

# **CHRISTCHURCH CITY COUNCIL AGENDA ATTACHMENTS**

**THURSDAY 23 AUGUST 2012**

**9.30AM**

**COUNCIL CHAMBER, CIVIC OFFICES,  
53 HEREFORD STREET**

# AGENDA – OPEN (ATTACHMENTS)



## CHRISTCHURCH CITY COUNCIL

**Thursday 23 August 2012 at 9.30am  
in the Council Chamber, Civic Offices, 53 Hereford Street**

**Council:** The Mayor, Bob Parker (Chairperson).  
Councillors Peter Beck, Helen Broughton, Sally Buck, Ngaire Button, Tim Carter, Jimmy Chen, Barry Corbett, Jamie Gough, Yani Johanson, Aaron Keown, Glenn Livingstone, Claudia Reid and Sue Wells.

### ITEM NO DESCRIPTION

**8. REPORT OF THE CORPORATE AND FINANCIAL COMMITTEE:  
MEETING OF 3 AUGUST 2012**

- Clause 1 – Appendix 1
- Clause 1 – Appendix 2
- Clause 1 – Appendix 3
- Clause 1 – Appendix 4
- Clause 2 – Appendix 1
- Clause 2 – Appendix 2
- Clause 3 – Attachment 1
- Clause 3 – Attachment 2
- Clause 3 – Attachment 3
- Clause 3 – Attachment 4
- Clause 3 – Attachment 5
- Clause 3 – Attachment 6
- Clause 3 – Attachment 7
- Clause 3 – Attachment 8
- Clause 4 – Attachment 1
- Clause 4 – Attachment 2
- Clause 4 – Attachment 3
- Clause 4 – Attachment 4
- Clause 4 – Attachment 5
- Clause 5 – Attachment 5
- Clause 5 – Attachment 5.1
- Clause 7 – Attachment 1

**Appendix 1: Council net cost and 2011/12 forecast update as at 31 May 2012**

	Actual month (\$m)			2011/12 net cost forecast		
	Cost	Recovery	Net	Current	Last	Change
<b>Infrastructure Rebuild</b>						
Roading	6.1	4.5	1.5	26.0	26.4	(.4)
Sewer	59.5	59.5	.0	-	-	-
Water	13.8	13.8	.0	(.0)	-	(.0)
Stormwater	2.1	1.5	.6	1.6	1.6	-
SCIRT setup and overhead costs unallocated						
1	(53.8)	(43.0)	(10.8)	-	-	-
<b>Total</b>						
2	27.7	36.3	(8.6)	27.5	28.0	(.4)
<b>Other Assets and Insured Costs:</b>						
Buildings and Facilities	.9	.2	.7	9.1	9.1	-
Sewer above-ground assets	4.2	3.8	.5	13.5	14.4	(.9)
Water above-ground assets	6.0	6.2	(.2)	.1	-	.1
Stormwater above-ground assets	.0	.0	.0	-	-	-
Park Facilities	-	-	-	-	-	-
Council Buildings / Infrastructure improvement allowance	-	-	-	-	-	-
Uninsured Assets (Parks, Stormwater)	.1	.0	.0	6.4	5.4	.9
Insurance Excesses	-	-	-	-	-	-
<b>Total</b>	11.2	10.2	1.0	29.0	28.9	.1
<b>Emergency &amp; Response Costs:</b>						
Roading Emergency Work	1.2	.9	.3	6.3	6.4	(.1)
Welfare and other Emergency Work						
3	(1.7)	(1.7)	(.0)	2.6	3.0	(.4)
Other Response Costs						
4	5.6	1.2	4.4	9.4	5.8	3.6
Roading Temp Maintenance Works	.1	.1	(.0)	4.1	4.2	(.1)
Non-Roading Temp Maintenance Works						
5	(6.1)	(5.8)	(.3)	27.2	30.2	(3.1)
Demolition Costs	.0	(.0)	.0	.1	.1	.0
Rockfall	1.3	.7	.6	8.2	8.7	(.5)
Increased Costs of Working	.1	.1	(.0)	(7.9)	(7.9)	(.0)
Staff/Other internal costs charged to Emerg/Resp	.4	-	.4	8.7	8.2	.5
Less costs budgeted in Council activities	(.3)	-	(.3)	(5.5)	(5.1)	(.4)
<b>Total</b>	.7	(4.5)	5.2	53.2	53.5	(.3)
<b>Grand Total</b>	39.6	42.0	(2.4)	109.7	110.4	(.6)

**Notes:**

- 1) Reflects a \$78.7 million allocation of SCIRT costs across the infrastructure areas, partially offset by \$24.9 million of further SCIRT costs incurred in May.
- 2) Accrued recoveries exceed costs for the month due to the allocation of SCIRT costs. This has resulted in a more accurate estimate of accrued recoveries.
- 3) Reduction due to Wastewater below ground costs transferred to capital.
- 4) Majority of the month's expenditure is ongoing Wastewater below ground response costs. The \$4.4 million increase in net cost to Council includes a \$2.3 million adjustment to the accrued recoveries in the EOC area, which were previously overstated.
- 5) Reduction due to Wastewater below ground costs relating to Lateral, CCTV and pipe works transferred to capital.



**Appendix 3: Life forecast**

Life forecast (\$m)							
Cost	Recoveries					Balance	
	LAPP (F)	LAPP (I)	DIA/CERA	NZTA	Other	Council	
<b>Infrastructure Rebuild</b>							
NZTA-subsidised roading (excl State Highways)	842.4	-	-	-	699.2	-	143.2
Non-subsidised roading (excl State Highways)	164.3	-	-	-	-	-	164.3
Sewer	694.0	-	277.6	416.4	-	-	-
Water	140.1	-	56.0	84.1	-	-	-
Stormwater	66.5	-	26.6	39.9	-	-	-
LAPP liability limitation	-	-	(196.2)	-	-	-	196.2
SCIRT setup and overhead costs unallocated	-	-	-	-	-	-	-
<b>Total</b>	<b>1,907.3</b>	<b>-</b>	<b>164.1</b>	<b>540.4</b>	<b>699.2</b>	<b>-</b>	<b>503.7</b>
<b>Other Assets and Insured Costs:</b>							
Buildings and Facilities	463.4	452.8	-	-	-	-	10.6
Sewer above-ground assets	103.1	103.1	-	-	-	-	-
Water above-ground assets	26.6	26.6	-	-	-	-	-
Stormwater above-ground assets	.9	.9	-	-	-	-	-
Park Facilities	4.0	4.0	-	-	-	-	-
Council Buildings / Infrastructure improvement allowance	175.0	-	-	-	-	-	175.0
Uninsured Assets (Parks, Stormwater)	87.2	-	-	-	-	8.0	79.2
Insurance Excesses	23.9	-	-	-	-	-	23.9
<b>Total</b>	<b>884.1</b>	<b>587.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.0</b>	<b>288.8</b>
<b>Emergency &amp; Response Costs:</b>							
Roading Emergency Work	87.8	-	2.2	3.3	63.9	.0	18.3
Welfare and other Emergency Work	73.9	-	13.2	55.0	-	.0	5.8
Other Response Costs	51.4	22.4	-	11.8	-	3.2	14.0
Roading Temp Maintenance Works	65.0	-	.0	-	41.0	.0	24.0
Non-Roading Temp Maintenance Works	220.4	-	28.7	125.4	-	11.4	54.9
Demolition Costs	10.5	-	-	5.9	-	.1	4.5
Rockfall	55.0	-	-	-	1.2	-	53.8
Increased Costs of Working	6.0	3.0	-	-	-	-	3.0
Staff/Other internal costs charged to Emerg/Resp	11.7	-	-	-	-	-	11.7
Less costs budgeted in Council activities	-	-	-	-	-	-	-
<b>Total</b>	<b>581.6</b>	<b>25.4</b>	<b>44.2</b>	<b>201.3</b>	<b>106.1</b>	<b>14.7</b>	<b>190.0</b>
<b>Grand Total</b>	<b>3,373.1</b>	<b>612.8</b>	<b>208.2</b>	<b>741.7</b>	<b>805.3</b>	<b>22.7</b>	<b>982.4</b>

This table shows the same information as presented in the 2012/13 Draft Annual Plan (p42), with an expanded view of the forecast recoveries.

**Appendix 4: Recoveries Summary**

<b>Monthly recoveries summary report as at 31/05/2012</b>							
<b>\$(m) All Figures are GST Exclusive</b>							
	<b>Total</b>	<b>Crown</b>	<b>NZTA</b>	<b>LAPP (I)</b>	<b>LAPP (F)</b>	<b>Other</b>	<b>Notes</b>
<b>Rebuild</b>							
Cost incurred to date	<b>315.7</b>						
Recoveries accrued	259.5	110.3	54.7	69.1	25.4	0.0	
Recoveries received	67.5	24.3	38.2	0.0	5.0	0.0	
Recoveries claimed but unpaid	0.0	0.0	0.0	0.0	0.0	0.0	
Balance unclaimed to date	192.0	86.0	16.5	69.1	20.4	0.0	
<b>Significantly Damaged Buildings (No rebuild cost incurred but indemnity recovery claimed)</b>							
Recoveries accrued	53.6	0.0	0.0	0.0	47.4	6.3	Overcap properties claim from EQC (\$6.3m)
Recoveries received	55.8	0.0	0.0	0.0	34.9	20.9	
Recoveries claimed but unpaid	12.5	0.0	0.0	0.0	12.5	0.0	
Balance unclaimed to date	-14.7	0.0	0.0	0.0	0.0	-14.7 *	to be recognised
<b>Emergency and Response</b>							
Cost incurred to date	<b>483.0</b>						
Recoveries accrued	341.3	179.1	91.9	44.3	20.4	5.5	
Recoveries received	220.6	115.0	88.8	14.1	0.1	2.6	
Recoveries claimed but unpaid	75.9	72.8	0.0	3.1	0.0	0.0	
Balance unclaimed to date	44.8	-8.7 (1)	3.1	27.1	20.3	2.9 (2)	(1) Demolitions accrued at 60% but claimed at 100% (2) Ferrymead Bridge contract works cover bal and EQC
<b>Increased Costs of Working</b>							
Cost incurred to date	<b>3.1</b>						Excluding Office Accom due to Civic Building net rebate
Claims to be lodged (estimate)	2.8				2.8		

## APPENDIX 1:

Christchurch City Council Treasury Management Report for period to

30 June 2012

Key Performance Measures			
	Policy Limits	Actual 2011/12 period ended 30 June 2012	
<b>INVESTMENT POLICY</b>			
<b>Counterpart Credit Risk Limits (see attachment for split per bank)</b>			
<b>Max Investment per counterparty</b>			
NZ Govt	unlimited		
NZD Registered Supernationals	\$70 m		
SOEs	\$20 m		
NZ Registered Bank (A- / A2)	\$100 m		
NZ Registered Bank (Govt guaranteed)	Up to guarantee maximum		Within Limits [see (a) & (c)]
Corp Bonds/CP	\$10 m		
Local Govt Stock/Bonds/FRN/CP	\$40 m A-/A2 rated \$25 m unrated		
<b>Interest rate risk mgmt instrument max per counterparty</b>			
<b>Counterparty Credit Risk Limits</b>			
NZ Registered Bank (per bank) - Min long-term/short-term credit rating	A-/A2		Within Limits [see (b) & (c)]
- Interest rate risk mgmt instrument max	\$150m		
<b>LIABILITY MANAGEMENT POLICY</b>			
<b>Liquidity &amp; funding risk management</b>			
0-3 years <sup>1 &amp; 2</sup>	10 - 60%	63%	Outside limits
3-5 years	20 - 60%	22%	Within limits
5 years plus <sup>2</sup>	15 - 60%	15%	Within limits
<sup>1</sup> CBA \$100m facility is a two year facility but draw downs roll every 60 to 90 days.			
<sup>2</sup> Short term debt facilities have been established to accommodate timing differences between payment of response and recovery costs and receipt of funding from the Crown. The refinancing of \$75m existing debt in September and November will bring Council back within these limits.			
<b>Borrowing mechanisms &amp; limits</b>			
Net debt as a percentage of equity	<20%	4.6%	Within limits
Net debt as a percentage of total revenue <sup>3</sup>	<100%	27.0%	Within limits
Net interest as a percentage of total revenue <sup>3</sup>	<10%	1.3%	Within limits
Net interest as a percentage of annual rates income (debt secured debenture)	<15%	4.8%	Within limits
Liquidity (term debt+committed loan facilities+liquid investments to current external debt)	>120%	147.7%	Within limits
<sup>3</sup> excludes non-govt capital contributions			
When 24-month forecast net debt exceeds \$25 million:			
<b>Interest rate exposure</b>			
Master fixed/floating risk control limit	50 - 95%	62.0%	Within limits
Fixed maturity profile limit			
0-3 years <sup>4</sup>	15 - 60%	13.6%	Outside Limits
3-5 years	15 - 60%	17.3%	Within limits
5 years plus <sup>5</sup>	10 - 60%	69.1%	Outside Limits
<sup>4</sup> The sale of JEFL and associated repayment of \$12.550m JEFL related debt, due to end in Oct 13 has caused Council to drop below the 0-3 years maturity profile limits.			
<sup>5</sup> Swaps acquired during May to ensure that Council remains within the Master fixed/floating risk control limit and which take advantage of low long term interest rates have pushed Council outside the 5 year plus limit.. This will correct itself during 2012/13 as existing maturities progress from the 5 years plus group into 3-5 years.			

APPENDIX 1 TO CLAUSE 4 CORPORATE AND FINANCIAL COMMITTEE 3.8.2012

(a) Counterparty Credit Risk Limits

Counterparty	Min Long Term/Short Term credit rating	Max Investment per counterparty	Interest rate risk mgmt instrument max per counterparty **	Total max per counterparty (c)
NZ Govt	A- / A2	unlimited	none	unlimited
NZD Registered Supnationals	AAA	70m	none	70m
SOEs	A- / A2	20m	none	20m
NZ Registered Bank	A- / A2	100m	150m	150m
NZ Registered Bank Corp Bonds/CP	Govt guaranteed A- / A2	Up to guarantee maximum 10m	none none	Up to guarantee maximum 10m
Local Govt Stock/Bonds/FRN/CP	A- / A2 (if rated) unrated	40	25	none 40m 25m

\*\* To determine the counterparty amount for Interest Rate Risk Management, the formula notional principal x maturity (years) x 3% is used. (Per LTCCP 2009-19)

Max investment per Counterparty	Actual \$m	Max allowed \$m	Credit rating
ANZ	5.0	100.0	AA-
ASB Bank	58.3	100.0	AA-
Auckland International Airport	4.5	10.0	A-
Bank of New Zealand	29.2	100.0	AA-
Canty Museum Trust Board	2.6	25.0	Unrated
Far North District Council	2.0	25.0	Unrated
Fonterra Co-op Group	3.0	10.0	A+
Horowhenua DC	3.0	25.0	Unrated
HSBC	11.8	100.0	AA-
Interstar NZ Millennium	0.1	10.0	AA-
Kiwibank	45.0	100.0	AA-
LGFA	30.0	40.0	AA+
Manukau City Council	5.0	25.0	Unrated
Masterton District Council	3.0	25.0	Unrated
New Plymouth District Council	2.0	40.0	AA+
Rabobank	0.0	100.0	AA
Rotorua District Council	5.0	25.0	Unrated
Selwyn DC	5.0	25.0	Unrated
Tauranga City Council	5.0	50.0	A+
TCNZ Finance Ltd	2.0	10.0	A-
Westpac Inst. Bank	36.0	100.0	AA-
Whangarei District Council	10.0	25.0	Unrated

  

Interest rate risk mgmt instrument max per counterparty	Actual \$m	Max allowed \$m	Credit rating
ANZ	40.9	150.0	AA-
BNZ	14.8	150.0	AA-
Westpac	29.6	150.0	AA-

(b) Counterparty Credit Risk Limits

	Actual \$m	Max allowed \$m	Credit rating
ANZ	45.9	150.0	AA-
Bank of New Zealand	44.0	150.0	AA-
Westpac Inst. Bank	65.6	150.0	AA-

(c) Total max per counterparty

	Actual	Max allowed	Credit rating
ANZ	45.9	150.0	AA-
ASB Bank	58.3	100.0	AA-
Auckland International Airport	4.5	10.0	A-
Bank of New Zealand	44.0	150.0	AA-
Canty Museum Trust Board	2.6	25.0	Unrated
Far North District Council	2.0	25.0	Unrated
Fonterra Co-op Group	3.0	10.0	A+
Horowhenua DC	3.0	25.0	Unrated
HSBC	11.8	100.0	AA-
Interstar NZ Millennium	0.1	10.0	AA-
Kiwibank	45.0	100.0	AA-
LGFA	30.0	40.0	AA+
Manukau City Council	5.0	25.0	Unrated
Masterton District Council	3.0	25.0	Unrated
New Plymouth District Council	2.0	40.0	AA+
Rabobank	0.0	100.0	AA
Rotorua District Council	5.0	25.0	Unrated
Selwyn DC	5.0	25.0	Unrated
Tauranga City Council	5.0	50.0	A+
TCNZ Finance Ltd	2.0	10.0	A-
Westpac Inst. Bank	65.6	150.0	AA-
Whangarei District Council	10.0	25.0	Unrated



**APPENDIX 2****Debt written off - summary report for the year ended 30 June 2012**

	July	August	September	October	November	December	January	February	March	April	May	June	YTD Total	%
Write Offs < \$2000.00	25,700.95	34,220.36	3,807.56	9,060.34	3,026.55	4,020.10	15,581.96	47,552.62	51,017.43	31,231.24	13,306.06	14,038.63	<b>252,563.80</b>	74.4%
Write Offs => \$2000.00	17,409.99	3,811.57	8,159.36	9,767.70			6,706.01	7,181.70	10,545.73		20,292.53	3,143.48	<b>87,018.07</b>	25.6%
<b>Total to approve</b>	<b>43,110.94</b>	<b>38,031.93</b>	<b>11,966.92</b>	<b>18,828.04</b>	<b>3,026.55</b>	<b>4,020.10</b>	<b>22,287.97</b>	<b>54,734.32</b>	<b>61,563.16</b>	<b>31,231.24</b>	<b>33,598.59</b>	<b>17,182.11</b>	<b>339,581.87</b>	
<i>Breakdown:</i>														
Parking	448.45	528.35	243.00	102.40	70.00		355.97						<b>1,748.17</b>	0.5%
Residential Rents	18,718.26	11,527.91	1,070.89	11,435.95			6,083.50	3,577.70	20,220.17		3,653.85	3,940.86	<b>80,229.09</b>	23.6%
Regulatory	436.72	830.97	3,805.12	1,113.49	122.15		5,638.56	238.85	7,371.84	2,155.82	12,365.42	3,382.58	<b>37,461.52</b>	11.0%
Library (ex SAP)													-	0.0%
Library - Unicorn Only	8,761.38	21,407.32	620.65		2,834.40	4,020.10	9,859.19	13,587.03	31,459.77	7,710.25	5,765.77	6,644.80	<b>112,670.66</b>	33.2%
Sundry	14,746.13	3,737.38	6,227.26	6,176.20			350.75	37,330.74	2,511.38	21,365.17	11,813.55	3,213.87	<b>107,472.43</b>	31.6%
Abandoned Vehicle													-	0.0%
Street Pole													-	0.0%
Commercial													-	0.0%
<b>Total 2011-2012</b>	<b>43,110.94</b>	<b>38,031.93</b>	<b>11,966.92</b>	<b>18,828.04</b>	<b>3,026.55</b>	<b>4,020.10</b>	<b>22,287.97</b>	<b>54,734.32</b>	<b>61,563.16</b>	<b>31,231.24</b>	<b>33,598.59</b>	<b>17,182.11</b>	<b>339,581.87</b>	
Total 2010-2011	32,333.68	5,321.06	47,952.25	13,637.54	14,756.63	10,772.44	11,645.35	33,116.02		10,758.96	10,228.69	24,172.62	<b>214,695.24</b>	
<i>Variance to Last Year</i>	<i>10,777.26</i>	<i>32,710.87</i>	<i>- 35,985.33</i>	<i>5,190.50</i>	<i>- 11,730.08</i>	<i>- 6,752.34</i>	<i>10,642.62</i>	<i>21,618.30</i>	<i>61,563.16</i>	<i>20,472.28</i>	<i>23,369.90</i>	<i>- 6,990.51</i>	<b>124,886.63</b>	