2010/11 Plan $000	Financial Overview	Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Funding Summary				
345,885	Operating expenditure	1	353,220	405,312	52,092
244,325	Capital programme	5	235,425	480,910	245,485
10,605	Transfers to reserves	2	12,508	10,367	(2,141)
21,678	Interest expense	3	27,485	26,555	(930)
760	Debt repayment	4	5,577	3,226	(2,351)
623,253	**Total expenditure**		**634,215**	**926,370**	**292,155**
	funded by :				
120,956	Fees, charges and operational subsidies	6	126,648	160,437	33,789
71,042	Dividends and interest received		72,579	55,060	(17,519)
6,197	Transfers from reserves	7	5,165	6,211	1,046
4,403	Minor Asset sales	8	5,774	1,140	(4,634)
26,191	Development contributions		31,978	9,000	(22,978)
12,210	Capital grants and subsidies		31,712	294,368	262,656
240,999	**Total funding available**		**273,856**	**526,216**	**252,360**
382,254	**Balance required**		**360,359**	**400,154**	**39,795**
112,897	Less Borrowing for Capital programme/grants/opex		76,898	111,620	34,722
269,357	**Rates**		**283,461**	**288,534**	**5,073**
5.19%	Nominal Rates increase		5.37%	7.12%	
3.97%	**Percentage rate increase to existing ratepayers**		**4.21%**	**7.53%**	

Note 1
Operating Expenditure

2010/11 Plan $000		2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
20,007	City planning and development	19,596	27,366	7,770
44,143	Community support	46,646	59,140	12,494
45,443	Cultural and learning services	53,992	45,783	(8,209)
11,310	Democracy and governance	10,644	10,829	185
9,109	Economic development	9,117	9,341	224
51,818	Parks, open spaces and waterways	55,500	58,069	2,569
35,393	Recreation and leisure	38,568	29,900	(8,668)
38,606	Refuse minimisation and disposal	41,506	39,506	(2,000)
31,821	Regulatory services	29,720	34,605	4,885
106,803	Streets and transport	109,855	108,311	(1,544)
38,727	Wastewater collection and treatment	44,710	60,309	15,599
24,639	Water supply	25,207	26,112	905
26,352	Corporate	24,238	23,429	(809)
484,171	**Total Group of Activity expenditure**	**509,299**	**532,700**	**23,401**
116,243	Less depreciation	128,594	100,467	(28,127)
21,678	Less interest expense	27,485	26,555	(930)
365	Less non cash expenditure		366	366
345,885	**Operating expenditure**	**353,220**	**405,312**	**52,092**

Note 2
Transfers to Reserves

6,595	Interest earned credited to funds	8,194	7,464	(730)
160	Ratepayer funding of 8% of Dog Control costs	146	162	16
25	Kilmore St Carpark Depreciation Reserve Fund	20	25	5
3,764	Housing operating cash surplus	4,014	2,583	(1,431)
61	Dog Control operating cash surplus	134	133	(1)
10,605		**12,508**	**10,367**	**(2,141)**

Note 3
Interest Expense

3,157	Borrowing for new capital works and grants	8,821	8,436	(385)
-	Borrowing for operational deficit	-	1,363	1,363
4,830	Borrowings for equity investments	6,712	9,378	2,666
13,677	Borrowings for advances	11,925	7,355	(4,570)
14	Separately funded activities borrowing	27	23	(4)
21,678		**27,485**	**26,555**	**(930)**

Note 4
Debt Repayment provided for

74	Targeted Rates - loan principal	74	74	-
686	Existing capital works debt repayment	5,503	3,152	(2,351)
760		**5,577**	**3,226**	**(2,351)**

Note 5

2010/11 Plan $000	Capital Programme Summary *	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
1,283	City planning and development	1,061	-	(1,061)
6,011	Community support	6,610	3,470	(3,140)
10,963	Cultural and learning services	7,951	6,865	(1,086)
-	Democracy and governance	-	-	-
104	Economic development	107	160	53
35,045	Parks, open spaces and waterways	37,394	42,885	5,491
4,932	Recreation and leisure	4,210	4,310	100
1,046	Refuse minimisation and disposal	1,042	7,934	6,892
10	Regulatory services	46	45	(1)
75,620	Streets and transport	108,750	134,003	25,253
56,752	Wastewater collection and treatment	29,400	160,888	131,488
13,763	Water supply	14,175	23,091	8,916
38,796	Corporate	24,679	97,259	72,580
244,325	**Total capital programme**	**235,425**	**480,910**	**245,485**
	funded by :			
4,403	Sale of assets	5,774	1,140	(4,634)
88,252	Renewals/rebuild funded from rates	92,823	89,418	(3,405)
695	Landfill aftercare funded from rates	631	626	(5)
3,146	Reserve drawdowns	3,014	3,260	246
26,191	Development contributions	31,978	9,000	(22,978)
12,210	Capital grants and subsidies	31,712	294,368	262,656
134,897	Total funding available	165,932	397,812	231,880
109,428	**Capital programme borrowing**	**69,493**	**83,098**	**13,605**
3,467	Borrowing for grants	7,405	570	(6,835)
-	Borrowing for operating deficit	-	27,952	27,952
2,000	Borrowing for onlending	2,000	-	(2,000)
114,895	Total new borrowing	78,898	111,620	32,722
2,469	Less debt repayment	10,670	3,233	(7,437)
112,426	**Net change in borrowing**	**68,228**	**108,387**	**40,159**
392,998	**Cumulative debt**	**453,722**	**473,144**	**19,422**

* Note the total Capital Programme shown here differs from the total of the detailed capital programme as it includes a net carryforward amount of $20m.

Note 6

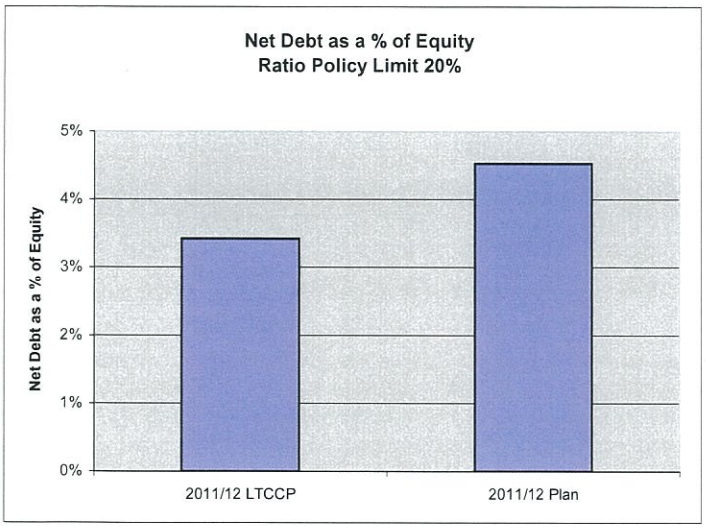
2010/11 Plan $000	Fees, charges and operational subsidies	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
2,468	City planning and development	1,784	2,022	238
18,570	Community support	20,362	35,094	14,732
4,108	Cultural and learning services	4,738	3,311	(1,427)
223	Democracy and governance	-	-	-
50	Economic development	87	47	(40)
13,273	Parks, open spaces and waterways	15,249	20,573	5,324
16,618	Recreation and leisure	19,377	11,728	(7,649)
7,276	Refuse minimisation and disposal	8,688	8,551	(137)
25,925	Regulatory services	23,967	25,075	1,108
39,441	Streets and transport	63,244	108,698	45,454
11,523	Wastewater collection and treatment	13,460	163,179	149,719
6,211	Water supply	6,993	18,514	11,521
13,881	Corporate	12,389	67,223	54,834
159,567	**Total Group of Activity revenue**	**190,338**	**464,015**	**273,677**
26,191	**Less Development Contributions**	31,978	9,000	(22,978)
12,210	**Less Capital Grants & Subsidies**	31,712	294,368	262,656
210	Less non cash revenue		210	210
120,956	**Fees, charges and operational subsidies**	**126,648**	**160,437**	**33,789**

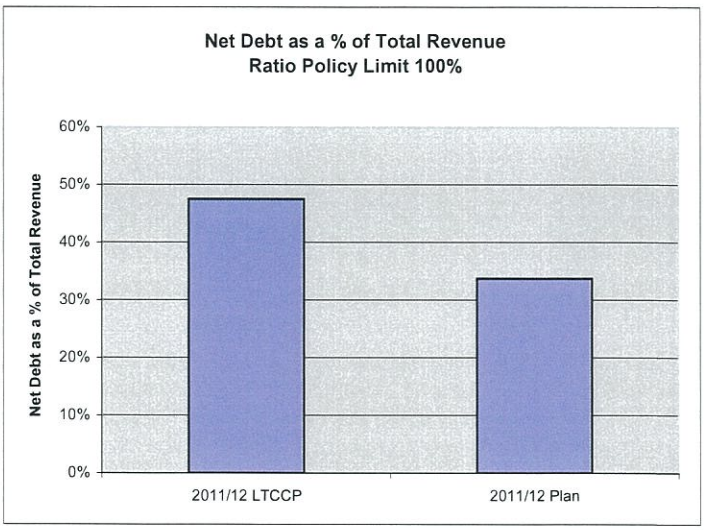
Note 7
Transfers from Reserves

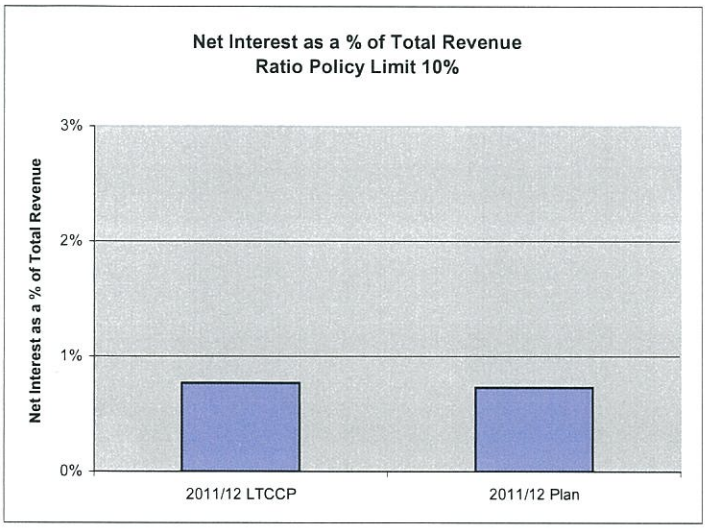
-	Olive Stirratt Bequest - art works	14	-	(14)
3,146	Housing - capital programme	3,000	3,260	260
1	Housing - interest expense	1	1	0
2,950	Capital endowment fund - grants	2,150	2,950	800
100	Income equalisation & other operating reserves	-	-	-
6,197		**5,165**	**6,211**	**1,046**

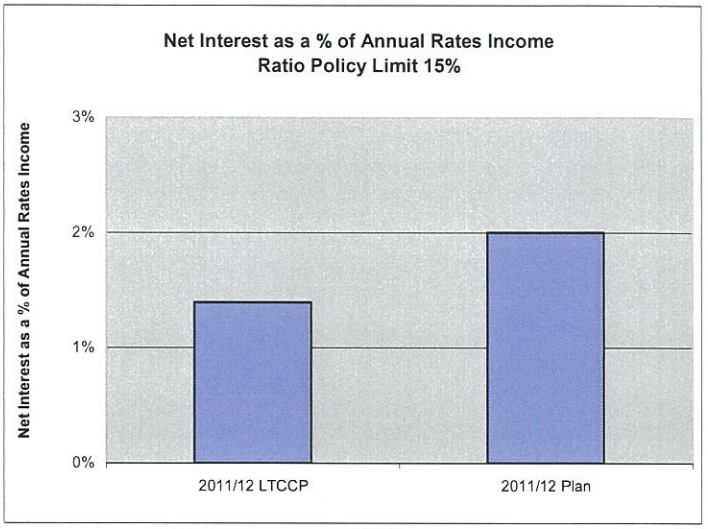
Note 8
Minor Asset Sales

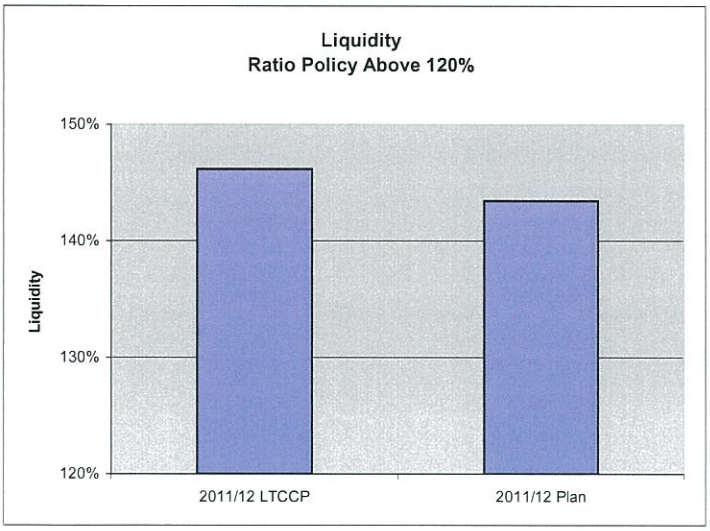
207	Plant and vehicle disposals	214	209	(5)
3,793	Surplus property sales	5,143	524	(4,619)
403	Surplus roading land sales	417	407	(10)
4,403		**5,774**	**1,140**	**(4,634)**


Net Debt as a % of Equity
Ratio Policy Limit 20%
Net Debt as a % of Equity
5%
4%
3%
2%
1%
0%
2011/12 LTCCP
2011/12 Plan


Net Debt as a % of Total Revenue
Ratio Policy Limit 100%
Net Debt as a % of Total Revenue
60%
50%
40%
30%
20%
10%
0%
2011/12 LTCCP
2011/12 Plan


Net Interest as a % of Total Revenue
Ratio Policy Limit 10%
Net Interest as a % of Total Revenue
3%
2%
1%
0%
2011/12 LTCCP
2011/12 Plan


Net Interest as a % of Annual Rates Income
Ratio Policy Limit 15%
Net Interest as a % of Annual Rates Income
3%
2%
1%
0%
2011/12 LTCCP
2011/12 Plan


Liquidity
Ratio Policy Above 120%
Liquidity
150%
140%
130%
120%
2011/12 LTCCP
2011/12 Plan

City planning and development

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
10,633	City & Community Long-Term Policy and Planning	1	11,222	12,721	1,499
4,306	District Plan	2	2,757	9,537	6,780
4,349	Heritage protection		4,598	4,413	(185)
719	Energy Conservation	4	1,019	695	(324)
20,007			**19,596**	**27,366**	**7,770**
	Revenue from proposed services				
603	City & Community Long-Term Policy and Planning	3	364	659	295
500	District Plan	2	53	250	197
655	Heritage protection	5	614	338	(276)
710	Energy Conservation		753	775	22
2,468			**1,784**	**2,022**	**238**
	Revenue by source				
2,468	*Fees and charges*		*1,784*	*2,022*	*238*
-	*Grants and subsidies*		-	-	-
2,468			***1,784***	***2,022***	***238***
17,539	**Net operational cost (funded by rates)**		**17,812**	**25,344**	**7,532**
-	Vested assets		-	-	-
17,539	**Net cost of services**		**17,812**	**25,344**	**7,532**
	Cost of capital expenditure				
1,037	Renewals and replacements	6	807	-	(807)
-	Improved service levels		-	-	-
246	Increased demand	7	254	-	(254)
1,283	**Total capital expenditure**		**1,061**	-	(1,061)
	This capital expenditure is funded by				
1,037	Rates		807	-	(807)
246	Borrowing		254	-	(254)
-	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
1,283			**1,061**	-	(1,061)

Rationale for activity funding (see also the Revenue and Financing Policy)

Revenue is sought from fees, sponsorship and subsidies where possible. The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Significant extra costs have been included to enable the Central City Plan to be undertaken. There is also $0.5m included for structural engineer/conservation architect costs for heritage demolitions.

2. Private plan change revenue has increased from the LTCCP.

3. Cost recoveries have increased for the Regional Policy Statement Plan Change 1 and the Urban Development Strategy. Some of this is offset by $0.3m less revenue from Tram operations.

4. The Energy show home was decommissioned during the 2009/10 year.

5. Heritage restricted properties are budgeted to get $0.25m less revenue because of earthquake damage.

Explanation of capital variances from the LTCCP

6. Unused 2010/11 budget for Heritage maintenance works carried forward will be sufficient for 2011/12 work. Planned budget deferred to future years.

7. Annual budget for inner city initiatives removed pending the Central City Plan.

Community support

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
2,219	Community Facilities		2,201	2,454	253
1,911	Early learning centres	1	2,274	828	(1,446)
5,498	Strengthening Communities		5,877	5,475	(402)
12,976	Community Grants	2	12,439	10,759	(1,680)
17,711	Social Housing	3	19,078	18,002	(1,076)
1,001	Civil Defence and Emergency Management	4	1,737	19,170	17,433
2,827	Walk in Customer Services	5	3,040	2,452	(588)
44,143			**46,646**	**59,140**	**12,494**
	Revenue from proposed services				
583	Community Facilities		556	613	57
1,669	Early learning centres	1	2,185	733	(1,452)
434	Strengthening Communities		460	434	(26)
211	Community Grants		340	214	(126)
15,527	Social Housing	3	16,623	14,853	(1,770)
30	Civil defence and Emergency Management	4	-	18,163	18,163
116	Walk in Customer Services	5	198	84	(114)
18,570			**20,362**	**35,094**	**14,732**
	Revenue by source				
16,646	*Fees and charges*		*18,305*	*15,874*	*(2,431)*
-	*Earthquake cost recoveries*		*-*	*18,163*	*18,163*
1,924	*Grants and subsidies*		*2,057*	*1,057*	*(1,000)*
18,570			***20,362***	***35,094***	***14,732***
25,573	**Net operational cost (funded by rates)**		**26,284**	**24,046**	**(2,238)**
-	Vested assets		-	-	-
25,573	**Net cost of services**		**26,284**	**24,046**	**(2,238)**
	Cost of capital expenditure				
4,360	Renewals and replacements		3,637	3,449	(188)
1,651	Improved service levels	6	2,952	-	(2,952)
-	Increased demand		21	21	-
6,011			**6,610**	**3,470**	**(3,140)**
	This capital expenditure is funded by				
1,266	Rates		637	189	(448)
1,651	Borrowing		2,973	21	(2,952)
3,094	Social Housing separate account		3,000	3,260	260
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
6,011			**6,610**	**3,470**	**(3,140)**

Rationale for activity funding (see also the Revenue and Financing Policy)

Housing expenditure is fully funded from Housing revenue and is not subsidised by rates.

User charges for services provided are collected at a level considered reasonable by the Council. For some services, making a user charge would counter Council's policy of providing open access to services. The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Expenditure and revenue has been reduced to reflect the closure of both the QEII and Tuam St Early learning centres during 2010/11 following the February earthquake, and there are no longer costs or revenue for this facility included in the Annual Plan.

2. The LTCCP incorporated a $1.5 million grants reduction in the Community Grants Activity. Some of the actual grants reduction was taken from Events and Festivals and Heritage activities. In addition, the Court Theatre capital grant has been deferred and removed from the 2011/12 Annual Plan.

3. Social Housing revenue has decreased by $0.4 million from uninhabitable housing units following the September earthquake and another $0.7 million following the February earthquake, and $0.5 million as the CGPI inflation increase was lower than forecast in the LTCCP. Social Housing expenditure has decreased due to maintenance contract savings and lower depreciation charges as well as a reduced maintenance programme to offset the reduction in revenue. Offsetting this there have been higher insurance premiums planned.

4. Civil Defence expenditure includes $18 million of welfare expenditure on the provision of temporary facilities such as portable/chemical toilets and individual septic tanks which is fully recoverable from the Ministry of Civil Defence. There is also reduced depreciation charges resulting from the delayed start in building the new Civil Defence Building.

5. Walk-in services budgets are reduced by $0.45 million in 2011/12 to reflect the true cost split between Walk-in services and Phone services, which are part of the Corporate Activity. The balance of the variance relates to the removal of the rubbish bag services which are no longer required due to the three bin service.

Explanation of capital variances from the LTCCP

6. The Colombo Street store site redevelopment has been deferred to allow for further planning of the site, and the expansion of the St Albans Resource Centre has been deferred due to earthquake damage that requires repair before any expansion can commence.

Grants Summary

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Rates-funded Discretionary Grants				
9,453	Strengthening Communities		10,737	9,432	(1,305)
809	Heritage		995	809	(186)
-	Grants reduction		(1,500)	-	1,500
652	Events		1,674	652	(1,022)
983	Specified recipient/time period grants		700	1,028	328
11,897	**Total Rates-funded Discretionary Grants**		**12,606**	**11,921**	**(685)**
	Canterbury Dvpt Corp / Christchurch & Canterbury Tourism				
3,424	Canterbury Development Corporation (CDC) base funding		3,525	3,526	1
350	CDC Special Projects		350	350	-
1,717	Christchurch & Canterbury Tourism (CCT) base funding		1,767	1,768	1
-	CCT Special Projects		-	-	-
5,491	**Canterbury Dvpt Corp / Christchurch & Canterbury Tourism**		**5,642**	**5,644**	**2**
	Statutory Grants				
5,697	Canterbury Museum Trust Board		6,061	6,096	35
268	Riccarton Bush Trust		276	276	-
5,965	**Total Statutory Grants**		**6,337**	**6,372**	**35**
23,353	**Total Rates-Funded Grants**		**24,585**	**23,937**	**(648)**
	Capital Endowment Fund Grants				
1,350	Iconic Events		900	1,350	450
200	One-off Events		200	200	-
500	CCT Special Projects		500	500	-
350	CCT Australia Campaign (2 years)		-	350	350
350	Canterbury Economic Dvpt Fund		350	350	-
150	CDC Special Projects		150	150	-
50	Unallocated Civic & Community		50	50	-
-	Unallocated advancing of Community capital projects		850	-	(850)
2,950	**Total Capital Endowment Fund Grants**		**3,000**	**2,950**	**(50)**
	Community Grants made on behalf of other organisations				
26	Disability/SPARC/Roadshow/Other		158	18	(140)
211	Creative NZ (Arts Council) Scheme		211	214	3
237	**Community Grants made on behalf of other organisations**		**369**	**232**	**(137)**
	Capital Grants				
500	Wigram Air Force Museum		500	500	-
600	Canterbury Museum Redevelopment		4,680	-	(4,680)
-	Court Theatre		2,000	0	(2,000)
285	QEII Sports House		-	-	-
2,000	Christchurch City Mission		-	-	-
82	Riccarton Bush Trust		75	70	(5)
3,467	**Total Capital Grants**		**7,255**	**570**	**(6,685)**
30,006	**TOTAL GRANT FUNDING**		**35,209**	**27,689**	**(7,520)**

Cultural and learning services

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
15,453	Art Gallery and Museums	1	20,740	15,590	(5,150)
29,990	Libraries	2	33,252	30,193	(3,059)
45,443			**53,992**	**45,783**	**(8,209)**
	Revenue from proposed services				
1,473	Art Gallery and Museums	3	1,734	1,324	(410)
1,895	Libraries	2	2,068	1,792	(276)
740	Capital Revenues	4	936	195	(741)
4,108			**4,738**	**3,311**	**(1,427)**
	Revenue by source				
3,704	*Fees and charges*		*4,321*	*2,732*	*(1,589)*
-	*Earthquake cost recoveries*		*-*	*305*	*305*
404	*Grants and subsidies*		*417*	*274*	*(143)*
4,108			***4,738***	***3,311***	***(1,427)***
41,335	**Net operational cost (funded by rates)**		**49,254**	**42,472**	**(6,782)**
-	Vested assets		-	-	-
41,335	**Net cost of services**		**49,254**	**42,472**	**(6,782)**
	Cost of capital expenditure				
6,586	Renewals and replacements		5,927	5,901	(26)
4,104	Improved service levels		1,522	757	(765)
273	Increased demand		502	207	(295)
10,963		5	**7,951**	**6,865**	**(1,086)**
	This capital expenditure is funded by				
6,586	Rates		5,927	5,901	(26)
3,637	Borrowing		1,074	769	(305)
-	Transfers from Reserves		14	-	(14)
740	Development Contributions		936	195	(741)
-	Grants, Subsidies and other		-	-	-
10,963			**7,951**	**6,865**	**(1,086)**

Rationale for activity funding (see also the Revenue and Financing Policy)

Due to the customer focus of this activity user charges are collected for services at a level considered reasonable by the Council and in line with Council's policy of open access to services.

Revenue is also sought from grants and subsidies where possible. The balance of the net operating cost is funded by general rates as the whole community benefits from these activities.

Development contributions are applied towards appropriate capital expenditure. The balance of capital expenditure is funded

Explanation of operational variances from the LTCCP

1. The Canterbury Museum redevelopment grant planned for 2011/12 has been moved to the 2012/13 financial year.

2. Libraries expenditure and revenue is lower due to the Central Library being closed to the public for at least the next year.

3. Art Gallery revenue has been reduced by $0.4 million as there is no fee paying exhibition planned in the 2011/12 year and external sponsorship targets have been reduced due to difficulties meeting these within the current economic and fundraising climate.

4. Development Contributions have been reduced to reflect the lower level of subdivisions being developed in the current market.

Explanation of capital variances from the LTCCP

5. Library monographs/Book purchases have been shifted from increased demand to renewals and replacements. In addition, the Libraries renewals programme has been reduced for the year in a review of requirements after the 22 February earthquake.

Democracy and governance

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
8,753	City Governance and Decision-making		9,132	8,922	(210)
2,557	Public Participation in Democratic Processes	1	1,512	1,907	395
11,310			**10,644**	**10,829**	**185**
	Revenue from proposed services				
223	Public Participation in Democratic Processes		-	-	-
223			**-**	**-**	**-**
	Revenue by source				
223	*Fees and charges*		-	-	-
-	*Grants and subsidies*		-	-	-
223			**-**	**-**	**-**
11,087	**Net operational cost (funded by rates)**		**10,644**	**10,829**	**185**
-	Vested assets		-	-	-
11,087	**Net cost of services**		**10,644**	**10,829**	**185**
	Cost of capital expenditure				
-	Renewals and replacements		-	-	-
-	Improved service levels		-	-	-
-	Increased demand		-	-	-
-			-	-	-
	This capital expenditure is funded by				
-	Rates		-	-	-
-	Borrowing		-	-	-
-	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
-			-	-	-

Rationale for activity funding (see also the Revenue and Financing Policy)

There are few opportunities for direct revenue from these activities. The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Variance relates to an adjustment to Communication costs allocated from the Corporate group of activities.

Explanation of capital variances from the LTCCP

There are no variances.

Economic development

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
964	Civic and International Relations		993	1,026	33
7,405	Regional Economic Development, Business Support and Employment Development	1	7,267	7,531	264
740	City promotions		857	784	(73)
9,109			**9,117**	**9,341**	**224**
	Revenue from proposed services				
30	Civic and International Relations		32	30	(2)
3	Regional Economic Development, Business Support and Employment Development		37	-	(37)
17	City promotions		18	17	(1)
50			**87**	**47**	**(40)**
	Revenue by source				
30	*Fees and charges*		*66*	*27*	*(39)*
20	*Grants and subsidies*		*21*	*20*	*(1)*
50			***87***	***47***	***(40)***
9,059	**Net operational cost (funded by rates)**		**9,030**	**9,294**	**264**
-	Vested assets		-	-	-
9,059	**Net cost of services**		**9,030**	**9,294**	**264**
	Cost of capital expenditure				
104	Renewals and replacements		107	160	53
-	Improved service levels		-	-	-
-	Increased demand		-	-	-
104			**107**	**160**	53
	This capital expenditure is funded by				
104	Rates	2	107	160	53
-	Borrowing		-	-	-
-	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
104			**107**	**160**	53

Rationale for activity funding (see also the Revenue and Financing Policy)

There are few opportunities for direct revenue from these activities.
Revenue is sought from fees, grants and subsidies where possible. The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. $0.35 million is included being the second year of the 'CCT Australia Campaign' Grant approved in the 2010/11 Annual Plan. Regional Economic Development Grants to CCT and CDC are slightly lower than forecast in the LTCCP as they are not inflation adjusted.

Explanation of capital variances from the LTCCP

2. The increase is for the purchase of events equipment which was previously budgeted under Recreation & Leisure.

Parks and open spaces

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
10,209	Neighbourhood Parks		12,068	11,937	(131)
8,577	Sports Parks		8,974	8,906	(68)
6,515	Garden and Heritage Parks		6,617	6,757	140
7,318	Regional Parks		7,555	8,051	496
1,576	Cemeteries		1,528	1,627	99
16,069	Waterways and Land Drainage		17,136	19,158	2,022
612	Harbours and Marine Structures		639	674	35
942	Rural Fire Fighting		983	959	(24)
51,818		1	**55,500**	**58,069**	**2,569**
	Revenue from proposed services				
119	Neighbourhood Parks	2	232	1,576	1,344
159	Sports Parks		107	173	66
229	Garden and Heritage Parks		277	299	22
562	Regional Parks		598	546	(52)
1,063	Cemeteries	3	1,127	839	(288)
9	Waterways and Land Drainage	4	17	3,509	3,492
158	Rural Fire Fighting		175	138	(37)
233	Harbours and Marine Structures		95	220	125
10,741	Capital revenues	5	12,621	13,273	652
13,273			**15,249**	**20,573**	**5,324**
	Revenue by source				
13,255	*Fees and charges*		*15,224*	*6,389*	*(8,835)*
-	*Earthquake cost recoveries*		*-*	*14,175*	*14,175*
18	*Grants and subsidies*		*25*	*9*	*(16)*
13,273			***15,249***	***20,573***	***5,324***
38,545	**Net operational cost (funded by rates)**		**40,251**	**37,496**	**(2,755)**
5,127	Vested assets		6,587	1,450	(5,137)
33,418	**Net cost of services**		**33,664**	**36,046**	**2,382**
	Cost of capital expenditure				
10,683	Renewals and replacements	6	12,056	4,620	(7,436)
-	Infrastructure Rebuild	7	-	23,300	23,300
4,709	Improved service levels	8	4,853	3,140	(1,713)
19,653	Increased demand	8, 9	20,485	11,825	(8,660)
35,045			**37,394**	**42,885**	**5,491**
	This capital expenditure is funded by				
10,683	Rates		12,056	4,620	(7,436)
13,621	Borrowing		12,717	24,992	12,275
-	Transfers from Reserves		-	-	-
10,741	Development Contributions		12,621	4,073	(8,548)
-	Infrastructure Rebuild Recoveries		-	9,200	9,200
-	Grants, Subsidies and other		-	-	-
35,045			**37,394**	**42,885**	**5,491**

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges for certain services, such as cemeteries and ground hire, are collected at levels considered reasonable by the Council. In many areas, such as providing access to open spaces, charging is not feasible.

Revenue from Grants and Subsidies are sought where possible. The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Depreciation has reduced by $2.3 million, while $5.0 million of earthquake related operational expense was added ($3.5 million Land Drainage and $1.5 million Parks).

2. Earthquake insurance and recoveries of $1.475 million have been added to the Parks budget.

3. Cemeteries revenue budgets have been reduced to reflect the lower number of burials.

4. Earthquake insurance and recoveries of $3.5 million have been added to the Land Drainage budget.

5. Development Contributions have been reduced to reflect the lower level of subdivisions being developed in the current market,

Explanation of capital variances from the LTCCP

6. The renewal programme across this group of activities has been reviewed in light of the damage inflicted by the 22 February earthquake. The programme has been reduced to remove works that are in the rebuild areas and are covered by the new Infrastructure Rebuild Programme.

7. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme across this group of activities.

8. The Botanic Gardens Entry Pavilion construction has been reprogrammed in light of delays caused by the recent earthquakes. In addition, development on new parks has been reduced in light of the post-earthquake programme.

9. Programmes for work in new parks and facilities and land drainage have been reduced in the earthquake damaged areas

Recreation and leisure

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
26,805	Recreation and Sports Services	1	30,618	20,027	(10,591)
8,588	Events and Festivals	2	7,950	9,873	1,923
35,393			**38,568**	**29,900**	**(8,668)**
	Revenue from proposed services				
11,737	Recreation and Sports Services	1	14,032	7,973	(6,059)
3,419	Events and Festivals	2	3,509	3,374	(135)
1,462	Capital revenues	3	1,836	381	(1,455)
16,618			**19,377**	**11,728**	**(7,649)**
	Revenue by source				
14,864	*Fees and charges*		*17,449*	*9,981*	*(7,468)*
1,754	*Grants and subsidies*		*1,928*	*1,747*	*(181)*
16,618			***19,377***	***11,728***	***(7,649)***
18,775	**Net operational cost (funded by rates)**		**19,191**	**18,172**	**(1,019)**
-	Vested assets		-	-	-
18,775	**Net cost of services**		**19,191**	**18,172**	**(1,019)**
	Cost of capital expenditure				
1,655	Renewals and replacements	4	2,656	1,890	(766)
3,277	Improved service levels	5	1,423	2,158	735
-	Increased demand	5	131	262	131
4,932	**Total capital expenditure**		**4,210**	**4,310**	**100**
	This capital expenditure is funded by				
1,655	Rates		2,656	1,890	(766)
1,815	Borrowing*		(282)	2,039	2,321
-	Transfers from Reserves		-	-	-
1,462	Development Contributions		1,836	381	(1,455)
-	Grants, Subsidies and other		-	-	-
4,932			**4,210**	**4,310**	**100**

Notes

* In those years when the collection of Development Contributions provides funds for capital expenditure in future years these funds are used to reduce Council's borrowing requirements (shown here as negative borrowing).

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges for these activities are collected at a level considered reasonable by Council and in line with Council's policy of promoting recreational and leisure activities. Revenue is also sought from Grants and Subsidies where they are available. The balance of the Net Cost of Services is funded by general rates as the whole community benefits from these activities.

Development contributions are applied towards appropriate capital expenditure. The balance of capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Both the QEII Park Recreation and Sport Centre and the Centennial Recreation and Sport Centre are closed to the public. There are no longer costs or revenue for these facilities included in the Annual Plan. In addition, the delay in resource consent and subsequent build of the Graham Condon Leisure Centre has seen operational expenditure and revenue pushed out, the timing change has resulted in one-off savings in 2011/12.

2. Events and Festivals have increased since the original LTCCP due to a one off cost in 2011/12 relating to the Rugby World Cup of $0.73 million; an increase of $0.45 million for Iconic events (funded from the Capital Endowment Fund); an increase to the Events and Festival fund of $0.26 million (to maintain existing programme), and minor increases to funding for other in-house events and festivals to maintain the existing programme.

3. Development Contributions have been reduced to reflect the lower level of subdivisions being developed in the current market.

Explanation of capital variances from the LTCCP

4. The renewal programme across this group of activities has been reviewed in light of the damage inflicted by the 22 February earthquake. The programme has been reduced to remove works in earthquake damaged facilities where these will be covered by the Facilities Rebuild programme.

5. The Graham Condon Leisure Centre has been reprogrammed following delays caused from a resource consent rejection. Ruapuna purchases have been incorporated into Strategic Land Acquisitions under the Corporate group of activities.

Refuse minimisation and disposal

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
6,808	Recyclable Materials Collection and Processing	1	6,938	7,375	437
14,251	Residual Waste Collection and Disposal	2	14,904	15,099	195
16,645	Organic Material Collection and Composting	3	18,832	16,303	(2,529)
902	Commercial and Industrial Waste Minimisation		832	729	(103)
38,606			**41,506**	**39,506**	**(2,000)**
	Revenue from proposed services				
312	Recyclable Materials Collection and Processing	1	381	1,172	791
2,593	Residual Waste Collection and Disposal	2,4	4,732	2,708	(2,024)
4,371	Organic Material Collection and Composting	4	3,575	4,671	1,096
-	Commercial and Industrial Waste Minimisation		-	-	-
7,276			**8,688**	**8,551**	**(137)**
	Revenue by source				
6,276	*Fees and charges*		*8,688*	*7,451*	*(1,237)*
1,000	*Grants and subsidies*		*-*	*1,100*	*1,100*
7,276			***8,688***	***8,551***	***(137)***
31,330	**Net operational cost (funded by rates)**		**32,818**	**30,955**	**(1,863)**
-	Vested assets		-	-	-
31,330	**Net cost of services**		**32,818**	**30,955**	**(1,863)**
	Cost of capital expenditure				
305	Renewals and replacements		363	806	443
-	Infrastructure Rebuild	5	-	6,900	6,900
741	Improved service levels		679	228	(451)
-	Increased demand		-	-	-
1,046			**1,042**	**7,934**	6,892
	This capital expenditure is funded by				
305	Rates		363	806	443
741	Borrowing		679	7,128	6,449
-	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
1,046			**1,042**	**7,934**	6,892

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges are collected for services considered reasonable by the Council to fulfil the objectives of the service and within the constraints of the market.

The net cost of Recyclable Materials Collection and Processing and Organic Material Collection and Processing is funded by a uniform targeted rate on serviced properties.
The balance of the net operating cost is funded by general rates, as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. The accounting treatment of the Materials Recovery Facility, not agreed at the time of completing the LTCCP, results in an additional $0.5 million of depreciation, with compensating additional income. Collection costs have reduced slightly.

2. Residual Waste volumes under the kerbside collection system have proven to be higher than was modelled in the LTCCP. This results in $0.8 million of additional disposal costs and $0.6 million less in revenue from central city bin bag sales. The additional disposal costs are offset by reduced depreciation at Burwood landfill of $0.6 million.

3. Depreciation from the Organics Plant was overestimated by $0.6 million in the LTCCP. Modelling of expected volumes of organic waste was also overestimated, resulting in a $1.7 million reduction in collection & processing costs. The remaining variance is due to movements in depreciation and debt servicing costs since the earthquake.

4. The Waste Minimisation Levy income of $1.4 million was included as part of the Residual Waste Activity in the LTCCP. This has been moved to the Organics Activity as the intent of the levy is to encourage a reduction in waste to landfill.

Explanation of capital variances from the LTCCP

5. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme across this group of activities.

Regulatory services

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
11,563	Enforcement and inspections	1	11,250	12,297	1,047
20,258	Regulatory approvals	2	18,470	22,308	3,838
31,821			**29,720**	**34,605**	**4,885**
	Revenue from proposed services				
9,844	Enforcement and inspection	3	10,158	6,945	(3,213)
16,081	Regulatory approvals	4	13,809	18,130	4,321
25,925			**23,967**	**25,075**	**1,108**
	Revenue by source				
25,925	*Fees and charges*		*23,967*	*25,075*	*1,108*
-	*Grants and subsidies*		-	-	-
25,925			***23,967***	***25,075***	***1,108***
5,896	**Net operational cost (funded by rates)**		**5,753**	**9,530**	**3,777**
-	Vested assets		-	-	-
5,896	**Net cost of services**		**5,753**	**9,530**	**3,777**
	Cost of capital expenditure				
10	Renewals and replacements		46	45	(1)
-	Improved service levels		-	-	-
-	Increased demand		-	-	-
10			**46**	**45**	(1)
	This capital expenditure is funded by				
10	Rates		46	45	(1)
-	Borrowing		-	-	-
-	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Grants, Subsidies and other		-	-	-
10			**46**	**45**	(1)

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges are collected for services considered reasonable by the Council and the costs of direct benefit activities are generally recovered in full.
The balance of the net operating cost is funded by general rates as the whole community benefits from these activities.

Capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Expenditure is up $1 million due to increases in staff and operational costs relating to cordon management, liquor licensing, health licensing and noise control.

2. Expenditure is $3.8 million higher due to increases in staff and operational costs mainly relating to consents and the new Earthquake unit - offset by increased revenue (note 4). There are also costs for the Royal Commission. The provision for weather tight home claims has been increased by $0.8 million. $0.4 million has been paid to Riskpool to enable it to meet its exposure to weathertight claims.

3. Lower revenue of $3.2 million mainly due to less parking infringement and court recoveries due to enforcement of large sections of the CBD not being possible following the earthquake.

4. Revenue is $4.3 million higher than the LTCCP which is mainly due to building consents, building inspections and the recovery through fees of the Earthquake Unit setup costs.

Explanation of capital variances from the LTCCP

There are no significant variances.

Streets and transport

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
78,155	Road Network	1	79,344	83,952	4,608
15,583	Active Travel	2	15,991	13,832	(2,159)
7,387	Parking	3	8,162	4,650	(3,512)
5,678	Public Transport Infrastructure	4	6,358	5,877	(481)
106,803			**109,855**	**108,311**	**(1,544)**
	Revenue from proposed services				
11,217	Road Network	5	14,005	20,805	6,800
310	Active Travel	6	190	512	322
11,522	Parking	7	12,294	3,041	(9,253)
1,567	Public Transport Infrastructure	8	1,624	257	(1,367)
14,825	Capital revenues	9	35,131	84,083	48,952
39,441			**63,244**	**108,698**	**45,454**
	Revenue by source				
18,235	*Fees and charges*		*19,922*	*8,411*	*(11,511)*
-	*Earthquake cost recoveries*		-	*88,785*	*88,785*
21,206	*Grants and subsidies*		*43,322*	*11,502*	*(31,820)*
39,441			***63,244***	***108,698***	***45,454***
67,362	**Net operational cost (funded by rates)**		**46,611**	**(387)**	**(46,998)**
6,616	Vested assets		7,089	1,650	(5,439)
60,746	**Net cost of services**		**39,522**	**(2,037)**	**(41,559)**
	Cost of capital expenditure				
43,076	Renewals and replacements	10	47,739	15,669	(32,070)
-	Infrastructure Rebuild	11	-	102,700	102,700
25,424	Improved service levels	12	43,487	9,834	(33,653)
7,120	Increased demand	13	17,524	5,800	(11,724)
75,620			**108,750**	**134,003**	**25,253**
	This capital expenditure is funded by				
43,076	Rates		47,739	15,669	(32,070)
17,719	Borrowing		25,880	34,251	8,371
-	Transfers from Reserves		-	-	
3,393	Development Contributions		4,237	901	(3,335)
-	Infrastructure Rebuild Recoveries		-	78,960	78,960
11,432	Grants, Subsidies and other		30,894	4,222	(26,673)
75,620			**108,750**	**134,003**	**25,253**

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges for certain services, such as parking fees, are collected at levels considered reasonable by the Council. Subsidies will be claimed from the New Zealand Transport Agency (NZTA) for both operational and capital expenditure to the maximum allowed. The balance of the net operating cost is funded by general rates, with a loading on the Business sector.

Development contributions are applied towards appropriate capital expenditure. The balance of capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Depreciation has reduced by $5.2 million and there has been a net reduction of $2.25 million in Road network planning and asset management costs. Road Safety programmes have moved to Active Travel. $13 million of earthquake-related operational expenditure has been added to the budget.

2. Depreciation has reduced by $1.3 million. Road Safety programmes have moved from Road Network, and there has been a net reduction of $1 million in Active Travel maintenance costs due to access issues following the earthquake.

3. Parking operational costs have reduced $0.2 million for On-Street, and $3.3 million for Off-Street due to the reduced level of parking facilities available following the earthquake.

4. Depreciation charges have increased by $1.2 million due to a 2010 revaluation, and Asset Planning and Management charges have increased by $0.2 million. The operating budget has been reduced by $1 million for the Shuttle Bus and $1 million for the Bus Exchange, both of which are not providing their budgeted service due to the earthquake.

5. $9.825 million of NZTA subsidy was added to the budget as subsidy on the earthquake operational budget. Offsetting this is a $2.4 million reduction in normal subsidies and rental income following the earthquake. Road Safety subsidies have been transferred to Active Travel.

6. NZTA subsidy has moved with the Road Safety programmes from Road Network.

7. On and Off Street Parking revenues were reduced by $1.3 million to reflect pre-earthquake income levels. Budgets set in the LTCCP were overstated. Since the earthquake, a further $8 million reduction has been made to reflect the vastly reduced parking spaces available for use.

8. NZTA Subsidy has been reduced by $0.5 million due to the non operation of the Bus Exchange. $0.8 million reflects the loss of commercial rental revenue for buildings and car parks on the New Bus Interchange site both before and after the earthquake.

9. This reflects a timing reduction of $30 million of NZTA subsidy in line with the timing change to the New Transport Interchange project, and the deferral of other capital projects following the earthquake. $79 million of NZTA Subsidy for earthquake roading capital projects is now included.

Explanation of capital variances from the LTCCP

10. The renewal programme across this group of activities has been reviewed in light of the damage inflicted by the 22 February earthquake. The programme has been reduced to remove works that are in the rebuild areas that are covered by the new Infrastructure Rebuild Programme. Reductions include $23.3m in kerb and channel renewals, $5.6m in carriageway resurfacing and smoothing, and $3.4m in footpath resurfacing.

11. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme across this group of activities.

12. The Main Road Three-Laning project has been brought forward to coincide with the construction of the Ferrymead Bridge. The Transport Interchange project has been reprogrammed pending the Central City Plan for rebuilding the CBD. Wigram Magdala Grade Separation has been extended by one year to coincide with the construction of the Southern Motorway, and the Moa Caving Fencing has been deferred from last year to coincide with the Moa Cave protection project.

12 & 13. Ferrymead Bridge has had additional budget added due to additional strengthening required, and complexities found during the design process. The Hayton Road extension has been removed from the programme. The Sumner bus priority has been reprogrammed to allow for construction of the Main Road Three-Laning project. The Central City, Hornby and New Brighton bus priority and Transport Interchange projects have been deferred pending the Central City Plan impact on the Public Transport programme. The Avonside/Fitzgerald project has been deferred for five years. Marshlands /Prestons and Deans/Riccarton/Riccarton intersection improvements have also been deferred pending review of requirements after the February Earthquake. Other reductions resulting fro the post earthquake review have been made in street lighting, cycleway improvements and neighbourhood improvements.

Wastewater collection and treatment

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
21,498	Wastewater collection	1,2,3	26,603	42,583	15,980
17,229	Wastewater treatment and disposal	1,4	18,107	17,726	(381)
38,727			**44,710**	**60,309**	**15,599**
	Revenue from proposed services				
22	Wastewater collection	2	23	21,043	21,020
4,056	Wastewater treatment and disposal	5	4,111	4,766	655
7,445	Capital revenues	6	9,326	137,370	128,044
11,523			**13,460**	**163,179**	**149,719**
	Revenue by source				
11,523	*Fees and charges*		*13,460*	*7,358*	*(6,102)*
-	*Earthquake cost recoveries*		-	*155,821*	*155,821*
-	*Grants and subsidies*		-	-	-
11,523			***13,460***	***163,179***	***149,719***
27,204	**Net operational cost (funded by rates)**		**31,250**	**(102,870)**	**(134,120)**
1,799	Vested assets		1,927	200	(1,727)
25,405	**Net cost of services**		**29,323**	**(103,070)**	**(132,393)**
	Cost of capital expenditure				
7,652	Renewals and replacements	7	8,435	4,679	(3,756)
-	Infrastructure Rebuild	8	-	136,400	136,400
37,693	Improved service levels	9	12,721	11,646	(1,075)
11,407	Increased demand	10	8,244	8,163	(81)
56,752			**29,400**	**160,888**	**131,488**
	This capital expenditure is funded by				
7,652	Rates		8,435	4,679	(3,756)
41,655	Borrowing		11,639	18,839	7,200
-	Transfers from Reserves		-	-	-
7,445	Development Contributions		9,326	2,570	(6,756)
-	Infrastructure Rebuild Recoveries		-	134,800	134,800
-	Grants, Subsidies and other		-	-	-
56,752			**29,400**	**160,888**	**131,488**

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges for certain services, such as trade waste, are collected at levels considered reasonable by the Council. The balance of the net operating cost is funded by a targeted rate on serviced properties based on capital value.

Development contributions are applied towards appropriate capital expenditure. The balance of capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Depreciation has reduced by $4.5 million in total, $4.4million in Wastewater Collection & $0.1 million in Wastewater Treatment.

2. Additional earthquake-related maintenance and operating costs of $22 million are planned, of which $21 million is recoverable and included in revenue.

3. Underlying BAU maintenance costs associated with Wastewater Collection are $1 million less than in the LTCCP due to a new contractual agreement with City Care Limited.

4. Various efficiencies and process changes within the Christchurch Wastewater Treatment Plant have reduced operating costs by $0.3 million.

5. Trade waste revenues have increased by $0.7 million due to better monitoring and compliance by trade waste producers.

6. Development Contributions are reduced by $6.2 million. The remainder of the variance relates to recoveries for additional earthquake-related capital expenditure.

Explanation of capital variances from the LTCCP

7. The renewal programme across this group of activities has been reviewed in light of the damage inflicted by the 22 February earthquake. The programme has been reduced to remove works that are in the rebuild areas that are covered by the new Infrastructure Rebuild Programme. Changes include wastewater reticulation and mains renewals.

8. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme across this group of activities.

9. Akaroa Wastewater Treatment Plant improvements have been deferred for two years to resolve funding for the land purchase component. The Aeration Expansion project for the Christchurch Wastewater Treatment Plant has been deferred until earthquake repairs are completed

10. The Pump Station 60 upgrade has been deferred by one year. Offsetting this, the Wigram Pressure Main Extension has been advanced from 2012/13 to re-align with planned completion of the Western Interceptor.

Water supply

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
24,459	Water supply	1,2	25,045	25,982	937
180	Water conservation		162	130	(32)
24,639			**25,207**	**26,112**	**905**
	Revenue from proposed services				
3,024	Water supply	3	3,153	2,658	(495)
-	Water conservation		-	-	-
3,187	Capital revenues	4	3,840	15,856	12,016
6,211			**6,993**	**18,514**	**11,521**
	Revenue by source				
6,211	*Fees and charges*		*6,993*	*4,314*	*(2,679)*
-	*Earthquake cost recoveries*		-	*14,200*	*14,200*
-	*Grants and subsidies*		-	-	-
6,211			***6,993***	***18,514***	***11,521***
18,428	**Net operational cost (funded by rates)**		**18,214**	**7,598**	**(10,616)**
1,462	Vested assets		1,567	200	(1,367)
16,966	**Net cost of services**		**16,647**	**7,398**	**(9,249)**
	Cost of capital expenditure				
9,221	Renewals and replacements	5	7,035	1,807	(5,228)
-	Infrastructure Rebuild	6	-	14,200	14,200
1,928	Improved service levels		2,055	2,013	(42)
2,614	Increased demand		5,085	5,071	(14)
13,763			**14,175**	**23,091**	**8,916**
	This capital expenditure is funded by				
9,221	Rates		7,035	1,807	(5,228)
1,355	Borrowing		3,300	5,428	2,128
-	Transfers from Reserves		-	-	-
2,410	Development Contributions		3,021	879	(2,142)
-	Infrastructure Rebuild Recoveries		-	14,200	14,200
777	Grants, Subsidies and other		819	777	(42)
13,763			**14,175**	**23,091**	**8,916**

Rationale for activity funding (see also the Revenue and Financing Policy)

User charges (technically classified as a rate) are made for excess water supplied at the average cost of water. The balance of the net operating cost is funded by a targeted rate on serviced properties based on capital value.

Development contributions are applied towards appropriate capital expenditure. The balance of capital expenditure is funded corporately in accordance with the Revenue and Financing Policy.

Explanation of operational variances from the LTCCP

1. Depreciation has increased by $1.1 million due to revaluation of Water Supply assets in 2010.

2. Costs associated with Water Supply Asset Mgmt and Planning have reduced by $0.2 million reflecting current results.

3. The premises of a number of excess water consumers are not accessible due to earthquake damage, and revenue will drop

4. Development Contributions have been reduced by $2 million. $14 million of capital revenues are the result of earthquake related recoveries on additional earthquake related capital expenditure.

Explanation of capital variances from the LTCCP

5. The Palmers Road Pump Station renewal project has been removed as the pump station was destroyed by the earthquake, and is being rebuilt under insurance. The renewal programme across this group of activities has also been reviewed in light of the damage inflicted by the 22 February earthquake. The programme has been reduced to remove works that are in the rebuild areas that are covered by the new Infrastructure Rebuild Programme.

6. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme across this group of activities.

Corporate activities

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Cost of proposed services				
18,409	Interest - Onlending and equity investments		16,921	16,755	(165)
5,807	Internal service providers	1	4,245	6,956	2,711
2,136	Property costs and other expenses		3,072	(282)	(3,355)
26,352			**24,238**	**23,429**	**(809)**
	Revenue from proposed services				
47,893	Dividends	2	49,048	34,285	(14,763)
14,563	Interest from onlending	3	12,515	10,668	(1,847)
8,586	General and special fund interest	4	11,016	10,107	(909)
5,807	Internal service providers	1	4,245	6,956	2,711
4,198	Other income	5	4,429	55,068	50,639
3,876	Subvention receipts (income tax)		3,715	5,199	1,484
84,923			**84,968**	**122,283**	**37,315**
	Revenue by source				
81,105	*Fees and charges*		*82,412*	*65,099*	*(17,313)*
-	*Earthquake cost recoveries*		-	*52,210*	*52,210*
3,818	*Grants and subsidies*		*2,556*	*4,974*	*2,418*
84,923			***84,968***	***122,283***	***37,315***
(58,571)	**Net operational cost (funded by rates)**		**(60,730)**	**(98,854)**	**(38,124)**
-	Vested assets		-	-	-
(58,571)	**Net cost of services**		**(60,730)**	**(98,854)**	**(38,124)**
	Cost of capital expenditure				
8,504	Renewals and replacements	6	7,644	5,114	(2,530)
-	Infrastructure Rebuild	7	-	59,500	59,500
26,804	Improved service levels	8	16,743	36,347	19,604
3,488	Increased demand	9	292	(3,702)	(3,994)
38,796			**24,679**	**97,259**	**72,580**
	This capital expenditure is funded by				
8,504	Rates		7,644	54,278	46,634
25,889	Borrowing*		11,261	(10,369)	(21,630)
4,403	Sale of Assets		5,774	1,140	(4,634)
	Transfers from Reserves		-	-	-
-	Development Contributions		-	-	-
-	Infrastructure Rebuild Recoveries		-	52,210	52,210
	Grants, Subsidies and other		-	-	-
38,796			**24,679**	**97,259**	**72,580**

Notes

* In those years where other sources of funding exceed the amount needed to fund capital expenditure that excess is used to reduce corporate borrowing (shown here as negative borrowing).

Explanation of operational variances from the LTCCP

1. There are more Internal Services in existence now than at the time of the LTCCP resulting in higher gross turnover (net nil).

2. The CCHL dividend is revised down by $14 million from that stated in the LTCCP due to the earthquake.

3. Reduction due to the conversion of Vbase debt to equity.

4. Reflects lower interest rates than those at the time of the LTCCP.

5. Includes $52.2 million of earthquake cost recoveries relating to the rebuild.

Explanation of capital variances from the LTCCP

6. $1.1 million of IM&CT Renewals were converted to operational expenditure following implementation of the Data Centre.

7. Staff have made an assessment of the cash flow for the rebuild based on the current estimate and likely programme for restoring Council facilities.

8. Includes a net $20 million of projects expected to be completed that were planned for 2010/11 and delayed due to the earthquake. A new investment of $2.5 million in an agency to secure Local Government funding has been added, as has $9 million Vbase equity. Offsetting this is $6.4 million for the Convention Centre expansion which has been deferred.

9. Credit is the net impact of strategic land purchases less land reallocated to other activities.

Christchurch City Council
Income Statement

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	REVENUE				
269,357	Rates revenue		283,461	288,534	5,073
226,733	Other revenue	1	259,202	513,876	254,674
496,090	**Total operating income**		**542,663**	**802,410**	**259,747**
	EXPENDITURE				
21,678	Finance costs		27,485	26,555	(930)
116,243	Depreciation and amortisation		128,594	100,467	(28,127)
346,250	Other expenses	2	353,220	405,678	52,458
484,171	**Total operating expenditure**		**509,299**	**532,700**	**23,401**
11,919	**Surplus before asset contributions**		**33,364**	**269,710**	**236,346**
15,004	Vested assets		17,170	3,500	(13,670)
26,923	**Surplus before income tax expense**		**50,534**	**273,210**	**222,676**
(3,876)	Income tax expense		(3,715)	(5,199)	(1,484)
30,799	**Surplus for the period**		**54,249**	**278,409**	**224,160**
30,799	**Net surplus for year**		**54,249**	**278,409**	**224,160**
	Other Comprehensive Income				
47,000	Changes in Revaluation Reserve		162,491	-	(162,491)
77,799	**Total Comprehensive Income**		**216,740**	**278,409**	**61,669**

Christchurch City Council
Balance Sheet

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	Current assets				
57,538	Cash and cash equivalents		47,653	50,157	2,504
39,011	Trade and other receivables	3	47,035	93,248	46,213
1,407	Inventories		1,374	1,470	96
59,128	Other financial assets		67,350	114,134	46,784
	Non-current assets				
1,823,797	Investments	4	1,793,200	1,648,169	(145,031)
13,354	Intangible assets		14,145	12,051	(2,094)
1,103,577	Operational assets		1,215,681	1,035,746	(179,935)
3,507,288	Infrastructural assets		3,648,662	2,832,667	(815,995)
807,784	Restricted assets		858,071	730,086	(127,985)
7,412,884	**TOTAL ASSETS**		**7,693,171**	**6,517,728**	**(1,175,443)**
	Current liabilities	5			
68,898	Trade and other payables		64,397	74,144	9,747
121,090	Borrowings		14,232	52,601	38,369
12,107	Provisions		13,539	13,206	(333)
	Non-current liabilities				
271,908	Borrowings		439,490	420,543	(18,947)
35,257	Provisions	6	17,100	44,750	27,650
2,116	Deferred tax liability		1,653	3,382	1,729
6,901,508	**Equity**	7,8	7,142,760	5,909,105	(1,233,655)
7,412,884	**TOTAL EQUITY AND LIABILITIES**		**7,693,171**	**6,517,731**	**(1,175,440)**

Christchurch City Council
Statement of Change in Equity

2010/11 Plan $000		Note	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
6,823,709	**EQUITY AT JULY 1**		6,926,020	5,630,696	(1,295,324)
	Net surplus attributable to:				
	Reserves				
47,000	Revaluation reserve	7	162,491	-	(162,491)
	Retained earnings				
30,799	Surplus		54,249	278,409	224,160
77,799	Total comprehensive income for the year		216,740	278,409	61,669
6,901,508	**EQUITY AT JUNE 30**	8	**7,142,760**	**5,909,105**	**(1,233,655)**

Christchurch City Council
Cash Flow Statement

2010/11 Plan $000		2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
	OPERATING ACTIVITIES			
	Cash was provided from:			
428,714	Rates, grants, subsidies, and other sources	472,447	752,339	279,892
23,150	Interest received	23,531	20,775	(2,756)
47,893	Dividends	49,048	34,285	(14,763)
499,757		545,026	807,399	262,373
	Cash was disbursed to:			
346,580	Payments to suppliers and employees	351,479	405,938	54,459
21,678	Interest paid	27,485	26,556	(929)
368,258		378,964	432,494	53,530
131,499	**NET CASH FLOW FROM OPERATIONS**	**166,062**	**374,905**	**208,843**
	INVESTING ACTIVITIES			
	Cash was provided from:			
4,403	Sale of assets	5,774	1,140	(4,634)
1,700	Investments realised	5,085	-	(5,085)
6,103		10,859	1,140	(9,719)
	Cash was applied to:			
234,937	Purchase of assets	220,315	469,783	249,468
10,693	Purchase of investments	16,479	10,500	(5,979)
4,398	Purchase of investments (special funds)	7,336	21,967	14,631
250,028		244,130	502,250	258,120
(243,925)	**NET CASH FLOW FROM INVESTING ACTIVITIES**	**(233,271)**	**(501,110)**	**(267,839)**

2010/11 Plan $000's		Plan 2011/12 $000's	2010/11 Plan $000's	Variance To LTCCP
	FINANCING ACTIVITIES			
	Cash was provided from:			
114,895	Raising of loans	78,899	111,620	32,721
114,895		78,899	111,620	32,721
	Cash was applied to:			
2,469	Repayment of term liabilities	10,670	3,233	(7,437)
2,469		10,670	3,233	(7,437)
112,426	**NET CASH FLOW FROM FINANCING ACTIVITIES**	**68,229**	**108,387**	**40,158**
-	Increase/(decrease) in cash	1,020	(17,818)	(18,838)
57,538	Add opening cash	46,633	67,975	21,342
57,538	**ENDING CASH BALANCE**	**47,653**	**50,157**	**2,504**
	Represented by:			
57,538	Cash and cash equivalents	47,653	50,157	2,504

NOTES TO THE FINANCIAL STATEMENTS

2010/11 Plan $000		2011/12 LTCCP $000's	2011/12 Plan $000	Variance To LTCCP
	NOTE 1			
	Other revenue			
	Fees and charges, including:			
1,800	Rate penalties	1,538	2,000	462
97,556	Other income	102,782	338,351	235,569
99,356	Total fees, charges and penalties	104,320	340,351	236,031
26,191	Development contributions	31,978	9,000	(22,978)
30,144	Grants and subsidies	50,325	109,465	59,140
-	Contribution from subsidiaries	26,783	- *	(26,783)
	Interest:			
14,563	Subsidiaries	12,515	10,668	(1,847)
6,595	Special and other fund investments	8,194	7,513	(681)
1,991	Short term investments	2,822	2,594	(228)
23,149	Total interest revenue	23,531	20,775	(2,756)
	Dividends:			
46,035	Christchurch City Holdings Ltd	19,253	32,035 *	12,782
1,798	Transwaste Ltd	2,962	2,250	(712)
60	NZ Local Government Insurance Corporation	50	-	(50)
47,893	Total dividend revenue	22,265	34,285	12,020
226,733	**Total other revenue**	**259,202**	**513,876**	**254,674**
	* Revenue reclassified			
	NOTE 2			
	Other expenses			
	Operating expenditure:			
133,138	Personnel costs	132,887	133,341	454
30,090	Donations, grants and levies	35,208	27,456	(7,752)
183,022	Other operating costs	185,125	244,881	59,756
346,250	**Total other expenses**	**353,220**	**405,678**	**52,458**
	NOTE 3			
	Current assets			
	Trade and other receivables			
10,447	Rates debtors	9,272	11,762	2,490
12,285	Other trade debtors	11,426	56,866	45,440
571	Amount owing by subsidiaries	269	2,132	1,863
15,664	Other receivables/prepayments	13,633	19,663	6,030
-	Dividends receivable	6,512	-	(6,512)
1,482	GST receivable	6,877	3,987	(2,890)
40,449		47,989	94,410	46,421
(1,438)	Less provision for doubtful debts	(954)	(1,162)	(208)

39,011	**Total receivables and prepayments**	**47,035**	**93,248**	**46,213**
	NOTE 4			
	Investments			
1,557,406	Shares in controlled entities	1,540,132	1,513,663	(26,469)
178,430	Advances to subsidiaries and other entities	158,578	93,199	(65,379)
87,961	Other investments	94,490	41,307	(53,183)
1,823,797	**Total investments**	**1,793,200**	**1,648,169**	**(145,031)**
	NOTE 5			
	Current liabilities			
64,508	Trade creditors	58,112	66,272	8,160
4,390	Owing to subsidiaries	6,285	7,872	1,587
68,898		64,397	74,144	9,747
121,090	Current portion of gross debt	14,232	52,601	38,369
611	Provision for landfill aftercare	548	550	2
11,496	Provision for employee entitlements	12,991	12,656	(335)
12,107		13,539	13,206	(333)
202,095	**Total current liabilities**	**92,168**	**139,951**	**47,783**
	NOTE 6			
	Non-current provisions			
12,286	Provision for landfill aftercare	10,063	12,286	2,223
6,309	Provision for employee entitlements	7,037	6,309	(728)
3,018	Provision for weathertight homes		12,511	12,511
3,860	Provision for hedge liability		3,860	3,860
9,784	Provision for service concession arrangement		9,784	9,784
35,257	**Total non-current provisions**	**17,100**	**44,750**	**27,650**
	NOTE 7			
	In the LTCCP, revaluation reserve movements were not correctly phased. In 2011/12 stormwater assets, heritage assets and park improvements are being revalued.			
	NOTE 8			
	Equity			
1,733,853	Capital reserve	1,733,853	1,733,853	-
147,089	Reserve funds	161,840	155,441	(6,399)
3,002,513	Asset revaluation reserves	3,293,648	2,989,304	(304,344)
2,018,053	Retained earnings	1,953,419	1,030,507	(922,912)
6,901,508	**Total equity**	**7,142,760**	**5,909,105**	**(1,233,655)**

Capital Endowment Fund

In April 2001, Council set up a Capital Endowment Fund of $75M. This fund was established using a share of the proceeds from the sale of Orion's investment in a gas company. The Fund provides an ongoing income stream which can be applied to economic development and civic and community projects.

Current Council resolutions in respect of the fund are;

1. that the income from the fund be allocated each year in the following way:
   Economic Development 70%
   Civic and Community 30%
   the above general categories be reviewed on a three yearly cycle, the next review aligning with the 2012/22 LTCCP, or if the interest earned from the fund changes significantly (increase or decrease) within the next three years,
2. that if desired, funding for a particular category be carried forward to another year,
3. that no single project be funded for more than three years, except in exceptional circumstances,
4. that the capital of the fund will not be used unless 80% of councillors vote in favour,
5. funds are managed in accordance with Council's Investment Policy.
6. With regards the Civic and Community portion;
   projects implement a strong community strategic plan,
   projects are of city-wide benefit,
   priority is given to new community facilities,
   projects only more than $50k will be considered.
   $850k committed annually for advancement of capital projects which meet the criteria and the balance of the fund being available for individual projects or grants.

2010/11 Plan $000	Capital Endowment Fund Movements	2011/12 LTCCP $000	2011/12 Plan $000	Variance To LTCCP
94,356	Inflation Adjusted Capital	99,010	96,736	(2,274)
2,235	Unallocated Funds carried forward	(1,087)	2,136	3,223
96,591	**Total Projected Opening Balance 1 July**	**97,923**	**98,872**	**949**
5,312	Plus Net Interest Earnings	5,679	5,537	(142)
(2,950)	Less Drawdowns for Projects (Funding Allocations)	(3,000)	(3,850)	(850)
98,953	**Projected Closing Balance 30 June**	**100,602**	**100,559**	**(43)**

Capital Endowment Fund - Funding Allocations

2010/11 Plan $000's		2011/12 LTCCP $000's	2011/12 Plan $000's	Variance To LTCCP
2,482	**Estimated total available income from Fund after inflation protection**	3,006	2,635	(371)
	Economic Development 70%			
1,737	Net income available for allocation	2,104	1,844	(260)
513	Project funds carried forward from previous year	(801)	12	813
	Allocation :			
	Economic development initiatives:			
(150)	CDC special projects	(150)	(150)	-
(350)	Canterbury Economic Development Fund	(350)	(350)	-
(500)	CCT special projects	(500)	(500)	-
(350)	Australia Campaign (2 years)	-	(350)	(350)
	Iconic events:			
(1,350)	Iconic Events	(900)	(900)	-
	Contributions to one off events (exhibitions, concerts, and sporting):			
(75)	Australasian Police and Emergency Services Games		-	-
(125)	Events (unallocated)	(200)	(200)	-
(650)	**(over)/under allocated for Economic Development Projects**	**(797)**	**(594)**	**203**
	Civic and Community 30%			
745	Net income available for allocation	902	790	(112)
1,712	Project funds carried forward from previous year	(286)	2,124	2,410
	Allocation :			
	Major event funding		(1,350)	(1,350)
(50)	Civic and Community Grants	(50)	(50)	-
-	Unallocated advancing of Community Capital Projects	(850)	-	850
2,407	**(over)/underallocated for Civic and Community Projects**	**(284)**	**1,514**	**1,798**