,600	265,923	24,804	42,655	50,218

Sensitivity analysis

In managing interest rate risks, the group aims to reduce the impact of short term fluctuations on the group's earnings. Over the longer term, however, changes in interest rates will affect reported profits.

The following table summarises the estimated impact of movements in interest rates and foreign exchange rates on the Council and group's pre-tax profits and equity:

Movements in interest rates

	Jun 10				Jun 09			
	Increase		Decrease		Increase		Decrease	
	1.00%	1.00% Other	-1.00%	-1.00% Other	1.00%	1.00% Other	-1.00%	-1.00% Other
Financial assets and liabilities at floating rate	Pre-tax profit	compr. income						
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Floating rate notes	(318)	-	318	-	(130)	-	130	-
Commercial paper	(50)	-	50	-	(50)	-	50	-
Bank loans	(526)	-	526	-	(4)	-	4	-
Cash and cash equivalents	809	-	(809)	-	744	-	(744)	-
Bank deposits	1,012	-	(1,012)	-	170	-	(170)	-
Related party loans	249	-	(249)	-	45	-	(45)	-
Interest rate swap derivatives	2,035	4,439	(2,186)	(4,820)	(3)	4,592	5	(5,027)
Other - specify	-	-	-	-	167	-	(167)	-
Total sensitivity to interest rate risk	3,211	4,439	(3,362)	(4,820)	939	4,592	(937)	(5,027)

	Jun 10				Jun 09			
	Increase		Decrease		Increase		Decrease	
	1.00%	1.00% Other	-1.00%	-1.00% Other	1.00%	1.00% Other	-1.00%	-1.00% Other
Financial assets and liabilities at floating rate	Pre-tax profit	compr. income						
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Floating rate notes	(748)	-	748	-	(130)	-	130	-
Commercial paper	(580)	-	580	-	(50)	-	50	-
Finance lease liabilities	(58)	-	58	-	(46)	-	46	-
Bank loans	(905)	-	905	-	(473)	-	473	-
Cash and cash equivalents	1,039	-	(1,039)	-	976	-	(976)	-
Bank deposits	1,012	-	(1,012)	-	170	-	(170)	-
Interest rate swap derivatives	3,570	17,070	(522)	(17,381)	(2,504)	9,528	2,315	(10,080)
Other - specify	29	-	(29)	-	171	-	(171)	-
Total sensitivity to interest rate risk	3,359	17,070	(311)	(17,381)	(1,886)	9,528	1,697	(10,080)

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Foreign exchange risk

	1 Jun 10				Group				1 Jun 09			
	-10%		+10%		-10%		+10%		-10%		+10%	
	Pre-tax profit	Other compr. income (excl REs)	Pre-tax profit	Other compr. income (excl REs)	Pre-tax profit	Other compr. income (excl REs)	Pre-tax profit	Other compr. income (excl REs)	Pre-tax profit	Other compr. income (excl REs)	Pre-tax profit	Other compr. income (excl REs)
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash and cash equivalents	14	-	(14)	-	92	-	(84)	-	17	-	(14)	-
Trade receivables	-	-	-	-	(72)	-	65	-	-	-	-	-
Creditors and other payables	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives - held for trading	33	-	(64)	-	-	-	-	-	-	-	-	-
Derivatives - hedge accounted	-	-	-	-	-	24	-	(24)	-	-	-	(24)
Total sensitivity to foreign exchange risk	47	-	(78)	-	37	24	(33)	-	24	(24)	(24)	(24)

Equity price risk

The estimated impact of movements in market price on the group's equity relates to the movement in the share price of the Lyttleton Port Company Ltd. A movement of 10% in the share price would impact equity by \$18.7 million (2009: \$18.5 million).

Fair value of financial instruments

Apart from the fair values mentioned in notes 16 and 28, the group consider that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair values of financial assets and financial liabilities with standard terms and conditions are traded on active liquid markets are determined with reference to quoted market prices.

CHRISTCHURCH CITY COUNCIL
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For the year ended 30 June 2010

Classification of financial assets and liabilities

The following tables classify the group's financial assets and liabilities between the various categories set out in NZ IAS 39 and NZ IFRS 7:

	Parent		Group	
	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Financial assets				
Fair value through income statement - held for trading				
Derivative financial instrument assets	-	-	309	2
Unlisted shares	4,668	4,829	4,668	7,829
	<u>4,668</u>	<u>4,829</u>	<u>4,977</u>	<u>7,831</u>
Derivatives that are hedge accounted				
Derivative financial instrument assets	<u>1,609</u>	<u>349</u>	<u>1,699</u>	<u>1,512</u>
Loans and receivables				
Cash and cash equivalents	80,892	84,383	103,855	109,830
Debtors and other receivables	46,086	42,361	112,935	104,634
Other financial assets				
- term deposits	8,000	-	8,000	35,192
- loans	2,876	3,278	5,429	5,839
- loans to related parties	188,110	152,823	-	-
- local authority stock	33,000	42,245	33,000	42,245
- stocks and bonds	26,106	27,679	26,106	27,679
- CCC short term deposits	98,243	17,000	98,243	17,000
Theatre Royal	2,300	2,300	2,300	2,300
Provision for fair value and impairment	(4,300)	-	(1,300)	-
	<u>481,313</u>	<u>372,069</u>	<u>388,568</u>	<u>344,719</u>
Fair value through equity				
CCC investment in subsidiaries:				
CCHL	1,290,004	1,373,004	-	-
Vbase Ltd	128,558	110,100	-	-
Civic Building Ltd	4,148	2,400	-	-
CCC 2 Ltd	1,100	-	-	-
	<u>1,423,810</u>	<u>1,485,504</u>	<u>-</u>	<u>-</u>
- other unlisted shares	1,416	1,398	4,516	1,398
	<u>1,425,226</u>	<u>1,486,902</u>	<u>4,516</u>	<u>1,398</u>
Total financial assets	<u>1,912,816</u>	<u>1,864,149</u>	<u>399,760</u>	<u>355,460</u>
Financial liabilities				
Fair value through income statement - held for trading				
Derivative financial instrument liabilities	-	-	426	3,358
Borrowings	81,529	-	81,529	-
	<u>81,529</u>	<u>-</u>	<u>81,955</u>	<u>3,358</u>
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	<u>9,963</u>	<u>3,861</u>	<u>29,594</u>	<u>19,080</u>
Financial liabilities at amortised cost				
Creditors and other payables	75,626	64,562	137,052	118,834
Borrowings	225,854	209,001	690,773	542,099
	<u>301,480</u>	<u>273,563</u>	<u>827,825</u>	<u>660,933</u>
Total financial liabilities	<u>392,972</u>	<u>277,424</u>	<u>939,374</u>	<u>683,371</u>

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Fair value measurement basis

Jun 10	Carrying value \$000s	Parent		
		Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Financial assets at fair value through income statement				
Unlisted shares	4,668	-	-	4,668
	<u>4,668</u>	<u>-</u>	<u>-</u>	<u>4,668</u>
Derivatives that are hedge-accounted				
Derivative financial instrument assets	1,609	-	1,609	-
	<u>1,609</u>	<u>-</u>	<u>1,609</u>	<u>-</u>
Available-for-sale financial assets				
Shares in subsidiary companies (CCC and CCHL parent only)	1,423,810	-	-	1,423,810
Other unlisted shares	1,416	-	1,416	-
	<u>1,425,226</u>	<u>-</u>	<u>1,416</u>	<u>1,423,810</u>
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(9,963)	-	(9,963)	-
	<u>(9,963)</u>	<u>-</u>	<u>(9,963)</u>	<u>-</u>
Net financial assets and liabilities	<u>1,421,540</u>	<u>-</u>	<u>(6,938)</u>	<u>1,428,478</u>

Jun 09	Carrying value \$000s	Parent		
		Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Financial assets at fair value through income statement				
Unlisted shares	4,829	-	-	4,829
	<u>4,829</u>	<u>-</u>	<u>-</u>	<u>4,829</u>
Derivatives that are hedge-accounted				
Derivative financial instrument assets	349	-	349	-
	<u>349</u>	<u>-</u>	<u>349</u>	<u>-</u>
Available-for-sale financial assets				
Shares in subsidiary companies (CCC and CCHL parent only)	1,485,504	-	-	1,485,504
Other unlisted shares	1,398	-	1,398	-
	<u>1,486,902</u>	<u>-</u>	<u>1,398</u>	<u>1,485,504</u>
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(3,861)	-	(3,861)	-
	<u>(3,861)</u>	<u>-</u>	<u>(3,861)</u>	<u>-</u>
Net financial assets and liabilities	<u>1,488,219</u>	<u>-</u>	<u>(2,114)</u>	<u>1,490,333</u>

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Jun 10	Group			
	Carrying value \$000s	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Financial assets at fair value through income statement				
Derivative financial instrument assets	309	-	309	-
Unlisted shares	4,668	-	-	4,668
	<u>4,977</u>	<u>-</u>	<u>309</u>	<u>4,668</u>
Derivatives that are hedge-accounted				
Derivative financial instrument assets	1,699	-	1,699	-
Fair value through equity				
Other unlisted shares	1,416	-	1,416	-
Investment in Enertech Capital Partners 11 LP	3,100	-	-	3,100
	<u>4,516</u>	<u>-</u>	<u>1,416</u>	<u>3,100</u>
Financial liabilities at fair value through income statement				
Derivative financial instrument liabilities	(327)	-	(327)	-
	<u>(327)</u>	<u>-</u>	<u>(327)</u>	<u>-</u>
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(9,767)	(172)	(9,595)	-
Net financial assets and liabilities	<u>1,098</u>	<u>(172)</u>	<u>(6,498)</u>	<u>7,768</u>

Jun 09	Group			
	Carrying value \$000s	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Financial assets at fair value through income statement				
Derivative financial instrument assets	2	-	2	-
Unlisted shares	4,829	-	-	4,829
	<u>4,831</u>	<u>-</u>	<u>2</u>	<u>4,829</u>
Derivatives that are hedge-accounted				
Derivative financial instrument assets	1,512	-	1,512	-
Fair value through equity				
Other unlisted shares	1,398	-	1,398	-
Investment in Enertech Capital Partners 11 LP	3,000	-	-	3,000
	<u>4,398</u>	<u>-</u>	<u>1,398</u>	<u>3,000</u>
Financial liabilities at fair value through income statement				
Derivative financial instrument liabilities	(2,946)	-	(2,946)	-
	<u>(2,946)</u>	<u>-</u>	<u>(2,946)</u>	<u>-</u>
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	(11,770)	-	(11,770)	-
Net financial assets and liabilities	<u>(3,975)</u>	<u>-</u>	<u>(11,804)</u>	<u>7,829</u>

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40. Related parties

Council is the ultimate parent of the group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the Group structure section.

(a) Receipts from related parties

	30 Jun 10	30 Jun 09
	Actual	Actual
	\$000s	\$000s
Rates received by CCC		
Vbase Ltd	489	471
Christchurch City Holdings Ltd (Group)	4,050	4,112
Tuam Ltd	143	143
Civic Building Ltd	56	56
CCC Two Ltd	136	-
Services provided by CCC		
Christchurch City Holdings Ltd (Group)	3,290	3,715
Transwaste Canterbury Ltd	11	-
Vbase Ltd	407	494
Civic Building Ltd	115	47
Tuam Ltd	40	31
CCC Two Ltd	2,318	-
Interest received/receivable by CCC		
Tuam Ltd	987	987
Civic Building Ltd	5,162	2,520
Vbase Ltd	5,751	6,056
CCC Two Ltd	542	-
Subvention payments paid to CCC		
Christchurch City Holdings Ltd (Group)	4,656	6,182
Dividends paid/payable to CCC		
Christchurch City Holdings Ltd	113,846	36,731
Transwaste Ltd	1,128	558
Share buy back		
Vbase Ltd	-	4,321
Interest rate swap novation		
CCC Two Ltd	524	-
Christchurch City Holdings Ltd	2,288	-
Asset sales		
Vbase Ltd	33,500	-
Loans repaid by related parties		
CCC Two Ltd	200	-
Vbase Ltd	4,187	-
Loss offsets to CCC		
Christchurch City Holdings Ltd (Group)	4,740	-

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(b) Payments to related parties

	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Interest paid/payable by CCC		
Christchurch City Holdings Ltd	4,201	5,475
Purchase of good / services		
Christchurch City Holdings Ltd (Group)	74,927	73,710
Tuam Ltd	1,382	1,378
Vbase Ltd	1,952	592
Transwaste Canterbury Ltd	195	98
CCC Two Ltd	6,504	-
Share purchases		
Vbase Ltd	49,250	10,750
Civic Building Ltd	1,747	2,456
CCC Two Ltd	1,100	-
Other payments		
Loan repayment to Christchurch City Holdings Ltd	42,000	1,900
Loan repayment to Vbase Ltd	-	4,321
Loans to related parties		
Civic Building Ltd	16,729	23,544
Vbase Limited	4,187	32,650
CCC Two Ltd	18,000	-

(c) Year-end balances arising from transactions

	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Receivables from related parties		
Christchurch City Holdings Ltd (Group)	4,839	6,602
Civic Building Ltd	135	122
Tuam Ltd	5	5
Vbase Ltd	1,202	1,440
CCC Two Ltd	368	-
Payables to related parties		
Christchurch City Holdings Ltd (Group)	7,857	4,344
Tuam Ltd	-	5
Transwaste Canterbury Ltd	15	13
Vbase Ltd	-	28
Civic Building Ltd	845	-
CCC Two Ltd	579	-
Loans from related parties		
Christchurch City Holdings Ltd	41,194	83,194
Loans to related parties		
Tuam Ltd	13,750	13,750
Civic Building Ltd	59,288	42,560
Vbase Ltd	87,773	87,773
Theatre Royal	-	61
CCC Two Ltd	17,800	-
Redeemable preference shares - Vbase Ltd	9,499	8,740

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(d) Key management personnel and elected members of the Council

The following transactions were entered into between the Council and entities in which the Councillors have an interest:

	30 Jun 10 Actual \$000s	30 Jun 09 Actual \$000s
Transactions		
Funding to Canterbury Development Corporation	3,406	3,737
Sales to Canterbury Development Corporation - Norm Withers and Bob Shearing are directors	61	3
Funding to CEDF Trustee Ltd - Bob Shearing is a director	350	1,000
Loan repayment by Theatre Royal Charitable Foundation	10	7
Sales to Theatre Royal Charitable Foundation - Barry Corbett is a director	3	-
Funding to Christchurch and Canterbury Marketing Ltd	2,224	2,977
Sales to Christchurch and Canterbury Marketing Ltd - Norm Withers is a director	-	65
Purchases from R A Shearing Contractors Ltd - Bob Shearing is a director	3	-
Funding to the Canterbury Museum Trust	5,443	5,181
Sales to Canterbury Museum Trust - Bob Parker, Helen Broughton and Mike Wall are trustees	7	-
Grants payments to Terranova Charitable Trust	-	148
Sales to Terranova Charitable Trust - Sally Buck was a trustee until July 2009	-	333
Funding to Orana Wildlife Trust	225	250
Sales to Orana Wildlife Trust - Mike Wall is a trustee	5	4
Funding to Riccarton Bush Trust	113	245
Sales to Riccarton Bush Trust - Bob Shearing and Mike Wall are trustees	25	48
Funding to Garden City Trust - Yani Johanson is a trustee	109	112
Grants paid to Arts Centre of Christchurch Trust - Sue Wells was a trustee in 2009 but has since resigned	403	429
Funding to Canterbury Surf Lifesaving	173	-
Sales to Canterbury Surf Lifesaving - Norm Withers is Trustee	18	-
Funding to Sport Canterbury - Norm Withers is Trustee	28	-
Funding to Avon Heathcote Estuary Ihutai Trust - Chrissie Williams is a trustee	10	-
Funding to North West Christchurch Community Sport Trust - Norm Withers is a Trustee	250	-

During the year Councillors and key management personnel, as part of a normal customer relationship, engaged in minor transactions with Council (such as payment of rates, purchase of rubbish bags, etc.) Except for these transactions, the transactions listed above, and items of a trivial nature, no other Councillors or key management personnel entered into any related party transactions within the Group.

Remuneration of elected members and key management personnel is detailed in note 42 Remuneration.

CHRISTCHURCH CITY COUNCIL
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41. Major budget variations

Statement of comprehensive income

Explanations for major variance from the Council's Plan figures are as follows:

	30 Jun 10
	\$000s
Planned comprehensive income	333,683
Revenue:	
Additional rates revenue	1,298
Lower rental income	(2,494)
Reduced interest received due to lower interest rates	(727)
Lower development contributions	(5,908)
Additional subvention receipts due to higher tax losses (refer note 11 (a))	2,372
Dividends received lower than plan	(2,578)
Additional NZ Transport Agency subsidies received due to timing of projects	1,015
Licence fees received higher than plan	3,014
Sundry (incl rates penalties) higher than plan	0
Other gains (refer Note 4)	1,416
Other revenue	1,649
Revenue unfavourable to plan	<u>(943)</u>
Expenditure:	
Depreciation, amortisation and impairment higher than plan by \$4.3 million. Depreciation and amortisation were lower than plan by \$5.5 million due to the timing of the capital programme, offset by unbudgeted costs including impairment of other assets \$5.7 million, impairment of property, plant and equipment \$1.4 million and impairment of intangibles \$2.5 million.	(4,307)
Reduced finance costs due to timing of capital programme and lower interest rates	3,776
Higher employee costs partly due to higher recruitment costs, system development costs planned as capital but expensed and higher full time equivalents	(2,673)
Bad Debts written off	72
Increase in provisions due to additional weathertight home provisions and higher aftercare costs at Burwood Landfill	(1,645)
Other expenses	3,065
Lower than budgeted grants and levies paid	709
Other losses (refer Note 4)	(3,837)
Expenditure unfavourable to plan	<u>(4,840)</u>
Assets vested in Council	(9,180)
Income tax expense	(1,863)
Other comprehensive income:	
Higher property, plant and equipment valuation gain than plan	147,555
Higher investment revaluation loss	(113,033)
Higher cash flow hedges loss	(3,174)
Other	602
	<u>31,950</u>
Total variances	15,124
Actual comprehensive income, net of tax	348,807

Balance sheet

Total assets of \$7.3 billion are higher than budget by \$219 million.

Current assets of \$245 million are higher than budget by \$95 million. This is mainly due to higher than anticipated cash and investments balances resulting from the special dividend from Christchurch City Holdings; the annual plan had assumed debt repayment.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

Non current assets of \$7.1 billion are higher than budget by \$124 million. The significant variances are as a result of the following:

- the revaluation of roading, water supply and marine structure assets higher than budget by \$147 million
- higher than anticipated property plant and equipment and intangible additions of \$58 million.
- advance to CCC Two Ltd unbudgeted \$18 million
- unbudgeted change in the valuation of investments a decrease in the value of Christchurch City Holdings Ltd (CCHL) of \$83 million and Vbase Ltd of \$30 million, see note 16.

Total liabilities of \$447 million are higher than budget by \$65 million.

Total borrowings are higher than budget by \$18 million because of additional borrowings for an advance and equity purchase in CCC Two Limited of \$19 million.

The budget assumed debt repayment in 2009/10, however debt instruments do not require payment until future years, this higher level of debt was offset by lower than expected borrowing for the capital programme

Creditors and other payables are \$15 million higher than planned due to the high level of project work at year end.

All other liabilities were higher than budget by \$28 million mainly as a result of the recognition of the service concession arrangement of \$11 million, the fair value of the cash flow hedges of \$10 million and an increase in provisions by \$4 million.

42. Remuneration

(a) Chief Executive

The Chief Executive of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

The total cost of the role for the year to 30 June 2010 was \$479,492 – this compares with \$452,945 for the year ending 30 June 2009.

(b) Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002 the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ending 30 June 2010 the Council made twelve payments of \$20,000, \$7,000, \$6,000, \$5,000(3) and \$4,000(3), \$3,000, \$2,000 and \$1,000 that require disclosure (2009: \$13,000, \$9,000, \$8,500, \$6,700, \$5,000 and \$3,000(2)).

(c) Key management personnel

The compensation of the directors and executives, being the key management personnel of the entity is set out below:
Short term benefits

	Parent	
	30 Jun 10	30 Jun 09
	Actual	Actual
	\$000s	\$000s
	1,791	1,885
	<u>1,791</u>	<u>1,885</u>

Total key management personnel remuneration includes that of the executive team of Council. This does not include the remuneration of the Chief Executive, Mayor and Councillors, the details of their remuneration is set out in notes a) and d).

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

d) Elected Members

	Jun 10	Jun 10	Jun 10	Jun 09	Jun 09	Jun 09
	Council Remuneration \$	Directors Fees \$	Total \$	Council Remuneration \$	Directors Fees \$	Total \$
Helen Broughton	87,604	-	87,604	86,270	-	86,270
Sally Buck	88,522	20,000	108,522	87,239	20,000	107,239
Barry Corbett	86,227	32,285	118,512	83,499	32,285	115,784
David Cox	90,583	25,000	115,583	87,355	24,219	111,574
Bob Parker	177,630	47,285	224,915	170,204	44,785	214,989
Bob Shearing	87,774	47,285	135,059	84,281	44,785	129,066
Gail Sheriff	86,227	55,000	141,227	83,499	52,400	135,899
Sue Wells	88,909	32,285	121,194	92,989	32,285	125,274
Norm Withers	99,543	12,500	112,043	96,408	12,500	108,908
Ngairé Button	89,193	-	89,193	86,461	-	86,461
Yani Johanson	86,227	-	86,227	84,723	-	84,723
Claudia Reid	86,380	12,500	98,880	84,230	11,675	95,905
Mike Wall	86,279	-	86,279	83,499	-	83,499
Chrissie Williams	87,511	28,000	115,511	83,731	26,613	110,344
	1,328,609	312,140	1,640,749	1,294,388	301,547	1,595,935

See note 40 Related Parties for detail on transactions between Council and elected members and key management personnel.

43. Business combinations

CCC Two Limited

On 4 August 2009 Council subsidiary company CCC Two Limited purchased certain assets and liabilities of Meta New Zealand Limited, Meta Processing Limited, Meta Transport Limited, and Reworks Limited (the 'Meta Group').

Meta New Zealand Limited operated waste transfer stations under contract to Christchurch City Council and also ran the 'Super Shed' which resells items removed from the waste stream. Meta Processing Limited ran the Materials Recovery Facility recycling operation under contract to Christchurch City Council. Meta Transport Limited transported waste, primarily between Meta sites and the Living Earth composting plant. Reworks Limited operated a construction and demolition waste recycling operation. This operation was ceased prior to acquisition, with CCC Two Limited acquiring some of its assets and liabilities but not its business operations.

CCC Two Limited purchased all of Meta Group's operations, except the construction and demolition waste operations as noted above, as a going concern. CCC Two Limited did not acquire any equity instruments in any of the Meta Group of companies.

To facilitate the purchase Council invested \$1,100,000 in CCC Two Limited by way of fully paid \$1 redeemable preference shares. Council also lent CCC Two Limited \$18,000,000. CCC Two acquired the assets and liabilities of the Meta Group for \$16,982,078. Costs of \$75,484 were directly attributable to the acquisition, and this amount is included in the total purchase price set out below.

The fair value of the assets and liabilities acquired as at 4 August 2009 were as follows:

Property, plant and equipment	15,231,266
Stock	316,093
Debtors	2,060,826
Creditors and lease liabilities	(4,848,555)
Intangibles and Goodwill	4,222,448
TOTAL	\$16,982,078

CCC Two Limited did not acquire any contingent liabilities as part of the acquisition.

As part of the acquisition CCC Two Limited purchased a number of intangible assets, including registered intellectual property, business records and a number of business arrangements. At the time of issuing these financial statements CCC Two Limited has not obtained an independent valuation of those intangibles as distinct from goodwill, therefore all of the intangibles purchased have been treated as goodwill.

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

At the time of issuing these financial statements there is no indication of impairment of any tangible or intangible assets and the price paid remains the best indicator of value.

Prior to the purchase Council determined that the purchase was significant in terms of Council's Significance Policy. However, because of the commercial sensitivity and urgency of this matter, and in accordance with its Significance Policy, Council resolved not to undertake a special consultative procedure.

44. Capital management

Council's capital is its equity (or ratepayer's funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, borrowings and general financial dealings.

(a) Intergenerational Equity

Where possible it is Council's objective to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayer's to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets dealing with renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of Council's LTCCP 2009-19 as amended by the Annual Plan 2009-10.

45. Subsequent events

Canterbury Earthquake

An earthquake registering 7.1 on the Richter scale struck Canterbury and Christchurch on 4 September. While there was damage to property and infrastructure, it is too early to quantify the monetary value of such damage. In the meantime, the Council and group companies are continuing to operate.

Sale of CCC Two Ltd

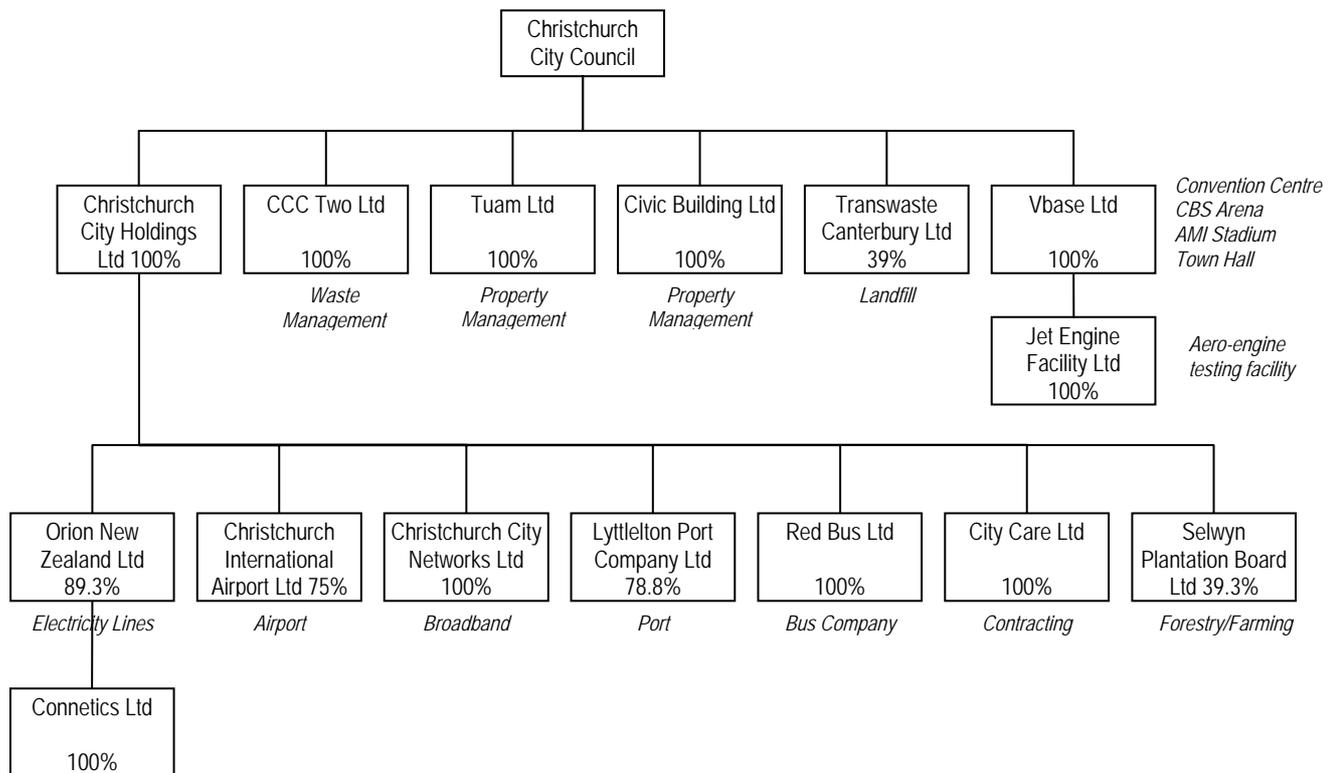
On 23 July 2010 Council resolved that CCC Two Ltd be offered for sale to Christchurch City Holdings Limited (CCHL) at its current market valuation. The sale process is currently underway.

6000 – Group Structure

Annual Report 2010
Christchurch Otautahi

Through its wholly owned investment arm Christchurch City Holdings Limited, the Council has a stake in a number of trading companies from which it derives income. This section contains details about these subsidiary companies.

6010 – Group structure



CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

6015 – Summary financial table

	Income	Net result (after tax and minority interest)	
		2010	2009
	\$000s	\$000s	\$000s
Christchurch City Holdings Ltd (parent)	56,803	41,017	46,723
Christchurch City Networks Ltd	2,945	448	1,365
Christchurch International Airport Ltd	96,140	(260)	14,686
City Care Ltd	145,694	4,046	3,659
Lyttelton Port Company Ltd	87,701	9,008	10,056
Orion New Zealand Ltd	222,894	46,795	49,860
Red Bus Ltd	33,386	1,119	4,073
Vbase Ltd	34,726	(30,159)	(3,353)
Tuam Ltd	1,273	(1,401)	(5,367)
Civic Building Ltd	3,884	(8,050)	(1,616)
CCC Two Ltd*	24,166	(791)	-
Transwaste Canterbury Ltd	24,809	3,818	4,310
Selwyn Plantation Board Ltd	20,473	(2,593)	5,789
Riccarton Bush Trust	542	131	150
Central Plains Water Trust	47	-	-
Canterbury Development Corporation	5,271	231	82
Canterbury Economic Development Company Ltd	97	-	-

* 2010 is the first year of trading

For more detail please refer to the individual company reports.

For more detail please refer to the individual company reports.

6020 – Christchurch City Holdings Limited

Christchurch City Holdings Limited (CCHL) is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on Council's behalf.

In addition, CCHL monitors Council-owned company Vbase Ltd (which owns and manages AMI Stadium, the Christchurch Convention centre, the Christchurch Town Hall for the Performing Arts and the CBS Canterbury Arena), as well as Jet Engine Facility Ltd and Civic Building Ltd.

Subsidiary companies

- Christchurch City Networks Limited
- Christchurch International Airport Ltd
- City Care Ltd
- Lyttelton Port Company Ltd
- Orion New Zealand Ltd
- Red Bus Ltd

Associate Company

- Selwyn Plantation Board Ltd

Nature and scope of activities

CCHL's key purpose is to assist the Council in achieving its vision for Christchurch as a world class boutique city through investing in existing and new infrastructural assets such as the electricity distribution network, the airport, port transport and high speed broadband.

Our strategic approach is to identify infrastructural needs that cannot be filled by the private sector or existing Council operations, then take a role in helping to meet those needs through joint ventures, public-private partnerships, establishing new entities or simply acting as a catalyst for others.

CCHL also encourages and, if necessary will facilitate, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets – a recent example is the construction of the new airport terminal.

Policies and objectives relating to ownership and control

This company was established to group the Council's interest in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its council-controlled trading organisations.

Key performance targets

	2010 Actual	2010 Target
CCHL financial and distribution performance meets the shareholder's expectations	Achieved –ordinary dividend of \$35.6 million (\$38.0 million after adding back subvention payment adjustments); special dividend of \$78.2 million	CCHL pays a dividend for the 2010 financial year that meets or exceeds budget
CCHL's treasury management policies and practices are consistent with best practice	Updated, reviewed and approved by the Audit and Risk Management Committee, and the board	Review and update treasury management policy in the 2009 calendar year

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

Financial summary - Parent

Statement of financial performance for the year ended 30 June 2010

	2010	2010
	Actual	Actual
	\$000s	\$000s
Operating revenue	56,803	64,176
Operating and other expenses	15,786	17,406
Operating profit (loss) before tax	41,017	46,770
Tax expense (benefit)	-	47
Net profit (loss) for the year	41,017	46,723

6022 – Christchurch City Networks Ltd

This company is a council controlled trading enterprise, 100 per cent owned by Christchurch City Holdings Limited (CCHL) and trades as Enable Networks.

Enable Networks operates over 250 kilometres of fibre network around Christchurch, providing coverage of over 75 per cent of public and private businesses, and telecommunications and IT services providers within the commercial and business areas of Christchurch. Over half of the schools in Christchurch are contracted to connect to the network with approximately 35 schools connected to date.

The company is continuing to expand its network to serve the majority of businesses, schools, health and government organisations over the next two years.

Nature and scope of activities

Christchurch City Networks Ltd (CCNL) commenced operations in January 2007 to deliver open access high-speed fibre optic networks to metropolitan Christchurch.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company will:

- (a) make an investment in telecommunications infrastructure through an open access urban fibre network in metropolitan Christchurch,
- (b) encourage and support the development of policy and design standards for making telecommunications ducting mandatory for new building and subdivision consents granted by the Council,
- (c) sponsor the aggregation of demand for telecommunications infrastructure in sectors where a collective approach can bring substantial benefits to consumers, and
- (d) actively encourage private investment in telecommunications infrastructure in Christchurch.

Key performance targets

	2010 Actual	2010 Target
Installation of telecommunications ducting in the 2009/10 year	176 km	190 km
Network reliability	99.9 %	99.9 %
Aggregate demand from schools in order to assist in the transformation of educational services	35 schools connected	Connect 20 schools

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010	2009
	Actual	Actual
	\$000s	\$000s
Operating revenue	2,945	3,514
Operating and other expenses	2,306	1,550
Operating profit (loss) before tax	639	1,964
Tax expense (benefit)	191	599
Net profit (loss) for the year	448	1,365

6024 – Christchurch International Airport Limited

The international gateway to the South Island, Christchurch International Airport Ltd (CIAL) hosts just over six million passengers in the 2010 year, arriving or departing on over 79,000 aircraft servicing destinations as close as Timaru and as distant as Tokyo.

Ten airlines arrive from ten international and 16 domestic airports, meaning a wide range of direct services available to the city's travellers.

The company is embarking on a major project to build a new combined domestic and international terminal. With large passenger lounges, extra seating, improved passenger flows and enhanced retail and cafe areas, the new terminal will offer a top class airport experience.

A company jointly owned by Christchurch City Holdings Limited (75 per cent) and the New Zealand Government (25 per cent). The primary activity of the company is to own and operate Christchurch International Airport efficiently and on sound business principles for the benefit of both commercial and non-commercial aviation users and in accordance with the terms of the aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

Nature and scope of activities

CIAL operates the airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors.

Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset. The Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2010 Actual	2010 Target
Dividend payment	10,541	11,530
Domestic passengers	4,377,773	4,332,107
International passengers	1,622,641	1,588,252

CHRISTCHURCH CITY COUNCIL
Notes to the financial statements
For the year ended 30 June 2010

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010	2009
	Actual	Actual
	\$000s	\$000s
Operating revenue	96,140	90,730
Operating and other expenses	58,812	68,641
Operating profit (loss) before tax	37,328	22,089
Tax expense (benefit)	37,588	7,403
Net profit (loss) for the year	(260)	14,686

The 2010 results include a one off deferred tax adjustment which has increased the tax expense, therefore reducing net profit (loss) after tax for the year.

6028 – City Care Ltd

City Care Limited is a council controlled trading organisation, 100 per cent owned by Christchurch City Council through Christchurch City Holdings Limited.

During the 2009/10 year, City Care Ltd won three new long term maintenance contracts – a streets landscape maintenance contract with Hamilton City Council, a water and wastewater utilities maintenance contract with Masterton District Council and a general mowing contract with Upper Hutt City Council.

New contracts were successfully negotiated between City Care Ltd and Christchurch City Council, for water and wastewater network maintenance (held since 1999) and facilities maintenance management (held since 2002).

Operational offices were established in Hamilton and Masterton, giving a total of 15 offices nationwide.

Nature and scope of activities

City Care Limited is in the business of management, construction and maintenance of New Zealand's infrastructure and amenity assets. The company operates in four key market segments – parks, underground services, roading and facilities management.

City Care Limited operates a profitable, sustainable and innovative business. It maintains a strong market presence in all areas of construction and maintenance of the infrastructure and amenity assets owned by its shareholder, the Council.

City Care ensures that there is capacity in the market to meet the Council's emergency obligations. It is therefore an important contractor to the Council.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company has an important role in the city as a quality contractor. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2010 Actual	2010 Target
Tonnes of CO2 emissions per \$1 million of revenue	8.1% increase*	5% reduction
Gigajoules of energy consumed per \$1 million of revenue	7.4% increase*	5% reduction
Provide a quality service as attested by maintaining accreditation to quality standards: ISO 9001 Quality Management	Maintained	Maintained

* Due to a change in business mix from winning new contracts, the CO₂ emissions and energy consumed targets were not achieved.

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	145,694	141,613
Operating and other expenses	139,840	136,466
Operating profit (loss) before tax	5,854	5,147
Tax expense (benefit)	1,808	1,488
Net profit (loss) for the year	4,046	3,659

6030 Lyttelton Port Company

Lyttelton Port Company Ltd (LPC), the South Island's major deep-water port, is a hub of international trade.

This year the port handled approximately 9.5 million tonnes of cargo.

The container terminal provides specialised cargo handling and stevedores in excess of 230,000 container (TEU) units.

On the water, full marine services are provided, including tugs, pilots, and service staff. Over 1,100 ships visit the port every year, with a steadily increasing number of cruise liners.

Lyttelton has the largest export coal facility in New Zealand, currently handling over two million tonnes a year for Solid Energy.

LPC is listed on the New Zealand Stock Exchange.

Nature and scope of activities

This company provides the land, facilities, plant and labour for receiving, delivering, stockpiling, stacking and shipping a wide range of products at the port in Lyttelton Harbour. Its activities also include providing facilities associated with the repair and servicing of vessels.

Policies and objectives relating to ownership and control

Lyttelton Port Company is considered a regional strategic asset and as such the Council's policy is for it to be operated in commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Because it is a public listed company LPC does not publish its annual performance targets.

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010	2009
	Actual	Actual
	\$000s	\$000s
Operating revenue	87,701	84,987
Operating and other expenses	74,271	70,524
Operating profit (loss) before tax	13,430	14,463
Tax expense (benefit)	4,422	4,407
Net profit (loss) for the year	9,008	10,056

6032 – Orion New Zealand Ltd

Orion New Zealand Ltd owns and operates the electricity distribution network in central Canterbury between the Waimakariri and Rakaia Rivers, and as far inland as Arthur's Pass. The electricity network covers 8,000 square kilometres of diverse geography, including Christchurch City, Banks Peninsula, farming communities and high country.

Orion's network delivers electricity to more than 192,000 homes and businesses. Electricity retailers pay Orion for this network delivery service and in turn charge homes and businesses for it.

The company invested over \$34 million on capital expenditure, including projects to connect new customers, reinforce the network and replace ageing equipment.

The second of three phases of a fully integrated network management system was implemented; this is to be completed by April 2011. This will streamline network control room functions and improve management of both day-to-day network operations and major events.

Subsidiary companies

- Connetics Ltd

Associate companies

- 4RF Communications Ltd

Nature and scope of activities

Orion plans, constructs and maintains a reliable and secure electricity distribution network in the Christchurch and Central Canterbury region. The network's capacity is matched as closely as possible to actual and forecast market demand for electricity.

Orion's network consists of approximately: 175,000 connections, 12,000 kilometres of lines and cables, and 9,500 distribution substations and pole-mounted transformers.

Policies and objectives relating to ownership and control

As Orion is considered a regional strategic asset, the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2010 Actual	2010 Target
Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI)	70	<68
Overall network - Number of supply interruptions per year per connected customer (SAIFI)	0.7	<0.9

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	222,894	231,777
Operating and other expenses	156,551	161,352
Operating profit (loss) before tax	66,343	70,425
Tax expense (benefit)	19,548	20,565
Net profit (loss) for the year	46,795	49,860

6034 – Red Bus Ltd

Red Bus Ltd carries approximately 10.5 million passengers in Christchurch City each year with a fleet of 200 buses, travelling 12.5 million kilometres a year. Its urban public transport services are predominantly contracted to Environment Canterbury, which plans and regulates the city's public transport.

Six routes were lost in the final Environment Canterbury tender round of the year necessitating a business restructure in the new financial year.

Thirty five new urban buses, with the latest Euro IV emissions standards, were purchased during the year.

Community festivals were supported by arranging transport to outlying areas, such as the Akaroa French Festival, A&P Show, concerts in Waipara, and community events within the city such as the Christchurch Arts Festival, and Ellerslie Flower show

Nature and scope of activities

Red Bus Limited provides scheduled urban public passenger transport services in Christchurch. The company also delivers a broad base of charter services and operates some commercial urban services.

Policies and objectives relating to ownership and control

The Council, through Christchurch City Holdings Limited, is the sole shareholder of this company. It has no plans to sell down or relinquish control of this company. The company has an important role in the city as a provider of quality bus services. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2010 Actual	2010 Target
Percentage of service trips starting on time	96.3%	≥99%
Percentage of bus fleet with Euro 2 or higher emission compliant engines	79%	85%
Complete carbon footprint assessment	Achieved	Completed
Employees holding a NZQA qualification	277	More than 200

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	33,386	36,907
Operating and other expenses	<u>32,003</u>	<u>30,977</u>
Operating profit (loss) before tax	1,383	5,930
Tax expense (benefit)	<u>264</u>	<u>1,857</u>
Net profit (loss) for the year	<u>1,119</u>	<u>4,073</u>

6036 – Vbase

Vbase Limited is 100 per cent owned by Christchurch City Council.

Subsidiary company

Jet Engine Facility Limited

Nature and scope of activities

Vbase is a property holding and operating company for certain specialist properties or companies that the Council owns. Its responsibilities include:

- The CBS Canterbury Arena (previously Westpac Arena)
- The Christchurch Town Hall for Performing Arts
- The Christchurch Convention Centre
- AMI Stadium
- Contractual management of the above facilities
- Jet Engine Facility Limited

Policies and objectives relating to ownership and control

The Christchurch Convention Centre, the Christchurch Town Hall for Performing Arts, the CBS Canterbury Arena and AMI Stadium are all managed by Vbase Limited. These facilities are important to the region in terms of economic development, culture and sport. The Council's policy is for them to be managed on a commercial and co-ordinated basis, and to build profitability while maintaining affordable community access.

Vbase may also undertake other property-related projects that have a commercial focus and/or a regional development impact (e.g. Jet Engine Facility Ltd).

Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of Vbase, without inhibiting its proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

	2010 Actual	2010 Target
Secure events that will attract national and international visitors to Christchurch and generate positive economic impact	\$97 million	Annual visitor spending exceeds \$60 million
Complete the AMI Stadium redevelopment on time and within Council funding approvals	Opened January 2010	Opening February 2010

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	34,726	29,442
Operating and other expenses	44,091	35,340
Operating profit (loss) before tax	(9,365)	(5,898)
Tax expense (benefit)	20,794	(2,545)
Net profit (loss) for the year	(30,159)	(3,353)

The 2010 results include a one off deferred tax adjustment which has increased the tax expense, therefore reducing net profit (loss) after tax for the year.

6038 – Tuam Limited

This company is a council-controlled trading enterprise, 100 per cent owned by Christchurch City Council. On 30 June 2006 the company purchased the existing Civic offices and associated property from the Council. Tuam Limited leases the old civic offices to the Council until October 2010 and has been in negotiations to sell the building and immediate land for development. The remaining property will be leased until required for the Central City South masterplan development project scheduled to commence around 2014.

Nature and scope of activities

This company owns and manages the existing Civic building and related Tuam Street properties, and leases them to Council.

Policies and objectives relating to ownership and control

This company owns former Council property and manages it on a commercial and co-ordinated basis. Through a Statement of Intent, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

Key performance targets

	2010 Actual	2010 Target
Financial targets contained within the Statement of Intent are met	Partially achieved	Achieved
The company meets all relevant legislative and contractual requirements	No breaches	No breaches

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	1,273	1,298
Operating and other expenses	2,680	6,662
Operating profit (loss) before tax	(1,407)	(5,364)
Tax expense (benefit)	(6)	3
Net profit (loss) for the year	(1,401)	(5,367)

6040 – Civic Building Ltd

This company is a Council-controlled trading enterprise, 100 per cent owned by Christchurch City Council. The company was incorporated on 12 October 2007, and, manage the Council's 50 per cent interest in the joint venture with Ngai Tahu Property Ltd, (NTPL). The refurbishment of the old NZ Post building in Hereford Street that is the site of the new civic offices, was completed in August 2010.

Nature and scope of activities

CBL owns the Council's 50 per cent interest in the joint venture agreement. The project was completed in time for the Council to occupy the premises in August 2010.

Policies and objectives relating to ownership and control

Through a Statement of Intent, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

Key performance targets

	2010 Actual	2010 Target
Meet key milestones in the timetable to design and build the new Civic Building	Achieved	Construction proceeds according to the agreed timetable

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	3,884	660
Operating and other expenses	5,508	2,861
Operating profit (loss) before tax	(1,624)	(2,201)
Tax expense (benefit)	6,426	(585)
Net profit (loss) for the year	(8,050)	(1,616)

6042 – CCC Two Limited

CCC Two Limited is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002 and the Companies Act 1993. It is 100 per cent owned by Christchurch City Council.

Until August 2009 CCC Two was a shelf company owned by Christchurch City Council. In August 2009 Council activated the company for the acquisition of the operations of Meta Holdings Limited.

CCC Two Limited owns and operates

- The Materials Recovery Facility (MRF) at Parkhouse Road, which processes paper, glass, plastics and metals and sells the output product commercially to external parties from recyclable materials collected from the wider Canterbury region. Ownership of the facility passes back to Council in 2024.

CCC Two Limited operates on behalf of Council:

- The Parkhouse, Metro & Styx EcoDepots (solid waste transfer stations). The operation uses appropriate mobile plant to enable efficient achievement of its operation.
- The SuperShed operation – This provides a reuse warehouse which runs in conjunction with the EcoDepots. All types of second-hand goods are collected from various sources, carefully sorted, priced and then sold to the Christchurch public at their location on Shuttle Drive, Bromley.

Policies and objectives relating to ownership and control

The Council is the sole shareholder of this company. The company has an important role in the city as a quality handler and processor of recycled material. Through the negotiation of an annual Statement of Intent, the Council establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

	2010 Actual	2010 Target
Residual waste from the material recovery facility	2.89%	<5% of total waste received
Amount of waste diverted from EcoDepots for other uses	25.79%	>20%

Financial summary

Statement of financial performance for the year ended 30 June 2010

	Actual 2010 \$000s
Operating revenue	24,166
Operating and other expenses	<u>24,040</u>
Operating profit (deficit)	126
Tax expense (benefit)	<u>917</u>
Net profit (deficit) for the year	<u>(791)</u>

6044 – Transwaste Canterbury

Transwaste Canterbury Limited was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened on 9 June 2005. Transwaste is a joint venture between local authorities in the region and Transpacific Industries Group (NZ) Limited. Christchurch City Council's share of the ownership of Transwaste is 38.9 per cent.

Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Christchurch City Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Key performance targets

	2010 Actual	2010 Target
Operate with no proven breaches of Resource Management Act consents	Achieved	Nil proven consent breaches
Access to landfill	Achieved. No disruption of waste transport services.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours

Financial summary

Statement of Financial Performance for the year ended 30 June 2010

	2010	2009
	Actual	Actual
	\$000s	\$000s
Operating revenue	24,809	25,334
Operating and other expenses	20,197	19,266
Operating profit before tax	4,612	6,068
Tax expense	794	1,758
Net profit for the year	3,818	4,310

6038 – Selwyn Plantation Board

This company is engaged in forestry and farming activities, and is jointly owned by Selwyn District Council (61.7 per cent) and Christchurch City Holdings Limited (39.3 per cent). Land area is 14,058 ha.

At the beginning of the financial year the shareholders approved a plan to sell all of the company's assets in an orderly manner and return the proceeds to shareholders. This process commenced in the 2010 year.

Harvested log volumes were ahead of budget at year end with several factors contributing to this position. Some volume was uncut last year and was carried over into this year, and greater than predicted log volume recovery from some harvesting sites was also achieved. Additional volume was produced from the introduction of production thinning from selected stands in Bottle Lake and Dalethorpe forests.

Farming operations during the year were difficult as production gains slowed due to prolonged dry periods which severely restricted pasture establishment and growth off all the non-irrigated areas. Farm land sales were a predominant activity during the year as the decision to divest the farming operations was initiated.

Farming operations have progressively scaled down as land sales have reduced the available farming areas. The remaining farm areas continue to be farmed and managed effectively through the sale process, although forward planning considerations are now all based on expected short term tenure through to the final asset realisation.

The 2010 result was significantly impacted by a \$9.1 million reduction in farm land properties, whereas the 2009 result included a \$9.0 million forest revaluation increase. There were various other revaluation movements, fair value adjustments and movements in provisions.

Nature and scope of activities

The core business of the company is (a) to manage its forests and lands on a commercial basis using environmentally and commercially sustainable methods, and (b) to convert plains and forests to higher value alternate uses.

Policies and objectives relating to ownership and control

The Council, through CCHL, has a minority interest in this company and holds it for investment purposes. It does not regard it as a strategic asset.

Key performance targets

	2010 Actual	2010 Target
Harvesting (tonnes)	176,231	150,000
Thinning (hectares)	393	200

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010	2009
	Actual	Actual
	\$000s	\$000s
Operating revenue	20,473	21,499
Operating and other expenses	21,672	15,545
Operating profit (loss) before tax	(1,199)	5,954
Tax expense (benefit)	1,394	165
Net profit (loss) for the year	(2,593)	5,789

6048 – Riccarton Bush Trust

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

Incorporated under a 1914 Act of Parliament, the Riccarton Bush Trust has powers to levy the Council for funding which contributes towards the maintenance and operation of Riccarton Bush, Riccarton House and its grounds. The Christchurch City Council appoints six of the nine members on the Trust Board.

Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

Key performance targets

	2010 Actual	2010 Target
Great Spotted Kiwi translocation	On target The temporary Great Spotted Kiwi crèche, in partnership with Department of Conservation and the New Zealand Conservation Trust, was very successful with five juvenile Kiwi temporarily housed in 2009 and a further six juvenile Kiwi introduced to the bush in early 2010	Temporarily translocate Great Spotted Kiwi in Riccarton Bush
Security	Resource consent obtained and an electric hot wire installed atop the predator proof fence Dome CCTV security camera installed at Bush entry gate	Improve security of Bush

Financial summary

Statement of financial performance for the year ended June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	542	574
Operating and other expenses	411	424
Operating profit (loss) before tax	131	150
Tax expense (benefit)	-	-
Net profit (loss) for the year	131	150

6050 – Central Plains Water Trust

The Central Plains Water Trust was established by the Christchurch City and Selwyn District Councils to facilitate sustainable development of Central Canterbury's water resource.

It continues the work of the Central Plains Water Enhancement Steering Committee to develop proposals for a large scale community water enhancement scheme providing water for irrigation between the Rakaia and the Waimakariri Rivers.

Trustees of the Central Plains Water Trust were appointed by the two Councils to reflect a broad range of skills and experience in areas such as governance, agriculture, engineering, commerce and resource management. Some Trustee appointments were made following recommendations from the Parliamentary Commissioner for the Environment and Te Runanga O Ngai Tahu.

Nature and scope of activities

- To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme, and to hold these consents for the use of Central Plains Water Limited.

Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the Central Canterbury Plains, including significant employment creation. The Council, through its involvement with the Trust, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

Key performance targets

	2010 Actual	2010 Target
To provide assistance to Central Plains Water Limited and monitor progress obtaining the necessary resource consents for the Central Plains irrigation scheme on behalf of the Trust	Progress has been monitored in regard to resource consent applications, funding and other priority matters through regular reports, briefings and meetings between the company, the Trust, project management and consultants The Trust has also monitored legal matters undertaken by the company	Provide assistance and monitor progress

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	47	58
Operating and other expenses	47	58
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

Note: the above figures remain subject to audit.

6052 – Canterbury Development Corporation

Canterbury Development Corporation (CDC) was set up as a limited liability trust company by Christchurch City Council on 5 December 1983. In 2003 the CDC Trust was settled by Council as CDC Limited Shareholder. This Charitable Trust has been found to be invalid by the High Court and the matter is under protective appeal at the time of writing.

CDC acts as the principal economic development agency for Christchurch City and the Canterbury region. Its main role is to stimulate economic growth through significant interventions - particularly focused on export-ready companies, developing priority sectors and leading major regional projects.

Nature and scope of activities

During the past 12 months CDC has undertaken significant change, with the development of the Christchurch Economic Development Strategy (CEDS), which aims to reposition Christchurch within the regional and New Zealand economy, setting an ambitious vision, bold goals and identifying a range of initiatives so that Christchurch becomes a more globally competitive city and region.

Policies and objectives relating to ownership and control

It is critical that the operations of CDC align with the wider social and economic objectives of the Council as set out in the LTCCP.

Christchurch's and New Zealand's economy needs to perform significantly better to preserve and enhance our quality of life. This requires some enlightened policy, along with a long term resolve and a plan. Achieving ambitious goals is not just important for Christchurch. As New Zealand's second largest city, Christchurch's prosperity is important for New Zealand.

Key Performance Targets

	2010 Actual	2010 Target
Refresh of the Canterbury Regional Economic Development Strategy (CREDS)	100%	100%
Development of Christchurch/Canterbury economic model, capable of undertaking economic impact assessments	100%	100%
Provide extensive case management to high-growth-potential businesses in priority industry sectors (10 per sector)	100%	100%
80% of Enterprise Training programme delivered to support needs of high-growth-potential businesses	>90%	80%

Financial Summary

Statement of financial performance for the year ended 30 June 2010

	2010 \$000s	2009 \$000s
Operating revenue	5,271	5,280
Operating and other expenses	5,040	5,198
Operating profit (loss) before tax	<u>231</u>	<u>82</u>
Tax expense (benefit)	-	-
Net profit (loss) for the year	<u>231</u>	<u>82</u>

Note: the above figures remain subject to audit.

6054 – Canterbury Economic Development Company Limited

Canterbury Economic Development Company Limited (CED Co Ltd) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to coordinate strategic economic development initiatives.

CED Co Ltd will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury.

Its objectives are:

- To receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund (RSF).
- Act as the “final clearing house” of correspondence between “projects” and Ministry of Economic Development (MED)/New Zealand Trade and Enterprise (NZTE) during implementation.
- Provide feedback to the district and regional role players regarding project proposals.
- Communicate (via the administrative agent) shifts and changes in MED/NZTE to the regional economic development role players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Drive (via the administrative agent) the review of the CREDS.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

Key performance targets

	2010 Actual	2010 Target
Regional Strategy Fund	Six projects submitted to New Zealand Trade and Enterprise – all approved and funding obtained	Successful application for RSF funding
Actively liaise with stakeholders	Five meetings and four conference calls were held during the year	Evidence of active liaison with stakeholders

Financial summary

Statement of financial performance for the year ended 30 June 2010

	2010 Actual \$000s	2009 Actual \$000s
Operating revenue	97	63
Operating and other expenses	97	63
Operating profit (loss) before tax	-	-
Tax expense (benefit)	-	-
Net profit (loss) for the year	-	-

7000 – Monitoring

Annual Report 2010
Christchurch Otautahi

This section contains information about the Council's capital endowment fund and includes members' interest register for subsidiary companies.

7010 – The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development, and civic and community projects. Its objectives and policies are detailed on page 230 in Volume 1 of the Council's LTCCP 2009-19.

The investment objectives were met. This was achieved by minimising the risk of capital loss by retaining all funds in cash investments due to the volatility of the world's equity markets. This approach was consistent with the objectives as outlined in Council's Investment Policy.

In May Council resolved to support a high profile sporting event for three years at a cost of \$0.45 million per annum, funded from Capital Endowment Fund interest. It was resolved to do this with an understanding it would be using funds set aside for a different purpose in the 2009-19 LTCCP.

Capital endowment fund – funding allocations	2010 Actual \$000s	2009 Actual \$000s
Total available income from fund	2,108	4,533
Economic development 70%	1,476	3,173
Brought forward from previous year	1,175	724
Available to allocate	2,651	3,897
Less allocated:		
Economic development projects	(500)	(1,722)
Iconic events	(844)	(450)
One off events	(375)	-
Marketing initiatives	(500)	(550)
Balance available for economic development projects	432	1,175
Civic and community 30%	632	1,360
Brought forward from previous year	1,646	2,156
Available to allocate	2,278	3,516
Less allocated:		
Events & festivals	(490)	(1,390)
Garden City	-	(80)
Rapaki marae	-	(400)
Balance available for civic and community projects	1,788	1,646
Total cash carried forward	2,220	2,821

Fund capital		2010	2009
	Note	Actual	Actual
		\$000s	\$000s
Fund capital at 1 July			
Core fund		87,624	85,925
Fluctuation reserve		3,500	3,500
Unallocated income		2,821	2,880
Total fund balance at 1 July		93,945	92,305
During the year:			
Total income received by the fund		5,339	6,368
Less distributed		(2,709)	(4,592)
Less transferred to capital for inflation provision		(3,231)	(1,699)
Balance to unallocated income		(601)	77
Fund capital at 30 June			
Core fund		90,855	87,624
Fluctuation reserve		3,500	3,500
Unallocated income		2,220	2,821
Total fund balance at 30 June		96,575	93,945

7020 – Subsidiary and associate companies

Listed below are the trading enterprises which the Council has an interest in, together with the directors of the trading enterprises, for the period ended 30 June 2010.

Christchurch City Holdings Limited (100% owned)

Sarah Astor	Barry Corbett (Cr)
William Dwyer	Bruce Irvine
Robert Parker (Mayor)	Andrew Pearce
Robert Shearing (Cr)	Susan Wells (Cr)

Christchurch City Networks Limited (100% owned)

William Dwyer	Robert Lineham
William (Bill) Luff	Murray Milner ¹
Craig Richardson ²	Anthony Romano ²
Wes Bernard ³	

Christchurch International Airport Limited (75% owned)

James Boulton ⁴	Philip Carter
Catherine Drayton ⁵	George Gould ⁶
Ann Harper	W. Hanlin Johnstone
Susan Sheldon ⁷	David MacKenzie

City Care Limited (100% owned)

W. Derek Crombie	Margaret Devlin
Anthony King	Hugh Martyn
Trevor Thornton	

Lyttelton Port Company Limited (77.8% owned)

Roderick Carr	Rodger Fisher
Alan Grant	William (Bill) Luff
Barnaby Sundstrum	Trevor Burt

Orion New Zealand Limited (89.3% owned)

Michael Andrews	Craig Boyce
John Dobson	George Gould
Gail Sheriff	Geoffrey Vazey

Red Bus Limited (100% owned)

Ross McRobie	Tony Mountford
Peter Rae	Christine Williams
Timothy Keenan	

*Vbase Limited * (100% owned)*

David Cox (Cr)	Gregory Campbell ⁸
W. Gill Cox	Christopher Doig
Dominique Dowding	W. Hanlin Johnstone ⁹
Arthur (Jim) Keegan	Simon Mortlock
Thomas Treacy ⁸	

Tuam Limited (100% owned)

Paul Anderson ¹⁰	Anthony Marrayatt ¹⁰
David Cox (Cr) ¹¹	W. Gill Cox ¹¹
Christopher Doig ¹¹	Dominique Dowding ¹¹
W. Hanlin Johnstone ⁹	Arthur (Jim) Keegan ¹¹
Simon Mortlock ¹¹	

Civic Building Limited (100% owned)

David Cox (Cr)	Gregory Campbell ⁸
W. Gill Cox	Christopher Doig
Dominique Dowding	W. Hanlin Johnstone ⁹
Arthur (Jim) Keegan	Simon Mortlock
Thomas Treacy ⁸	

CCC Two Limited (100% owned)

Paul Anderson Anthony Marryatt ¹²

Transwaste Canterbury Limited (38.9% owned)

Robert Brine Sally Buck (Cr)
Judith Burgess Gerry Clemens
W. Gill Cox Raymond Harris ¹³
Thomas Nickels Robert McKenzie

Selwyn Plantation Board Limited (39.3% owned)

Allan Berge Jens Christensen
Raymond Polson Sarah Astor
John Morten

¹ Resigned 31 October 2009
² Appointed 25 March 2010
³ Resigned 31 March 2010
⁴ Resigned 30 June 2009
⁵ Appointed 30 September 2009
⁶ Appointed 1 November 2009
⁷ Resigned 30 September 2009
⁸ Appointed 1 May 2010
⁹ Resigned 6 November 2009
¹⁰ Appointed 21 December 2009
¹¹ Resigned 21 December 2009
¹² Appointed 29 July 2009
¹³ Resigned 22 February 2010

Appendix 2: Reconciliation of 2010 Accounting Surplus to Cash Surplus

		(\$m)
Reporting Accounting Surplus		107.9
Add back:		
Non cash expenses:		
Fair value/revaluation movements	5.1	
Impairments	8.1	
Deferred tax	1.8	
Depreciation	<u>107.5</u>	
		122.5
Funding available from special funds		6.1
Grants funded from borrowing		0.8
Deduct:		
Revenues not available:		
Capital/vested revenues	51.8	
Renewals rated for and special dividend	162.5	
Special funds interest	7.0	
Separately-funded accounts	<u>4.0</u>	
		(225.3)
Non-cash revenues		(1.7)
Reported Cash Surplus		<u>10.3</u>