

ANNUAL REPORT

2014

CHRISTCHURCH ŌTAUTAHI

SUMMARY



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Christchurch City Council Annual Report 2014 Summary

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.

What is the summary report?

This is a summary of the Christchurch City Council's 2014 Annual Report. It shows at a glance what the Christchurch City Council (Council) has been doing for the past financial year. If you would like more information please refer to the full report, copies of which are at city libraries and service centres, and online at <http://www.ccc.govt.nz/thecouncil/policiesreportsstrategies/annualplan/annualreport2014.aspx>. You can also ask our call centre for a copy by phoning (03) 941 8999 or for Banks Peninsula residents, 0800 800 169.

The 2014 Annual Report for the financial year July 2013 to June 2014 sets out what the Council did in the past year, why we did those things, how much they cost, and how they were funded.

This report shows how the Council is delivering on the promises made to our community – promises made after asking Christchurch residents what they wanted for their city as part of our three year planning process. It also shows how the Council continues to respond to the rebuild of our city.

The report shows the Council's overall financial position and performance, measured against our key financial goals.

In a typical year the Council would expect to receive an 'unqualified' audit report from Audit New Zealand and the Auditor-General. This would mean, amongst other things, that the financial statements meet the accounting standards and fairly reflect the Council's position. However, for the 2014 Annual Report as was the case in 2013, 2012 and 2011 there are a number of earthquake related issues that prevent the Council from complying fully with accounting standards.

The audit was qualified for four reasons all in relation to the carrying value of assets. The Council is unable to determine the fair value of land, buildings, the roading network, the sewerage system and the stormwater system which have not been revalued since the earthquakes.

While the water supply system was revalued in 2014 Council has been unable to determine what part of the increase in value relates to prior years.

The Council has been unable to appropriately categorise its capital work in progress balance to identify completed assets and repair elements. Lastly the carrying value of insurance receivables recognised in the financial statements is uncertain as the Council continues to negotiate with its insurers.

Consequently the Council has not complied with accounting standards. Our auditors are therefore unable to give the usual unqualified opinion. This does not reflect on the Council's financial management or its ability to fund the rebuild of its infrastructure. It simply reflects the fundamental uncertainties around the value of assets as a result of the earthquakes.

Further information about the damage to the Council's assets, how the Council has accounted for this damage and the surrounding uncertainty is included in an introductory note to the financial statements, *Impact of the rebuild*.

The Council adopted the Annual Report on 23 October 2014.

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

Financial results at a glance

The Council's total expenditure during the year was \$680.3 million.

While the Council had an accounting surplus of \$205.1 million in the 2013/14 year, this surplus is due to non-cash accounting items. The Council will still face a shortfall of up to \$900 million if we do not make some explicit choices about what we do and how we pay for it in the 2015–25 Long Term Plan.

The Council's total comprehensive income was \$810.9 million in 2013/14, again, due to non-cash items. The Council group (including the CCHL group and other subsidiaries) had a surplus for the year of \$517.9 million with total comprehensive income of \$1,162.5 million.

Message from the Mayor and Chief Executive

We came into office as a new Council four months into the 2013/14 financial year. Our immediate priorities were to sharpen the organisation's focus on the \$40 billion rebuild of our city, to strengthen our relationships with key city partners and the community and to address the organisation's many and complex financial challenges.

In common with many Canterbury businesses and households, the rebuild and recovery following the 2010/11 earthquakes continued to have a major impact on the Council's financial position. Our ability to plan with confidence for the future is hampered by continued uncertainty about our insurance recoveries and escalating earthquake related costs.

As explained further in this summary (page 3) these uncertainties contributed to a qualified audit report from Audit New Zealand and the Auditor-General.

Another setback last year was the loss of our building consents accreditation.

We have tackled these challenges head on. One of our first tasks as an incoming Council was to appoint a new Chief Executive, Dr Karleen Edwards, whose focus has been on driving down the Council's operational costs, improving the quality and efficiency of our processes and improving our organisational culture. After a major investment of resources and expertise, we hope to be accredited again as a building consent authority.

We have opened the Council books as promised. The KordaMentha and Cameron Partners reports commissioned during the year helped us to better understand the financial challenges we face. These reports told us we needed to revisit our spending priorities as a city and to ask searching questions about everything we do. Both reports reinforced that there was no single measure that would resolve our financial situation – we needed to consider every aspect of our income and expenditure.

But they also told us that we have a healthy balance sheet which at 30 June 2014 showed the Council had total assets of \$9.1 billion and net assets of \$7.9 billion.

We have time on our side to consider our financial options because our projected debt does not reach a critical level until 2017.

Many of the decisions we need to make relate to the work programme we share with the Crown, and our mutual contractual obligations under the June 2013 Cost Share Agreement.

We will continue to work collaboratively with them on the rebuild of key city assets (the anchor projects), the repair of the horizontal infrastructure (pipes and roads), and future use of the Residential Red Zone, the area of land in the east that links the city to the sea.

Despite the financial constraints we are experiencing, we have made a strong commitment to the rebuild of our city, the strengthening of our communities and the restoration of their facilities.

The go-ahead was given for the new Halswell Library, Pool and Community Centre facility. A new Aranui community facility was able to attract philanthropic funding so the full cost of replacing the now demolished Aranui-Wainoni Family Centre will not be met by rates.

The Botanic Garden's Glasshouses and the Linwood Community Arts Centre were re-opened this year and work also started on designing and planning for new community centres including Bishopdale, Sumner and Heathcote.

In keeping with the 'Share an Idea' tradition of seeking community views, the Council's New Central Library project attracted 2,400 comments and suggestions from the public which helped the architects develop the concept designs. This was invaluable input and ensures the project has community support.

A lot of the work that has been done cannot be seen because it is underground. The rebuild of Christchurch's earthquake-damaged horizontal infrastructure is now at the halfway mark. SCIRT - the financial partnership between the Council, the Canterbury Earthquake Recovery Authority (CERA) and the New Zealand Transport Agency (NZTA) - has so far laid 48 kilometres of fresh water pipe, 306 kilometres of wastewater pipe and 355,433 square metres of new roads.

Although much of this remains 'a work in progress', enough has been achieved to feel confident that as an organisation we are back on track.

The signature of Lianne Dalziel, Mayor, written in black ink.

Lianne Dalziel
Mayor
17 November 2014

The signature of Karleen Edwards, Chief Executive, written in black ink.

Karleen Edwards
Chief Executive
17 November 2014

Our achievements

The Council kept its focus on recovering and rebuilding from the earthquakes while maintaining essential services for residents. Highlights of our year's achievements were:

Water supply

We renewed most water mains and repaired much of the earthquake damage to the reservoirs. We are repairing the remaining leaks and working with owners to repair leaks on private property.

Work on the Akaroa Water Treatment Plant has advanced to the point that it should be open by early 2015, replacing three plants and improving water quality and supply to Akaroa and Takamatua township. We also opened a reticulated water supply in Charteris Bay.

Parks and open spaces

We celebrated 150 years of the Christchurch Botanic Gardens with commemorative plantings, and opened a new visitor centre, glasshouse and staff complex in the Botanic Gardens. We continued to repair and open more of the Port Hills track network, including the previously closed section of Summit Road and tracks between Rapaki and Bridal Path.

Art gallery and museums

Repairs on Christchurch Art Gallery continued, with an opening date scheduled for December 2015. Staff staged 30 short-term exhibitions in several external locations, including the Art Box Gallery in St Asaph Street, which hosted a family exhibition *Burster Flipper Wobbler Dripper Spinner Stackier Shaker Maker* and a series of education workshops. Akaroa Museum reopened part of its building and received a grant from the Ministry for Culture and Heritage for repairs to the rest of the building in 2014/15.

Libraries

We launched the New Central Library anchor project in March with the *Your Library Your Voice* campaign which received 2,400 comments. The design team appointed for the new library is a collaboration between New Zealand firm Architectus and Danish designers, schmidt hammer lassen. Earthquake recovery and rebuild work continued with the Central Library Tuam closing, the Central Library Manchester opening, a temporary library set up in Bishopdale Mall and Linwood Library at Eastgate extending to Sunday opening.

Facilities rebuild

We continued working on the design of the new Halswell Library, Pool and Community facility in preparation for building which is due to start in July 2014. The pool will be alongside a 3,050 square metre building housing the library, café, meeting spaces for up to 300 people, changing rooms and a customer service desk.

The design of the new Aranui Community Centre is finished. The new centre will cost about \$5.9 million and will include activity, meeting and office space. We have also been designing and planning new community centres in Bishopdale, Sumner and Heathcote.

The \$3.5 million upgrade of the Washington Skate Park was officially opened in April. The park caters for many styles and skill levels and is one of the largest in New Zealand.

We opened 12 new social housing units at Maurice Carter Courts in Dundee Place, and repaired 38 closed units and 174 tenanted units.

Transport

We continued to encourage residents to walk, cycle, bus and carpool as part of our plan to expand travel options for residents. We adopted the 'Let's carpool' scheme and with 20 businesses/institutions joining, we are now extending it to the general public using the northern corridor.

As cycle safety is a major issue, we ran an education programme on cycle safety skills and motorist awareness of cyclists. We ran two other key campaigns, 'Don't block the intersection' and 'Merge like a zip' to reduce traffic congestion and heighten safety around road works.

Recreation and leisure

The Summertimes programme and the World Buskers Festival again kicked off the 2014 year with hundreds of thousands attending events.

Our highly successful KiwiSport Learn to Swim programme subsidised more than 100,000 school swim lessons in 2013/14 and we won the national Quality Swim School of the Year award for our swim education programme.

We worked on the Waltham Lido, Norman Kirk Memorial and Scarborough paddling pools so they will be ready for the 2014/15 summer. The Hagley Oval embankment is also being prepared for the Cricket World Cup event in February 2015.

We also hosted the New Zealand Women's Golf Open Championship and the New Zealand Cycling Road Championships, both of which were a great success.

Roads and footpaths

The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) and the Council continued repairing and renewing roads with a full return to pre-earthquake standards not expected for some years.

Our achievements

Refuse minimisation and disposal

The Organics Processing Plant at Metro Place is rebuilt and back to full capacity, and we set up the Burwood Resource Recovery Park, which took 117,728 tonnes of construction and demolition waste over the year.

Stormwater and flood protection

Our main focus was on asset repairs and planning for the rebuild of damaged assets through SCIRT and our operations team.

Major investigations are underway for the Avon, Styx and Heathcote Rivers and their tributaries, including the Dudley Creek catchment, which is a priority. We are also monitoring and maintaining the temporary stop-banks to offer adequate protection for tidal events.

The Mayoral Flood Taskforce triggered many early flood defence measures, including temporary pump options (Patrick St pump station), plans for the use of skid mount pumps and stream widening, and the removal of bottle-necks and obstructions in water ways.

Sewerage collection, treatment and disposal

SCIRT replaced about 40 per cent of the sewer network. New pressure and vacuum sewer systems were installed in parts of the city. We opened a new pump station on Pages Road and Beach Road and built a pump station along Wigram Road to cope with growth in Wigram and the city's south west.

We have also worked with Canterbury University and other organisations to make our wastewater collection and treatment systems more resilient.

City planning and development

We continued our review of the District Plans for the city and Banks Peninsula and are forming them into one Plan.

The Council adopted the Land Use Recovery Plan which was approved by the Minister for Canterbury Earthquake Recovery. It covers city living, medium density housing 'exemplars', public transport and coordinating infrastructure to support development.

We addressed Port Hills land instability, flooding and other natural environment matters related to earthquake recovery.

Work continued on the nine suburban centre Master Plans that support recovery in centres badly affected by the earthquakes. The Sumner, Ferry Rd and Edgeware Master Plans are finished and plans for Main Road and New Brighton are almost completed. In some places, building has started on the Master Plan, for example, in Albion Square in Lyttelton.

We have invested in a major cycleways programme and continued work on the transport chapter of the Christchurch Central Recovery Plan, 'Accessible City'.

Education programmes

Over 11,000 school students used our 'Learning Through Action' educational programmes about valuing water ways, beaches, parks, heritage gardens and reserves. Students also found out about our infrastructure such as the wastewater treatment and recycling plants.

Democracy and governance

We invited residents to submit their thoughts on several policies and bylaws, including the Local Alcohol Policy, the proposed restructuring of our Social Housing portfolio, Alcohol Bans in Public Places and the Psychoactive Products Retail Locations Policy.

International relations

The Mayor hosted a successful commemoration of the third anniversary of the 2011 earthquake, which included a family service at Avonhead Park Cemetery and a public service in the Botanic Gardens.

We also hosted the 2014 visit by Their Royal Highnesses the Duke and Duchess of Cambridge, and welcomed 1,760 new New Zealand citizens to Christchurch in 23 Citizenship Ceremonies.

Regulatory services

We granted 9,400 building consents with a total value of building works of \$2.5 billion, up 89 per cent on the previous year. Of those, 7,500 were residential consents at a value of \$1.4 billion, up 126 per cent from 2012/13.

We also granted 2,738 resource consents and 163 temporary accommodation authorisations. Applications were up 30 per cent on the previous financial year due to the rebuild.

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 on 12 October 2013.

Council

The Mayor and 13 Councillors govern the city and ensure our residents' needs 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 good quality local infrastructure and local public services. They are also required to carry out regulatory functions.

The Council's main direction is laid out in the Three Year Plan. With each review of this Plan, the elected members agree on 'Community Outcomes' which they achieve by setting policy. The outcomes in the current Three Year Plan are:

- Liveable city
- Strong communities
- Healthy environment
- Prosperous economy
- Good governance

Community Boards

At a local level, eight Community Boards represent and advocate 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:

- Riccarton/Wigram
- Shirley/Papanui
- Burwood/Pegasus
- Fendalton/Waimairi
- Hagley/Ferrymead
- 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 comprising five members.

The Council organisation

The Council employs the Chief Executive, who is the only staff member reporting directly to elected members. The Chief Executive employs all the other staff in the Council.

Council structure

The Council's organisational structure is designed to provide services as efficiently as possible. Activities and services are divided between day to day and rebuild and recovery operations. There are several groups in each:

Day to day operations

- Chief Operating Officer
- Office of the Chief Executive
- Corporate Services

Rebuild and recovery operations

- Chief Financial Officer
- Chief Planning Officer Strategy and Planning Group
- Council Facilities and Infrastructure Rebuild
- Building Control and City Rebuild

Each group comprises units that offer specific services to the community and the organisation.

The Council is responsible for a wide variety of services and activities. For example, it collects rubbish, recycling and green waste, builds and maintains roads and the water supply network, and runs the Botanic Gardens, Christchurch Art Gallery, city libraries and many festivals and events.

These are grouped into 13 Council Activities and Services. Find out more about these groups in *Our activities at a glance*, or for an in-depth view, the *Council activities and services* section of the Annual Report.

Looking forward

Our main focus in 2015 will be preparing the 2015–25 Long Term Plan, and continuing the rebuild of our city. Working with SCIRT, we will continue the rebuild in line with SCIRT's published programme of works. While SCIRT is responsible for the rebuild and repair of the horizontal infrastructure networks over the next few years, we will maintain assets to meet our residents' immediate needs.

Major capital works planned for the year to June 2015 include the following:

- the facilities rebuild
- continuing the Social Housing repair and replacement programme
- repairing the Art Gallery and rebuilding the New Central and Halswell libraries
- replacing the Ferrymead Bridge, installing three lanes on the Causeway and Main Road, and developing options for reopening Sumner Road (Evans Pass)
- preparing to tender for the Coastal Pathway Project in mid 2015
- progress towards building the Metro Sports Facility, a recreation and sport centre in the east, and an athletics track
- finishing the improved sand and grit removal facilities at the Christchurch Water Treatment Plant; continued earthquake repairs at the plant, with the aim of full repair by the end of 2015
- restoring the Bridge of Remembrance and Triumphal Arch, due to be finished in early 2015
- finishing the Wigram wastewater pressure main and continuing the Wairaki diversion wastewater upgrade
- completing the upgrade of the Akaroa and Little River water supplies by the end June 2015 to meet the New Zealand Drinking Water Standards.

Other non-capital major works planned include the following:

- Completing the Master Plans by the end of the 2014-15 financial year. We will continue the priority projects in the plans and funded from the Three Year Plan, and will offer case management to those asking for help.
- We will notify the public about the District Plan Review priority stage one chapters, and hear submissions. We plan to release some decisions by late 2014. We will progress the stage two chapters at the same time, and seek approval to engage with the public before these chapters are publicly notified in early 2015.

Christchurch will host a range of local, national and international sporting events including the:

- International Cricket Council Cricket World Cup
- FIFA Under 20 World Cup
- New Zealand Women's Golf Open
- New Zealand Road Cycling Nationals
- Le Race
- Airport Marathon.

More detail about future projects is in the Council activities and services section of the Annual Report.



Our activities at a glance

The Council organises its work into activities and services, which are summarised below.

City planning and development

We develop strategies, policies and plans that guide development across the city and Banks Peninsula, and that set out how we intend to work in the future.

The Christchurch City District Plan, which includes Banks Peninsula, sets out policies and rules for land use and subdivision. It helps us carry out strategies such as the Greater Christchurch Urban Development Strategy.

As we are committed to protecting our city's heritage, we work with developers, landowners and others to conserve heritage areas, buildings and other items.

Community support

We co-ordinate local civil defence and emergency management, and train emergency operations centre staff and community volunteers. We also promote awareness of the likely effect of a disaster and encourage all residents to be prepared.

We distribute grants to community groups and not-for-profit organisations for projects and initiatives that benefit local communities, communities of interest and the wider city.

We own various facilities, community centres, halls and cottages, which community groups can hire for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops.

We also run an early learning centre at Pioneer Sports and Recreation Centre, where we educate and care for children up to six years old. We support 13 other community-run facilities.

We supply affordable rental houses that are not ratepayer funded, for local people on low incomes, the elderly and people with disabilities.

To help build and promote strong communities, our specialist experts partner local communities, resident associations, voluntary organisations, iwi and other stakeholders. We support communities such as youth/children, people with disabilities, elderly, multi-cultural groups, voluntary and not-for-profit sectors and public arts/culture.

The Safer Christchurch team works to prevent injury and crime, including graffiti vandalism. We aim to make Christchurch the safest city in New Zealand and to keep our accreditation as an International Safe Community.

We have 10 walk-in customer service points from Papanui to Akaroa, including the Civic Offices. Two are open on Saturday mornings. To temporarily replace the Sockburn Service Centre, we have enhanced the Civic Video agency with an EFTPOS service and a phone hotline into the Council call centre.

Cultural and learning services

We operate the art gallery and support museums to collect and present the artistic and historical heritage of our region. When open, Christchurch Art Gallery caters to a strong and growing art audience. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. We also fund part of the Canterbury Museum.

City libraries provide recreational and learning material, offer life-long learning and literacy, and give the public community spaces.

Our education team runs programmes to support our community's sustainable, safe and appropriate use of the city's parks and reserves, waterways, facilities, roads, and spaces.

Democracy and governance

We support and advise the Mayor, Councillors and Community Board members so they can make good decisions on behalf of Christchurch residents. We also make the decision-making process clear to residents, and ensure that we meet all legal and policy requirements.

Economic development

Christchurch is the main business hub for Canterbury and the South Island. We work in three areas:

- economic development
- industry and business development
- promotion of Christchurch and Canterbury to tourists and visitors.

We inform residents about the city and promote it as an attractive place to work, live, visit and do business. We also promote events, attractions and facilities, encouraging residents to take part.

We build the city's international relationships, and promote more skilled migrants, international students and tourists coming to Christchurch. We aim to enhance economic development and international investment in the city, and to strengthen people-to-people links with cities around the world. We organise important commemorations such as 22 February and ANZAC Day, run regular citizenship ceremonies, annual civic awards and special events for our Antarctic Gateway status.

Our activities at a glance

Parks and open spaces

We maintain neighbourhood parks for residents to relax and enjoy informal and spontaneous outdoor recreation and leisure. We also provide and maintain specialised sports grounds for organised sports and other recreational activities.

We have specialist and heritage gardens for the community and visitors to enjoy and study botanical diversity, and we conserve and research plant life.

The city has extensive naturalised parks and reserves on the coast, hills and plains for all to enjoy, and which help protect the natural landscape and biodiversity values.

We provide and maintain cemeteries and administer burials and plot purchases.

We manage piers, wharves, moorings and boat ramps along the coast and within harbours for recreational and commercial use.

We educate the public about fire safety, issue fire permits and prepare and respond to rural fires. We train rural fire officers, fire fighters and manage voluntary rural fire force volunteers.

Recreation and leisure

Recreation and sport centres, swimming pools and stadia allow residents to take part in recreation and sport. As well as running these facilities, we support other groups offering recreation and sport programmes, and secure regional, national and international sporting events for Christchurch.

We produce a year-round programme of free and affordable events, support a range of festivals that enhance the city's lifestyle qualities and hold major events that attract visitors and support key industries.

Refuse minimisation and disposal

Our goal is to reduce the amount of rubbish we send to landfill by collecting recycling from homes and public places, educating the public about the benefits of reusing and recycling materials, and by sorting and processing recyclable materials so they can be reused.

We collect kitchen and garden waste from homes and turn it into compost for resale. We also encourage people to set up their own compost bins at home to reduce the amount of waste we collect.

Not everything can be recycled and we collect and transport this remaining waste to landfill. We also look after old landfills to make sure they do not harm the environment. At the old Burwood landfill site, methane gas is captured, piped underground and used to power city buildings and parts of the Christchurch Wastewater Treatment Plant.

We encourage businesses to limit the amount of waste they produce. We help them by offering programmes and services, such as the Target Sustainability project, which reduce waste and make businesses more energy and water efficient.

Regulatory services

Our enforcement and inspections team protects health and safety by minimising potential hazards. This includes controlling dogs and wandering stock, controlling where alcohol can be sold, and carrying out health inspections at food outlets.

The team ensures that residents and businesses comply with rules for building, parking, the City Plan and bylaws. They also respond to complaints about noise. Educating the public about the rules is a key part of the inspections and enforcement team's work.

The processing and issuing of building consents is basic for the ongoing development and rebuilding of the city. Post-earthquake Christchurch is more complex than before, with many hazards that we must take into account, such as flooding, rockfall and other land instabilities.

We advise the public using web pages, duty phones and pre-application meetings. With the focus on the work of Rebuild Central, we hold regular forums with industry professionals and representative groups with the aim of getting better quality and consistency of applications.

When a development or building falls outside the rules in the City Plan or Banks Peninsula District Plan, the project must get resource consent. We process consents to ensure the city gets the outcomes described in the Plans, and while doing so, we must meet the timeframes outlined in the law.

The Building Policy team maintains and administers our Earthquake Prone, Dangerous and Insanitary Buildings Policy, Building Consent Authority registration and accreditation and other regulatory matters. This includes Weathertight Homes Resolution Services claims, and along with the Crown, we contribute towards remediation. We share advice about buildings with CERA to maintain earthquake-prone building records and property information about commercial buildings.

We supply customers with property information to help them with building or property development. We do this through general public advice, project specific advice in pre-application meetings, and in response to requests for Land Information Memorandums and property file information.

Stormwater and flood protection and control works

We provide and maintain the stormwater drainage system to an agreed level for surface water management. The system uses streams, rivers, utility waterways, basins, pumps, structures, pipes and screens.

We maintain the natural waterways and their structures and systems, such as stop banks and flood-gates, so that they protect vulnerable areas from flooding.

Our activities at a glance

Roads and footpaths

We plan, build and maintain our road network, provide drainage and landscaping, operate street lighting and run traffic safety programmes.

We promote active travel and provide safe footpaths, pedestrian malls and open spaces for recreation, and on and off road cycle lanes.

We provide on and off street parking facilities that are safe, accessible and attractive, and that allow easy access to work and leisure.

We maintain the bus infrastructure that the city's bus companies use for public passenger transport. This includes the central bus exchange, bus stops (including suburban hubs and super stops), seats, shelters, bus priority systems and Passenger Real-Time Information Systems.

Sewerage collection, treatment and disposal

We enable wastewater to be continuously collected and transported from properties to treatment plants at Bromley and some smaller plants in Banks Peninsula.

We treat the wastewater at the plants then pump it through outfalls into the sea and, at some small plants, to land. An accredited laboratory tests the results from the treatment plants to ensure that discharged treated effluent meets health and environmental standards.

Water supply

We promote the efficient use of water to protect the resource for future generations. Staff work with the community to reduce the amount of water we use and to maintain the quality of our drinking water.

Corporate activities

Our organisation has services such as human resources, finance and information technology, which support other council departments. We charge the cost of these services to the activity receiving them.

Those Council-wide costs and income which do not belong with any particular activity are included in the Corporate Activities section.

Our performance summary

The work of the Council is divided into fourteen groups of activities and services. A number of non-financial performance targets, notably those around damaged infrastructure and facilities, were altered during the Three Year Plan process and new levels of services were set to take into account the level of damage, impact of the earthquakes or to reflect the post earthquake environment.

In addition during the year the Council changed twenty-seven measures from those set in the Three Year Plan for 2013/14. Twenty-three of these measures were amended in the building policy, building consenting and inspections, and land and property information services activities to assist with processes necessary to regain building control accreditation.

We monitor the performance in each activity annually and publish the details in the Annual Report.

The following examples show how we measure activity performance.

Council Group of Activity	Activity	Level of service	Targets	Actual result
City planning and development	Central city policy and planning	Deliver on Council components of Central City Plan.	Deliver 85% milestones for central city policy and planning component of the agreed annual work programme.	100% of milestones delivered.
Community support	Social housing	Maintain portfolio of rental units and owner/occupier units.	From 2013/14 maintain at least 2,100 units in Council housing stock.	2,233 units available at 30 June 2014. Throughout the year the number exceeded 2,100 units.
Cultural and learning services	Art gallery and museums	Exhibitions and publications presented.	4-6 publications a year, with at least 1 significant book or exhibition-related publication every 2 years.	4 editions of Bulletin. 2 education resources. 1 significant publication; Bill Culbert Front Door Out Back, Venice Biennale 2013.
Democracy and governance	City governance and decision-making	Council and community board decisions comply with statutory requirements.	100%.	All Council and community board decisions comply with statutory requirements.
Economic development	Civic and international relations	Maintain and develop relationships with international partners using Christchurch as a base for Antarctic programmes.	Maintain three active partnerships within Antarctic Link Community: United States of America, New Zealand and Italy.	Three active partnerships maintained with USA, Antarctica NZ and Italy.
Parks and open spaces	Garden and heritage parks	Provision of Botanic Garden services.	Facilitate 4-6 events and displays to support the Botanic Gardens and Christchurch's Garden City image a year.	6 events facilitated including: 150th Grounds Display, Kidsfest, Lazy Sunday, Summer theatre, Internal visitor display and New Facility Heritage display in glasshouses.
Recreation and leisure	Recreation and sports services	Deliver accessible community-based recreation and sport programmes, events and campaigns.	900-1100 accessible community-based recreation and sport campaigns, programmes and events each year.	2,529 accessible community-based recreation and sport campaigns, programmes and events delivered.

Our performance summary

Council Group of Activity	Activity	Level of service	Targets	Actual result
Refuse minimisation and disposal	Organic material collection and composting	Amount of organic material collected at council facilities and diverted for composting.	More than 175 kg +30/-10% organic material collected at council facilities and composted facility / person / year.	194 kg of organic material per person collected at council facilities and diverted for composting.
Regulatory services	Building consent and inspections	Develop and implement procedures to improve the quality of building consent applications to enable faster issue of consents.	The minimum statutory requirement is to issue 100% of building consents within 20 working days from the date lodged (note- once the new process is set up, we will set new levels of service).	A total of 9,332 consents were issued of which 57% were completed within 20 working days.
Stormwater, flood protection/control works	Flood protection and control works	Ensure dwellings are safe from flooding during normal rain events.	Less than 0.25% of dwellings (4 per 1,000) are flooded per year, based on a 50 year rain event.	0.20%.
Roads and footpaths	Road network	Congestion - peak travel times for private motor vehicles over 10 km of the arterial road network (7.30am to 9.30am and 4.00pm to 6.00pm).	Peak travel times for private motor vehicles over 10 km of the arterial road network to be no more than 19 minutes 40 seconds.	19 minutes 11 seconds.
Sewerage collection, treatment and disposal	Wastewater collection	Maintain consent compliance for wet weather overflows.	Report to Environment Canterbury the number of "sewer overflows to local waterways relating to wet weather sewer overflows each year".	Reported 67 wet weather overflows to Environment Canterbury over 7 rain events.
Water supply	Water supply	Supply continuous potable water to all customers	Ensure major leaks have a Council representative on site to assess and confirm repair options within one hour of being reported to Council for urban areas: at least 70%.	96.86%.

Financial highlights

Financial result

The Council group had an operating surplus before tax of \$556 million for the year compared to \$316 million in 2013. The increase is due to one off factors including the \$438 million of insurance recoveries received by the Lyttelton Port Company Ltd (LPC) on the settlement of its insurance claims and improvements in the Christchurch City Holdings Ltd (CCHL) group profitability, including City Care Ltd and Orion New Zealand Ltd.

The total assets of the Council group have increased to \$10.5 billion from \$9.4 billion in 2013, reflecting the higher value of the city's assets as the rebuild continues.

In July 2013, Standard and Poor's Financial Services LLC further downgraded the Council and CCHL long-term credit rating from AA- to A+ and their short-term credit rating from A-1+ to A-1 as a result of the Council losing building accreditation and the employment issues surrounding the Chief Executive.

Council's financial result

The Council had an operating surplus of \$197 million for the year before asset contributions, compared with a planned surplus of \$388 million and actual surplus of \$227 million in the previous year.

Three and half years on, the earthquakes continue to have a significant financial impact on the Council. Whereas in earlier years we disclosed the financial effect of the earthquakes separately, it is now part of our normal operations. It is possible to adjust the operating surplus before asset contributions for revenue and expenses that are the direct effect of the earthquakes. After adjusting for these the underlying operating result would have been a deficit of \$20.5 million (2013: \$48.3 million).

The total comprehensive income or final profit for the year was \$811 million, against a planned profit of \$452 million and a prior year profit of \$57 million.

The difference between the Council's operating surplus and its final profit arises from several non-cash items such as vested assets, increases in the value of subsidiaries, property, plant and equipment, and changes in the value of derivative hedges.

We cannot yet complete a full revaluation of our assets to reflect their post earthquake market values. Although the asset revaluation programme has started again (water supply and marine structures were revalued in 2013/14), there is some uncertainty about the other main asset classes. We therefore cannot fully comply with accounting standards, as has been the case since 2011, and have received a qualified audit opinion.

The qualified opinion does not reflect on our financial management or our ability to fund the rebuild of infrastructure. It reflects the basic uncertainty about the actual value of our assets and the full extent of their earthquake damage.

We have made further progress establishing the full extent of damage to our infrastructure assets and facilities, and impaired or wrote them off accordingly. At 30 June 2014 the impairment provision for infrastructure assets totalled \$552 million, a net increase of \$37 million on 2013, and \$142 million for buildings and facilities an increase of \$100 million on 2013.

More detail on the financial impact of the rebuild is outlined in the *Impact of the rebuild* later in this Summary.

Crown and insurance funding

The Council received Crown contributions and insurance proceeds of \$288 million in 2014 (2013: \$373 million). These were continuing payments from insurers and Crown agencies (CERA, NZTA and DIA). At year end the Council had a receivable from CERA of \$20.6 million and \$120.1 million of insurance recoveries.

Financial position

The Council's balance sheet shows a strong position with total assets of \$9.1 billion and net assets of \$7.9 billion.

The Council's total assets of \$9.1 billion are \$0.6 billion higher than plan. The increase in assets is mainly from \$120.4 million from revaluing the subsidiaries and \$189.2 million for property, plant and equipment, plus additional lending to CCHL of \$101.5 million and accrued insurance recoveries of \$81 million.

Equity is the community's financial interest in the Council and is measured as the difference between total assets and total liabilities.

Operating surplus breakdown

Sources of operating income

Total income for the year ended 30 June 2014 is \$946.3 million in total income and vested assets. It came from the following sources:

<i>Sources of operating income</i>	<i>Actual \$million</i>	<i>Plan \$million</i>
Rates revenue	330.7	337.6
Sale of goods / services	39.6	35.0
Rental revenue	30.5	25.6
Interest revenue	24.7	16.1
Dividends	56.3	48.7
Development contributions	24.0	13.0
NZ Transport Agency subsidies (excl earthquake)	32.6	17.8
Earthquake subsidies & revenue	287.8	384.3
Other revenue	50.8	111.5
Vested assets	7.0	3.5
Total	884.0	993.1

Financial highlights

The \$330.7 million of rates collected including targeted water supply rates was the equivalent of \$36.38 a week for the average residential ratepayer.

In 2014 the cost to ratepayers of Council activities and services is shown in the following table:

Group of Activity	Cents per dollar of Rates	Average Residential Rates/ Week \$
City planning and development	11c	4.00
Community support	9.6c	3.48
Cultural and learning services	26c	9.47
Democracy and governance	6.6c	2.39
Economic development	4.6c	1.68
Parks and open spaces	20.5c	7.45
Recreation and leisure	8c	2.90
Refuse minimisation and disposal	13.7c	4.98
Regulatory services	10.8c	3.92
Stormwater and flood protection and control works	6c	2.18
Roads and footpaths	10.3c	3.73
Sewerage collection, treatment and disposal	-31.1c	-11.29
Water supply	4c	1.49
	100c	36.38

Categories of operating expenditure

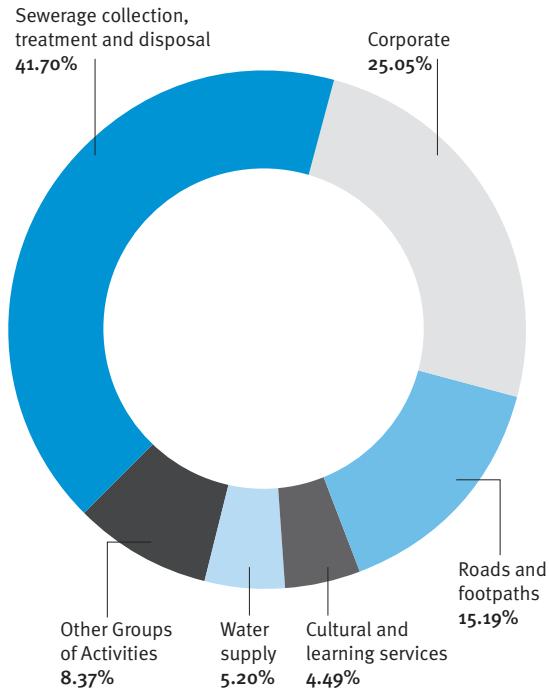
Our total operating expenditure for the year ended 30 June 2014 was \$680.3 million. Key components include:

Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation, amortisation and impairment	154.0	106.4
Finance costs	50.4	40.6
Personnel costs	159.3	155.5
Grants / donations	31.2	34.0
Earthquake expenses	70.7	76.5
Other operating expenses	214.7	188.6
Total	680.3	601.6

Investing in the assets of the city

We spent \$671 million on a variety of capital projects, compared with the budget of \$932 million. The under-spend was due to delays in the infrastructure rebuild programme and our other capital projects. A large portion of the capital projects relate to the infrastructure rebuilding programme, which is funded through insurance recoveries and Crown contributions. The sewerage collection, treatment and disposal activity has the largest share of infrastructure rebuild spend.

The diagram below shows the highlights, with more detail in the *Council activities and services* pages of the 2014 Annual Report.



The ‘Other Groups of Activities’ category in the diagram above comprises Parks and open spaces (3.84%), Stormwater and flood protection and control works (2.75%), Refuse minimisation and disposal (0.38%), Recreation and leisure (0.69%), Community support (0.58%), City planning and development (0.09%), Economic development (0.03%) and Regulatory services (0.01%).

The Corporate activity includes infrastructure rebuild work in progress that is unable at year end to be allocated to a particular activity. On completion of the projects they are reflected in the appropriate activity.

Financial highlights

Capital projects

We spent \$509 million (2013: \$499 million) on infrastructure rebuild projects during the year. Most of this was for sewage collection and treatment (\$252 million), water supply (\$19 million) and roading networks (\$59 million).

Water supply and sewerage projects during the year included:

- \$8 million on the Wigram sewerage pressure main and pump station
- \$6 million on the Charteris Bay sewerage system
- \$2 million on the Akaroa and \$2 million on the Little River and Cootown water supply upgrades
- \$3 million on the extension to the Charteris Bay water supply network.

Work continued on:

- the Ferrymead Bridge at \$14 million
- carriageway sealing and surfacing - \$4.0 million
- the Marshlands/Prestons intersection improvements - \$2.6 million
- Canterbury Park access - \$1.6 million
- the Main Road three lanes - \$1.2 million
- the McCormack's Bay culvert bridge and upgrade - \$1.0 million.

The Botanic Gardens Entry Pavilion and Washington Way Skate Park redevelopment were finished during the year.

Major Recreation and Leisure capital projects finished included \$1.9 million for the Hagley Oval test cricket venue and \$1.1 million on facilities rebuild projects.

Stormwater flood protection and control projects included:

- \$1.1 million of land purchases
- \$2.7 million of further projects as part of the South West Area plan including:
 - \$1.1 million for the Knights Basin stormwater detention and treatment facilities
 - \$0.7 million for the Owaka & Awatea green corridor.

For the Art Gallery and Library, we spent:

- \$18.2 million on art gallery repairs
- \$1.2 million on art acquisitions
- \$4.5 million on library books
- \$3.3 million on the new Halswell Library
- \$1.0 million on the new Central Library.

We acquired strategic land totalling \$18.7 million during the year, and spent \$5.7 million on renewals, replacements and developments in our information management and computer technology unit.

The *Council activities and services* section of the Annual Report gives more detail about the year's capital projects.

Impact of the rebuild

Insurance recoveries

While no major insurance settlements have been concluded this year, we recognised insurance recoveries of \$1.4 million (2013: \$78 million) and have an insurance receivable of \$120.1 million (2013: \$178.0 million).

Insurance recoveries can only be recognised as income when there is virtual certainty of receiving the recovery. As such, the amounts we are recognising reflect the costs incurred and recoveries recognised based on information available to 30 June 2014 and the value of claims for demolished and damaged buildings and facilities.

The Council continues to lodge claims with our insurer for damage to buildings and facilities. Claims are submitted on an asset by asset basis with engineering and technical evidence to support each one. At 30 June 2014, we had lodged insurance claims with a cumulative value of \$476.3 million (2013: \$132.1 million). The Council is still to lodge claims for a number of buildings but at year end we could not reliably measure what the value of these claims would be.

The Council cannot recognise the insurance recovery for the claims it has made until there is certainty of the amount it will receive. At present the insurance revenue for most of the claims made has not been recognised but is treated as a contingent asset.

Because of the delay in reaching settlements we are repairing and rebuilding some facilities before we reach an insurance agreement. In these cases, the repair/rebuild is funded through the Building and Infrastructure Improvement Allowance which is borrowed for. To date the actual rebuild spend is minimal as designs are still being finalised.

We anticipate that the cost of rebuilding our assets is likely to be more than the insurance recoveries we will receive.

The Earthquake Commission made a progress payment of \$17.3 million during the year in addition to the \$21 million received in 2012. Those funds which have not already been put towards the repair and rebuild of our social housing units are reserved specifically for that purpose.

Cost Share agreement

The Cost Share Agreement signed in June 2013 with the Crown defines each party's responsibility in funding and delivering the rebuild. This includes funding for the SCIRT infrastructure rebuild, and claims for response and recovery costs for maintaining the damaged infrastructure network.

During the year we incurred \$472.0 million (2013: \$493 million) of infrastructure rebuild costs for work done by SCIRT. This was funded by the Crown and Council.

We are recognising Crown funding as income when we can reliably measure the amount and are virtually certain of receiving it. For a number of anchor projects the final ownership structure is uncertain. Until we know if we will own the completed projects we cannot recognise the associated Crown funding or liability for our share. These potential obligations are included in our contingent liabilities and contingent assets disclosed in the financial statements in the Annual Report.

Impact on property, plant and equipment

Revaluations

The Council records its assets including infrastructure networks and land and buildings at fair value, which means they must be revalued regularly. The revaluation programme has been largely suspended over the past few years as we were unable to determine the condition of underground assets and there was no effective market for above ground assets.

This year we valued our water supply network and its marine structure (piers, wharves and jetties) assets. We expect to revalue several other major asset classes in the 2014/15 year.

Work in progress

The SCIRT work in repairing and rebuilding our infrastructure is scheduled for completion in 2016. We recognise the cost of these projects as work in progress (WIP) while the assets are being built. As projects are completed and handed over, we transfer the asset value from WIP to the appropriate asset class.

In 2013/14 \$492.2 million was spent on infrastructure repair and rebuild (2013: \$496.3 million), most of which was through SCIRT. The repair and rebuild of buildings and facilities cost \$21 million (2013: \$2.4 million).

At 30 June 2014 the value of WIP was \$1.3 billion (2013: \$856 million), of which \$1.1 billion relates to SCIRT (2013: \$753 million).

Impairment

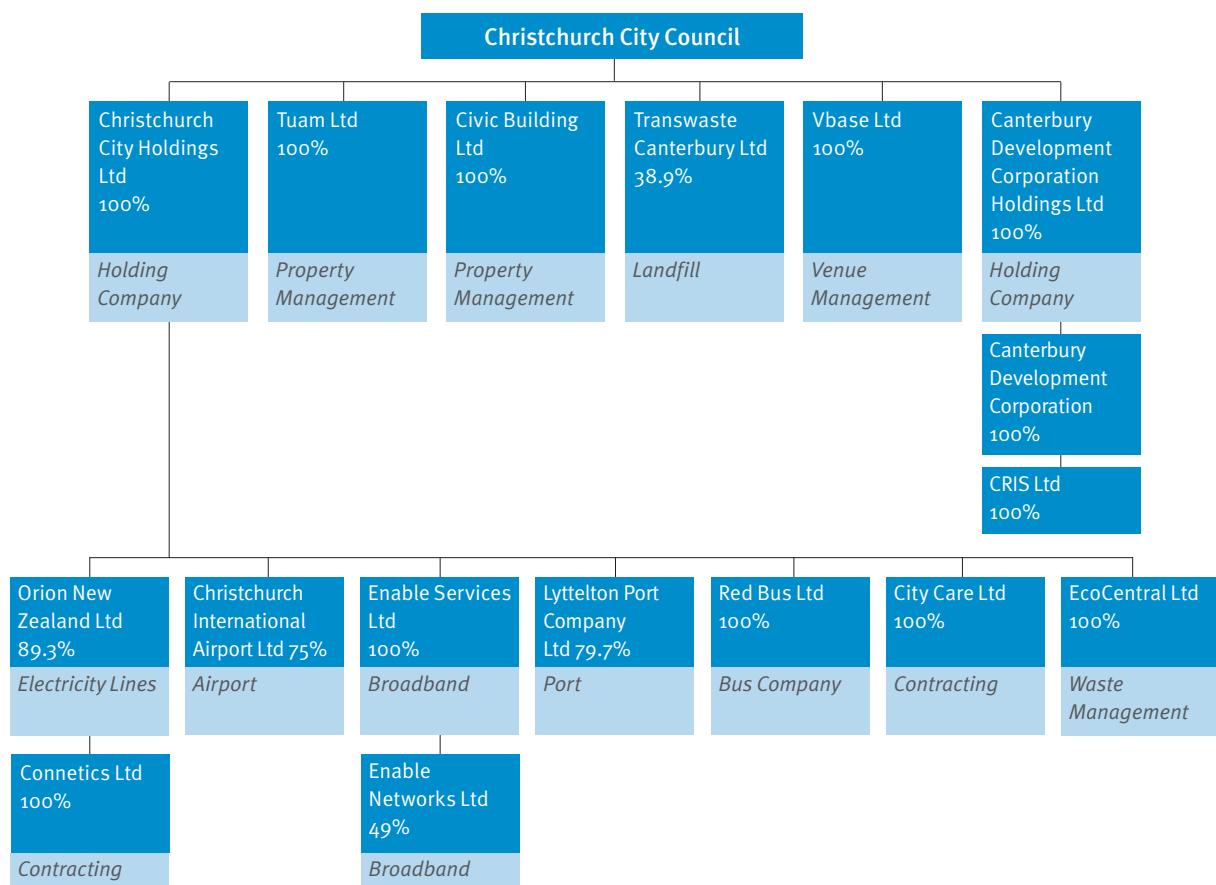
Following the earthquakes the value of our assets has been a key accounting issue. Our policy has been to write off assets that have been demolished / destroyed.

While there have been several demolitions, many of our assets are damaged or we expect them to be damaged, for example the underground networks. To account for this, we have reduced the value of these asset classes, a practice known as 'impairment'.

We have estimated the impairment of infrastructure assets by basing it on the percentage of each network (water supply, sewerage, stormwater and roading) that SCIRT will have to repair and replace.

Details of impairment are included in the *Financial Highlights* section of this Summary.

Group structure on 30 June 2014



The following table summarises the financial results of the companies within the group.

	Income 2014 \$ooo	Net result (after tax and minority interest)	
		2014 \$ooo	2013 \$ooo
Christchurch City Holdings Ltd (parent)	58,265	37,088	44,011
Orion New Zealand Ltd	268,362	50,455	48,991
Lyttelton Port Company Ltd	473,435	343,226	16,913
Christchurch International Airport Ltd	139,880	15,694	18,428
City Care Ltd	350,804	12,892	2,798
Enable Services Ltd	65,771	(6,511)	(3,701)
EcoCentral Ltd	35,717	891	753
Red Bus Ltd	17,408	(616)	(593)
Vbase Ltd	22,561	(48,345)	(7,861)
Civic Building Ltd	5,066	(860)	(41)
Tuam Ltd	14,422	13,829	503
Canterbury Development Corporation Holdings Ltd	6,845	331	1,266
Riccarton Bush Trust	1,101	(668)	7
The World Buskers' Festival Trust	1,450	(34)	20
Rod Donald Banks Peninsula Trust	178	21	(15)
Christchurch Agency for Energy Trust	612	327	460
Transwaste Canterbury Ltd	57,957	20,298	9,492

For more detail refer to individual company reports in the Annual Report.

Financial ratios

The Council has five financial ratios in its financial risk management strategy and which also set the limits for Council borrowing from the Local Government Funding Agency.

The Council must keep its balance sheet and borrowing ratios within the limits of these ratios. The Three Year Plan process reviewed the limits for several ratios resulting in limits being changed to better reflect our expected future financial constraints.

The actual ratios for the year are shown in detail below and in all cases fall well within policy limits.

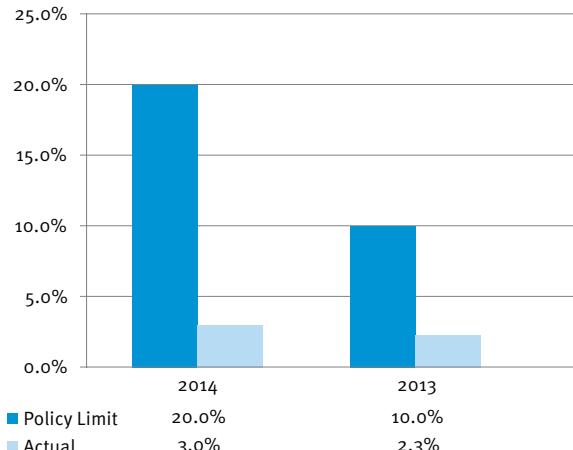
Net debt as a percentage of equity

Ratio policy limit < 20%



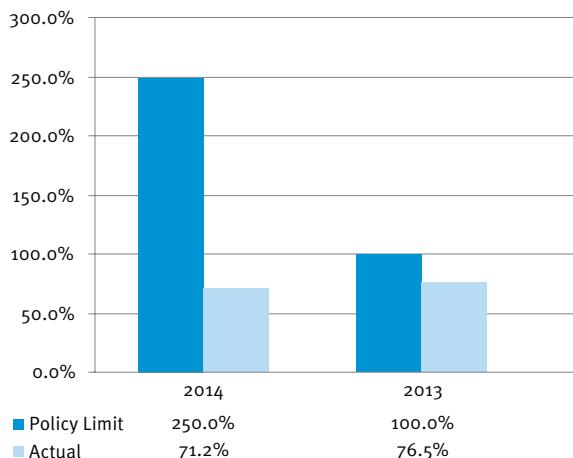
Net interest as a percentage of total revenue

Ratio policy limit < 20%



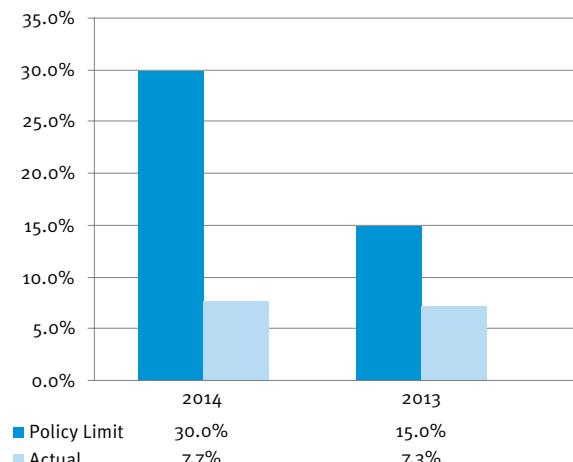
Net debt as a percentage of total revenue

Ratio policy limit < 250%



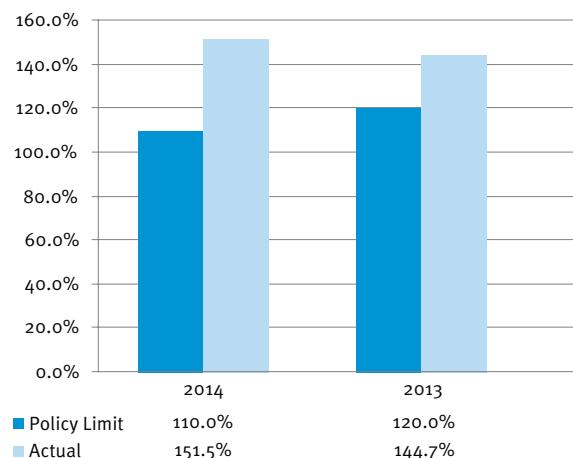
Net interest as a percentage of annual rates revenue

Ratio policy limit < 30%



Liquidity

Ratio policy limit > 110%



To the readers of Christchurch City Council and group's summary annual report for the year ended 30 June 2014

The summary annual report was derived from the annual report of the Christchurch City Council (the City Council) and group for the year ended 30 June 2014. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Because of the effects of the earthquakes on the assets owned by the City Council and group, it has been difficult for the Council to prepare financial statements that comply with generally accepted accounting practice and legislation. These limitations are outlined in our opinion below.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 10 to 14 and 23 to 26:

- the summary balance sheet as at 30 June 2014;
- the summaries of the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information of the City Council and group.

Opinion

In our opinion, the information reported in the summary complies with FRS-43 (PBE): *Summary Financial Statements* and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

In our report dated 23 October 2014, we expressed a qualified opinion on the City Council and group's full audited statements because our work was limited due to difficulties in determining the full extent of the damage arising from the earthquakes, and due to the extensive rebuild activities that are now underway to repair that damage. Specifically, we identified the following limitations:

- We were unable to obtain sufficient audit evidence to confirm the carrying value of land, buildings, the roading network, the sewerage system and the storm water system of \$4.145 billion and the associated depreciation expense of \$82 million. This limitation also affected the comparative information presented by the City Council and group.
- We were unable to obtain sufficient audit evidence to confirm the impact of the revaluation of water supply assets, with a carrying value of \$1.041 billion. This was because we had been unable to confirm the carrying value in the prior reporting periods, and as a result we were unable to confirm how much of the revaluation should have been recognised in the current financial year.

- We were unable to obtain sufficient audit evidence to confirm the carrying value of insurance receivables of \$118 million for the City Council and \$266 million for the group.
- We were unable to obtain sufficient audit evidence to confirm the capital work in progress balance of \$1.105 billion for the City Council which related to work completed by the Stronger Christchurch Infrastructure Rebuild Team. This was because the City Council was unable to accurately classify this balance into completed assets, assets still under construction, and operating expenditure.

Our qualified opinion stated that, except for the effects of these limitations, the full audited statements complied with generally accepted accounting practice and fairly reflected the City Council and group's financial position as at 30 June 2014 and the results of their operations, cash flows, levels of service and the other information required by legislation for the year ended on that date.

Deficiencies in rates setting resolutions between 2004/05 and 2012/13

Without further modifying our opinion on the full audited statements, we drew attention to disclosures outlining the deficiencies in Council's rates setting resolutions between 2004/05 and 2012/13. A bill to correct the deficiencies in the rates set between 2004/05 and 2012/13 had its first reading in Parliament on 28 May 2014 and has been referred to the Local Government and Environment Committee.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 23 October 2014 on the full audited statements.

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

Independent Auditor's Report

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS 43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): *Summary Financial Statements*.

In addition to reporting on the summary annual report, we have reported on the full annual report, carried out an assurance engagement providing a report to the City Council's bond trustees and carried out a range of other assurance engagements for subsidiary companies in compliance with regulatory requirements. These engagements are compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and these engagements, we have no relationship with or interests in the City Council or any of its subsidiaries.



Julian Tan,
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
17 November 2014

Financial statements

Summary statement of comprehensive income for the year ended 30 June 2014

	<i>30 Jun 14 Actual \$000</i>	<i>30 Jun 14 Plan \$000</i>	<i>Parent</i>	<i>Group</i>
	<i>30 Jun 14 Actual \$000</i>	<i>30 Jun 14 Plan \$000</i>	<i>30 Jun 13 Actual \$000</i>	<i>30 Jun 13 Actual \$000</i>
Income	876,999	989,555	901,672	2,038,297
Finance costs	50,423	40,637	44,218	88,331
Other expenses	629,924	560,943	630,924	1,404,369
Expenditure	680,347	601,580	675,142	1,492,700
Share of associate's surplus/(deficit)	-	-	-	2,895
Surplus before asset contributions	196,652	387,975	226,530	548,492
Vested assets	6,959	3,500	36,114	7,568
Surplus before income tax expense	203,611	391,475	262,644	556,060
Income tax expense/(credit)	(1,505)	(2,797)	(2,360)	38,147
Surplus for the period	205,116	394,272	265,004	517,913
Other comprehensive income				
Property, plant and equipment valuation gain/(loss)	587,537	57,773	665	778,054
Property, plant and equipment impairment loss	(104,814)	-	(298,357)	(104,814)
Investment revaluation gain/(loss)	116,790	-	61,320	(80)
Cash flow hedges gain/(loss)	6,317	-	28,419	20,043
Income tax relating to components of other comprehensive income	-	-	-	(48,602)
Total other comprehensive income for the period	605,830	57,773	(207,953)	644,601
Surplus for the period attributable to:				
Ratepayers	205,116	394,272	265,004	438,516
Non controlling interests	-	-	-	79,397
Total comprehensive income attributable to:	205,116	394,272	265,004	517,913
Ratepayers	810,946	452,045	57,051	1,057,279
Non controlling interests	-	-	-	105,235
Total comprehensive income for the period	810,946	452,045	57,051	1,162,514
				75,251

The Council (parent) income includes subsidies of \$286 million (2013: \$295 million) which relate to continuing rebuild works.

The significant variances to budget relate to the Council and are explained in the financial highlights on pages 15-17 and Note 41 in the Annual Report.

Financial statements

Summary balance sheet as at 30 June 2014

	Parent			Group	
	30 Jun 14 Actual \$000	30 Jun 14 Plan \$000	30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000
Assets					
Current assets	341,028	221,506	719,732	879,886	1,151,031
Non-current assets	8,762,822	8,313,852	7,583,620	9,656,468	8,224,637
Total assets	9,103,850	8,535,358	8,303,352	10,536,354	9,375,668
Equity and liabilities					
Current liabilities	220,844	273,107	422,843	423,979	615,185
Non-current liabilities	933,974	968,696	742,423	1,809,528	1,618,833
Ratepayers equity	7,949,032	7,293,555	7,138,086	7,929,179	6,867,059
Non controlling interest	-	-	-	373,668	274,591
Total equity and liabilities	9,103,850	8,535,358	8,303,352	10,536,354	9,375,668

The significant variances to budget relate to the Council and are explained in the financial highlights on pages 15-17 and Note 41 of the Annual Report.

Summary statement of changes in equity for the year ended 30 June 2014

	Parent			Group	
	30 Jun 14 Actual \$000	30 Jun 14 Plan \$000	30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000
Opening equity	7,138,086	6,841,510	7,081,035	7,141,650	7,062,879
Total comprehensive income attributable to:					
Ratepayers	810,946	452,045	57,051	1,057,279	51,470
Non controlling interest	-	-	-	105,235	23,781
Total comprehensive income for the period, net of tax	810,946	452,045	57,051	1,162,514	75,251
Dividends	-	-	-	(5,704)	(5,644)
Consolidation of CCOs	-	-	-	29	2,468
Other items	-	-	-	4,358	6,696
Closing equity	7,949,032	7,293,555	7,138,086	8,302,847	7,141,650

	Retained Earnings \$000	Other Reserves \$000	Total Equity \$000	Retained Earnings \$000	Other Reserves \$000	Non Controlling Interests \$000	Total Equity \$000
Balance at 30 June 2012	2,129,913	4,951,122	7,081,035	2,855,277	3,951,038	256,564	7,062,879
Balance at 30 June 2013	2,502,479	4,635,607	7,138,086	3,250,732	3,616,327	274,591	7,141,650
Balance at 30 June 2014	2,826,707	5,122,325	7,949,032	3,813,555	4,115,624	373,668	8,302,847

Financial statements

Summary cash flow statement for the year ended 30 June 2014

	Parent			Group	
	30 Jun 14 Actual \$000	30 Jun 14 Plan \$000	30 Jun 13 Actual \$000	30 Jun 14 Actual \$000	30 Jun 13 Actual \$000
Net cash provided by/(used in) operating activities	110,909	499,605	110,877	187,147	181,253
Net cash (used in)/provided by investing activities	(155,071)	(777,604)	(344,695)	71,228	(463,321)
Net cash provided by/(used in) financing activities	(15,941)	281,065	262,149	(94,981)	291,334
Net increase in cash and cash equivalents	(60,103)	3,066	28,331	163,394	9,266
Cash and cash equivalents at beginning of year	146,598	1,628	118,267	161,646	151,237
Cash introduced due to consolidation of CCOs	-	-	-	-	1,143
Cash and cash equivalents at end of year	86,495	4,694	146,598	325,040	161,646

Notes to the financial statements for the year ended 30 June 2014

1. Accounting policies

Reporting entity

The Council is a territorial authority governed by the Local Government Act 2002. The consolidated entity comprises the entities listed in the Group structure section.

The main goal of the Council is to provide goods or services for the community or for social benefit rather than to make a financial return. Accordingly, the Council has designated itself a Public Benefit Entity (PBE) for the purposes of the New Zealand International Financial Reporting Standards (NZ IFRS). The Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this is noted in each policy.

The Council's financial statements are for the year ended 30 June 2014. We prepared the summary 2014 financial report to offer an overview of our performance. The Council authorised the Chief Financial Officer to produce and publish the summary report on 23 October 2014. The Chief Financial Officer approved the summary 2014 report for issue on 17 November 2014.

The specific disclosures in the summary 2014 financial report have been extracted from the full audited 2014 financial report also dated 23 October 2014.

Basis of preparation

The Council's full financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Section 111, and part 3 of Schedule 10, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for PBEs with the following exceptions:

- NZ IAS 36 (PBE) – Impairment of Assets

Assets with earthquake damage are written off only when it is certain that they have been destroyed.

A further \$42 million of impairment of infrastructure assets has been recognised in 2014 in addition to the impairment provisions recognised in 2012 and 2013. A further impairment of \$100 million was recognised in 2014 for facilities.

There is more information about this in note 23 to the financial statements in the Annual Report.

- NZ IAS 16 (PBE) – Property, Plant and Equipment

Land and buildings and storm water infrastructure assets were due for revaluation in 2014. These were not revalued as there was insufficient information available to valuers to accurately prepare a valuation because of uncertainties around the extent of damage and determining the cost of replacement. Therefore, their carrying value represents their 2010 and 2008 fair values less depreciation, respectively. There is more information about this in note 23 to the financial statements in the Annual Report.

The Council has revalued water supply and marine structure assets, and the carrying value of these assets represent their fair value at 30 June 2014.

NZ IAS 16 (PBE) also requires the Council to review the useful lives and residual values of all its assets annually. Because of the scale of earthquake damage, we have not complied with this requirement for 2014 for those assets that were not revalued.

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

We have prepared the financial statements on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments.

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

The 2014 summary financial report complies with Financial Reporting Standard 43 (PBE) - Summary Financial Statements. Please note that the information in the summary financial report does not provide as complete an understanding as the full financial report of the financial and service performance, financial position and cash flows of the Council.

For more information see our full 2014 Annual Report on the website: <http://www.ccc.govt.nz/thecouncil/policiesreportsstrategies/annualplan/annualreport2014.aspx>.

You can also ask for a printed version by calling us on 03 941 8999 or for Banks Peninsula residents, 0800 800 169 or by writing to the:

Chief Financial Officer
Christchurch City Council
PO Box 73015
Christchurch

2. Capital commitments

The Group has commitments to the value of \$478 million (2013: \$541 million) on capital works.

3. Contingent liabilities

These liabilities depend on other future events and, for the Group, total \$58 million (2013: \$64 million). In addition, the Group also has contingent liabilities and assets for rebuild costs and insurance and rebuild cost recoveries that cannot be reliably measured.

4. Legislative requirements

Council

Subsequent to 30 June 2013 the Council became aware of a deficiency in its rates setting resolutions in relation to the setting of payment dates and the charging of rates penalties, which has been present since 2004/5. The Council resolved to reset its rates that it had set for the 2013/14 financial year; the required public notice was issued and rates were formally reset at a Council meeting in late September 2013. A Bill to correct the deficiencies in the rates set between 2004/5 and 2012/13 has had its first reading in Parliament on 28 May 2014 and was referred to the Local Government and Environment Committee. Submissions were due to the Committee by 14 August 2014 and a report is due on 28 November 2014.

The Local Government Act 2002, Schedule 10 specifies the minimum groups of activities which the Council must report against. The schedule requires stormwater drainage and flood protection and control works to be two separate groups of activity. The Council in preparing its Three Year Plan and Annual Report has combined the two activities on the basis that flood protection and control works was at that stage an activity with a relatively minor level of expense.

5. Subsequent events

On 1 August 2014 CCHL entered into a lock up agreement with Port Otago Limited to acquire its 15.476% shareholding in LPC at a price of \$3.95 per share conditional on LPC paying a \$0.20 per share dividend to shareholders prior to the purchase becoming effective. CCHL made an offer to the remaining shareholders on the same basis and intends to exercise its rights to compulsorily acquire any remaining shares. This offer commits CCHL, subject to the payment of the dividend by LPC, to a gross payment of at least \$82.0 million (net \$65.7 million after receipt of its share of the dividend).

