

COUNCIL 23. 2. 2012

16. PERFORMANCE REPORT FOR THE SIX MONTHS TO 31 DECEMBER 2011

General Manager responsible:	General Manager, Corporate Services
Officer responsible:	Corporate Performance Manager Corporate Finance Manager
Author:	Paul Anderson – General Manager, Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to update Council on service delivery, financial, and capital works programme performance results for the six months to 31 December 2011. The budgets and targets in this paper are based on those approved by Council in the 2009-19 LTCCP and/or 2011-12 Annual Plan.
2. The report includes an updated overview on the expected overall financial impact of the earthquake on the Council for the year ended 30 June 2012.

EXECUTIVE SUMMARY

3. Attached are appendices showing summaries of:
 - Levels of service graph as at 31 December 2011 (**Appendix 1**)
 - Levels of service forecast to fail to meet targets (**Appendix 1a**)
 - Levels of service requiring intervention to meet targets (**Appendix 1b**)
 - Levels of service which have had targets suspended (**Appendix 1c**)
 - Financial performance as at 31 December 2011 (**Appendix 2**)
 - Significant capital projects (>\$250,000) as at 31 December 2011 (**Appendix 3**)
 - Housing development fund and Christchurch Earthquake Mayoral Relief fund as at 31 December 2011 (**Appendix 4**).
 - City Environment – financial commentary (**Appendix 5**).

Levels of Service

4. In the post-earthquake period, a number of level of service targets were modified by the Council either using the Order in Council process or via the 2011/12 Annual Plan. As a result, most Level of Service (LOS) have now returned to a substantially normal footing. The exceptions are mainly targets in Water Reticulation and Wastewater that remain suspended by Council resolution.
5. Current forecasts show that Christchurch City Council is likely to deliver 81.6 per cent of its levels of service to target at year end.
6. **Appendix 1a** lists those LOS that are forecast to fail their target, along with staff commentary. **Appendix 1b** lists those that targets that are marginal at present but may succeed if remedial actions are successful. **Appendix 1c** is a list of the suspended targets.

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Financial Performance

7. The key financials for the year-to-date are summarised in the table below. This includes an additional section for earthquake response costs, which the Council has resolved to borrow for (to be repaid through reductions to the capital renewals programme). An expanded view of the Council's financial results is provided in **Appendix 2**:

Year to Date Results				Forecast Year End Results			Forecast Carry Forward	
\$000's	Actual	Plan	Variance	Forecast	Plan	Variance	Carry Fwd	Result
Council Activities								
Operational Expenditure	187,954	200,955	13,001	380,136	381,762	1,626	1,500	126
Operational Funding	180,672	173,584	7,089	364,328	355,687	8,641		8,641
Ratepayer cash operating deficit	7,282	27,372	20,090	15,808	26,075	10,267	1,500	8,767
Earthquake Response								
Operational Expenditure	147,447	34,402	-113,045	218,566	58,361	-160,205		-160,205
Operational Funding / Recoveries	115,045	28,533	86,512	158,577	55,161	103,415		103,415
Earthquake response borrowing required	32,401	5,868	-26,533	59,990	3,200	-56,790		-56,790
Capital Works Programme								
Works Programme Funding	34,352	64,877	30,526	143,321	178,125	34,804	19,885	14,919
Works Programme Borrowing Requirement	27,974	31,311	-3,337	56,976	115,969	-58,994	55,000	-3,994
Works Programme Borrowing Requirement	6,377	33,566	27,189	86,345	62,155	-24,190	-35,115	10,926

8. The forecast ratepayer cash operating surplus, after including additional interest costs for borrowing for the earthquake response, is \$10.3 million (before operational carry forwards currently identified of \$1.5 million). This is a \$6.6 million improvement over the October report. Given the extent of earthquake emergency and response costs forecast to be incurred, staff will recommend that this surplus be applied to these costs in lieu of additional borrowing.
9. Council earthquake emergency and response costs for 2011/12 are expected to be higher than budgeted by \$56.8 million, an increase of \$7.2m since the October report. This is primarily due to additional costs incurred/forecast as a result of the 23 December aftershock. The key reasons for the increase in earthquake emergency and response costs compared with the Annual Plan are:
- Costs incurred as a result of the June and December aftershocks were not included in the Annual Plan. These costs consist of both immediate emergency costs and ongoing maintenance of the Council's network and temporary services. June and December emergency response costs are \$30.5 million, and are partially recoverable through Ministry Civil Defence Emergency Management subsidies (net cost to the Council of \$8.9 million). The aftershocks also caused substantial additional work to maintain the Council's network (eg. jetting/sucking of sewers, clearing stormwater drains) and is forecast to increase costs to the Council by a net \$31.2 million this year.
 - Underestimation of the cost of maintenance of temporary services. As well as the additional maintenance costs caused by the June 2011 aftershock, the initial estimate of maintenance of temporary services was too low by \$4.9 million, mainly in stormwater and roading. These costs have increased as further damage has become apparent to these assets. Lower than expected government subsidies add a further \$6.4 million to the net cost to the Council.
 - Finally, total rockfall costs of \$22 million were included as part of the emergency and response cost estimates in the Annual Plan. These were expected to be incurred against the capital programme, but are now being charged to earthquake response costs as they are unlikely to be eligible for capitalisation. Of the estimate of \$22 million, \$13.1 million is forecast to be spent this year with a net cost to the Council of \$6.4 million.

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10. The Capital Works Programme is forecast to be \$34.8 million below budget before carry forwards. Forecast carry-forwards are \$19.9 million, the largest carry-forwards being Ferrymead Bridge, Main Rd three laning, and the wastewater and water supply extensions to Charteris Bay. After carry-forwards, the capital works programme is forecast to be \$14.9 million under budget at year-end.
11. The table below summarises the current estimate of the financial impact of the earthquakes on the Council for 2011/12. Further detail is shown in the table following paragraph 46.

\$ million	Actual 11/12 YTD Results				Forecast 11/12 Results					
Summary	Cost	Govt Subsidy	Insur Cover	Net Cost	Cost	Govt Subsidy	Insur Cover	Net Cost	11/12 Plan	Variance
Emergency/Response	147.4	(91.5)	(23.6)	32.4	218.6	(126.6)	(31.1)	60.9	4.1	56.8
Rebuild Costs	155.7	(76.1)	(54.4)	25.2	345.8	(134.0)	(156.2)	55.6	55.6	-
Net Cost	303.1	(167.6)	(77.9)	57.6	564.3	(260.5)	(187.4)	116.4	59.6	56.8

Operational Expenditure

12. Operating costs for the Council activities are \$13.0 million below budget, but are forecast to decrease to \$1.6 million below budget at year-end. The year-to-date variance is largely due to continuing underspends in maintenance cost in the Wastewater Collection & Treatment, Water Supply, Streets and Transport, and Parks and Open Spaces activities, as work continues to be put on hold while resources are diverted to earthquake repairs. Insurance cost are also significantly below budget (\$4.7 million) across the organisation due to limited cover being available. Also below budget are grants costs, as the Arts Centre and Heritage Incentive grants have not been paid out as budgeted. Partially offsetting these are higher than budgeted debt servicing costs (partly due to additional borrowing for earthquake costs), and non-response earthquake costs (eg. cordon management, demolition processing, and the Royal Commission).
13. The favourable forecast variance for Council Activities is mainly due to underspends on maintenance/operating costs in the Water Supply and Wastewater Collection and Treatment areas (\$5.2 million); staff/consultants costs relating to the Central City Plan (\$3.4 million); and Arts Centre and Heritage grants (\$1.5 million. These are unlikely to be paid out this financial year and will be requested to be carried forward). Partially offsetting this are forecast overspends on earthquake building consents and inspections (\$1.3 million) Royal Commission (\$0.9 million), demolition processing (\$0.4 million) and resource consents (\$0.4 million). Also debt servicing costs are forecast to be a net \$3.3 million higher than budget as a result of the Council being required to borrow funds in anticipation of government reimbursement of emergency and response costs. As at the end of December, the Council had advanced \$135 million to SCIRT for the commencement of the infrastructure rebuild programme. Government officials are considering a Council staff request to provide advance funding for the Crown's estimated share of these costs. No government funding has been received for the rebuild programme as at 31 December 2011, however \$184.8 million has been received from the Crown and NZTA towards emergency and response costs. It is our intention to recover all interest costs relating to funding the Crown's share of the recovery and rebuild costs and this will be recognised in the next Performance Report after we receive confirmation from the Crown that these funding costs will be reimbursed.

Operational Funding

14. Operational funding for Council activities is \$7.1 million higher than budget and forecast to be \$8.6 million higher at year-end. The year-to-date variance is largely due to additional revenue from trade waste charges and rates (including penalties). Partially offsetting this are revenue shortfalls in the parking, commercial property rentals, and building consent reviews and inspections areas. Revenue from trade waste charges and rates are also the main components of the forecast variance (forecast to be \$5.8 million and \$3.9 million higher than budget respectively).
15. Other variances not affecting the ratepayer cash surplus are forecast shortfalls in housing rentals and development contributions, and donations to the Earthquake Mayoral Relief Fund.

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Capital Works Programme

16. The Capital Works Programme is \$30.5 million below budget year to date, with a number of projects having been delayed due to earthquake damage. Some of the key delays are the Western Interceptor Future Stages (\$5.2 million behind budget), CWTP Biosolids Drying Facility (\$3.1 million), WW Fendalton Duplication (\$2.3 million), along with a number of roading projects including carriageway sealing and surfacing (\$1.8 million), and road pavement replacement (\$1.3 million), with a further \$4.2 million relating to strategic land purchases.
17. The Capital Works Programme is forecast to be \$34.8 million below budget for the full year, with the largest underspend being forecast in Wastewater Collection and Treatment (\$14.6 million), the key projects being the Western Interceptor Future Stages (\$6.9 million), CWTP Biosolids Drying facility (\$2.8 million) and the wastewater extension to Charteris Bay (\$1.9 million). Streets and Transport are forecast to be underspent by \$6.6 million, with the largest underspends being the Ferrymead Bridge (\$4.1 million) and Main Road three laning (\$2.1 million). Other significant underspends include the Carrs Road pedestrian bridge (\$1.2 million), partially offset by \$1.1 million overspend on the Southern Motorway and Auxiliaries project. The water supply extension to Charteris Bay is forecast to be underspent by \$0.9 million.
18. Also contributing to the overall forecast underspend is an over recovery relating to strategic land purchases (\$4.2 million), as the amount of held land identified to be allocated to capital projects in the current year is forecast to be different than budgeted. This is a timing difference that will be addressed via the carry-forward process.
19. Proposed net carry-forwards of \$19.9 million have currently been identified at this stage, against a budgeted \$55 million.

Capital Funding

20. Development Contributions revenue is \$1.2 million below budget, and forecast to be \$2.5 million by year-end. The amount able to be allocated to fund completed work is also forecast to be \$2.5 million below budget, as shown in **Appendix 2**.
21. Capital grants and subsidies are forecast to be \$1.9 million below budget by year-end. NZTA capital subsidies on the Streets programme are forecast to be \$2.7 million below budget, partially offset by unbudgeted capital contributions from Ngai Tahu \$0.7 million (cost reimbursement for Awatea Basin) and NZTA \$0.3 million (Southern Motorway).

Operational Activities

22. The following commentary is supported by the second table in **Appendix 2**. This figures are combined results from Council activities and earthquake response costs. Depreciation is running ahead of plan in a number of Activities due to asset impairment information not being available to enable the write down of asset values and consequent depreciation reduction. This will be addressed by year end.
23. City & Community Long Term Policy & Planning – The year-to-date and forecast variances are largely due to an underspend on consultants fees, promotional and staff costs, mainly in the Central City Plan, UDS and Environmental Policy areas.
24. Heritage Protection – The year-to-date and forecast variances relate to the Arts Centre and Heritage Incentive grants which are now not expected to be paid out this financial year. A carry-forward of \$1.5 million will be requested.
25. Social Housing – This activity is \$1.1 million below budget, mainly due to a reduction in insurance costs due to limited cover being obtainable. This activity is forecast to be \$0.5 million favourable to budget, due to maintenance and operating costs forecast to be \$1.7 million below budget (\$1.1 million of which are insurance costs), partially offset by a forecast rental revenue shortfall of \$1.2 million.

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26. The Civil Defence Emergency Management activity is forecast to be \$1.9 million higher than budget due to costs associated with the Recovery Management Office, EOC and Welfare (largely staff time which is not recoverable). Some of this expenditure relates to costs incurred prior to 30 June but not accrued into last year's financial accounts.
27. Art Gallery and Museums – This activity is under budget and forecast to remain so due to the closure of the gallery and fewer exhibition projects provided.
28. Libraries – The year-to-date and forecast variances are due to insurance premium savings with limited cover in place, and as a result of staff working on other business units and earthquake related projects.
29. Neighbourhood Parks – The forecast overspend relates to earthquake costs (net of recoveries), with \$0.5 million relating to Parks and a further \$0.7 million specifically to Parks Trees work.
30. Waterways and Land Drainage – This activity is \$1.6 million higher than budget, driven by earthquake costs (\$2.5 million higher than budget) and depreciation costs (\$0.4 million higher), partially offset by an underspend on normal Council activities of \$1.3 million due to maintenance works put on hold. The activity is forecast to be \$8.6 million higher than budget at year-end, due to earthquake costs where no recoveries are available (such as river dredging). Depreciation costs are forecast to be \$0.4 million higher, although this is offset by an underspend on normal Council activities for the same amount.
31. Harbours and Marine Structures – The favourable forecast variance represents the current estimate of the additional revenue expected from cruise ship fees.
32. Parks & Open Spaces Capital Revenues – The year-to-date variance reflects higher earthquake capital revenues, due to recoveries on stormwater costs moved from operational to capital. Development contributions are \$1.0 million below budget (Parks development contributions \$0.8 million below and Waterways & Wetlands development contributions \$0.2 million below). Also included is an unbudgeted payment from Ngai Tahu of \$0.7 million (cost reimbursement for Awatea Basin). While earthquake capital revenues are forecast to be on budget, development contributions are forecast to deteriorate to be \$2.2 million below budget (Parks \$1.7 million and Waterways & Wetlands \$0.5 million below).
33. Refuse Minimisation & Disposal Capital Revenues – The current unfavourable variance of \$2.1 million is a reversal of 2010/11 recoveries relating to the set up of the Burwood Resource Recovery Park. Currently this is forecast to be recovered as staff are continuing to discuss recovery of these costs with central government.
34. Regulatory Approvals – This activity is \$5.6 million over budget, \$4.8 million of which are earthquake costs (net of recoveries), and are made up of geotech costs (\$3.8 million), earthquake building consents and inspections (\$0.6 million), and a further \$0.5 million of costs associated with Royal Commission. Net earthquake costs are forecast to increase to be \$8.4 million higher than budget (\$5.8 million geotech, \$1.4 million building consents & inspections, \$0.8 million Royal Commission, and \$0.4 million miscellaneous earthquake administration work), and is a further deterioration of \$0.6 million from last month. Normal Council activities are forecast to be \$2.3 million higher than budget, mainly due to lower revenue forecast in the Building Consents and Building Inspections areas.
35. Road Network – This activity is \$6.3 million over budget, represented by \$5.4 million of earthquake costs (net of recoveries) and depreciation costs (\$2.0 million) higher than budget, partially offset by an underspend on normal Council activities (\$1.1 million), mainly in the Streets Trees (\$0.5 million) and Bridges/Structures (\$0.4 million) areas. Net earthquake costs are forecast to increase to \$12.7 million higher than budget, and depreciation \$1.7 million higher, partially offset by an underspend on normal Council activities, forecast to be \$0.9 million lower (mainly in the carriageways and bridges/structures areas).

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36. Parking – This activity is forecast to be \$0.6 million unfavourable to budget at year-end, which relates to Off-Street parking (with On-Street parking forecast to be close to budget). This is due to unexpected delays in re-opening the Art Gallery car park, and the Hospital car park currently closed, with its immediate future uncertain.
37. Public Transport Infrastructure – This activity is \$1.6 million below budget, mainly due to lower depreciation costs relating to the Transport Interchange site.
38. Streets and Transport Capital Revenues are \$35.7 million below budget which relates to NZTA capital subsidies and insurance recoveries relating to the infrastructure rebuild. Costs incurred attracting subsidy are lower than budgeted to date, however the forecast is to be on budget at year-end. The forecast variance largely relates to Streets NZTA capital subsidies, which are forecast to be \$2.7 million lower than budget.
39. Wastewater Collection – This activity is \$14.9 million higher than budget, largely due to earthquake costs (net of recoveries), and depreciation costs higher than budget (\$15.5 million and \$1.2 million respectively), partially offset by an underspend on normal business operations (\$1.8 million), as resources continue to be diverted to earthquake repairs. However, earthquake costs are forecast to increase significantly by year-end, to be \$25.1 million higher than budget, while depreciation cost are forecast to be \$2.9 million higher. Partially offsetting this is a forecast underspend on normal Council activities, expected to be \$2.2 million below budget (mainly in pumping and reticulation maintenance costs).
40. Wastewater Treatment & Disposal – This activity is \$4.4 million below budget, mainly due to higher than budgeted revenue from Trade Waste charges (\$3.4 million) as a result of increased volumes of tankered waste being disposed at the CWTP. The balance is largely due to operating/maintenance cost savings due to the BioSolids plant not operating at full capacity, in addition to insurance savings. While a slight catch-up in maintenance costs is forecast, Trade Waste revenues are forecast to increase to be \$5.4 million higher than budget at year-end.
41. Wastewater Collection & Treatment Capital Revenues are \$40.7 million below budget, nearly all of which are earthquake capital revenues related to the infrastructure rebuild (\$36.6 million CWTP, \$2.5 million WW Reticulation and \$1.5 million Pump Stations). These are forecast to be on budget at year-end.
42. Water Supply – The year-to-date variance is due to net earthquake costs (\$3.1 million higher than budget) and depreciations costs (\$0.9 million higher) partially offset by an underspend on Council activities of \$1.9 million as resources continue to be diverted to earthquake repairs. Net earthquake costs are forecast to increase to \$4.3 million higher than budget, with depreciation and normal Council activities forecast to remain close to current levels.
43. Water Supply Capital Revenues are \$3.5 million higher than budget due to earthquake capital revenues related to the infrastructure rebuild (forecast to be on budget at year-end).
44. Corporate Revenues/Expenses are \$69.6 million higher than budget, \$67.7 million of which relates to earthquake capital recoveries. The remaining balance of \$1.9 million is largely represented by rates revenue which is \$5.8 million higher than budget (\$3.7 million rates income and \$2.1 million penalties), contributions made to the ChCh EQ Mayoral Relief Fund (\$1.5 million), and lower depreciation costs (\$0.3 million). Partially offsetting this are net interest costs & dividends \$3.2 million higher than budget and net corporate EQ costs \$1.3 million higher (largely rates remissions).

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FINANCIAL IMPACT OF THE EARTHQUAKE - ESTIMATE OF COSTS AS AT 31 DECEMBER 2011

45. Emergency and earthquake response costs are forecast to be \$56.8 million higher than plan in 2011/12, largely as a result of the 13 June and 23 December aftershocks.
46. There will be some response costs in future years, these are identified as temporary maintenance works in the rebuild estimate and principally relate to sewer and roading. There may also be rockfall costs and a share of residual demolition costs from CERA.

\$ million	Actual 11/12 Year To Date Results				Forecast 11/12 Results					
	Cost	Govt Subsidy	Insur Cover	Net Cost	Cost	Govt Subsidy	Insur Cover	Net Cost	11/12 Plan	Variance
Emergency & Response Costs										
Roading Emergency Work	26.7	(22.3)	(0.0)	4.4	35.7	(26.7)	(0.0)	9.0	-	9.0
Welfare and other Emergency Work	5.7	(5.5)	(0.0)	0.1	18.3	(11.2)	(0.3)	6.7	-	6.7
Other Response Costs	12.0	(0.3)	(10.9)	0.8	18.2	(1.7)	(11.2)	5.3	-	5.3
Temporary Maintenance Work	96.8	(60.0)	(11.9)	24.9	133.9	(80.1)	(18.6)	35.1	4.1	31.0
Demolition	(0.1)	0.1	-	(0.0)	0.1	(0.0)	-	0.1	-	0.1
Rockfall	7.5	(3.3)	-	4.2	13.1	(6.7)	(0.0)	6.4	-	6.4
Other	(1.3)	-	(0.7)	(2.0)	(0.7)	(0.1)	(1.0)	(1.8)	-	(1.8)
Total Emergency and Response Costs	147.4	(91.5)	(23.6)	32.4	218.6	(126.6)	(31.1)	60.9	4.1	56.8

\$ million	Actual 11/12 YTD Results				Forecast 11/12 Results					
	Cost	Govt Subsidy	Insur Cover	Net Cost	Cost	Govt Subsidy	Insur Cover	Net Cost	11/12 Plan	Variance
Infrastructure Rebuild										
Facilities	.5	1.2	.8	2.6	67.4	(.0)	(52.2)	15.2	4.8	10.4
Water	1.0	(1.5)	(1.1)	(1.6)	14.2	(8.5)	(5.7)	-	.0	(.0)
Sewer	25.1	(12.6)	(12.2)	.3	136.4	(43.4)	(91.4)	1.6	.7	.9
Stormwater	11.4	(5.9)	(2.8)	2.7	16.8	(4.7)	(3.2)	8.9	5.4	3.5
Greenspace	.0	.0	-	.1	6.5	-	(1.3)	5.2	5.2	.0
Transport	2.1	(.3)	(.8)	1.1	103.5	(77.3)	(2.4)	23.7	38.4	(14.7)
Contractor setup costs unallocated	115.5	(57.1)	(38.3)	20.1	.9	-	-	.9	.9	-
Total Rebuild	155.7	(76.1)	(54.4)	25.2	345.8	(134.0)	(156.2)	55.6	55.6	(.0)

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47. Staff have been in ongoing discussions with CERA and NZTA on cost sharing arrangements for the future. Government has not yet finalised its position but it is expected that an update will be ready to incorporate into a revised estimate for Council in March 2012. Council staff will continue to work with Government officials in the lead up to the 2013/22 Long-Term Plan to finalise the Crown / Council cost sharing arrangements.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

48. Yes – there are none.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

49. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

50. Both service delivery and financial results are in direct alignment with the LTCCP and Activity Management Plans.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

51. As above.

ALIGNMENT WITH STRATEGIES

52. Not applicable.

CONSULTATION FULFILMENT

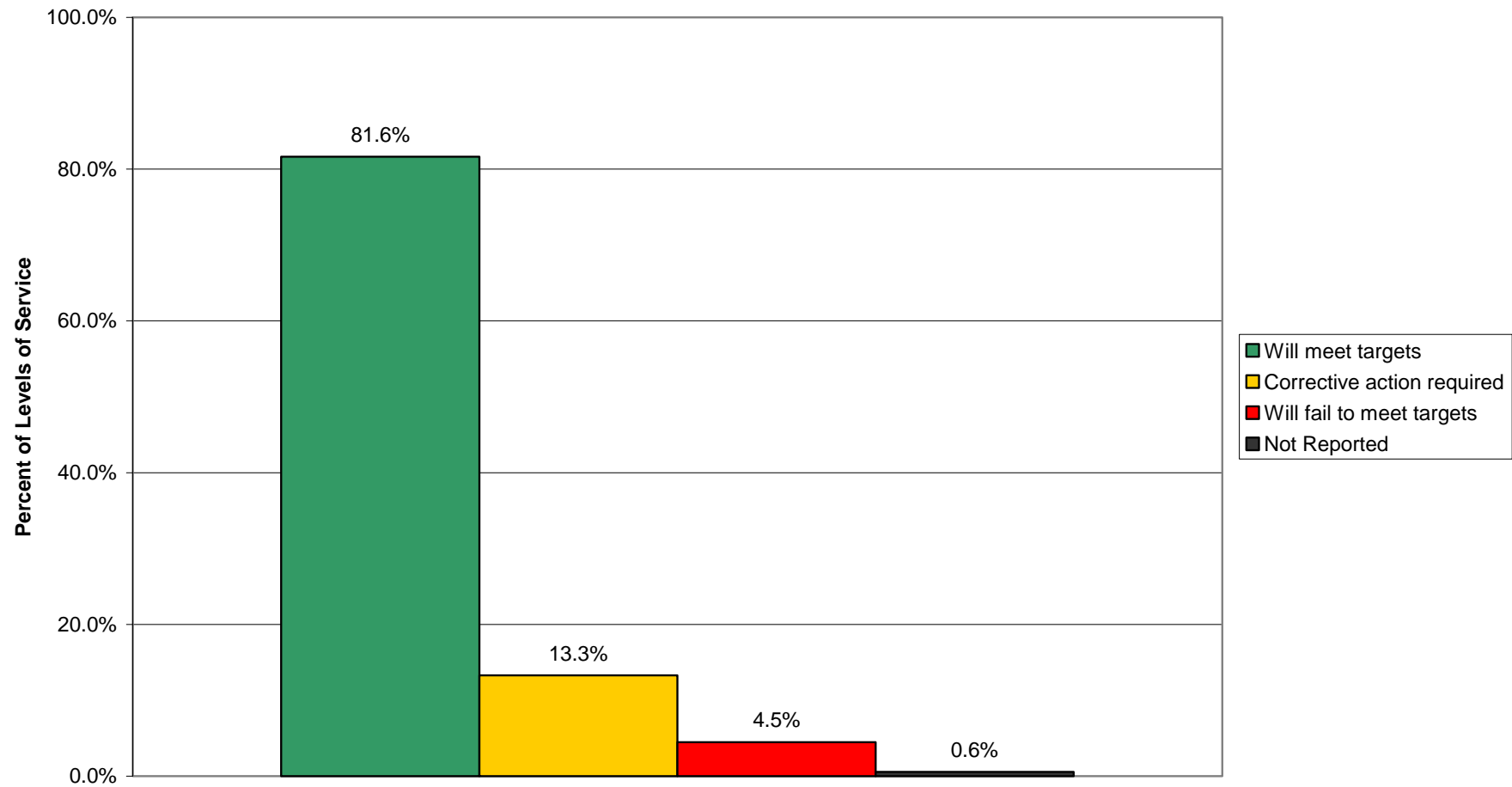
53. Not applicable.

STAFF RECOMMENDATION

It is recommended that the Council receive the report.

Appendix 1 - Levels of Service Achievement (as at 31 December 2011)

Forecast Level of Service Achievement
As at 31 December 2011



Appendix 1a - Levels of Service which are forecast to fail to meet targets (as at 31 December 2011)

Note: Bolding indicates an LTCCP target.

District Plan

Measure: Christchurch City District Plan is reviewed
 Target: Timeframe for completion to be updated by 30 December 2011
 Comments: On hold until further notice
 Remedial Action: see above

Measure: Exhibitions and publications presented
Target: 15-18 exhibitions presented pa
Comments: It is now apparent that the CAG will not reopen this financial year, therefore it is most unlikely the target of 16-18 will be achieved.
Remedial Action: The possibility of an off-site venue is currently being explored. Exhibitions presented will be reported again at that point, and will include an increased number of Gallery-supported Outer Spaces projects which have been achieved this year. No change to LoS in 2012-13 is sought.

Measure: International Museum standards maintained: climate control
 Target: Humidity and temperature is maintained at 50%+/- 5% and at 21o+/- 2oC 24 hours a day/7 days a week/365 days a year (24/7/365) respectively.
 Comments: The Gallery has not been able to maintain 100% of the international Museum Standard temperature and humidity targets, in part because of the alternative use of the exhibition spaces and in part because of the need to have sensors and other equipment repaired following the EQ. This work is included in the Gallery repair project, but insurance and Council approval to proceed has not yet been secured. Once approved, a 100% system check will be completed to ensure the required KPIs can be assured in the future. As expected, temporary storage areas for the collection have stabilised during the month with humidity averaging 100% and temperature 100% within the acceptable range. The failure of the chilled water unit in September will impact negatively on year-end results. However the chilled water link between the Gallery and Civic should assist stabilisation over the coming months.
 Remedial Action: Work with Gallery project manager and CCC Asset Management staff to secure Council and insurance approval and with project manager to replace faulty chilled water plant which is due to arrive shortly.

Measure: Public programmes and school-specific programmes delivered
Target: Average of 25,000 attending advertised public programmes pa.
Comments: Continuing closure of CAG makes the target impossible for 2011-12. However, 4 events were held this month in off-site locations.
Remedial Action: Further events planned for off-site locations in February.

Libraries

- Measure:** Residents have access to a physical library relevant to local community need or profile
- Target:** Provide for 10 voluntary libraries - rent free facilities including building and maintenance
- Comments:** Volunteer libraries still provided for 5 facilities. The remaining 5 services are no longer accessible due to full or partial demolition of damaged facilities.
- Remedial Action:** Explore alternative accommodation and/or other options where feasible.

Garden and Heritage Parks

- Measure:** Christchurch Botanic Gardens and heritage parks (including fountain, clocks, statues and outdoor art) are well maintained
- Target:** Buildings 3
- Comments:** Godley House Full assessment carried out. Irreparable damage has been found. Sign of the Kiwi has full assessment to be completed.
- Remedial Action:** Godley House to be listed for demolition. Sign of the Kiwi is awaiting assessment results for further action. KPI to be amended to two houses.

Regional Parks

- Measure:** Number of students attending environmental education programmes each year
- Target:** 7,000 - 8,000 each year (on Parks and other Council sites like Waste facilities) (target lowered because of EQ impact)
- Comments:** Participation in programmes for July to December 2011 has been low due to earthquake implications. Remedial actions were signalled in November.
- Remedial Action:** Levels of service change requested in November from 7,000-8,000 to 4,000 - 5,000 each year. Promotional activity for programmes continues

- Measure:** Percent of regulatory applications are processed within statutory timeframes
- Target:** Simple consents: 100% of PIMs and simple consent applications are processed within 15 days
- Comments:** Business interruptions made 100% unachievable, however trend is improving, currently achieving 96%. RMAs - business interruptions and staff working on Heritage Team.
- Remedial Action:** Pre vetting process being put in place to ensure quality of consents and early allocation to BCOs. Extra planning staff are being recruited.

Active Travel

Measure: Percent of total trips per person per year by active travel (cycling)
Target: Cycling: 2011-12 - Likely to be maintained at or around 2% due to disrupted roads
Comments: The target set was pre earthquake. Travel patterns have been significantly disrupted and this will continue for some time
Remedial Action: Suggest that the target for 12/13 is changed to continue to undertake surveys in order to provided baseline information for 2015/25 LTP

Measure: Percent of total trips per person per year by active travel (walking)
Target: Walking: Likely to be maintained at or around 22%
Comments: The target set was pre earthquake. The travel patterns across the city are currently disrupted and will be for some time
Remedial Action: Suggest that for 12/13 the target is to simply undertake survey to provide new baseline data for the 2015/25 LTP

Public Transport Infrastructure

Measure: Total trips on public transport as a percentage of total travel trips, per person, per year:
Target: Public transport - Likely to be maintained at or around 2%
Comments: The target set was pre earthquake. The travel patterns across the city are currently disrupted and will be for some time
Remedial Action: Suggest that target for 2012/13 is changed to continue to undertake surveys in order to provide baseline data for the 2015/25 LTP

Road Network

Measure: Total trip proportion by private motor vehicles
Target: 2010-12 - Likely to be maintained at or around 84.9%
Comments: The target set was pre earthquake. The travel patterns across the city are currently disrupted and will be for some time
Remedial Action: Suggest that target for 2012/13 is changed to continue to undertake surveys in order to provide baseline data for the 2015/25 LTP

Water Supply

Measure: Continuous potable water is supplied to all customers
Target: >=95% medium leaks (in urban and rural areas) are repaired within one working day of being reported to Council
Comments: Because of the disruption only 20-25% of repair timelines are met
Remedial Action: City Care continuing to improve. Job numbers still very high, and continue to spike after each significant EQ.

Target: $\geq 95\%$ minor leaks (in urban and rural areas) are repaired within three working days of being reported to Council
Comments: There are over 5000 water jobs in this category over the last 4 weeks
Remedial Action: City Care continuing to improve. Job numbers still very high, and continue to spike after each significant EQ.

Target: $\geq 95\%$ 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
Comments: The monthly figures have increased consistently from 23-43%. The Dec 23 EQ will probably set back the target.
Remedial Action: City Care continuing to improve. Job numbers still very high, and continue to spike after each significant EQ.

Appendix 1b - Levels of Service requiring intervention to meet targets (as at 31 December 2011)

Note: Bolding indicates an LTCCP target.

City and Community Long-Term Policy and Planning

Measure: Advice is provided on strategic transport issues facing the city
 Target: The Christchurch Transport Plan is presented to Council for adoption by March 2012
 Comments: There is a need for further engagement with Council.
 Remedial Action: Additional Council workshops.

District Plan

Measure: **The Christchurch City District Plan is fully operative**
 Target: **Both territorial sections of the Plan are fully operative by 31 March 2012**
 Comments: **Depends on the Environment Court approving the consent order for Belfast 293 in time and also NZTA co-operating with regard to the Opawa road designation**
 Remedial Action: **as above**

Civil Defence Emergency Management

Measure: **Approved Civil Defence and Emergency Management Plans covering local response and recovery arrangements and specific contingencies are in place.**
 Target: **At all times**
 Comments: **Following the responses to the September 2010 and February 2011 earthquakes, the need to review existing CDEM plans and develop new plans where necessary was identified.**
 Remedial Action: **A work programme based on the learning points review has commenced which will incorporate review of existing CDEM plans and development of new CDEM plans.**

Walk-in Customer Services

Measure: **Customer service centres are provided**
 Target: **Maintain current LOS: Walk-in services at 11 locations (Civic, Akaroa, Little River, Lyttelton, Beckenham, Linwood, Shirley, Papanui, Fendalton, Sockburn, Riccarton)**

Comments: Sockburn and Fendalton out of action, with Fendalton likely to be back in operation soon. Lyttelton working from the library building.

Remedial Action: The Council will decide the future of Sockburn and Lyttelton service centres as part of the facilities rebuild plan.

Measure: Number of walk-in customer service hours provided

Target: Total of 408.5 hours per week

Comments: Loss of Sockburn and Fendalton.

Remedial Action: Fendalton's hours will be restored soon; Sockburn's future is uncertain.

Art Gallery and Museums

Measure: Cost of providing Akaroa Museum service

Target: Average operating cost per visitor of <\$15.00 ongoing

Comments: Visitor numbers have been boosted by cruise ship visits in Akaroa, but so far these are merely compensating for the post-earthquake domestic and international visitor downturn in the region. The costs of operating the Museum have risen, but budget adjustments have not been achieved in the post-BPDC 5-year period.

Remedial Action: A three-year plan is being developed as part of overall budget planning for the Akaroa Museum. More realistic targets will be discussed in this context.

Libraries

Measure: Residents have access to information via walk-in, library website, phone, email, professional assistance and online customer self-service and on-site access to computers / internet.

Target: Maintain the number of reference and research enquiries from customers per year at national average or better

Comments: Continue with current plan to re-open existing libraries and establish temporary services. Opening a temporary Central Library at Peterborough will help to lift performance against this target.

Remedial Action: Unlikely to be achieved with Central Library closed this year.

Target: Online catalogue, library website and digital content attracts at least 6.5 million external page views to the online catalogue

Comments: It is unlikely that this target will be achieved as library closures have reduced the number public PCs available for customers

Remedial Action: Usage will increase as larger libraries reopen. Target to be reset for next year to 4 million external page views.

City Governance and Decision-making

Measure: Elected members satisfied with level and quality of logistic support from Democracy Services Unit
Target: 90%
Comments: Informal feedback from some Councillors is that they would like additional support to that provided currently.
Remedial Action: Ensure any Councillor requests for additional support are reflected in the Annual Plan or LTP process.

Regional economic development, business support and workforce development

Measure: Visitors utilise the services of the Christchurch and Akaroa Visitor Information Centres
Target: A minimum of 130,000 visitors per year (level of service revised in the light of the earthquakes - awaiting Council approval)
Comments: We do not believe that the 130,000 target can be achieved by the end of June. Factors influencing the lower visitor centre traffic are :1. More visitors arriving in CHC and driving straight out rather than venturing into the city. 2. Ongoing aftershock activity has weakened holiday arrivals from our largest market Australia.
Remedial Action: The Visitor Information centre has been established and is operating. The only option is to adjust the target.

Measure: (new) Visitors utilise www.christchurch.com service
Target: Minimum of 410,000 users per year (level of service revised in the light of the earthquakes - awaiting Council approval)
Comments: This could well end up being a "not achieved" as the key online call to action to our "South Island Road Trip" campaign is being directed the Tourism New Zealand website that hosts the campaign pages. With multiple RTOs involved it was not possible to direct this to www.christchurchnz.com
Remedial Action: Acknowledge that the most appropriate call for action link is the TNZ website rather than the www.christchurch.com website given that the road trips are around the South Island not just Christchurch.

Measure: CCT promotes Christchurch and Canterbury as the best value destination for conventions, incentive travel and exhibitions
Target: Incentive group travel targets will be established for the 2012/13 year (level of service revised in the light of the earthquakes - awaiting Council approval)
Comments: Establishing targets for multi day conference delegates will be extremely difficult until the timing of the rebuild on the convention centre and hotels is achieved
Remedial Action: Continue to work to achieve confirmation of the rebuild timing of key conference facilities.

Measure: CDC initiates and/or implements priority economic development projects identified through Christchurch Economic Development Strategy or Canterbury Regional Economic Development Strategy
Target: Project Infrastructure: Infrastructure audit updated post earthquake by 31 March 2012
Comments: Additional hire required to complete task due to major secondment in to CERA organisation

Remedial Action: Recruit new person ASAP.

Measure: Houses are safe from flooding during normal rain events

Target: Re-evaluate by 1/1/2012 when more information available (Less than 10 properties flooded per year)

Comments: Earthquake damage has created significant flooding risks in the eastern suburbs. It is likely that many houses in the Red Zones are at risk from flooding and in a significant rain event it is probable that some properties could be flooded. The extent of this risk is still to be established and is continually changing as properties are vacated.

Remedial Action: Recommend this KPI be suspended

Organic Material Collection and Composting

Measure: Amount of organic material composted at the Council composting plant

Target: 200 kg +/-10% organic material / person / year

Comments: 6,000 properties red zoned since earthquake will have impacted negatively on diversion of green waste. 2 + months diversion to landfill due to earthquake damaged Organics Processing Plant being unable to process material.

Remedial Action: Temporary rebuild of OPP to be able to process material on 9 of 18 tunnels. Stretch target which may need revisiting.

Regulatory Approvals

Measure: Council retains Building Consent Authority status for all building works, except dams.

Target: Council retains Building Consent Authority status for all building works, except dams.

Comments: Manage and action all the process/system improvements in the December 2011 DBH report.

Remedial Action: We need to employ the BCA Quality Manager and action all the process/system improvements noted in the December 2011 DBH report. CCC is due for an IANZ audit in September 2012.

Measure: Percent of regulatory applications are processed within statutory timeframes

Target: Complex consents: 85% of complex applications (i.e. not simple consent applications) and of notified resource consents are processed within statutory timeframes

Comments: Following business interruptions and difficulty in getting engineering input in first 6 months, backlog of ABAs have now been resolved. 6 planners have also been involved with the Heritage Team and still are. Expectation to reach 85% by year end for both ABAs and RMAs.

Remedial Action: Extra engineering staff have been employed and overflow work being done by external engineering company. Recruitment drive for building and planning staff underway.

Parking

Measure: Customer perceptions of motor vehicle safety in parking buildings

Target: Re-evaluate by 1/1/2012 when more information will be available

Comments: Irrelevant because no parking buildings are currently open

Remedial Action: Irrelevant because no parking buildings are currently open

Measure: Metered on-street parking spaces provided

Target: 1,000 - 2,200 metered parking spaces (except for spaces blocked by earthquake related activity)

Comments: less than expected due to cordons

Remedial Action: Gradually increasing

Measure: Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported.

Target: Rural roads At least 95% within 72 hours

Comments: Improvements required on site attendance from contractors

Remedial Action: Big push from the contract managers to ensure their response times are adhered to.

Measure: Safety Programmes (programmes designed around NZTA crash, fatality and injury statistics)

Target: A maximum of 9 Safety Programmes annually

Comments: Research confirms a change in delivery of the programme

Remedial Action: Learner Driver Project brief to be adjusted to reflect changes and commencement delayed a month. To be completed by 30 June 2012.

Water Supply

Measure: Continuous potable water is supplied to all customers

Target: >=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.

Comments: This is worse than expected. The results for September were bad and have pulled the total down.

Remedial Action: Monitor and discuss with City Care.

Measure: Risk to potable water supply is managed (grading)

Target: Cc or better risk grading from the Ministry of Health for all rural area water supplies by Dec 2013 - seeking extension by one year

from Ministry of Health due to earthquake

Comments: Whilst physical works are planned to be completed for Little River treatment plant and Akaroa by Dec 13 the city needs twelve months of data to allow for a regrading after the upgraded plants are commissioned. this means that the regrading is unlikely to be done by Dec 2013.

Remedial Action: Discussions with CPH over grading of newly commissioned plants.

Measure: Risk to potable water supply is managed (microbiology)

Target: Microbiological and health significant chemical water quality meets current NZ Drinking Water Standards within the City each year as assessed by Community and Public Health

Comments: Protozoa requirements not met in the Northwest zone, but CAPEX work scheduled in LTP. Community and Public Health are aware of this.

Remedial Action: Implement LTP.

Target: Microbiological, protozoal and health significant chemical water quality meets current NZ Drinking Water Standards for rural supplies each year as assessed by Community and Public Health

Comments: Protozoa requirements not met in all rural zones, but CAPEX work scheduled in LTP. Community and Public Health are aware of this.

Remedial Action: Implement LTP.

Measure: Risk to potable water supply is managed (grading)

Target: Move Da to Ba grading for the Northwest supply zone by December 2013

Comments: capital works budget to remedy is scheduled for 2015

Remedial Action: KPI wording to be adjusted to reflect this timing.

Appendix 1c - Levels of Service which have been suspended by Council (as at 31 December 2011)

Note: Bolding indicates an LTCCP target.

Heritage Protection

Measure: Incentive grant recipients satisfied with heritage advice and grant process.

Target: 75% satisfaction - suspend for 2011/12

Measure: Level of financial contribution from sponsorship of Heritage Week event

Target: Suspend - Heritage week will not be held in 2012

Measure: Number of attendees to Heritage Week

Target: Suspend - Heritage week will not be held in 2012

Harbours and Marine Structures

Measure: Proportion of customers satisfied with the appearance and maintenance of marine structures provided by Council

Target: Suspend for 2012

Waterways and Land Drainage

Measure: Diversion of aquatic weed from landfill

Target: Suspend for 2011/12 because of EQ damage. (Greenwaste from waterways maintenance activities (mechanical harvesting) diverted from landfill to Councils Compost Plant each year 2010/11 at least 80%)

Parking

Measure: Weekend Free parking available at the following car parks:

Target: Suspend for 2011/12 because of EQ damage (Manchester St, Tuam St)

Public Transport Infrastructure

Measure: User satisfaction with bus interchanges

Target: Suspend for 2011/12 because of EQ damage (75%)

Road Network

Measure: Repairs to road surface. Time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported.

Target: Arterial roads - Suspend for 2012 due to EQ damage. (at least 95% within 24 hrs)

Target: Collector / local roads - Suspend for 2012 due to EQ damage. (At least 95% within 48 hours)

Measure: Resident satisfaction with road and footpath quality.

Target: Suspend for 2012 because of EQ damage (Footpaths: 50%)

Target: Suspend for 2012 because of EQ damage (Roads: 50%)

Measure: Road condition: Surface Condition for sealed roads

Target: Suspend because of EQ damage (Maintain: Condition Index (CI))

Measure: Road condition: Vehicle travel on smooth roads

Target: Suspend because of EQ damage (Maintain Smooth Travel Exposure)

Wastewater Collection

Measure: Consent conditions re wet weather overflows are complied with

Target: Suspend for 2012 because of EQ damage: (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 ECAN)

Measure: Customer satisfaction with wastewater services

Target: Suspend because of EQ damage ($\geq 90\%$ customer satisfaction with Councils wastewater services each year)

Measure: Number of breaks/chokes within the wastewater reticulation system

Target: Suspend for 2012 because of extensive earthquake damage to wastewater network, review for 2013 Annual Plan

Measure: Odour complaints are minimised

Target: Suspend for 2012 because of EQ damage to WW network: (< 4 odour complaints / 10,000 properties served / year)

Measure: Properties served affected by service interruptions or maintenance activities

Target: Suspend because of EQ damage (<80 properties served affected / year)

Measure: Response time for blockages

Target: Suspend for 2012 because of EQ damage: (>=90% blockages responded to within 1 hr within urban areas)

Target: Suspend for 2012 because of EQ damage (>=99% blockages responded to within 2 hrs within urban areas)

Wastewater Treatment and Disposal

Measure: Odour complaints from wastewater treatment plants are minimised

Target: Suspend for 2012 because of EQ damage (<=1 odour events / 10,000 properties served / year)

Target: Suspend for 2012 because of EQ damage (Environment Canterbury conditions of air discharge consent are complied with)

Measure: Wastewater treatment plants comply with consents

Target: Suspend for 2012 due to EQ damage (No major or persistent breaches of resource consent for wastewater treatment plants and associated discharges each year, except for disinfection standards, as reported by Environment Canterbury)

Water Supply

Measure: Continuous potable water is supplied to all customers

Target: Suspend for 2012 due to EQ damage (<=1 unplanned interruption >=4hrs on average per week each year)

Target: Suspend for 2012 due to EQ damage (<=9 unplanned interruptions / 1000 properties served per year)

Measure: Monitoring the effectiveness of the pipe renewal programme

Target: Suspended for the 2012 financial year

Measure: Risk to potable water supply is managed (customer satisfaction)

Target: Suspended for the 2012 financial year (>=90% customers satisfied with the water supply service)

Appendix 2 – Financial Performance as at 31 December 2011

Operational and Capital Funding

\$000's	Year to Date Results			Forecast Year End Results		
	Actual	Plan	Variance	Forecast	Plan	Variance
Operating expenditure	320,489	223,296	97,194	566,806	413,517	153,289
Capital programme	200,832	241,402	(40,570)	500,309	480,613	19,696
Transfers to reserves	31,224	29,170	2,054	62,485	60,968	1,516
Interest expense	14,911	12,061	2,850	31,896	26,606	5,290
Debt repayment	1,613	1,613	-	3,226	3,226	-
Total expenditure	569,069	507,542	61,527	1,164,721	984,930	179,791
funded by :						
Fees, charges & operational subsidies	(166,601)	(76,126)	(90,475)	(262,756)	(155,364)	(107,392)
Dividends and interest received	(25,359)	(25,587)	228	(62,399)	(60,259)	(2,140)
Rates	(149,687)	(143,921)	(5,766)	(292,340)	(287,613)	(4,726)
Transfers from reserves	(163,163)	(174,191)	11,028	(361,906)	(362,608)	702
Asset sales	(1)	(570)	569	(668)	(1,140)	472
Development contributions allocated	(3,843)	(4,500)	657	(6,463)	(9,000)	2,537
Capital grants and subsidies	(3,055)	(3,841)	786	(4,110)	(6,011)	1,901
Total funding available	(511,709)	(428,736)	(82,973)	(990,642)	(881,995)	(108,647)
Balance required	57,360	78,806	(21,446)	174,080	102,935	71,144
Borrowing for Capital Prog/Grants	(17,677)	(45,566)	27,889	(98,282)	(73,660)	(24,621)
Borrowing for EQ Response	(28,133)	(1,600)	(26,533)	(59,990)	(3,200)	(56,790)
Ratepayer cash opex deficit (surplus)	11,550	31,640	(20,090)	15,808	26,075	(10,267)

Group of Activities Operating Result

\$000's	Year to Date Results			Year End Forecast		
	Actual	Plan	Variance	Forecast	Plan	Variance
City & Community Long-Term Policy & Planning	8,862	11,911	3,049	15,140	18,261	3,121
District Plan	1,012	1,274	262	2,818	2,801	(17)
Heritage Protection	1,967	3,291	1,324	5,865	6,869	1,005
Energy Conservation	604	324	(281)	(80)	(80)	0
City Development	12,445	16,799	4,354	23,743	27,851	4,108
Community Facilities	790	979	188	1,826	1,842	17
Early Learning Centres	23	(7)	(31)	153	95	(58)
Strengthening Communities	2,346	2,533	187	5,250	5,070	(179)
Community Grants	8,767	9,128	361	11,460	11,403	(57)
Social Housing	2,668	3,748	1,080	2,616	3,148	532
Civil Defence Emergency Management	1,551	1,714	164	2,886	1,027	(1,859)
Walk In Customer Services	1,095	1,211	116	2,266	2,368	102
Community Support	17,240	19,305	2,065	26,456	24,954	(1,503)
Art Gallery and Museums	7,505	8,395	890	13,786	14,267	482
Libraries	13,712	14,522	810	27,720	28,405	685
Capital Revenues	(110)	(97)	13	(208)	(195)	13
Cultural and Learning Services	21,106	22,819	1,713	41,298	42,477	1,179
City Governance and Decision Making	4,345	4,404	60	8,796	8,922	126
Public Participation in Democratic Processes	887	923	36	1,876	1,846	(30)
Democracy & Governance	5,232	5,327	96	10,672	10,768	96
Civic and International Relations	454	509	55	980	1,013	32
Regional Economic Development	4,141	4,266	124	7,575	7,689	114
City Promotion	227	377	150	752	771	18
Economic Development	4,822	5,152	329	9,308	9,472	165
Neighbourhood Parks	5,841	5,944	103	11,965	10,811	(1,154)
Sports Parks	4,333	4,452	119	8,655	8,734	79
Garden & Heritage Parks	3,033	3,284	251	6,482	6,671	189
Regional Parks	3,616	3,982	366	7,690	7,425	(264)
Cemeteries	403	356	(47)	1,028	788	(240)
Waterways & Land Drainage	10,497	8,904	(1,593)	24,570	16,007	(8,563)
Harbours & Marine Structures	(28)	250	279	(75)	454	529
Rural Fire Fighting	416	447	32	836	821	(15)
Capital Revenues	(10,311)	(6,135)	4,175	(11,736)	(13,273)	(1,537)
Parks & Open Spaces	17,800	21,485	3,685	49,417	38,439	(10,978)

\$000's	Year to Date Results			Year End Forecast		
	Actual	Plan	Variance	Forecast	Plan	Variance
Recreation and Sports Services	6,089	6,381	292	12,717	12,568	(148)
Events & Festivals	3,832	4,130	298	6,784	6,750	(33)
Capital Revenues	(664)	(191)	473	(512)	(381)	131
Recreation and Leisure	9,258	10,320	1,062	18,988	18,937	(51)
Recyclable Materials Collection & Processing	3,098	3,100	2	6,531	6,203	(328)
Residual Waste Collection & Disposal	6,276	6,310	34	12,557	12,392	(165)
Organic Material Collection & Composting	5,979	5,837	(142)	11,774	11,632	(142)
Commercial/Industrial Waste Minimisation	133	331	198	550	729	179
Capital Revenues	2,076	-	(2,076)	-	-	-
Refuse Minimisation & Disposal	17,561	15,578	(1,983)	31,412	30,956	(456)
Enforcement and Inspections	1,513	1,590	78	5,144	5,352	208
Regulatory Approvals	8,218	2,637	(5,581)	14,884	4,178	(10,706)
Regulatory Services	9,731	4,227	(5,503)	20,028	9,530	(10,498)
Road Network	36,016	29,688	(6,329)	76,832	63,367	(13,465)
Active Travel	6,287	6,041	(246)	13,712	13,324	(388)
Parking	868	1,003	135	2,254	1,609	(645)
Public Transport Infrastructure	1,335	2,976	1,642	4,510	5,623	1,113
Capital Revenues	(2,987)	(38,684)	(35,696)	(83,209)	(85,923)	(2,714)
Streets & Transport	41,519	1,025	(40,495)	14,098	(2,000)	(16,098)
Wastewater Collection	29,211	14,296	(14,915)	47,353	21,545	(25,809)
Wastewater Treatment & Disposal	2,611	6,963	4,353	6,978	13,201	6,223
Capital Revenues	(26,034)	(66,706)	(40,672)	(137,204)	(137,370)	(166)
WW Collection & Treatment	5,788	(45,447)	(51,235)	(82,873)	(102,625)	(19,752)
Water Supply	15,083	13,024	(2,059)	26,461	23,330	(3,131)
Water Conservation	49	64	16	112	130	17
Capital Revenues	(3,413)	(6,934)	(3,521)	(15,695)	(15,856)	(161)
Water Supply	11,718	6,154	(5,564)	10,879	7,604	(3,275)
Groups of Activities	174,221	82,745	(91,476)	173,425	116,362	(57,063)
Corporate Revenues & Expenses	(259,179)	(189,550)	69,629	(383,816)	(382,748)	1,068
ISP's & Eliminated Internals	(2,971)	(1,206)	1,765	(3,365)	(1,469)	1,896
Net Cost of Service (excl Vested)	(87,929)	(108,012)	(20,082)	(213,755)	(267,854)	(54,099)
Misc P&L Unallocated	(8)	-	8	(10)	-	10
Vested Asset Income	(2,554)	(1,750)	804	(4,596)	(3,500)	1,096
CCC Net Cost of Service	(90,492)	(109,762)	(19,270)	(218,361)	(271,354)	(52,993)

Group of Activities Capital Programme

\$000's	Year to Date Results			Year End Forecast		
	Actual	Plan	Variance	Forecast	Plan	Variance
City Development	44	3	(41)	1,532	1,500	(31)
Community Support	868	1,144	276	5,266	5,476	210
Cultural and Learning Services	3,559	4,589	1,030	9,262	11,226	1,964
Democracy & Governance	-	-	-	-	-	-
Economic Development	41	-	(41)	190	160	(30)
Parks & Open Spaces	5,893	8,535	2,642	22,081	23,438	1,357
Recreation and Leisure	3,952	4,691	739	8,603	8,437	(166)
Refuse Minimisation & Disposal	669	546	(123)	1,337	1,487	150
Regulatory Services	2	17	16	42	54	13
Streets & Transport	7,976	13,716	5,739	32,566	39,158	6,592
Wastewater Collection & Treatment	8,922	22,251	13,329	35,541	50,090	14,550
Water Supply	2,530	3,623	1,093	13,180	12,735	(444)
Corporate	(105)	5,762	5,867	13,722	24,363	10,641
Capital Works Programme	34,352	64,877	30,526	143,321	178,125	34,804
Equity Investments	10,800	11,500	700	11,000	11,500	500
Earthquake Capital Expenditure	155,680	164,896	9,216	345,759	345,759	0
Planned Carry forwards	-	128	128	229	(54,771)	(55,000)
Capital Programme	200,832	241,402	40,570	500,309	480,613	(19,696)
Capital Sales	(1)	(570)	(569)	(668)	(1,140)	(472)
Vested Assets	2,554	1,750	(804)	4,596	3,500	(1,096)
Net Total Capital	203,385	242,582	39,197	504,237	482,973	(21,264)

Appendix 3 - Capital Projects as at 31 December 2011

Group Of Activities	Project Title	YTD Actual (\$000s)	YTD Budget (\$000s)	YTD Variance (\$000s)	% Spend of Total Budget	Forecast Total Spend (\$000s)	Current Budget (\$000s)	Year End Variance (\$000s)	Proposed Carry Forwards (\$000s)	Net Variance After C/Fwd (\$000s)
City Development										
Projects > \$250k	Restricted Assets - Renew & Replacements	29	0	29	2.03%	1,442	1,413	29	0	29
Balance of programme		15	3	12	16.85%	90	88	2	75	77
City Development Total										
		44	3	41	2.90%	1,532	1,500	31	75	106
Community Support										
Projects > \$250k	Owner Occupier Housing - Purchases Back	325	0	325	100.00%	8	(0)	8	0	8
	Internal Improvements - Project	341	238	103	27.52%	1,240	1,157	83	0	83
	Extractor Replacement - Project	0	112	(112)	0.00%	615	630	(15)	0	(15)
	Stoves Replacement- Project	0	92	(92)	0.00%	479	494	(15)	0	(15)
	Path Replacement - Project	0	0	0	0.00%	358	358	0	0	0
	Fencing - Landscaping - Project	0	0	0	0.00%	329	329	0	0	0
	Carpet Replacement - Project	0	217	(217)	0.00%	1,095	1,135	(40)	0	(40)
	Vinyl Replacement - Project	0	109	(109)	0.00%	439	469	(30)	0	(30)
Balance of programme		202	376	(174)	17.99%	703	903	(200)	0	(200)
Community Support Total										
		868	1,144	(276)	14.22%	5,266	5,476	(210)	0	(210)
Corporate Capital										
Projects > \$250k	Strategic Land Acquisitions	46	0	46	0.18%	22,587	25,895	(3,308)	3,395	87
	IMCT BusSolutions Delivery Programme	0	112	(112)	0.00%	254	304	(51)	0	(51)
	Fleet and Plant Asset Purchases	147	490	(343)	13.19%	870	1,116	(246)	0	(246)
	IMCT Renewals and Replacements Programme	1,453	1,837	(384)	30.10%	4,828	3,893	935	0	935
	Capital Governance Group Pool	0	0	0	0.00%	0	1,894	(1,894)	0	(1,894)
	Capital Programme Management Solution	527	855	(327)	39.04%	1,350	1,350	0	0	0
	Assets Programme	701	899	(198)	34.36%	2,041	2,037	4	0	4
	SLP Land Value Offset	(4,240)	0	(4,240)	-18.72%	(22,655)	(18,415)	(4,240)	0	(4,240)
	Axiom Project	0	19	(18)	0.09%	40	456	(416)	416	0
	Consents & Customer	353	283	70	16.79%	2,043	2,100	(57)	0	(57)
	IMCT MidLevel Enhancement Programme	740	1,029	(289)	36.99%	1,326	2,000	(674)	0	(674)
	Digital Image Management	0	0	0	0.13%	350	350	0	0	0
	District Plan	0	0	0	0.02%	160	552	(392)	392	0
Balance of programme		166	239	(72)	15.51%	527	830	(304)	113	(191)
Corporate Capital Total										
		(105)	5,762	(5,867)	-0.16%	13,722	24,363	(10,641)	4,315	(6,326)
Cultural and Learning Services										
Projects > \$250k	Library Resources (Books, Serials, AV, Electronic)	2,045	2,427	(382)	46.33%	3,856	4,414	(558)	0	(558)
	Library Built Asset Renewal & Replacement	163	327	(165)	39.33%	288	413	(126)	0	(126)
	FA NA Collections Acquisitions	518	0	518	65.94%	756	786	(30)	0	(30)
	CAG Environmental control: Second Chiller	251	350	(99)	66.95%	274	375	(101)	0	(101)
	Aranui - New Library	67	813	(746)	2.23%	2,644	3,013	(369)	0	(369)
	Art in Public Places	1	0	1	0.15%	1	760	(759)	759	0
	Library RFID Project	349	275	74	58.62%	596	557	38	0	38
Balance of programme		165	397	(233)	17.66%	847	906	(59)	0	(59)
Cultural and Learning Services Total										
		3,559	4,589	(1,030)	31.53%	9,262	11,226	(1,964)	759	(1,205)

Group Of Activities	Project Title	YTD Actual (\$000s)	YTD Budget (\$000s)	YTD Variance (\$000s)	% Spend of Total Budget	Forecast Total Spend (\$000s)	Current Budget (\$000s)	Year End Variance (\$000s)	Proposed Carry Forwards (\$000s)	Net Variance After C/Fwd (\$000s)
Economic Development										
	Balance of programme	41	0	41	21.65%	190	160	30	0	30
Economic Development Total		41	0	41	21.65%	190	160	30	0	30
Parks & Open Spaces										
	Projects > \$250k									
	Neighbourhood Reserve Purchases	31	0	31	1.51%	2,024	2,000	24	0	24
	District Sports Park Purchases	0	0	(0)	0.00%	722	724	(2)	0	(2)
	Waterways & Wetlands Purchases	49	0	49	3.51%	1,401	1,360	42	0	42
	Botanic Gardens Entry Pavilion	270	335	(65)	13.87%	1,396	1,950	(554)	554	(0)
	Owaka & Awatea Green Corridor	8	130	(122)	2.36%	346	358	(12)	0	(12)
	Lower Milns	123	408	(285)	7.76%	1,589	1,529	60	0	60
	Akaroa Stormwater Improvements	153	0	153	51.10%	300	300	(0)	0	(0)
	Washington Reserve	2	76	(74)	0.40%	447	447	0	0	0
	Awatea Basin	138	205	(67)	34.32%	400	402	(2)	0	(2)
	Piped Systems - Pipe Drains (New)	106	0	106	26.75%	397	300	97	0	97
	Awatea South Basin	2,633	2,940	(307)	60.71%	4,337	4,200	137	0	137
	Redwood Springs Detention Basins	28	3	25	11.23%	250	250	(0)	0	(0)
	Carrs Road S/W Facility	2,001	2,054	(53)	85.19%	2,007	2,349	(343)	0	(343)
	Balance of programme	349	2,383	(2,035)	4.36%	6,465	7,269	(804)	240	(564)
Parks & Open Spaces Total		5,893	8,535	(2,642)	24.02%	22,081	23,438	(1,357)	794	(563)
Recreation and Leisure										
	Projects > \$250k									
	Graham Condon Leisure Centre	2,464	2,749	(285)	87.48%	2,807	2,817	(10)	0	(10)
	RSU Pool Plant - Pumps , Filters etc	33	128	(95)	10.20%	260	322	(62)	0	(62)
	Pioneer Learn to Swim Pool	866	878	(12)	68.94%	1,256	1,256	(0)	0	(0)
	Test Cricket	1	15	(14)	0.14%	802	811	(9)	0	(9)
	English Park Artificial Surface	498	693	(195)	42.20%	1,180	693	487	0	487
	Cowies Stadium upgrade	58	106	(48)	6.17%	697	935	(237)	0	(237)
	Multi-Sport Stadium Investigation	0	0	0	0.00%	505	505	0	0	0
	Balance of programme	32	122	(91)	2.69%	1,095	1,098	(2)	0	(2)
Recreation and Leisure Total		3,952	4,691	(739)	43.89%	8,603	8,437	166	0	166
Refuse Minimisation & Disposal										
	Projects > \$250k									
	Closed L'fill A'care Burwood Stg2C2D2E	164	255	(91)	22.44%	670	731	(62)	0	(62)
	Waste Transfer Stations and Bins (R&R)	42	100	(58)	13.91%	301	301	(0)	0	(0)
	Balance of programme	463	191	273	68.61%	366	454	(88)	0	(88)
Refuse Minimisation & Disposal Total		669	546	123	39.20%	1,337	1,487	(150)	0	(150)
Regulatory Services										
	Balance of programme	2	17	(16)	2.94%	42	54	(13)	0	(13)
Regulatory Services Total		2	17	(16)	2.94%	42	54	(13)	0	(13)

Group Of Activities	Project Title	YTD Actual (\$000s)	YTD Budget (\$000s)	YTD Variance (\$000s)	% Spend of Total Budget	Forecast Total Spend (\$000s)	Current Budget (\$000s)	Year End Variance (\$000s)	Proposed Carry Forwards (\$000s)	Net Variance After C/Fwd (\$000s)
Streets & Transport										
	Projects > \$250k									
	Carriageway Smoothing	0	124	(124)	0.07%	646	646	0	0	0
	Footpath Resurfacing	56	644	(588)	4.94%	1,126	1,126	0	0	0
	Subdivisions	137	313	(175)	9.45%	1,450	1,336	114	0	114
	Streetlight Conversion - Capital	1	0	1	0.13%	395	395	0	0	0
	Carriageway Sealing and Surfacing	360	2,147	(1,786)	8.20%	4,394	4,394	(0)	0	(0)
	Road Pavement Replacement	0	1,303	(1,303)	0.00%	1,303	1,303	0	0	0
	Ferrymead Bridge	1,135	380	755	16.54%	2,730	6,864	(4,135)	4,130	(5)
	Mays Rd (Papanui - Bretts)	374	440	(66)	86.01%	435	150	285	0	285
	Road Safety At Schools	0	0	0	0.00%	252	252	0	0	0
	Traffic Signals Renewals	21	0	21	4.73%	440	424	16	0	16
	New Grassed Berms	0	0	0	0.00%	298	298	0	0	0
	McCormack's Bay Culvert Bridge Renewal	12	20	(8)	1.22%	276	961	(685)	682	(3)
	Main Rd (3 Laning)	47	49	(2)	2.15%	108	2,180	(2,072)	2,064	(8)
	BPDC road metalling	348	272	76	65.37%	533	533	(0)	0	(0)
	Sthn Mway Cycleway & Auxiliaries	613	562	51	36.05%	1,700	562	1,138	0	1,138
	Deans Ave - Hagley Crossings	14	156	(142)	4.83%	201	292	(91)	91	0
	Waimakariri Bridge	102	572	(470)	17.79%	224	572	(348)	0	(348)
	Wigram Magdala Grade Separation	3,438	3,460	(22)	86.34%	3,981	3,460	522	0	522
	K&C Renewal Contingency	2	(185)	187	0.14%	1,375	1,225	150	0	150
	Pole Relocation	0	110	(110)	0.00%	424	424	0	0	0
	Gardiners/Sawyers Arms Intersect	34	50	(16)	7.39%	194	461	(267)	267	0
	Glandovy/Ildris Intersect	8	47	(39)	1.46%	518	518	0	0	0
	Canterbury Park Access	17	360	(343)	3.36%	78	500	(422)	0	(422)
	Aidenfield Drive Underpass	492	684	(192)	36.89%	1,334	1,334	(0)	0	(0)
	Carrs Rd Pedestrian Bridge	(184)	245	(429)	-15.92%	(44)	1,112	(1,155)	910	(245)
	Bridge Renewals	0	10	(10)	0.00%	303	303	0	0	0
	Balance of programme	951	1,954	(1,003)	10.37%	7,892	7,532	360	214	574
Streets & Transport Total		7,976	13,716	(5,740)	18.52%	32,566	39,158	(6,592)	8,358	1,766
Wastewater Collection and Treatment										
	Projects > \$250k									
	WW Infra R&R Pumping	1	146	(145)	0.36%	258	265	(7)	0	(7)
	WW Infra R&R Wastewater Reticulation	1	25	(24)	0.08%	866	866	(0)	0	(0)
	CWTP Ocean Outfall	5	156	(151)	1.70%	15	309	(294)	0	(294)
	WW Northern Relief & PS (PS 6,7,39,40,41)	0	0	0	0.00%	505	505	0	0	0
	WW Wigram PM & PS 105	36	143	(107)	6.67%	487	544	(57)	0	(57)
	WW CWTP Allen Engines Replacement	399	605	(206)	20.08%	1,985	1,987	(3)	0	(3)
	WW CWTP Biosolids Drying Facility	482	3,550	(3,068)	9.41%	2,283	5,119	(2,836)	900	(1,936)
	WW WI Future Stages	5,387	10,599	(5,212)	26.21%	13,672	20,556	(6,884)	0	(6,884)
	WW CWTP Odour Containment (Stage 2)	11	30	(19)	2.53%	30	440	(410)	0	(410)
	WW Wainui Sewer Retic & WWTP	36	145	(109)	3.85%	946	946	(0)	0	(0)
	WW Extension to Charteris Bay	83	136	(53)	3.74%	322	2,233	(1,911)	1,910	(1)
	WW Fendalton Duplication	1,289	3,627	(2,338)	27.36%	4,710	4,646	64	0	64
	WW Pump Station 22 Capacity Upgrade	43	224	(181)	10.14%	52	422	(370)	0	(370)
	WW Pump Scada System	39	90	(51)	8.13%	480	481	(1)	0	(1)
	WW Belfast Area Growth	2	200	(198)	0.14%	1,287	1,287	0	0	0
	Lift Electrical Equipment to Avoid Flood	16	220	(204)	1.47%	1,076	1,076	(0)	0	(0)
	Ongoing Renewals Programme	(75)	160	(235)	-9.52%	775	786	(11)	0	(11)
	Biosolids Holding Tank	79	250	(171)	30.87%	30	257	(227)	167	(60)
	Enlarge Grit Tank & Sedimentation Tank I	0	0	0	0.03%	200	840	(640)	640	(0)
	Primary Sedimentation Tank Upgrades	81	710	(629)	4.81%	970	1,675	(705)	694	(10)
	WW Pumping New Stns for Growth	0	0	0	0.00%	566	566	0	0	0
	Grit Tank Efficiency Improvements	0	0	0	0.04%	75	736	(661)	660	(0)
	Backup Power Generator	0	0	0	0.02%	1,000	231	769	(769)	0
	Awatea Block New Sewer Main	489	498	(9)	98.23%	498	498	0	0	0
	Balance of programme	517	736	(219)	17.54%	2,451	2,818	(367)	284	(83)
Wastewater Collection and Treatment Total		8,922	22,251	(13,329)	17.48%	35,541	50,090	(14,550)	4,488	(10,062)

Group Of Activities	Project Title	YTD Actual (\$000s)	YTD Budget (\$000s)	YTD Variance (\$000s)	% Spend of Total Budget	Forecast Total Spend (\$000s)	Current Budget (\$000s)	Year End Variance (\$000s)	Proposed Carry Forwards (\$000s)	Net Variance After C/Fwd (\$000s)
Water Supply	Projects > \$250k									
	WS Headworks Pump Replacements	1	105	(104)	0.55%	264	264	0	0	0
	WS New Connections	291	419	(128)	35.12%	721	828	(107)	0	(107)
	WS Reticulation New Mains	1	100	(99)	0.12%	808	808	0	0	0
	WS Mains Renewals	1	0	1	0.19%	401	401	0	0	0
	WS Headworks Well Renewals	0	140	(140)	0.06%	364	364	(0)	0	(0)
	WS Wilmers Pump Station	342	350	(8)	16.74%	2,046	1,982	64	0	64
	WS HWorks Land Purchase for Pump Station	3	0	3	0.92%	343	343	0	0	0
	WS - Palmers Rd P/Stn Renewal	0	0	0	0.00%	561	561	0	0	0
	WS Akaroa Water Upgrade	39	230	(191)	3.80%	1,022	1,022	(0)	0	(0)
	WS Ferrymead Booster Station	17	97	(80)	3.67%	467	97	370	0	370
	WS Extension to Charteris Bay	47	42	5	4.64%	92	1,004	(912)	911	(1)
	WS NZDWS District Upgrades	2	0	2	0.30%	768	768	(0)	0	(0)
	WS DWSNZ Upgrade Duvauchelle	254	294	(39)	86.62%	294	294	0	0	0
	Lake Terrace WSPS New Well	(52)	0	(52)	-19.61%	268	0	268	0	268
	WS Little River Increased Supply	41	0	41	8.77%	471	471	(0)	0	(0)
	WS Crosbie Well Renewal	31	162	(131)	10.06%	307	162	145	0	145
	WS St Johns New Well	10	94	(84)	3.38%	300	94	206	0	206
	Package 1 - WS PS 10/11 Asset Renewals	373	374	(1)	68.24%	547	374	173	0	173
	Package 2 - WS PS 10/11 Asset Renewals	355	248	108	81.19%	438	248	190	0	190
	Victoria Reservoirs 2 & 3 Replacement	1	29	(28)	0.24%	249	393	(144)	144	(0)
	St John Diesel Generator Renewal	307	355	(48)	78.81%	389	390	(0)	0	(0)
	Balance of programme	465	584	(120)	21.31%	2,060	1,868	192	41	233
Water Supply Total		2,530	3,623	(1,093)	17.49%	13,180	12,735	444	1,096	1,540
Grand Total		34,352	64,877	(30,526)	14.96%	143,321	178,125	(34,804)	19,885	(14,919)

Appendix 4 - Special Funds as at 31 December 2011

Housing Separately Funded Activity results to 31 December 2011

\$000's	Year to Date Results			Year End Forecast		
	Act/YTD	Plan/YTD	Variance	Forecast	Plan Year	Variance
1 July Opening Balance	8,836	8,836	-	8,836	8,836	-
Income	7,363	7,441	(79)	14,439	14,853	(414)
Expenditure	(7,182)	(8,318)	1,136	(11,378)	(12,270)	892
Net Income	181	(876)	1,058	3,061	2,583	478
Less Loan principal repayments	(6)	(6)	-	(7)	(7)	-
Less Capital expenditure (net)	(873)	(846)	(27)	(4,807)	(4,823)	16
Plus Interest on fund balance	162	146	16	309	292	16
Housing Account Cash Balance	8,301	7,254	1,047	7,391	6,881	510
Loan balances	22	22	-	20	20	-

Social Housing is a separately funded activity; the cash balance of the Housing Development Fund is retained for future operating, renewal and replacement, and capital expenditure.

Christchurch Earthquake Mayoral Relief Fund as at 31 December 2011

\$000's	Year to Date Results			Year End Forecast		
	Act/YTD	Plan/YTD	Variance	Forecast	Plan Year	Variance
1 July Opening Balance	5,184	5,184	-	5,184	5,184	-
Contributions	1,517	-	1,517	1,517	-	1,517
Interest	35	-	35	35	-	35
Draw downs:						
Transfer to Mayor's Welfare Fund	(370)	(370)	-	(370)	(370)	-
Hagley Golf	(17)	(17)	(0)	(40)	(40)	-
Tramway Historical Society	(50)	(50)	-	(50)	(50)	-
Halswell Hall Inc	(50)	(50)	-	(50)	(50)	-
Sumner Community Group	(13)	(13)	-	(13)	(13)	-
Interment Site	(170)	(170)	-	(170)	(170)	-
Auckland CC Parks contribution	(1,500)	(1,500)	-	(1,500)	(1,500)	-
Earthquake Mayoral Relief Fund Balance	4,565	3,013	1,551	4,542	2,990	1,552

APPENDIX 5 CITY ENVIRONMENT – FINANCIAL COMMENTARY

PURPOSE

1. The purpose of this report is to present a high level overview of why the City Environment Group is forecasting an end of year performance of \$41M over budget, what we are doing to address this, and initiatives underway to verify that our estimates for additional earthquake driven cost overruns are reasonable.

EXECUTIVE SUMMARY

2. The budget for the 2011/12 financial year was set in May 2011. This was prior to having two further significant earthquake aftershocks (June 13 and December 23) and at a stage when a lot less knowledge was held about the ongoing earthquake operational costs required to keep services going until the permanent fixes are in place. Hence, the year end forecast result is significantly higher than budget. The \$41m forecast overspend comes from a direct earthquake cost overspend of \$54m off-set by \$13m net savings of BAU and indirect earthquake costs.

Operational Costs driven by Earthquake Events

3. When an earthquake event occurs there are three response phases that incur operational costs before the final permanent fix phase which involves mostly capital expenditure. The first phase is the initial emergency response involving health, safety, and welfare related expenditure. This is followed by the short term and medium term recovery phases.
4. The short term recovery phase involves relatively high costs to, for example, get roads open and driveable (remove silt, fill in sink holes, put safety barriers around dangerous obstacles, etc), get wastewater and water supplies flowing in an acceptable short term fashion (above ground pipes, sucker trucks, Portalooos, etc), and protect households from the worst threats of flooding (stop-banks, stormwater drainage systems working at a basic level).
5. The medium term recovery phase will initially involve high costs that should reduce over time as the temporary fixes are completed and will just require the ongoing operation and maintenance until replaced by the permanent fixes. These temporary fixes will always be vulnerable to aftershocks and to the “soft” nature of the ground underneath them (the permanent fixes involve creating solid substructures). An example of this would be the temporary repair of badly damaged roads that will then require significant “pot hole” repairs as the fix breaks up from use and weather. Another example is the heavy use of sucker trucks to remove wastewater from temporary “holding facilities” – as the pipes and pumps are repaired (temporarily or permanently) and the wastewater flows “normally” then the need for the sucker trucks and Portalooos will diminish significantly. A third example is the restoration of land drainage protection – after the initial emergency work to facilitate drainage, there is a long period of removing the silt from the pipes to allow better drainage and also the ability to CCTV the pipes to locate and repair breakages. Each of these examples have a different cost / time profile. While many of the recovery costs are reimbursed under the MCDEM scheme most are not covered 100% which accounts for the ongoing expense.
6. The February 2011 event incurred extremely high costs for the initial emergency response and the short term recovery phases. The costs for the medium term recovery phase continue with the various cost / time profiles. Overlaying these “February event” continuing costs have been costs incurred by the subsequent June and December 2011 events. These have involved minimal emergency response costs, but have incurred further short term recovery costs. The medium term recovery costs from these events are effectively absorbed into the ongoing February event medium term recovery costs.

Forecast Direct Earthquake Operational Costs (Net of Recoveries) as at December 2011 Report

EQ Services	Year to Date				Year			
	Actual	Budget	Variance	%	Forecast	Budget	Variance	%
EQ - Civil Defence	1,107	1,206	(99)	-8.2%	1,824	-	1,824	
EQ - Parks	571	322	249	77.6%	911	393	518	131.7%
EQ - Parks Trees	406	-	406		664	-	664	
EQ - Parks Geotech	280	-	280		328	-	328	
EQ - Cemetery Maintenance	1	-	1		241	-	241	
EQ - Waterways & Land Drainage	2,662	210	2,452	999.0%	8,670	-	8,670	
EQ - Road Network	6,874	1,465	5,409	369.1%	15,842	3,175	12,667	399.0%
EQ - Streets Trees	40	-	40		28	-	28	
EQ - Solid Waste	(202)	-	(202)		(202)	-	(202)	
EQ - Wastewater Collection	17,633	2,162	15,471	715.7%	25,150	-	25,150	
EQ - Water Supply	3,113	-	3,113		4,296	-	4,296	
Total EQ Impact (included above)	32,484	5,365	27,119	505.5%	57,751	3,568	54,183	999.0%

7. The following is a summary of the activities undertaken by the Earthquake Services in the table above.

- Civil Defence – mostly emergency response costs incurred following the February event but had not come to light when the budget was set in May.
- Parks – mostly repairs to turf, hard surfaces and structures on our parks damaged by the earthquakes – mostly from the February event but some further damage from the subsequent events.
- Parks Trees – emergency removal and make safe of park trees damaged or dying due to the root stripping or drowning caused by the earthquake events.
- Parks Geotech – parks share of rockfall mitigation costs.
- Cemetery Maintenance – assessment and make safe costs re headstones and other structures in both operating and closed (heritage) cemeteries. Most repair costs will come in future years.
- Waterways and Land Drainage – operational costs mostly include silt removal, river dredging, and ongoing maintenance (not construction) of stop banks and timber drains.
- Road Network – Includes general temporary repairs, resurfacing, and ongoing remedial repairs, silt / dust removal / mitigation, traffic management, hill road crack filling, as well as street's share of rockfall mitigation costs.
- Street Trees – assessment and emergency removal / make safe of street trees damaged by the earthquake events.
- Solid Waste – mostly to do with handling material (silt, trench and roading materials etc) at the Burwood Landfill but the costs are fully recovered via the gate charge.
- Wastewater Collection – operation / maintenance and provision of temporary wastewater infrastructure until permanent fixes are made (eg Portaloo's, extra pump station maintenance (pumps wearing out), extra electricity, sucker trucks, tankers, temporary pumps, temporary service solutions such as tanks, bypass sewer lines etc). Additional costs at the wastewater treatment plant include sand and silt removal, additional maintenance costs due to broken equipment, extra energy costs, extra chemicals to maintain treatment standard with reduced plant capability.
- Water Supply - operation / maintenance and provision of temporary water supply infrastructure until permanent fixes are made (eg above ground pipes, water burst repairs, water tankers, inspection and repair of wells, chlorination of the water supply etc).

Earthquake driven Operational Costs going forward

8. As we have developed our knowledge base around the earthquake impacts, we actively manage the operational expenditure to ensure we do everything we can to minimise the ongoing costs while still delivering an acceptable level of service. Examples of the initiatives that we have in place are as follows:

- a. Reduce portable toilets in the community - down from 2900 around May 2011 to approximately 300 currently.
- b. Chlorination of the water supply has ceased saving around \$81k per month in chemical costs.
- c. Demand for chemical toilet chemicals has reduced as sewer systems have been cleared. Chemical deliveries now at a very low level.

- d. Emergency diesel pumps in the streets have been reduced from a peak of around 80 to approximately 16 currently. The remaining sites are being converted to electrical pumps where there is an economic payback to do so.
 - e. Silt costs at the CWTP have reduced with improvements in the network.
 - f. Extra chemical dosing costs at CWTP (roughly \$25k/month) will reduce once the 3rd clarifier comes on line - programmed for late April early May. Peroxide dosing of ponds has ceased now two clarifiers are permanently repaired (saving around \$15k/month) .
 - g. Water leakage has improved since February 2011. This means less water having to be pumped around however leakage in the network is still well above pre-September 2010 levels.
 - h. Water testing costs - back to normal NZDWS programme - saving around \$80k per month. Reduction in river sampling now rivers are clear saving around \$5k per month.
 - i. Desalination plant is being dis-established at the moment and returned to Australia now that new wells are coming on line on the east side of the city - saving \$152k per month.
 - j. The illegal rubbish collection costs are significantly down on budget while a large part of the CBD is still closed – forecasting this year to save \$185k.
 - k. Roading budgets have been reduced to reflect savings in Central City areas behind the cordons, and in red zones.
 - l. For the earthquake driven roading and land drainage work the responsible officers are ensuring only necessary work is being undertaken, and that all work that is not urgent / safety work must be approved by them.
 - m. Some metalled road areas have been sealed to reduce need for water carts.
 - n. Choosing the least life cost option for repairs, and specifying the standard of repairs to last only as long as necessary to tie in with timing of rebuild.
 - o. Preparing minor works list and getting SCIRT to complete minor permanent repairs as soon as possible.
 - p. Absolute minimum use of Temporary Traffic Management.
9. In parallel to all of the above, we have a multi-stage project underway to collect robust data which will inform options to further address our operating costs. This involves:
- a. Identification of the extra costs of operating sections of Red Zone so we can target shutting down infrastructure. This includes quantification of the extra costs of high tide/wet weather events and ongoing aftershocks.
 - b. Identification of the extra maintenance costs in each sewer catchment zone outside of the Red Zones (total of 11 zones across the urban city excluding Lyttelton basin) to allow SCIRT to target the rebuild effort to maximise “bang for buck invested”.
 - c. Scenario modelling and sensitivity analysis of our 3 water and roading/footpath renewal programme to ascertain the right mix of capital investment versus ongoing higher maintenance costs.

This exercise, which is being led by an external cost engineer, will also provide us with information on how robust our cost estimates are. Separately we are doing an internal audit review to confirm the veracity of our actual costs to date.

Summary

11. In summary, we continue to take as many steps as we can to minimise our ongoing costs.

Concurrently we have a project in place which, while it is primarily focused on the red zone infrastructure costs, together with internal audit information, it will also inform our year end forecast to confirm it is robust .