

6. CHRISTCHURCH CITY COUNCIL – GROUP AND PARENT ANNUAL REPORT

General Manager responsible:	General Manager Corporate Services, Roy Baker
Officer responsible:	Diane Brandish, Corporate Finance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to present for adoption by the Council the draft annual report containing the audited financial statements of the Christchurch City Council (CCC) for the year ended 30 June 2005.
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, make publicly available:
 - (a) its annual report; and
 - (b) a summary of the information contained in its annual report.
3. This is the first year the Council is required to adopt its annual report under the Local Government Act 2002. Previously the Council's Audit Subcommittee was delegated authority to approve and adopt annual reports.
4. Audit NZ has examined the financial statements included in this annual report (pages 22 to 131) and the Council's Audit Subcommittee approved this report at its meeting on 8 September 2005.

CCC ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2005

5. Attached is a copy of the draft annual report including the audited financial statements for the year ended 30 June 2005.

Parent Results

6. CCC's operating surplus before asset contributions for the year was \$45.9m, \$29.6m ahead of the estimate. Contributions to this performance are outlined in note 24 (page 59) of the detailed accounts and include interest income of \$6.5m due to delayed capital spending and higher interest rates; \$6.2m of capital contributions, consent fees and other related income due to higher than planned subdivision activity; depreciation of \$1.4m less than plan due to delayed capital spending and a decrease of \$1.4m in the closed landfill expense provision.
7. Our Statement of Financial Position reflects the Council's strong position with a growth in equity of over \$64 million to a new high of \$4.2 billion. This strength supported the Council's ability to deliver \$105 million of new capital expenditure.
8. Major capital projects progressed during 2004/05 include the Parklands Library & Upper Riccarton Library (\$2.8m), the ocean outfall consent & investigation (\$1.6m), strategic waterways and wetlands land purchases (\$2.1m), and the Belfast pressure main (\$1.2m). Other significant items included additional library book purchases (\$3.6m), carriageway surfacing & sealing and footpath resurfacing (\$8.1m), and treatment plant improvements (\$1.6m).
9. Statement of Movements in Equity - Apart from the increased unbudgeted income referred to above, there is a net decrease brought about by a write-down in the value of subsidiary companies of \$1.6m. The decrease in the value of ownership of subsidiary and associate companies of \$1.6m was principally due to the reduction in the value of Christchurch City Facilities Ltd of \$1.8m.

Group Results

10. While the parent net surplus for 2005 is \$87m less than 2004¹, the overall group net surplus for 2005 is \$22m less than 2004. This net improvement from the subsidiary companies is largely from Christchurch City Holdings (CCHL) Group results² after eliminating the dividends received by CCC from CCHL. The CCHL 2005 result includes \$29m gain on sale of the majority of Orion Group Limited's investment in Energy Developments Limited.

RECOMMENDATION

It is recommended:

- (a) That the CCC 2005 Annual Report be adopted by the Council.
- (b) That the General Manager Corporate Services be authorised to make changes required for publishing the Annual Report.
- (c) That the General Manager Corporate Services be authorised to produce and publish the Annual Report Summary required by s98 of the Local Government Act 2002.

¹ 2004 vested assets income included \$61m of sewer laterals recognised for the first time and \$12m from roads transferred to the Council as part of the State Highway swap with transit New Zealand. Also 2004 dividend income included a special dividend from CCHL of \$38m.

² Presented to the Council 8 September 2005.
Council Agenda 15 September 2005