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The Christchurch City Council has a vision for this City:

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

Children Network Specialist Tania Gibson's Storytimes session attracts a crowd of children at South Library.



## What is the Summary Report?

This is a summary of the Christchurch City Council's Annual Report 2011. We produce it so that you can see at a glance what the Council has been doing for the past financial year. Should you require more information please refer to the full report.

You'll find copies of the full Annual Report 2011 at city libraries and service centres, online at [www.ccc.govt.nz/annualreport](http://www.ccc.govt.nz/annualreport) or you can request a copy through our call centre on 03 941 8999.

The Annual Report 2011 sets out what the Christchurch City Council did in the past year, why we did those things, how much they cost, and how we paid for them.

This report shows how the Christchurch City Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they want for their city as part of our long-term planning process. It also shows how the Council has responded to the series of earthquakes that have damaged our city.

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

In a normal year the Council would expect to receive an unqualified audit report from Audit New Zealand and the Auditor General. This would mean, among other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However, for the 2011 annual report the Council is not able to make a reasonable estimate of the value of damage that earthquakes have caused to Council's physical assets. Our current best estimate is that our physical assets, historically valued at about \$5.4 billion, have suffered in excess of \$2.4 billion of damage. However, this estimate is plus or minus approximately \$0.5 billion.

Also, in the normal course of events the Council would have commissioned independent valuations of its land, buildings, storm-water, waterways and wetlands infrastructure assets, and works of art assets in June 2011. However this was not possible in 2011 because of the earthquakes. The land, buildings, storm-water, waterways and wetlands infrastructure assets were not valued because independent valuers advised that insufficient asset condition information and market data existed to value the assets at year end. Works of art assets were not able to be valued because the Christchurch Art Gallery was inaccessible to valuers while it was being used as office space by Civil Defence and the Council.

There is, therefore, insufficient information to account for asset destruction, impairment, and valuations appropriately. It is our view that any adjustment made to the accounts on the basis of this estimate would be misleading to the reader and for this reason the Council has chosen not to reflect the value of earthquake damage in its 2011 financial statements.

Consequently the Council has not complied with accounting standards that require the value of damaged or destroyed physical assets to be removed from the value of our assets. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on Council's financial management or its ability to fund the rebuild of its infrastructure. It simply reflects the fundamental uncertainty around the actual value of earthquake damage.

Further information about the earthquake damage to Council's assets and how Council has accounted for this damage and the surrounding uncertainty is included in the financial statements section of this summary.

The Annual Report of the Christchurch City Council was adopted by the Council on 27 October 2011.

Published by the Office of the Chief Executive, Christchurch City Council, in compliance with s98 (4) of the Local Government Act 2002.

## From the Mayor and Chief Executive

The past year has been a challenging one for the Christchurch City Council and for all the people of our city.

Like everyone else in the city, the Council thought on 21 February that we had a good idea of where we were heading in the future and the projects and services that would be required by the city. Of course, that all changed for us on 22 February when the 6.3 magnitude earthquake struck and put our plans on hold. Just like our residents, we were faced with a whole new set of priorities and we are still working through the ramifications.

Immediately after the February quake, our city swung into action to provide the essential emergency response services that were required in the days and weeks following.

Everyone had a part to play in the initial response to the earthquake. As a city, we can be proud of the way our communities rallied together to help those in need and provide support for neighbours, family and friends. From the destruction and difficulty caused by the earthquake, we can take some positives: we have grown stronger together through adversity and we will continue to rely on each other as we rebuild what was damaged.

At the epicentre of the earthquake response, Council staff played a key role in the establishment of the Civil Defence Emergency Operations Centre at Christchurch Art Gallery. At the peak of the response, the paintings and sculptures that usually take pride of place in the Gallery made way for around 600 Civil Defence staff and their equipment.

As a city we learned a lot from our earthquake response efforts and we found out just how much we can achieve. Rubbish collection after both earthquakes did not miss a beat, with trucks on the road as scheduled in September and all pick-ups completed in the week following the February earthquake. Water supply was restored to all homes within a week of the first earthquake and in just over a month following the second. Staff coordinated the distribution of 2900 portable toilets and 45,000 chemical toilets to ensure residents without functioning household toilets had alternatives available. Our City Water and Waste Team has been working around the clock since February to repair damaged pipes with the aim of having all residents back on the system by the end of August – a tough goal but one that the team has been pushing hard to achieve for our residents.

This is the time of year when we would usually look back on the projects and services delivered to take stock of our success and look at how we can do better next year. In the past year, our whole way of working has changed; our priorities have been reset, planning goals shifted and our day-to-day business transformed.

We are now working closely with Central Government on the rebuild of our city and coordinating our efforts with those of the Canterbury Earthquake Recovery Authority (CERA) and other agencies. By working together, we will ensure the best outcomes for our city and deliver an efficient, cost-effective rebuild.

The Council has been tasked by the Government with planning for the rebuild of our devastated Central City. Starting from just after the 22 February earthquake, staff have pulled out all stops to have a plan ready to present to the Government by the end of the year. We took into account around 106,000 ideas for the future of our Central

City, shared by our residents and people from around the world, to prepare a draft plan for the rebuild. Our residents get the chance through September and October to tell us what they think of that plan before it is finalised. This is an exciting opportunity for the city and one that is not likely to present itself again. We will build a better city and Christchurch will emerge stronger from the rubble.

In addition to the plan for the heart of the city, we are working on the rebuild and regeneration of our outlying suburban centres to create attractive and functional community hubs across the city.

This work will be underpinned by the rebuild of around \$2 billion of damaged infrastructure. An innovative Alliance partnership has been set up to drive the rebuild of our underground sewer, stormwater and water pipes, roads and parks. This model sees the Council, CERA and the New Zealand Transport Agency working with key contractors to deliver the rebuild. This will be one of the largest civil engineering projects ever undertaken in New Zealand and, while the task is great, we know we can achieve our goals by working together.

All of these projects will need to be funded and our city – and the whole country – is facing significant extra costs as a result.

At the end of June 2011, the Council adopted its Annual Plan and budget for the coming financial year. The Plan includes a 5.34 per cent rate increase and an additional 1.76 per cent rate increase per annum over five years to pay for the earthquake-related operating deficits planned for each of the next three years. As an organisation, we worked hard to keep the increase as low as possible. We understand that the city is facing tough times and the earthquake has caused economic hardship and we are doing the best we can for everyone.

We are living in unprecedented times and it has been a tough year for all of us. Despite the challenges we face, there has been plenty of work done already to plan for the rebuild of our broken city. By working together we can be sure we will achieve our goals and build a better future.

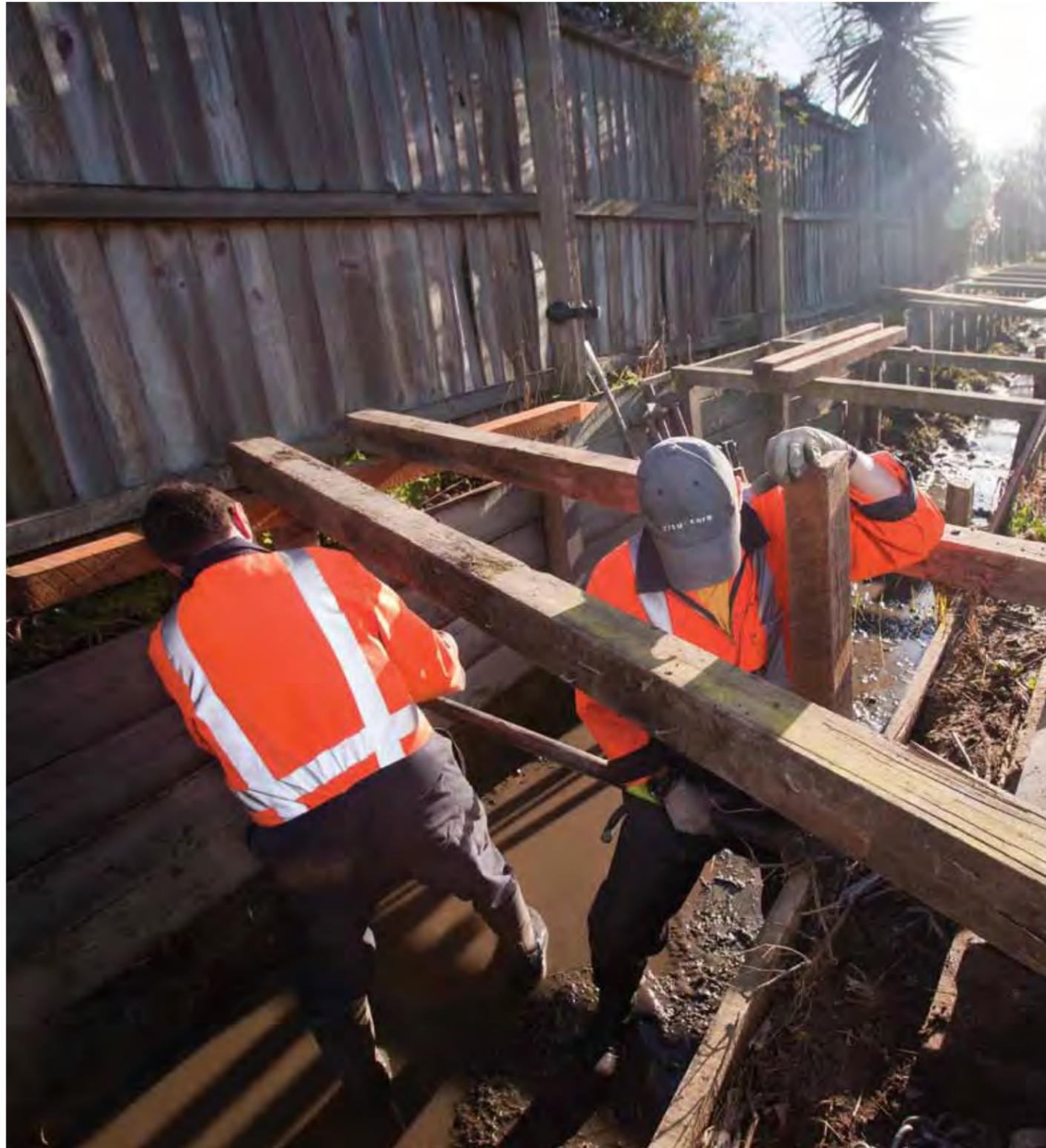


**Bob Parker**  
Mayor of Christchurch



**Tony Marryatt**  
Chief Executive  
Christchurch City Council

City Care staff carry out repairs to earthquake-damaged waterways as part of Christchurch's infrastructure rebuild.



## Our achievements

Much of the Council's work over the past financial year has been focused on emergency response, repairs and recovery following the recent earthquakes.

Immediately following the 4 September and 22 February earthquakes, the Council played a key role in the establishment and ongoing coordination of Civil Defence emergency response efforts. As part of this, Council staff worked around the clock to restore essential services to the city as quickly as possible in the days and weeks following the earthquakes.

### Rubbish

Trucks were back on the streets on the Monday following the Saturday 4 September earthquake, collecting rubbish as usual. Collection was stopped on the day following the February earthquake, however the trucks were back on task the following day and everyone's bins were picked up that week.

### Sewers

Christchurch's wastewater network suffered serious damage in the 22 February earthquake and thousands of residents were left without the use of their toilets and drains. The Council, operating as part of Civil Defence, coordinated the provision of alternative services for residents. This included placing portable toilets on city streets, the distribution of around 45,000 chemical toilets to worst-affected properties and installation of disposal tanks.

Repairs and silt clearing from pipes continued for several months, with the Council reaching its goal of returning public sewer services – either through the network or temporary solutions – to all properties by the end of August 2011.

### Water supply

Water was returned to all city homes one week after the September quake and it took just over a month to return full water supply after the February earthquake. Tankers of water were placed around the city immediately following all the earthquake so that residents had access to water.

### Transport

Damage to city roads and the cordons put in place around dangerous buildings had a significant impact on transport around the city in the weeks following the 22 February earthquake, with congestion becoming a problem for commuters, particularly around peak times.

The Council, working closely with the New Zealand Transport Agency, developed a range of initiatives to improve traffic flows which were prioritised and introduced across the city. In total, 36 measures were introduced at different pressure points across the city and the result was a rapid improvement in congestion for road users.

### City planning

Planning for the recovery and rebuild of Christchurch following the earthquake has been a big task for the Council over the past year, working alongside a range of other agencies.

One of the biggest projects tackled by the Council following the February earthquake was that of planning for the rebuild of our extensively damaged Central City. A draft Central City Plan, based on 106,000 ideas shared by the community, was developed and community feedback sought. The final plan is due for completion by the end of the year.

# Looking forward

The coming year will see Christchurch City Council focus on the rebuild and recovery of our city. Earthquake damage has affected much of our infrastructure and facilities, and therefore the city's ability to deliver services and activities as usual. Good progress is being made to address these issues, but the City has a lot of work to do and this will be our key driver in 2012.

## The rebuild

The \$2.4 billion rebuild of our earthquake-damaged infrastructure – sewer, water, roads and parks – will form a large portion of our work over the coming year. An Alliance partnership – between the Council, Canterbury Earthquake Recovery Authority, New Zealand Transport Agency and key contractors – has been put in place to manage the five-year rebuild.

In addition to this, the Council is preparing a plan to address damage at key facilities, including libraries, service centres and recreation and sports centres. This will be finalised in coming months and work will get underway.

Red zones created in the city's east have increased demand for housing elsewhere in the city. The Council has accelerated work to bring greenfields to readiness for housing development to assist in making subdivisions available for residential building.

## Major capital projects

There are a number of major capital works which will take place over the coming year. They include:

- the commissioning of the Biosolids Drying Facility at the Christchurch Wastewater Treatment Plant was delayed as a result of the earthquake and is expected to go ahead in the 2012 financial year
- the Graham Condon Leisure Centre was officially opened in October 2011
- work will continue on Council projects associated with the Southern Motorway
- the Major Sewer Upgrade continues from previous years
- design work on upgrading the Akaroa Water Treatment Plant and improving the security of supply of water to Takamutua and Akaroa will continue to progress
- construction will commence for a new co-generation engine for the Christchurch Wastewater Treatment Plant. This is to replace equipment used to generate electricity from gas made at the plant, which is reaching the end of its useful life
- the upgrade, widening, and strengthening of the Ferrymead Bridge has been delayed by the earthquakes, but will continue and is expected to be completed by December 2013
- construction on the new Botanic Gardens Visitor Centre is expected to start in the 2012 financial year.

## Central City Plan

The Central City Plan will be completed in the coming year and Council staff will continue to work closely with CERA on the Recovery Strategy for the city.

The Central City Plan will guide the redevelopment of the Central City during the next 10 to 20 years. It sets out how the Council will work with CERA, Environment Canterbury and Ngāi Tahu, as well as Central Government, private investors, developers, businesses and the community to rebuild and redevelop the Central City in line with what the community identified as critical to make Christchurch a great city again.

## Suburban regeneration

Rebuild and recovery plans will be developed for Lyttelton, Sydenham, Stanmore Road and Selwyn Street, and the Council will support a community-led plan for Sumner. Investigations will also be held into whether this planning process will be suitable for Aranui, Edgeware, Linwood, Woolston and New Brighton.

## Sport and recreation

A Sport and Recreation Earthquake Leadership Group was formed and one of its key purposes is to advise CERA and the Council on planning for new recreation and sport facilities and services.

Christchurch will host a range of local and national sporting events including the NZ Women's Golf Open, NZ Open and the NZ Road Cycling Nationals, along with the Le Race and SBS Marathon. The Rugby World Cup was a highlight in late 2011, with a Fanzone in North Hagley Park, live screening of games and a range of events including opportunities for community members to be involved in activities with visiting teams.

# How the Council works

## Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Elections are held every three years to select the people who will act and speak for our community. The last full election was held on 9 October 2010.

## Council

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

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

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

## Community Boards

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

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

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

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

## The Council organisation

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

## Council structure

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

- Capital Programme
- City Environment
- Community Services
- Corporate Services
- Human Resources
- Public Affairs
- Regulation and Democracy Services
- Strategy and Planning

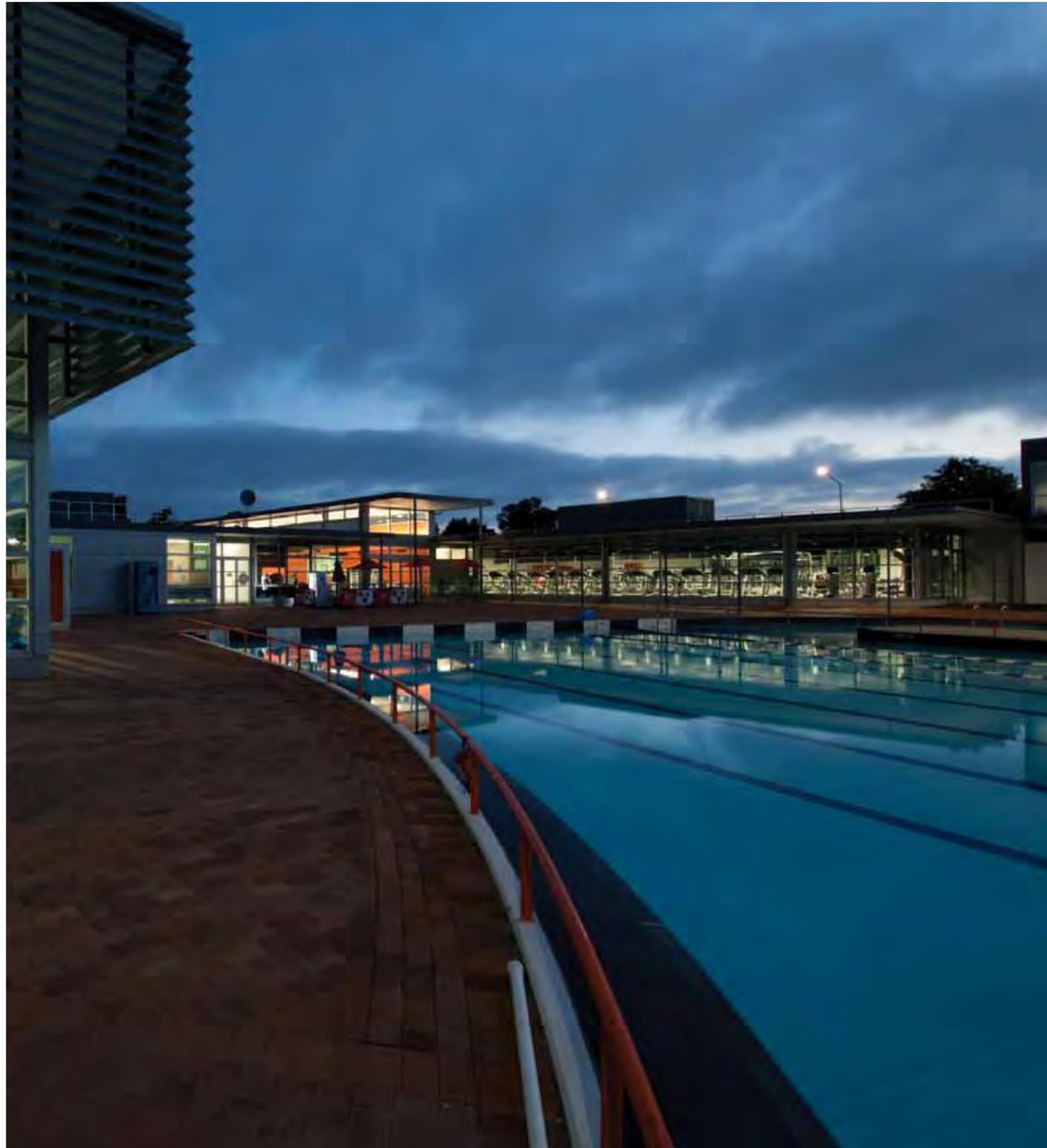
Within these groups, various community units are tasked with providing specific services to the community and organisation. The services and activities provided by the City Council are wide and varied, from rubbish collection, roads and water, to the Botanic Gardens, Christchurch Art Gallery, City libraries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

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



A passenger leaves the new Christchurch International Airport terminal.

A view across Jellie Park's outdoor pool in the early morning.



## Our activities at a glance

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

### City planning and development

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

February 2011's earthquake caused extensive damage to Christchurch's Central City. Many of the city's buildings have been badly damaged and much of the city as people knew it has changed forever.

Out of this natural disaster has come a rare opportunity to develop a new vision for the Central City, one which builds on the character and heritage that remains and creates a great city for future generations.

This new vision is being developed by the Council in conjunction with its local community. This vision will cover the area within the four avenues and will look at what kind of public spaces and buildings are desired; how people will move around the Central City; what cultural, recreational and entertainment activities will be enjoyed in this area; and how to support businesses returning to the Central City.

### Community support

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

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

Council's Community support activity has become more important to the welfare of residents and groups in Christchurch during the immediate response to earthquakes and during the city's long term recovery.

### Cultural and learning services

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

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

Some of the facilities which housed the Council's cultural and learning services suffered damage in the 22 February earthquake and were closed to the public. Making repairs or providing alternative services has been a priority for the Council.

### Democracy and governance

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

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

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

## Our activities at a glance (continued)

### Economic development

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

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

Each company operates as a commercial business in a competitive environment.

The Christchurch economy and the tourism industry have been badly affected by the earthquakes through damage to facilities and infrastructure and news of the Canterbury earthquakes has had a major adverse impact on visitor numbers. Enabling and encouraging the recovery of the Christchurch economy will be a major focus of the Council in the coming years.

The Council and Christchurch and Canterbury Tourism, with partners Christchurch International Airport Limited and the Ministry of Economic Development aim to support and rebuild existing tourism and travel activity in the region, as well as to lead the tourism sector's contribution to the rebuilding of the region's economy

### Parks, open spaces and reserves

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

The Council, Canterbury Earthquake Recovery Authority (CERA), NZ Transport Agency (NZTA), and the Alliance contractor companies are responsible for rebuilding those park and land drainage assets that are beyond repair, and this will be co-ordinated with the repair and rebuild of the water supply, waste water, and road network assets over the coming years. In the meantime Council will continue to maintain the existing Parks, Open Spaces and Waterways assets to meet immediate operational needs.

### Recreation and leisure

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

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

A Sport and Recreation Earthquake Leadership Group was formed following the February earthquake and one of its key purposes is to advise CERA and the Council on planning for new Recreation and Sport Facilities and services. Council will provide recreation services for the community from our remaining facilities and the new ones at Pioneer and Graham Condon that are due to be completed in the new calendar year.

### Refuse minimisation and disposal

The Council provides solid waste collection, treatment and disposal services in order to protect the community and environment. Waste minimisation is encouraged through kerbside collection of recyclable products and paper. A number of initiatives and education programmes are run to reduce the amount of material residents and businesses send to the Kate Valley landfill.

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

### Regulatory services

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

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

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

Regulatory Services staff were key to delivering a response and leading the recovery from the significant earthquake events that have occurred since September 2010. 4188 red placards, 2098 yellow placards and 59,956 green placards were affixed to buildings to designate their immediate suitability for their intended use.

## Our activities at a glance (continued)

### Streets and transport

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

The Council, CERA, New Zealand Transport Authority (NZTA), and the Alliance contractor companies are responsible for rebuilding the city's damaged infrastructure. As this work is undertaken over the forthcoming years the Council will continue to maintain the existing Streets and Transport assets to meet the immediate needs of the community.

### Wastewater collection and treatment

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

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

Work to repair damaged city infrastructure has been ongoing over past months, with a focus on emergency response and repair work to restore temporary services to homes, make the roads safe and repair critical underground infrastructure. At the same time, planning for the wider rebuild, which is likely to take more than five years, has also progressed.

### Water supply

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

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

As a result of the earthquakes 150 kilometres, or 9 per cent, of the city's network of water pipes have suffered damage. Immediately following the February earthquake 80 per cent of the city was without a reticulated water supply. Significant work will be undertaken to replace damaged water mains and sub-mains during the next 12 months. Plastic pipe and other design improvements are being incorporated into renewal works to improve system resilience.

### Corporate activities

Corporate activities encompass a range of areas which cannot be directly attributed to other groups of activities within Council. These activities include property costs, managing investments, services provided to external organisations, managing revenue from CCTOs and other income, such as revenue from regional fuel tax. Overall the corporate activities generate a significant surplus, which is used to reduce the rates collected from residents.

Tens of thousands of people enjoy the show every year at Classical Sparks in Hagley Park.



# Our performance summary

The Council reports against the measures contained in its Long Term Council Community Plan (LTCCP) and details can be found in the full financial statements.

Legislation adopted by central Government following the February earthquake temporarily removed the requirement for the Council to prepare a statement of service provision reporting on levels of service for the year and performance against plan. These requirements were replaced with an explanation of the assets used in the activities, the condition of the assets, and the factors affecting Council's ability to deliver those services from 30 June 2011 (Canterbury Earthquake (Local Government Act 2002) Order 2011 (SR 2011/219)). The requirement for the statement of service performance to be audited was also removed.

This exception is due to the fact that many Council services were severely affected (or even completely suspended) at one stage or another through the course of this year. Also, in many instances the measurement systems and devices used to arrive at

performance results were severely compromised. In other cases results are not available because resident surveys (scheduled for early March) were not conducted, for obvious reasons.

Although we are not required to publish performance information this year, where information is available we prefer to make that information public. On a less formal note reporting them is, at least in part, a form of recognition for the performance of Council staff during the emergency periods. Behind the statistical results set out in the Annual Report there was a very high degree of commitment by staff to maintain damaged or otherwise compromised services, either in their Council role or as a Civil Defence volunteer.

The results for 2011 are obviously not complete. Due to the severe impacts across Council's services they are also not robust enough to stand up to full audit processes.

The following are examples of how the Council measures its performances.

Council activity and service	Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual result
<b>City planning and development</b>	City and community long-term policy and planning	Advice is provided on key issues that affect the social, cultural, environmental and economic wellbeing of Christchurch	At least 85% of milestones agreed for each year are achieved	At least 85% of milestones agreed for each year are achieved	Advice was provided in a range of policy issues. Milestone topics affected by earthquakes so many matters proposed to be considered by Council were deferred. Advice relevant to the earthquake circumstances was provided
<b>Community Support</b>	Civil Defence Emergency management	An Emergency Operations Centre (EOC) is available for the coordination of a multi-agency response in the event of an emergency	At all times	At all times	Target achieved. The EOC primary location is the Function room Hereford Street Civic Offices. The alternate EOC at the Art Gallery has been used for the response to the September and February earthquakes due to damage to the Civic Offices. Plans are in place to use 28 Hereford Street plus marquees if the Art Gallery is unavailable
<b>Cultural and learning services</b>	Art gallery and museums	Collection items available on web	80% of collection on line with images	80% of collection on line with images	There are 5,564 works currently available for view on the gallery website. This figure represents 90% of the collection
<b>Democracy and governance</b>	Public participation in democratic processes	All elections and polls comply with relevant legislation	100%	100%	100%

# Our performance summary (continued)

Council activity and service	Activity	Level of service	Pre-earthquake target	Post-September earthquake target	Actual result
<b>Economic development</b>	Civic and international relations	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes	All major events delivered annually - season opening function, Antarctic Festival, Antarctic UC scholarship	All major events delivered annually - season opening function, Antarctic Festival, Antarctic UC scholarship	Events delivered
<b>Parks, open spaces and waterways</b>	Rural fire fighting	Community informed of fire season status	Public notice in the daily newspaper prior to each fire season change	Public notice in the daily newspaper prior to each fire season change	100% - All public notices issued within target
<b>Recreation and leisure</b>	Recreation and sports services	Community-based recreation and sport programmes/events are delivered	745 - 825 programmes and events per annum	745 - 825 programmes and events per annum	1,406
<b>Refuse minimisation and disposal</b>	Residual waste collection and disposal	Kerbside wheelie bins for residual waste emptied by Council services	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week	≥99.5% kerbside wheelie bins for residual waste emptied when correctly placed at the kerbside each week	99.89% - Service was able to be maintained despite the earthquakes
<b>Regulatory services</b>	Regulatory approvals	Per cent of customers satisfied with service provided by the planning, building and building inspection services	70% of customers satisfied with the resource management and building consent and building inspection service	70% of customers satisfied with the resource management and building consent and building inspection service	Level of service survey not conducted because of the earthquakes
<b>Streets and transport</b>	Road network	Safety programmes (programmes designed around NZTA crash, fatality and injury statistics)	9 safety programmes annually	A maximum of 9 safety programmes annually	Two road safety programmes were fully delivered with the remaining 7 programmes only partly delivered due to the earthquakes
<b>Wastewater collection and treatment</b>	Wastewater collection	Properties served affected by service interruptions or maintenance activities	≤80 properties served affected/year	≤80 properties served affected/year, excluding badly damaged areas of Bexley, Southshore, Halswell, Avonside-Dallington-Burwood, Spencerville and Brooklands	Not met. Over 40,000 properties were without service for varying periods of time following the February earthquake
<b>Water supply</b>	Water conservation	Council runs water conservation campaigns	The Waterwise campaign is run between October and February each year	The Waterwise campaign is run between October and February each year	Waterwise campaign ran between October and February

Christchurch school children learn all about being safe on their bikes from Daniel Anstiss, Council's Senior Cycle Safe Instructor.



## Financial highlights

The effects of the Canterbury earthquakes are spread throughout this year's Annual Report and this summary. The costs to date of response and recovery, along with the funding we have received for that work, and the reduced revenue and costs that have resulted from the closure of facilities is shown in our financial statements. The enormous response effort carried out by Council staff and contractors, along with the impact of earthquakes on Council activities is detailed in the Council activities and services and How did we measure up sections of the Annual Report.

Council's current estimate is that the earthquake-related response and recovery costs faced by the Council will total \$2.4 billion. The largest component of this is the cost of the infrastructure rebuild programme. Infrastructure assets consist of roads (which are eligible for NZ Transport Agency subsidies) and underground assets (e.g. water reticulation and wastewater), which are insured with the Local Authority Protection Programme (LAPP).

Council's above-ground assets are insured with Civic Assurance, which has adequate reinsurance to cover the estimated damage to these assets of \$363 million. Council has also made an estimate for additional remediation costs, increased costs of working (covered by insurance), uninsured assets (largely parks and stormwater) and insurance excesses of \$248 million over five years.

The immediate emergency management costs are funded jointly by the Council, Ministry of Civil Defence and Emergency Management (MCDEM), NZTA and insurance. These costs are estimated to be in the order of \$306 million. Discussions are underway with all these parties to ensure maximum subsidies are available.

The Council is continuing to work with the Government and insurers to determine the amount of the rebuild which must be funded by the Council. Subject to future decisions by the Council, it is likely that this amount will be funded through borrowing and repaid through an ongoing reduction in the asset renewals programme for a period of approximately 10 years along with long-term growth in the rating base.

### Financial result

The Council recorded a profit for 2011 of \$44.1 million compared to its budget of \$31.0 million. Total comprehensive income was \$25.1 million compared to a budget of \$77.8 million. The Council budgets for an accounting surplus because under accounting standards we are required to show all revenue, including capital revenue as income received for the year. Capital revenues include development contributions, some of which are used to fund future development, New Zealand Transport Agency (NZTA) subsidies, and vested assets, (footpaths, water and drainage infrastructure and reserves land), which are vested to Council by developers. The surplus also includes interest received on funds that are held in the balance sheet for special purposes.

The major reasons for the \$52.7 million difference between actual and budgeted total comprehensive income were:

- \$91.9 million lower than expected gain on the revaluation of assets because the planned revaluations of land, buildings, storm-water, waterways and wetlands infrastructure assets and works of art did not take place and impairment of buildings due to the earthquakes
- \$12.5 million lower than anticipated development contributions revenue due to the impact of the earthquakes on property development

- \$4.3 million lower than expected capital subsidies from NZ Transport Agency due to the deferral of capital projects
- \$4.7 million less in parking fees because of earthquake closure of the central business district
- \$275.0 million of earthquake response costs offset by revenue of \$182.3 million of earthquake related response and rebuild recoveries plus \$93.4 million of insurance proceeds.
- \$4.5 million of additional rates revenue relating to higher than expected growth in 2010
- \$14.4 million of gains on the sale of EcoCentral Limited (formerly CCC Two Limited) and on the disposal of assets
- \$4.5 million reduction in depreciation costs as a result of earthquake enforced delays in capital projects
- \$13.0 million of losses on assets sold or written off
- \$11.7 million more than budget assets vested in Council
- \$29.5 million higher than anticipated gain on revaluation of investments in Council subsidiary companies

Although the Council has recorded total comprehensive income of \$25.1 million, the financial results do not properly record the financial impact of earthquake damage to Council assets. Accounting standards require that when an asset has been destroyed it should be removed, or written off, from the financial statements. Similarly, where there is an indication that the value of an asset as recorded in the financial statements is greater than its actual value, the value of that asset must be reduced (this is known as impairment).

It is clear from Council's work to date that it is generally not possible to determine whether individual assets are damaged beyond repair and should be written off or can be repaired and therefore should be impaired. In most cases final decisions about write-off versus impairment of individual assets cannot be made until detailed engineering reports are available and a repair/replace decision has been agreed with the Council's insurers and/or Government agencies. Depending on these decisions, total comprehensive income could be reduced by up to \$2.4 billion.

Offsetting this unrecognised damage to Council assets are the recoveries that we expect to receive from insurers and government agencies. Because of the high degree of uncertainty around the amount and timing of these recoveries they have not been recognised as an asset but disclosed as a contingent asset in Council's financial statements. None of these amounts have been recognised in the financial statements.

After adjusting for non-cash items we have made a cash operating deficit for the year of \$30.1 million compared to the planned surplus of \$131.5 million. The difference between the planned surplus and actual deficit is essentially the result of earthquake-related payments to suppliers. This has been funded by reducing Council expenditure on the capital programme, the receipt of insurance proceeds, and though the use of funds Council previously had invested.

# Financial highlights (continued)

## Sources of operating income

Total income for the year ended 30 June 2011 is \$771 million. It was received from the following sources:

	Actual	Plan
	\$m	\$m
Rates revenue	273.8	269.4
Sale of goods / services	33.7	42.7
Rental revenue	29.1	30.9
Interest revenue	24.5	23.1
Dividends	45.5	47.9
Development contributions	13.7	26.2
NZ Transport Agency subsidies (excl Earthquake)	18.3	22.6
Earthquake subsidies & revenue	273.6	-
Other revenue	58.3	37.2
Vested assets	3.3	15.0

## Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2011 was \$729.3 million. Key components include:

	Actual	Plan
	\$m	\$m
Depreciation and amortisation	111.7	116.2
Finance costs	25.7	21.7
Personnel costs	129.4	128.1
Grants / Donations	33.8	30.1
Earthquake expenses	236.5	-
Other operating expenses	192.2	188.1

The \$273.8 million of rates collected equates to \$28.95 per week for the average residential ratepayer. In 2011 the Council used this to fund Council activities and services as shown below:

Council activity and service	Cents per dollar of Rates	Average Residential Rates / Week
City planning and development	5.1c	1.48
Community support	19.5c	5.65
Cultural and learning services	11.7c	3.39
Democracy and governance	2.9c	0.84
Economic development	2.6c	0.75
Parks, open spaces and waterways	10.5c	3.04
Recreation and leisure <sup>1</sup>	-4.9c	-1.42
Refuse minimisation and disposal	8.8c	2.55
Regulatory services	4.1c	1.19
Streets and transport	26.9c	7.78
Wastewater collection and treatment	7.3c	2.11
Water supply	5.5c	1.59
	<b>100.0c</b>	<b>28.95</b>

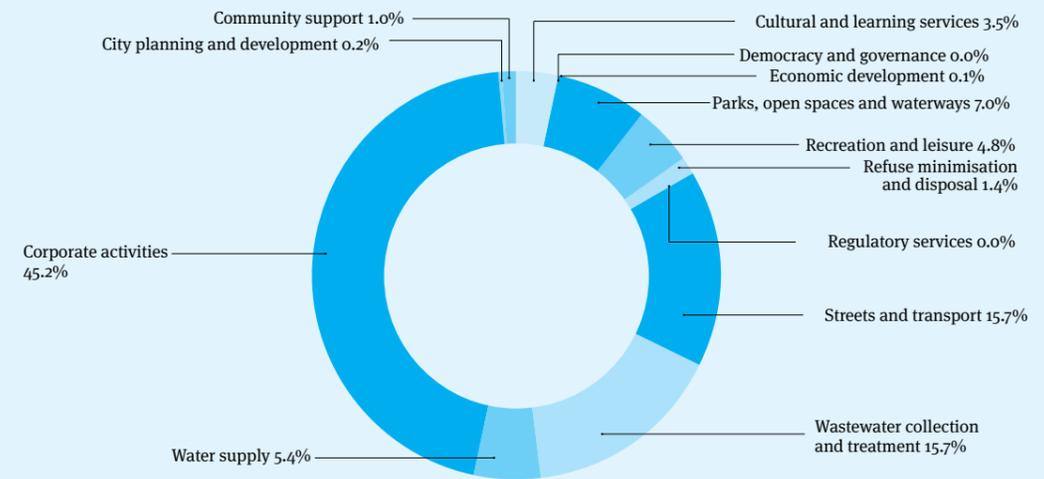
Note: <sup>1</sup> The receipt of insurance proceeds for damaged recreation and leisure buildings resulted in this activity making a surplus for the year.

# Financial highlights (continued)

## Investing in the assets of the city

Council's investment across the city slowed as staff and contractors focused on earthquake response and recovery instead of the capital programme. Despite this change in focus, the Council spent \$217.3

million across a wide range of capital projects, compared to the budget of \$244.3 million. Highlights are below with more detail in the Council activities and services pages in the Annual Report.



## Achievements

Major capital projects completed for the year included:

- sewer renewal works outside the Christchurch urban area were completed in line with the asset renewal programme requirements. Approximately 11 kilometre of pressure sewer mains is currently under construction. These essential pipelines, when commissioned, will greatly reduce sewer overflows into the city's waterways
- Council has entered into a number of contracts with contractors and more recently an alliance contracting arrangement for the infrastructure rebuild across the city. \$25.5 million for the infrastructure and facilities rebuild programmes was spent on contractor set-up costs and works in progress that will be allocated across the rebuild programme as works are completed
- \$1.0 million was spent on improvements at QEII Park for the International Paralympic Committee Games
- \$0.4 million was spent on Landfill Gas (LFG) Stage 3 Pipeline & Compressor. The gas reticulation pipelines to the Christchurch Wastewater Treatment Plant and a line to feed the Art Gallery and new Civic Building were completed and Art Gallery energy needs are now provided by landfill gas. The new Civic Building has been commissioned on landfill gas and this is now operational
- \$2.3 million on off-street parking automation
- the traffic light network was significantly upgraded with the building of a high-speed data network to 100 of the inner city intersections connecting both traffic signals and traffic observation cameras to the upgraded servers, and the traffic systems hub was successfully moved from the old Civic building in Tuam Street to the refurbished Hereford Street site. New wireless radio technology (WiMax) was successfully trialled for use by the remaining 160 intersections

- \$10.3 million was spent on strategic land purchases on Wigram and Annex Roads to support growth projects
- \$5.2 million was spent completing the fit-out of the new Civic Building on Hereford Street
- during the year, \$41 million of existing Vbase Limited advances and \$9 million of existing Tuam Limited advances were converted to equity. These were not included in the plan and involved no cash outlay. Partly offsetting this, \$7.9 million was budgeted for the Town Hall upgrade, which hasn't proceeded due to the impact of the February earthquake
- Birdlings Flat and Pigeon Bay water treatment plants were commissioned in the 2010/11 year
- the upgraded Duvauchelle drinking water treatment plant was commissioned in early July 2011
- the strengthening of the Rapaki water supply for fire fighting purposes was completed
- a new 1 megawatt emergency generator was commissioned at the Christchurch wastewater treatment plant in late June 2011. This unit replaces 40-year-old plant and improves the plant's resilience in times of electrical power failure. The design work for the replacement cogeneration gas engine has been completed and construction will take place in 2011
- \$1.0 million was spent on post-earthquake repairs to the Organics Processing Plant and another \$1.0 million to establish the Burwood Recovery Centre
- \$4.1 million has been spent on earthquake-related rebuilding of headworks and water mains across the water supply network
- \$5.9 million was spent on earthquake-related rebuilding across the wastewater network.

# Financial highlights (continued)

Human Resources staff members Jacky Galvin (left) and Sharon McFarlane at work in the Council's Civic Offices.

### Operational achievements for the year include:

- an Emergency Operation Centre (EOC) was activated within 60 minutes of each of the major earthquakes occurring. Council staff fulfilled management, logistic, planning/intelligence, public information management, emergency welfare, building evaluation, and operation infrastructure roles.
- a construction and demolition recovery park was established behind Burwood Landfill after the February earthquake to receive construction and demolition material from the city's CBD and residential demolitions. The site also received over 500,000 tonnes of liquefaction silt from property, road and pipe clearing operations.
- Regulatory services staff were key to delivering a response and leading the recovery from the significant earthquake events that have occurred since September 2010. 4188 red placards, 2098 yellow placards and 59,956 green placards were affixed to buildings to designate their immediate suitability for their intended use.
- the city's road network suffered an enormous amount of earthquake damage, with some damage to nearly half the city's 2,293 kilometres of roads. Following each earthquake, the Council carried out extensive programmes of silt removal and temporary repairs including road smoothing and sealing.
- earthquake damage resulted in the interruption of sewer services to an estimated 75,000 houses. In response to this damage, the Council deployed temporary toilet solutions in the east of the city (3,000 portable toilets, 42,000 chemical toilets, diesel over-pumping to storm-water and waterways and temporary tank solutions).
- since April, the Council has been working on the redevelopment of the Central City. Within 10 weeks of the February earthquake, the Council launched Share an Idea, which yielded 106,000 ideas from our community and key stakeholders.
- despite the earthquake upheaval, over 150 kilometres of regional park tracks have been maintained and kept accessible over the year. Native bird populations have recorded increases of up to 125 per cent for some species and previously absent species are now residing in reserves where permanent animal pest control is present.
- the International Paralympic Committee athletics meet was a sporting highlight in early 2011.
- the kerbside collection system performed extremely well throughout the year and provided robust and reliable waste service receptacles for residents.
- after operating the company for 18 months, the Council sold EcoCentral Limited to Christchurch City Holdings Limited. In the period under Council ownership, its operational problems and inefficiencies were corrected and issues with glass recycling resolved. The company is now performing strongly.
- over \$7.5 million was distributed via the Strengthening Communities Funding Schemes (Strengthening Communities, Small Projects and Discretionary Response) to 1,150 projects across the city.
- although only open to the public for a limited time the Christchurch Art Gallery drew large audiences with total visitors exceeding 450,000. More than 135,000 visitors saw the Ron Mueck exhibition.

### Financial Position

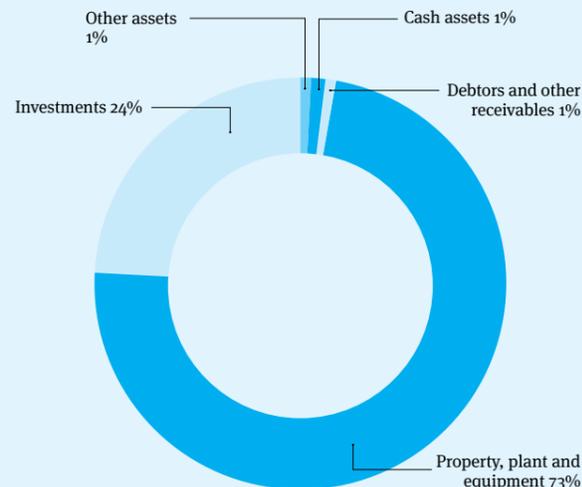
The Council's balance sheet shows a strong position with total assets of \$7.6 billion and net assets of \$6.9 billion. However, as noted above the Council has not yet recognised the majority of earthquake damage to its assets, which may reduce Council's net assets by more than \$2 billion. Partially offsetting this future write down of assets will be Government funding and insurance payments. The Council cannot yet accurately calculate what the net difference between earthquake damage and earthquake funding will be.

Council's total assets of \$7.6 billion are higher than budget by \$181 million. Current assets of \$400 million are higher than budget by \$243 million. This is mainly due to additional debtors and accrued costs relating to the recovery of costs incurred due to the earthquake. Non current assets of \$7.2 billion are lower than budget by \$62 million. The main reasons for the variance are:

- impairment (\$44.5 million) and write off (\$9.5 million) of buildings as a result of the earthquakes
- sale of EcoCentral Limited for \$1.1 million in share capital and its repayment of an advance of \$17.8 million
- a decrease in the valuation of investments for Christchurch City Holdings Limited (CCHL) of \$67 million, offset by,
- an increase of \$13.5 million in the valuation of Vbase
- \$103 million additions to property, plant and equipment due to the new Civic Building being accounted for as a finance lease
- higher than anticipated software additions of \$17.5 million

Total liabilities of \$701 million are higher than budget by \$190 million. Total borrowings are higher than budget by \$111 million because of additional borrowings required to fund earthquake related expense, partially offset by lower than expected borrowings for the capital programme which was delayed by the earthquakes. Creditors and other payables are \$52.8 million higher than budget due to unplanned accruals at year end. All other liabilities were higher than budget by \$26 million mainly as a result of the fair value of cash flow hedges of \$17 million and recognition of the service concession arrangement of \$9 million.

Our asset breakdown is as shown:



# Group results

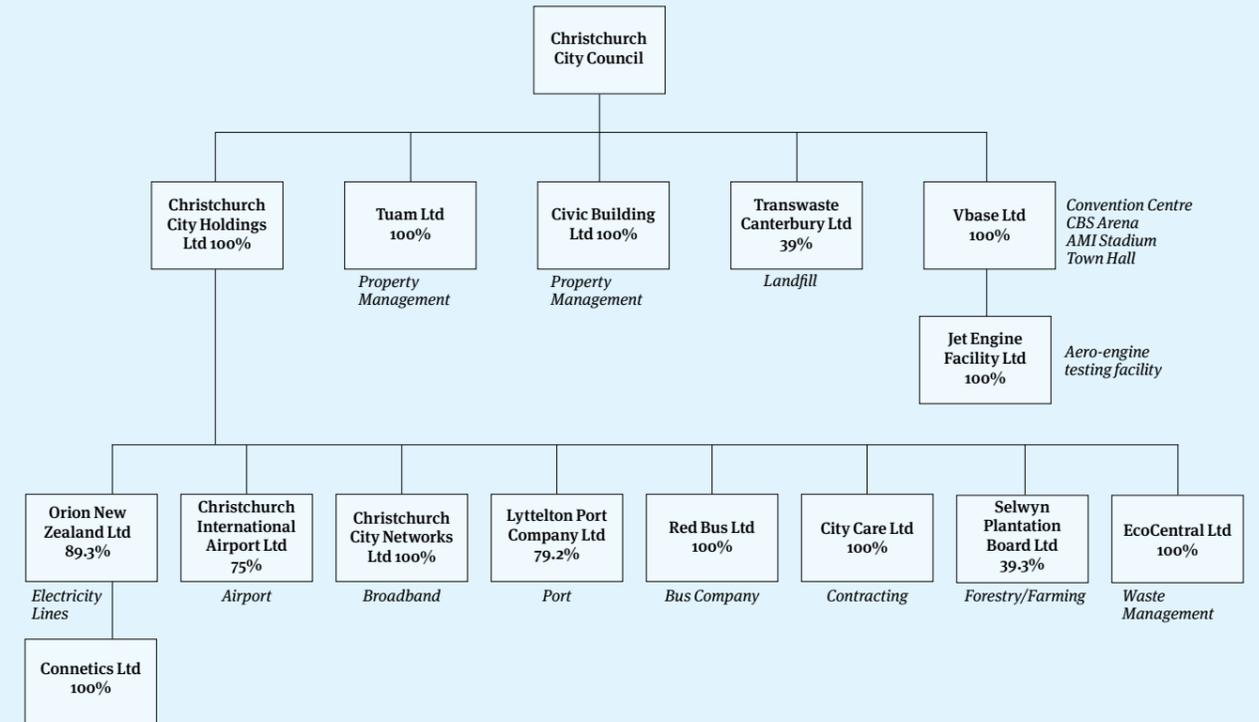
The Group includes the Council and its trading operations. The financial results, after all inter-company transactions have been eliminated, reflect the financial strength and size of the organisation as a whole.

	2011	2010
	\$000	\$000
Revenue from operations	1,375,671	977,853
Operating surplus (before tax)	111,035	95,423
Total assets	8,432,428	8,276,527
Total liabilities	1,617,711	1,367,374
Total equity	6,814,717	6,909,153

This result continues a positive trend in results for the Group, the increasing value of the assets held by the city, and the importance that Council's subsidiaries will have in helping to fund the rebuild of Christchurch.

In July 2011, Standard and Poor's lowered the Council's and Christchurch City Holdings Limited's long-term rating from AA+ to AA and short-term rating from A-1+ to A.

# Group structure



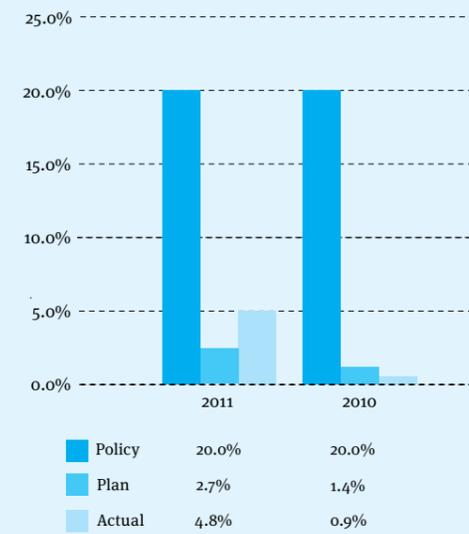
Heading in to Jellie Park Recreation and Sports Centre.



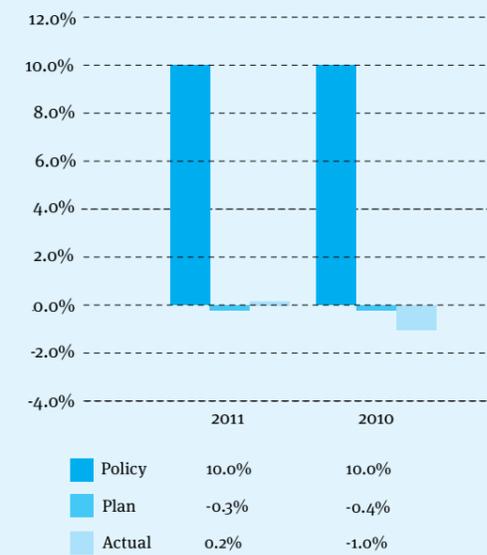
# Financial ratios

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

**Net debt as a percentage of equity**  
Ratio policy <20%

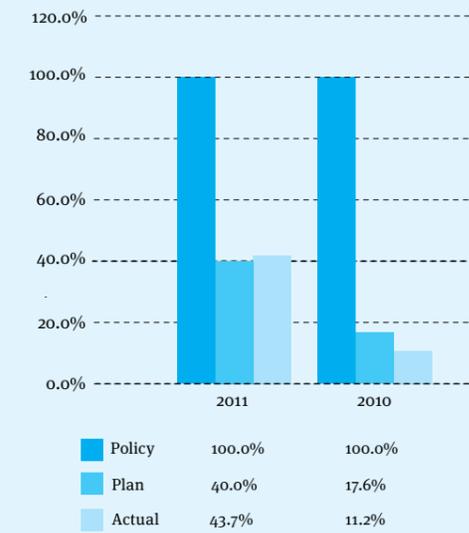


**Net interest as a percentage of total revenue**  
Ratio policy <10%

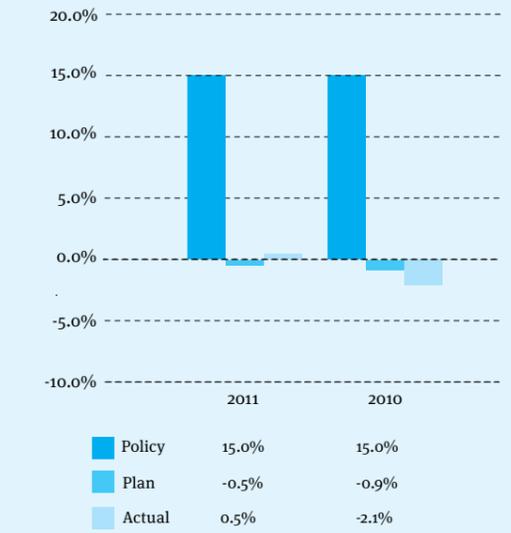


# Financial ratios (continued)

**Net debt as a percentage of total revenue**  
Ratio policy <100%



**Net interest as a percentage of annual rates revenue**  
Ratio policy <15%



**Liquidity**  
Ratio policy >120%



# Summary Audit report

## To the readers of Christchurch City Council and group's summary of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 2 to 34, which was derived from the audited statements in the annual report of the Christchurch City Council (the City Council) and group for the year ended 30 June 2011. We expressed a modified opinion on those audited statements in our report dated 27 October 2011.

The summary comprises:

- the summary balance sheet as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the City Council's other information contained in its annual report.

We would normally audit the City Council and group's non-financial performance information. However, due to the Canterbury earthquakes, the Local Government Act 2002 requirement to prepare and have audited the non-financial performance information was removed by the Canterbury Earthquake (Local Government Act 2002) Order 2011. Notwithstanding this, the City Council has prepared non-financial performance information which is summarised on pages 14 to 15, which we have not audited.

### Denial of opinion on the summary financial statements other than the summary cash flow statement

In our audit report dated 27 October 2011, we expressed a disclaimer of opinion on the City Council and group's financial statements, other than the cash flow statement, for the year ended 30 June 2011 in relation to the matters set out below.

As a result of a series of earthquakes, the City Council's property, plant, and equipment assets have been significantly damaged. This damage has not been accounted for in the financial statements because the City Council is not yet able to estimate the costs to repair these assets with sufficient reliability.

The City Council also carries certain property, plant, and equipment asset classes at fair value. New Zealand Equivalent to International Accounting Standard 16 Property, Plant and Equipment (NZ IAS 16) requires these asset classes to be revalued with sufficient regularity to ensure the carrying value is not materially different to fair value. For market-based valuations of land and buildings, the City Council's independent valuer has advised that there is no market evidence available to perform a revaluation as at 30 June 2011. For infrastructural assets valued using depreciated replacement cost, there is evidence that there is likely to have been a material movement in replacement costs requiring a revaluation to be performed. However, revaluations of infrastructural assets have not been performed as the effect of the earthquake damage and the appropriate replacement cost rates for infrastructural assets cannot be determined with sufficient reliability.

The total carrying value of property, plant, and equipment included in the parent balance sheet is \$5.463 billion, which represents 76% of total City Council assets and 65% of group assets as at 30 June 2011. Although the effects of the above matters cannot be reliably determined, it is clear that the carrying value of property, plant and equipment in the financial statements of the City Council and group is materially overstated. In addition, the surplus for the year for the City Council and group should reflect losses from the write off of irreparable assets, and other comprehensive income should reflect impairment of damaged but repairable assets and revaluation movements for assets that should be revalued.

In addition, the City Council's subsidiary Vbase Limited's property, plant, and equipment assets were substantially damaged by the earthquakes. Vbase Limited's financial statements are consolidated into the group financial statements. Vbase has accounted for the earthquake damage in its financial statements. However, there was insufficient reliable evidence to support the \$57 million impairment recognised in other comprehensive income, the impairment of \$41 million and reversal of impairment of \$41 million recognised in expenditure, or to support the \$158 million carrying value of land and buildings included in the financial statements.

Because the City Council has not accounted for damage to property, plant, and equipment and has not carried out a revaluation of property, plant, and equipment held at fair value, and because there was insufficient reliable evidence to support the impairment loss and property, plant and equipment values relating to Vbase Limited included in the group financial statements, the scope of our audit was limited and we were unable to carry out adequate audit procedures to determine the amount of the required adjustments.

Because of the significance of the matters described above, we have been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether the financial statements as a whole, other than the cash flow statement, of the City Council and group comply with generally accepted accounting practice in New Zealand or fairly reflect the City Council and group's financial position as at 30 June 2011 or the results of operations for the year ended on that date.

Because of the significance of the matters discussed above, it is inappropriate to express an opinion on the summary financial statements, other than the summary statement of cash flows, of the City Council and group for the year ended 30 June 2011.

# Summary Audit report (continued)

### Information for which sufficient appropriate audit evidence has been obtained

Notwithstanding our disclaimer of opinion on the financial statements as a whole, other than the cash flow statement, of the City Council and group, we have been able to obtain sufficient appropriate audit evidence for the information included in them, other than:

- the carrying amount of property, plant, and equipment, asset revaluation reserves, and retained earnings in the balance sheet;
- the related impairment losses, loss on disposals, and depreciation charged to the profit/loss in the statement of comprehensive income; and
- the related property, plant, and equipment valuation gains/losses and the impairment losses charged to other comprehensive income in the statement of comprehensive income.

### Opinion on the summary cash flow statement

In our opinion, the summary cash flow statement complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding cash flows in the annual report. In our audit report dated 27 October 2011, we issued an unmodified opinion on the cash flow statement.

### Opinion on the summary other information

In our opinion, the other information reported in the summary represents, fairly and consistently, the information regarding the major matters dealt with in the other information in the annual report. However, in our audit of the City Council's annual report we expressed a qualified audit opinion in our report dated 27 October 2011 in relation to other information because we were unable to obtain sufficient appropriate audit evidence to support the 'what did it cost' sections of the other information and the associated variance explanations.

Our qualified audit opinion states that, except for the possible effects of earthquake related matters discussed above, the other information of the City Council and group complies with the requirements of Schedule 10 of the Local Government Act 2002 as modified by the Canterbury Earthquake (Local Government Act 2002) Order 2011 applicable to the annual report and fairly reflects the required information.

The summary other information does not include 'what did it cost' information and therefore there is no equivalent misstatement in the summary other information.

### Basis of opinion

The audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 27 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the City Council and group.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

In addition to the audit, we carried out other assignments in certain of the City Council's subsidiaries. These assignments were issuing audit certificates pursuant to the Commerce Act (Electricity Disclosure Requirements) Notice 2004, the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999. These assignments are compatible with those independence requirements.

Other than the audit, the audit of an amendment to the Long Term Council Community Plan and the assignments detailed above, we have no relationship with or interests in the City Council or any of its subsidiaries.



**Scott Tobin**  
 Audit New Zealand  
 On behalf of the Auditor General  
 Christchurch, New Zealand  
 22 November 2011

## How the earthquakes affected the Annual Report 2011

Christchurch City Council projects and services were significantly affected by the earthquakes in September, February and June, with resources directed away from business-as-usual projects to emergency response and recovery efforts.

There is still a lot of work to be done before the Council can fully quantify the extent of damage to city infrastructure and other assets. As a result, much of the financial information set out in this year's Annual Report is based on estimated costs.

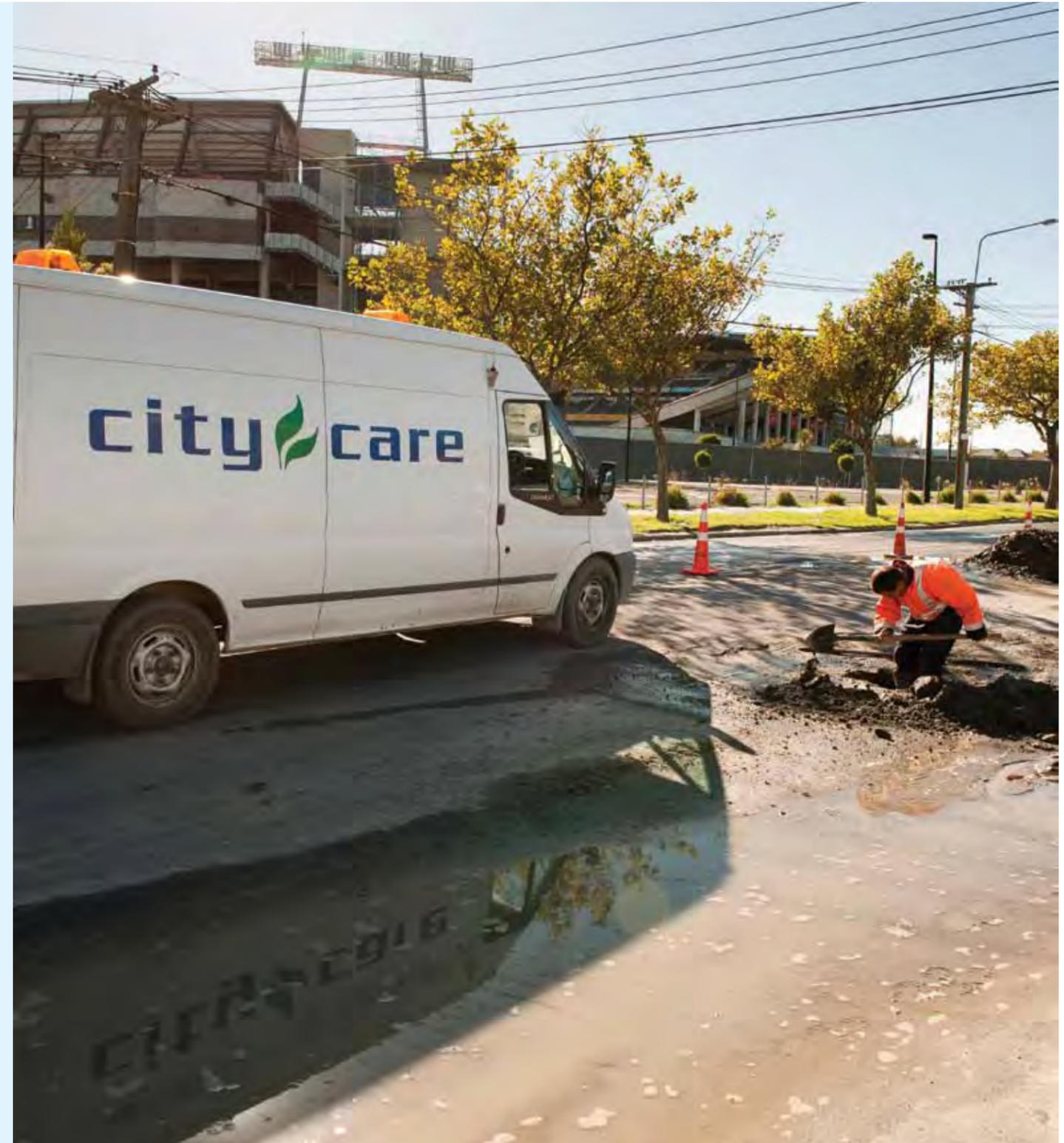
This means it is not possible to accurately account for the damage in the financial reports and Audit New Zealand has had to issue a disclaimer of opinion on this aspect of the Annual Report.

While this is not a common occurrence, it has been widely accepted as a realistic result of the disruption caused by the earthquake. It will not have any impact on general Council business. Audit New Zealand have been able to obtain assurance on areas not affected by earthquake issues, such as cash systems. This is reflected within the opinion.

Council staff worked with the Audit and Risk Management Subcommittee and Audit New Zealand for some months to agree on the best way to describe the impact of the earthquakes in the Annual Report.

Those financial institutions with which the Council deals regularly, are comfortable with how the Council has disclosed damage estimates in the Annual Report. The situation will become clearer as repair work progresses and although there will be significantly more information on which to base next year's result there is a possibility that we may receive a disclaimer of opinion for the 2012 report.

City Care staff carry out maintenance work on earthquake-damaged roads.



# Financial statements

## Summary Statement of comprehensive income for the year ended 30 June 2011

	Parent			Group	
	30 Jun 11 Actual \$000	30 Jun 11 Plan \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
<b>Revenue</b>	770,485	499,966	559,891	1,375,671	977,853
Finance costs	25,712	21,678	17,278	56,627	44,895
Other expenses	703,577	462,493	439,962	1,216,052	845,070
<b>Expenditure</b>	729,289	484,171	457,240	1,272,679	889,965
Share of (losses)/profits of associates	-	-	-	4,737	466
<b>Surplus before asset contributions</b>	41,196	15,795	102,651	107,729	88,354
Vested assets	3,306	15,004	7,069	3,306	7,069
<b>Surplus before income tax</b>	44,502	30,799	109,720	111,035	95,423
Income tax expense	392	-	1,863	39,007	91,577
<b>Surplus for the period</b>	<b>44,110</b>	<b>30,799</b>	<b>107,857</b>	<b>72,028</b>	<b>3,846</b>
<b>Other comprehensive income</b>					
Property, plant and equipment valuation gain/(loss)	(439)	47,000	356,555	(107,519)	383,131
Property, plant and equipment impairment loss	(44,463)	-	-	(101,745)	-
Investment revaluation gain/(loss)	29,467	-	(113,033)	(652)	-
Other	(3,597)	-	(2,572)	45,327	(767)
<b>Other comprehensive income for the period, net of tax</b>	<b>(19,032)</b>	<b>47,000</b>	<b>240,950</b>	<b>(164,589)</b>	<b>382,364</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>25,078</b>	<b>77,799</b>	<b>348,807</b>	<b>(92,561)</b>	<b>386,210</b>
<b>Surplus for the period attributable to:</b>					
Parent Entity	44,110	30,799	107,857	58,469	(3,122)
Minority interest	-	-	-	13,559	6,968
	<b>44,110</b>	<b>30,799</b>	<b>107,857</b>	<b>72,028</b>	<b>3,846</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent	25,078	77,799	348,807	(100,145)	374,187
Minority interests	-	-	-	7,584	12,023
	<b>25,078</b>	<b>77,799</b>	<b>348,807</b>	<b>(92,561)</b>	<b>386,210</b>

The significant variances to budget relate to Christchurch City Council (parent) and are explained in the financial highlights on page 18.

# Financial statements (continued)

## Summary balance sheet as at 30 June 2011

	Parent			Group	
	30 Jun 11 Actual \$000	30 Jun 11 Plan \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
<b>Assets</b>					
Current assets	399,679	157,084	245,476	571,062	328,754
Non-current assets	7,194,047	7,255,800	7,069,060	7,861,366	7,947,773
<b>Total assets</b>	<b>7,593,726</b>	<b>7,412,884</b>	<b>7,314,536</b>	<b>8,432,428</b>	<b>8,276,527</b>
<b>Equity and Liabilities</b>					
Current liabilities	175,820	202,095	136,888	405,751	408,064
Non-current liabilities	525,159	309,281	309,979	1,211,960	959,310
Equity (excluding minority interest)	6,892,747	6,901,508	6,867,669	6,567,500	6,662,264
Minority interest	-	-	-	247,217	246,889
	6,892,747	6,901,508	6,867,669	6,814,717	6,909,153
<b>Total Equity and liabilities</b>	<b>7,593,726</b>	<b>7,412,884</b>	<b>7,314,536</b>	<b>8,432,428</b>	<b>8,276,527</b>

Council's (parent) total assets of \$7.6 billion were higher than budget by \$181 million, largely due to the lease on the new Civic Building being treated as a finance lease.

Council's (parent) total liabilities of \$701 million were higher than budget by \$190 million, largely as a result of additional borrowings required to meet earthquake related costs.

## Financial statements (continued)

### Summary statement of changes in equity for the year ended 30 June 2011

	Parent			Group	
	30 Jun 11 Actual \$000	30 Jun 11 Plan \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
<b>Opening equity</b>	6,867,669	6,823,709	6,518,862	6,909,153	6,530,883
Other comprehensive income for the year (net of tax)	(19,032)	47,000	240,950	(164,589)	382,364
Surplus for the period	44,110	30,799	107,857	72,028	3,846
	25,078	77,799	348,807	(92,561)	386,210
Dividends	-	-	-	(6,782)	(7,723)
Adjustment from share acquisitions	-	-	-	4,907	(217)
<b>Closing equity</b>	<b>6,892,747</b>	<b>6,901,508</b>	<b>6,867,669</b>	<b>6,814,717</b>	<b>6,909,153</b>

	Parent actual			Group actual			
	Retained earnings \$000	Other reserves \$000	Total equity \$000	Retained earnings \$000	Other reserves \$000	Minority interest \$000	Total equity \$000
Balance at 1 July 2009	1,866,321	4,652,541	<b>6,518,862</b>	2,564,968	3,723,209	242,706	<b>6,530,883</b>
Balance at 30 June 2010	1,961,725	4,905,944	<b>6,867,669</b>	2,522,647	4,139,617	246,889	<b>6,909,153</b>
Balance at 30 June 2011	1,954,747	4,938,000	<b>6,892,747</b>	2,545,922	4,021,578	247,217	<b>6,814,717</b>

## Financial statements (continued)

### Summary cash flow statement for the year ended 30 June 2011

	Parent			Group	
	30 Jun 11 Actual \$000	30 Jun 11 Plan \$000	30 Jun 10 Actual \$000	30 Jun 11 Actual \$000	30 Jun 10 Actual \$000
Net cash provided by/(used in) operating activities	(30,050)	131,499	220,964	73,716	243,308
Net cash (used in)/provided by investing activities	(94,153)	(243,925)	(321,508)	(262,154)	(469,970)
Net cash provided by/(used in) financing activities	91,728	112,426	97,053	165,360	220,687
<b>Net increase in cash and cash equivalents</b>	<b>(32,475)</b>	<b>-</b>	<b>(3,491)</b>	<b>(23,078)</b>	<b>(5,975)</b>
Cash and cash equivalents at beginning of year	80,892	57,538	84,383	103,855	109,830
<b>Cash and cash equivalents at end of year</b>	<b>48,417</b>	<b>57,538</b>	<b>80,892</b>	<b>80,777</b>	<b>103,855</b>

# Financial statements (continued)

Orion staff work in Christchurch's Port Hills.

## Notes to the financial statement for the year ended 30 June 2011

### 1. Accounting policies

#### Reporting entity

Christchurch City Council (Council) is a territorial authority under the Local Government Act 2002. The Christchurch City Council group includes all subsidiaries and associates.

The primary objective of Council is to provide goods or services for the community or social benefit rather than to make a financial return. Accordingly, Council has designated itself a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Council are for the year ended 30 June 2011. The Council has prepared the summary financial report to provide users with a succinct overview of Council performance. The Council authorised the General Manager Corporate Services to produce and publish the summary report on the 27th October 2011. The summary report was approved for issue by the General Manager Corporate Services on 22 November 2011. The specific disclosures in the summary financial report have been extracted from the full audited financial report also dated 27 October 2011.

#### Basis of preparation

The financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with General Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities with the following exceptions related to 2011:

- NZ IAS 36 – Impairment of Assets
  - Assets with earthquake damage have been written off only when it is certain that they have been destroyed. Where Council and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building, the Council has recognised the indemnity amount as an impairment to the building. No impairment has been recognised for other earthquake damaged assets. Further information about this matter is set out in the introductory note to the financial statements in the Annual Report.
- NZ IAS 16 – Property, Plant and Equipment
  - Assets due for valuation in 2011 were land, buildings, stormwater, waterways and wetlands infrastructure assets and works of art. These assets were not valued and therefore their carrying value represents their depreciated 2008 fair value. Further information about this is set out in note 23 to the financial statements in the Annual Report.
  - NZ IAS 16 requires the Council to review the useful lives and residual values of its assets annually. Because of the scale of earthquake damage the Council has not complied with this requirement for 2011.

All of the above have flow on effects to depreciation, impairment of assets carrying values, revaluation reserves, and retained earnings.

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

The summary financial report complies with Financial Reporting Standard No. 43 Summary Financial Statements. Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Council.

Users who require additional information are encouraged to access the full Council Annual Report on the Council website at [www.ccc.govt.nz/annualreport](http://www.ccc.govt.nz/annualreport). Users who do not have access to the website can request a printed version through the call centre or from the following address:

General Manager, Corporate Services  
Christchurch City Council  
PO Box 73016  
Christchurch

### 2. Capital commitments

Christchurch City Council group has commitments to the value of \$169 million (2010: \$159 million) on capital works.

### 3. Contingent liabilities

These liabilities are dependent on other future events and, for the group, total \$70 million (2010: \$20 million).

### 4. Events after balance date

There are no events subsequent to 30 June 2011 that are material to these financial statements.

