

Christchurch City  
Annual Report

**2016**

Christchurch Ōtautahi



# Christchurch City Council Annual Report 2016

Christchurch Ōtautahi

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# Council vision

The Christchurch City Council has a vision for this City:

*Christchurch is a place where anything is possible;  
a place that is open to new ideas, new people and  
new ways of doing things.*

# Introduction

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Welcome to the Christchurch City Council's Annual Report 2016. The introduction to this report describes the city we live in and its vision for the future. It includes a message from Christchurch Mayor Lianne Dalziel and Council Chief Executive Dr Karleen Edwards, reflecting on the Council's achievements over the past year.

## Introduction

# What is the Annual Report?

## Introduction

Each year, local bodies across New Zealand are required to present to their community an annual report that includes a set of audited financial statements.

### What you will find in the annual report

The annual report sets out what the Christchurch City Council (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 commitments made to our community – after we asked 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.

### About the councillor/management statements

The annual report is adopted by Council on the recommendation of Council staff and the Audit and Risk Management Committee. This ensures that both the management and governance functions have responsibility.

### About the Council activities and services statements

The Council activities and services section shows the Council's performance in each activity, measured by its achievement against performance indicators. Performance indicators are the levels of service and their expected net cost, which were agreed in the 2015-2025 Long Term Plan (LTP) approved by the Council on 26 June 2015.

### About the primary financial statements

The financial statements incorporate four primary statements:

#### 1. The statement of comprehensive revenue and expense

More commonly referred to as the income statement or profit and loss, this summarises the Council's financial performance for the year, listing all income and expenses, and records other comprehensive income such as changes in the fair values of the Council's infrastructure and property, plant and equipment.

#### 2. The statement of financial position

Commonly referred to as the balance sheet, this is a 30 June snapshot of the Council's financial position indicating its assets, liabilities and net wealth.

#### 3. The statement of changes in net assets/equity

Often known as the statement of changes in equity, this details the overall change for the year of the Council's net wealth.

#### 4. The statement of cash flows

This statement indicates where the Council's cash came from and where it was spent.

These four statements also display the budget, adopted by Council at the end of the prior year, to allow comparison between what was projected and what actually occurred.

### About the notes to the financial statements

The notes to the financial statements give greater detail and more information on the four primary financial statements.

The content of the four statements and their notes are directed by the requirements of the accounting standards. The financial statements are prepared using Public Benefit Entity (PBE) accounting standards.

### About the auditor's report

The Council's external auditor, Audit New Zealand, is required to audit the Annual Report.

In a typical year the Council would expect an unmodified report from Audit New Zealand and the Auditor-General. This would mean, amongst other things, that the financial statements comply with relevant accounting standards and fairly reflect the Council's financial position. However, for the 2016 Annual Report, as has been the case since 2011, there are a number of earthquake-related issues that prevent the Council from complying fully with accounting standards.

The audit was modified for two reasons all in relation to the carrying value of assets.

The Council's 2015 revaluation of the roading network has estimated the impact of the earthquake on the network's remaining useful life. In making such an estimate a number of assumptions were necessary. The valuer has stated that further information is required which is not available at present to support the methodology used to determine the remaining useful life of the assets based on their current condition. The Council has also been unable to revalue its stormwater network assets since the earthquakes.

The Council has been unable to appropriately categorise its capital work in progress balance relating to the SCIRT rebuild programme to identify projects or costs that should be expensed as operating expenditure.

Consequently the Council has not complied with accounting standards and our auditors are unable to give an unmodified 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.

## Introduction

# Message from the Mayor and Chief Executive

The last twelve months have been a genuine turning point for our city. There is a strong sense we have returned to a position of strength, with renewed optimism and greater financial certainty.

We ended 2015 having achieved a number of our goals: insurance settled, Christchurch Art Gallery reopened, Te Hāpua Halswell Centre up and running, and the Town Hall restoration underway, to name a few. This year promised even more, as work began on the Eastern Recreation and Sport Centre, Ngā Puna Wai and the new central city library, which has taken on the challenge of becoming a 21<sup>st</sup> century knowledge centre.

Getting the city's finances on a secure financial footing has been a priority this year. By being realistic about the timing of major projects, making operational savings and settling our global material damage insurance claim, we achieved a lower than planned average rates increase of 4.9 per cent. Capping rates increases is important to keep the city affordable for residents.

We reviewed our programme of capital works and rescheduled the capital spending during this year's Annual Plan process so we have a realistic programme that we can deliver.

We also prioritised the remaining earthquake repairs, particularly roads, footpaths and water infrastructure. The Infrastructure Strategy 2015-45 shows how we will fund infrastructure repairs and maintenance over the next 30 years. The final repairs to earthquake-damaged infrastructure were prioritised to occur in the first 10 years.

Reducing the risk of flooding was another priority, with the \$48 million remediation scheme, aimed at reducing the risk of Dudley Creek flooding, well underway as part of the Land Drainage Recovery Programme.

We also continued to repair and rebuild facilities across the city, prioritising the communities most affected by the earthquakes. SCIRT, which is governed by a financial partnership between the Council, Government and New Zealand Transport Agency, is now 92 per cent through its total repair programme to modernise the city's wastewater, fresh water and storm water systems.

Every year, we ask our residents to tell us how we are doing across a range of activities and services through our annual Residents' Survey. The survey found 74 per cent of people were satisfied with overall services, up nine percentage points on last year and the highest result since before the earthquakes.

Residents said rubbish and recycling services were easy to use and reliable; libraries were friendly, accessible and good for families; events and festivals offered a good range of activities and were well-organised; and they liked parks that were well-maintained and offered greenery in the city. The leap in the number of residents who saw the city as cycle-friendly reflects progress on the network of 13 major cycle routes.

Setting up Regenerate Christchurch has been a hugely encouraging milestone, and a New Zealand first in central-local government partnerships. The new legislation means we can take significant steps towards the city's regeneration. Regenerate Christchurch will lead regeneration activities across Christchurch and says its plans will be successful if they reflect the future the people of Christchurch want to see. Regenerate Christchurch will engage with the community to regenerate key areas, including the residential red zone. Opportunities are cultural, economic, environmental and social.

Development Christchurch Limited (DCL) is a new Christchurch City Council owned, but commercially focused development authority. It will contribute to the well-being of Christchurch through the improved outcomes that successful development, investment and regeneration bring. DCL is working on a portfolio of place-making projects that will have tangible benefits, with an early emphasis on New Brighton.

We end this year with a much more positive outlook for our city – one that is underpinned by a greater degree of confidence for the future and a much more cooperative and collaborative working relationship with central government.



**Lianne Dalziel**  
Mayor of Christchurch



**Dr Karleen Edwards**  
Chief Executive



## Financial results at a glance

The Council's total spend for the year was \$1,412.3 million (\$804.4 million operational expenses and \$607.9 million capital expenditure).

Rates and other revenue of \$1,230.6 million resulted in an operating surplus (after tax) of \$420.5 million. This surplus was due to recognising as revenue the value of assets provided to Council (vested assets) and the Crown funding of the infrastructure network rebuild.

The Council's total surplus was \$632.3 million, due to accounting items such as revaluations of infrastructure, investments in subsidiaries and financial instruments (derivatives).

The gains from vested assets and the revaluation of assets are not cash items and cannot be used to reduce the Council's rates requirement.

The Council group (including the CCHL group and other subsidiaries) had an operating surplus (after tax) for the year of \$345.8 million with a total surplus of \$312.1 million.

## Introduction Statement of compliance

### Compliance

The Council and management of the Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with other than the exceptions detailed below.

Section 111 of the Local Government Act requires the Council to prepare information in accordance with generally accepted accounting practice. Generally accepted accounting practice for Council means Public Benefit Entity International Public Sector accounting Standards (PBE IPSAS).

For the reasons set out in note 9 to the financial statements (pages 169 to 175) and discussed in the introductory note to the Financial Statements, *Impact of the rebuild* (pages 149 to 151), it has not been possible to comply with:

### **PBE IPSAS 17 – Property, Plant and Equipment**

The requirements of this standard have not been met as:

- the Council has been unable to adequately quantify the effect of earthquake damage on its roading network, or revalue its stormwater assets, and
- its work in progress balance relating to the SCIRT rebuild programme could include projects or costs that should be expensed as operating expenditure.



Lianne Dalziel – Mayor  
29 September 2016



Dr Karleen Edwards – Chief Executive  
29 September 2016

# Highlights

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The Council provides the services needed to keep the city running, including supplying water, removing wastewater and collecting rubbish. In addition to leading many significant rebuild projects, it also carries out large infrastructure, building and community projects as part of its long-term programme to improve the city. Outlined below are some of the highlights of the past year.

## Highlights Our achievements

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

### Arts and Culture (including libraries)

Christchurch Art Gallery was strongly supported after it reopened in December, with more than 200,000 visitors in its first seven months. The gallery added more than 40 new works and won three awards.

Canterbury Museum had a record-breaking year with 700,000 visitors, while in December the Council gifted it land for a new House Museum displaying art, craft and furniture.

Work to repair and strengthen Akaroa Museum finished and fresh exhibitions will gradually reopen.

The new library at Te Hāpua: Halswell Centre has seen the visitor count triple and the number of book issues double compared with the old Halswell Library.

Papanui, Shirley and Upper Riccarton Libraries all had earthquake repairs this year with either minimal or no closure. Customer demand saw a temporary library set up in Lyttelton in February while that library is repaired. Planning and design of the new replacement libraries for Sumner and Bishopdale are progressing well and construction is due to start this financial year.

### Economic development

Canterbury Development Corporation (CDC) is working with key stakeholders to develop the Canterbury Regional Innovation Strategy and review the Christchurch Economic Development Strategy. CDC now provides support to start-ups through the GreenHouse innovation hub.

Christchurch and Canterbury Tourism (CCT) briefed and trained over 2,300 international travel sellers on the Christchurch recovery. International guest nights into Christchurch increased 11 percent for the year ended April 2016.

Creating a national Antarctic research, science and tourism hub at Christchurch Airport is an ambitious goal from the new Antarctic Office. We established the Antarctic Office to build Christchurch's identity and status as a gateway to Antarctica.

### Flood protection and river control

The \$48 million remediation scheme aimed at reducing the risk of Dudley Creek flooding is well underway, with final preparations being made for an 800-metre long underground piped bypass. Construction was due to begin in August 2016. When completed in mid-2017, the scheme will reduce the risk of flooding to more than 585 properties in the Flockton area.

Major investigations of the Avon, Styx and Heathcote Rivers and their tributaries continue. We are fast-tracking work to strengthen and increase the height of

parts of the temporary stop banks along the lower reaches of the Avon River.

We are constructing two flood detention basins to reduce the risk of flooding for properties in the upper and mid Heathcote area.

### Heritage protection

Heritage grants supported the retention and seismic strengthening of a number of heritage buildings over the last year.

Heritage Week, with the theme of Arrivals and Departures – the journeys that have shaped us, included more than 70 community and Council events.

We reviewed and updated the schedules of heritage places for the replacement District Plan in line with the guidelines for historic heritage.

### Housing

Ōtautahi Community Housing Trust began preparations to take over our social housing service later in 2016. The Council will lease its social housing units to the Trust. The Trust will be responsible for tenancy management, rent-setting and day-to-day maintenance of the units, while major repairs and renewals remain our domain. To capitalise the Trust we will over time transfer to the Trust up to \$50 million of property.

We celebrated the completion of the largest social housing development since the Canterbury earthquakes. Eighteen new units were officially opened in February at the Council's Harman Courts housing complex in Addington. Overall, we built 25 new units during the year and repaired and re-opened 19 units.

### Natural environment

More than 9,000 children, teachers and accompanying parents took part in environmental education programmes at various Council sites such as parks, water and waste facilities.

Seven schools took part in an emergency preparedness programme called Stan's got a Plan that encourages people and households prepare for disasters and emergencies and to avoid risk from natural hazards.

## Parks and open spaces

The well-maintained amenities, gardens and greenery in the city's parks continue to delight residents and visitors alike.

The Botanic Gardens remain one of the top destinations in the city, with visitors reporting a 98 per cent level of satisfaction.

Satisfaction with the maintenance and appearance of cemeteries increased markedly. Cemetery services saw an increase in customer satisfaction from 75 per cent to 100 per cent, reflecting work to improve the handling of customer enquiries and more community consultation.

## Refuse minimisation and disposal

People said rubbish and recycling services were easy to use and reliable in the annual Residents Survey. There was 95 per cent satisfaction with recycling, 92 per cent waste and 82 per cent with organics.

Burwood Resource Recovery Park sorted 78,270 tonnes of construction and demolition waste over the year.

Gas extracted from Burwood was used by Christchurch Art Gallery for heating and is also used at the Civic Building for heating, cooling and lighting, and at the wastewater treatment plant for drying biosolids.

## Regulation and enforcement

We granted building consents for more than \$3 billion in work and issued 95 per cent of them in 20 working days, compared with 89 per cent the previous year. We completed almost 60,000 inspections. A record number of resource consents were processed, 2,344 for land use and 510 for subdivisions.

We completed all 21 chapters for the proposed Christchurch District Plan and publicly notified them for submissions. Decisions on all proposals are expected this calendar year.

## Resilient communities

Notable openings included Aranui Community Centre and Te Hāpua: Halswell Centre. Fendalton, Somerfield and North New Brighton community centres all had repairs completed as well as Lyttelton Recreation Centre.

We distributed over \$8.1 million to 956 projects through the Strengthening Communities and Creative Communities funding schemes, an increase of \$0.6 million over the previous year.

A full calendar of events took place through the year and we hosted the All Blacks, Black Caps and New Zealand Cup and Show week. These events promoted Christchurch and attracted visitors to the city.

Civil Defence Emergency Management plans and procedures were reviewed, with work underway to redevelop our Tsunami Plan and Recovery Plan.

## Roads and footpaths

We resealed 39 kilometres of roads, renewed 25 kilometres of footpaths and added seven kilometres of new roads through subdivision development. A \$26 million road resurfacing programme also got underway.

The new road to link Wigram Road with Annex Road was completed in July 2016. The Wigram-Magdala link includes a new bridge across Curletts Road and is part of an upgrade that addresses growth in the south-west of the city.

In the central city, the Accessible City programme progressed, with work on sections of Tuam Street, Lichfield Street and Colombo Street completed. Work to repair earthquake-damaged street lights and convert existing lights to LED technology continued through the year with \$2 million spent.

The new Ferrymead Bridge was completed to improve access and resilience on the Main Road corridor to Redcliffs and Sumner. Work continued to protect the Sumner corridor from rockfall hazards and restore an alternative route to Lyttelton.

## Sewerage collection, treatment and disposal

Thousands of homes in the north-east of Christchurch will benefit from two new wastewater pump stations opened in April. The two stations in Pages Rd give Aranui New Zealand's newest, most resilient wastewater system.

Work to repair and replace the City's damaged wastewater network continued, with SCIRT having replaced 458 kilometres of sewer pipe so far (about 82 percent of the total repair work). Alternative wastewater systems are now operating in areas where damage and liquefaction risk meant the old gravity systems needed replacing.

Design is underway for a project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the Christchurch Wastewater Treatment Plant.

Design for the South East Halswell wastewater scheme was completed. This will provide a wastewater service to new subdivisions in the area.

## Sport and Recreation

Christchurch residents' passion for physical activity continues with more than 3.62 million visits to recreation and sport centres and services in the past year

Planning and design work has continued on four major recreation and sport facilities including: Metropolitan Recreation and Sport Facility, Eastern Recreation and Sport Centre, Nga Puna Wai Sports Hub and South Western Recreation and Sport Centre, while the new Te Hāpua: Halswell Centre brought upgraded changing rooms and outdoor spaces for summer pool users in Halswell.

We also worked with Water Safety New Zealand to run 100,580 affordable swim lessons for communities that needed them the most.

## Stormwater drainage

Repairing damage to the stormwater network, or rebuilding it through SCIRT and the Council's operations team, remains our focus. We completed various projects to fix earthquake damage during the year, and removed silt build-up.

We also worked with developers at Longhurst and Highsted on projects to enhance water quality. Work on the Carr's Road basin, extensions to the Eastman wetlands and the Kaputone Stream realignment also brought ecological benefits.

## Strategic governance

We now provide better, timelier and more accurate information on our website, including our new digital channel Newsline. We have also increased our use of social media channels, to engage with a wider cross section of residents and inform them about Council decisions.

Council staff and elected members have also focused on engaging with residents on key policies and plans, seeking their views and feedback and establishing closer working relationships with the community.

A draft multicultural strategy to celebrate the benefits of Christchurch's increasing diversity and help the Council respond to the changing face of the city's population was released in June 2016.

## Strategic planning

We continued our rolling review of bylaws with four adopted, four out for consultation and four started. The provisional Local Alcohol Policy was notified, draft Housing and Business Improvement District policies were developed and a development contribution rebate policy was adopted.

We supported nine suburban centre masterplans and various transitional projects.

We offered strategic natural environment advice to support various projects and partners, including the District Plan Review. We also contributed to stormwater management plans and activities.

Our work on sustainability focuses on healthy and energy efficient homes through the Build Back Smarter and Eco-Design Advisor services. Target Sustainability continues to support the smart design of new commercial buildings.

## Transport

The Uni-Cycle route was the highest priority for construction among the Council's network of 13 major cycle routes and the first section opened in August. It is proving popular, with an average of 890 cyclists using a new crossing to Hagley Park every weekday in February, up from 590 a day in November. Work continued to complete other sections and to widen a shared path through North Hagley Park. Planning for the Papanui Parallel route and a section of the Rapanui — Shag Rock cycleway progressed, with construction due to start in late-2016.

Two bus lounges opened in Riccarton this year as part of public transport improvements along Riccarton Road. More than 3,000 people board buses in Riccarton every day. The roundabout on the corner of Riccarton Road and Deans Ave will be replaced by traffic lights, with all work completed by early 2018.

## Water supply

Earthquake repairs to the water network continued and we have now completed and re-commissioned most water main repairs and renewals. We completed the pump station and reservoir repair and renewal programme. Well repairs continue and are due to finish in late 2016.

Construction of the new water supply system to feed the Preston's subdivision has almost finished.

Well drilling got underway at the new Gardiners Pump Station site to meet growth in Christchurch's north-west. The Little River Water Treatment Plant upgrade was completed.

## Corporate

We settled our earthquake material damage insurance claims in December 2015 for \$635 million, about \$80 million higher than budgeted. This means we will now not have to borrow as much for rebuild and repair work.

## Highlights Annual survey of residents

Residents' satisfaction with Christchurch City Council has risen to pre-earthquake levels, with almost three-quarters of people happy with the way the organisation delivers services.

The Council's 2016 survey of residents found 74 per cent of people were satisfied with overall services, up nine percentage points on last year and the highest result since the 2010 survey (when 78 per cent reported overall satisfaction).

A new question added to this year's survey asked if the Council was easy to interact with – 70 per cent of people agreed that it was.

Overall, the survey showed the services and facilities that people liked most and think need the most improvement have remained similar to previous years.

Christchurch people were most happy with the way the Council runs rubbish and recycling services (95 per cent satisfaction with recycling, 92 per cent waste and 82 per cent organics), libraries (93 per cent), events and festivals (92 per cent) and parks (69 per cent neighbourhood parks, 84 per cent garden and heritage parks, 70 per cent regional parks).

People said rubbish and recycling services were easy to use and reliable; libraries were friendly, accessible and good for families; events and festivals offered a good range of activities and were well-organised; and they liked parks that were well-maintained and offered greenery in the city.

In addition, this year's survey showed a significant jump in the number of residents who saw the city as cycle-friendly, from 37 per cent last year to 53 per cent in this year's survey.

Residents felt the Council could improve on the following services:

- Roading (37 per cent satisfied with roadway condition), with concerns including delays, roadworks, and congestion;

- Making parking cheaper and more available (51 per cent satisfied that parking facilities are easy to use);

- Management and maintenance of waterways (50 per cent satisfied with stormwater management);

- Community engagement in, and understanding of, decision-making (37 per cent).

The General Survey was completed using a Computer Assisted Telephone Interview design, incorporating a three-time call back protocol with interviewing conducted at different times over weekdays and weekends.

The sample size is 770 respondents. The data set provided a maximum margin of error of  $\pm 3.5$  per cent.

The Point of Contact surveys were completed using a range of face-to-face interviewing, phone, postal, mail drop and online survey.

# Your Council

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## Your Council

### How the Council works

#### Elected members

Christchurch residents and ratepayers are represented by the Council and Community Boards. Every three years the Council holds elections for the people who will act and speak for our community. The last full election was on 12 October 2013 and the next election is on 8 October 2016.

#### 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 to provide good quality local infrastructure, local public services and to perform regulatory functions.

The main direction of the Council is outlined in the LTP 2015-2025, which the Council consulted on then adopted in June 2015.

In the LTP, the elected members agree on 'Community Outcomes' which they achieve by setting policy. The outcomes of the Plan are:

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

There is more information on Community Outcomes in our Community Outcomes section of this report.

#### 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:

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

The Banks Peninsula ward, is represented by one Councillor and two Community Boards – Akaroa/Wairewa and Lyttelton/Mt Herbert, each comprising five Community Board Members.

#### New wards and representation

The October 2016 local elections will use the new wards and community board structure announced by the Local Government Commission.

Features include:

- 16 Councillors plus the Mayor
- One councillor elected from each ward
- Six urban community boards
- One Banks Peninsula community board
- Total number of elected members stays the same at 54.

#### The Council organisation

The Council employs the Chief Executive; the only staff member reporting directly to the Mayor and Council. The Chief Executive employs all 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 six Groups:

- City Services
- Customer and Community
- Consenting and Compliance
- Strategy and Transformation
- Finance and Commercial
- Corporate Services

Each Group has units that provide specific services to the community and organisation.

The Council is responsible for a large range and 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 activities are grouped into 19 Council Activities and Services. Find out more about these groups in *Council activities and services section*.

## Your Council Community Outcomes

### What are Community Outcomes?

Community Outcomes describe what the Council aims to achieve in promoting the social, economic, environmental and cultural interests of the district now and in the future. They focus on what the Council is able and can afford to influence, and describe the city's aspirations. Everything the Council does day-to-day focuses on achieving them.

The Community Outcomes come from and align with our key plans including the Greater Christchurch Urban Development Strategy and the Christchurch Central Recovery Plan. The Public Open Spaces Strategy, Biodiversity Strategy and Social Housing Strategy also contribute to our Outcomes. They have all been developed after consulting the community and they reflect the aspirations and goals of the residents.

The Community Outcomes helped set the direction for the LTP 2015-2025. All Council activities described in the LTP contribute towards them.

### The Community Outcomes

The Outcomes relate to four strategic directions – liveable city, strong communities, healthy environment and a prosperous economy. A fifth group, good governance, describes outcomes for how the Council works as an organisation doing the best for its community.

Many Outcomes were strongly influenced by the 2010-2011 earthquakes. In some cases we prepared new Outcomes to meet the changed environment. In other cases, the earthquakes hindered Council progress. The earthquakes also changed how we prioritised some activities. We reflected this either by changing capital expenditure or taking up different activities to meet the goal.

The Community Outcomes are as follows:

#### Good Governance

Clear vision, strategic direction and leadership

- The Council provides leadership on issues affecting the community.
- The Council has effective relationships with central government and other key partners.
- The opportunities given by the earthquakes to rethink the shape of the city are fully taken.
- The special position of Ngāi Tahu is recognised.

The public understands and has confidence in decision-making

- The Council's goals and activities are clearly communicated to the community.
- Decisions are transparent and informed by timely, accurate and robust information and advice.
- Decisions take account of community views.
- Māori have opportunities and the capacity to contribute to decision-making processes.

Effective stewardship of Council resources

- City assets, financial resources and infrastructure are well-managed, now and in the future.
- Statutory obligations are met by the Council.

#### Liveable City

Christchurch has a strong central city

- The Central City is a vibrant and prosperous business centre.
- More people, including families, live in the Central City.
- The Central City has a distinctive character and identity.
- The Central City is used by a wide range of people and for an increasing range of activities.

An attractive and well-designed urban environment

- Urban areas are well designed and meet the needs of the community.
- Streetscapes, public open spaces and public buildings enhance the look and function of the city.

The transport system meets the needs of the community

- There is a range of travel options that meet the needs of the community.
- The transport system provides people with access to economic, social and cultural activities.
- An increased proportion of journeys is made by active travel and public transport.

Development is focused on well-defined urban areas

- New urban areas are integrated with the existing urban land uses and towns.
- Suburban centres provide the focus for services, employment and social interaction.
- Household location and increased housing density are in line with urban development targets.

Christchurch has a range and choice of housing

- Christchurch has good quality housing.
- Christchurch has a range of housing types.
- There are affordable housing options in Christchurch.
- There is sufficient housing to accommodate residents.

A safe and reliable water supply

- The Council's water supplies meet the public's reasonable needs.
- Christchurch has clean, safe drinking water.

#### Strong Communities

Christchurch's culture and heritage are valued

- The city's identity is enhanced in its buildings and public spaces.
- The city's heritage and taonga are conserved for future generations.
- The Garden City image and garden heritage of the district are enhanced.
- Sites and places of significance to tangata whenua are protected.
- Cultural and ethnic diversity is valued and celebrated.
- Arts and culture thrive in Christchurch.

People have a sense of connection to and participate in their community

- People have strong social networks.
- Services are available locally within the urban areas.
- People have the information and skills to enable them to participate in society.
- People are actively involved in their communities and local issues.

People participate in a wide range of recreational activities

- There is increasing participation in recreation and sporting activities.
- People have equitable access to parks, open spaces, recreation facilities and libraries.
- The public has access to places of scenic, natural, heritage, culture and educational interest.

Communities are safe

- Risks from natural hazards, including earthquakes, flooding, tsunami and rock fall are minimised.
- People are safe from crime.
- Injuries and risks to public health are minimised.
- Transport safety is improved.

### Healthy Environment

Christchurch's unique landscapes and indigenous biodiversity are protected and enhanced

- Existing ecosystems and indigenous biodiversity are protected.
- A range of indigenous habitats and species is enhanced.
- Landscapes and natural features are protected and enhanced.

Water quality and quantity are protected and restored

- Water quality in rivers, streams, lakes and wetlands is improved.
- Groundwater is safeguarded from the effects of land use.
- Stream and river flows are maintained.

The community values natural resources and uses them sustainably

- Earthquake demolition waste is safely disposed of with minimal adverse effects.
- There is a reduction in waste.
- Water is used efficiently and sustainably.
- Energy is used more efficiently.
- Christchurch is prepared for the future challenges and opportunities of climate change.
- A greater proportion of energy used in the city is from renewable sources.

### Prosperous Economy

Christchurch is a good place to do business

- Christchurch's infrastructure supports sustainable economic growth.
- Christchurch is recognised as a great place to work, live, visit, invest and do business.
- There is adequate and appropriate land for residential, commercial, industrial and agricultural uses.
- The Council is responsive to the demands of the rebuild.
- Christchurch has a highly skilled workforce.

Christchurch has a strong economic base

- There is a critical mass of innovative key business sectors.

### How do we achieve these outcomes?

Everything the Council does focuses on meeting these outcomes. We align our activities with our strategies and plans. All our capital and operating spending is aimed at moving the city towards these outcomes now or in the future.

The activities, levels of service, capital and operating spending and links to the outcomes are all in the LTP.

### Who do we work with to achieve our outcomes?

We work with a variety of community groups and other agencies to meet our Outcomes. We are more likely to achieve lasting results in the community when we promote partnerships and work with Māori, other local and regional organisations, central government, non-governmental organisations, and the private sector.

### Good governance

The Council also has internal outcomes. Amongst other things, they aim to ensure that we meet all statutory obligations, that we lead key issues for the district, that our decisions are transparent and that they take account of community views. We have strategies informed by community views, and many robust policies and processes to guide our decisions.

### Liveable City

A good built environment improves residents' lives by ensuring we have the right mix of houses, buildings and urban spaces. We have a unique chance to rebuild our urban areas in a way that enhances our lives. When planning we need to work very closely with neighbouring councils and Environment Canterbury (ECan), as well as with central government agencies such as the Canterbury Earthquake Recovery Authority (CERA), the Department of Prime Minister and Cabinet (DPMC), the Ministry of Transport, the New Zealand Transport Agency (NZTA) and the Ministry of Business, Innovation and Employment (MBIE).

Professional bodies, such as the New Zealand Planning Institute and the New Zealand Institute of Architects, sector organisations such as the New Zealand Historic Places Trust, and educational and research institutes are important partners for planning good urban design.

Working with private developers and the wider community, who plan and build much of the city's urban environment, is also crucial for successful development.

### **Strong Communities**

A strong community includes people having a safe place to live, the chance to take part in a wide range of recreation and feeling connected to the community. We help build strong communities by working with central government agencies such as the:

- Ministry of Social Development
- CERA
- DPMC
- Department of Internal Affairs
- Ministry of Health
- Canterbury District Health Board
- New Zealand Police
- Creative New Zealand
- Sport and Recreation New Zealand.

We also work with many community groups. By working closely with these agencies our programmes are more likely to be complementary and effective.

### **Healthy Environment**

Our district has landscapes and indigenous biodiversity that are unique and important to the area and we work with many groups to protect the environment. Research centres such as the National Institute of Water and Atmospheric Research (NIWA), Landcare Research and Canterbury and Lincoln universities provide technical information. Conservation and recreation groups organise projects to protect and restore the environment. A Māori perspective helps us understand and consider cultural matters.

### **Prosperous Economy**

A prosperous economy is integral to us achieving our goals. Much of our economic development is led by CDC and CCT. Through CCHL, the Council is a majority shareholder in a number of infrastructure companies including the Lyttelton Port Company Limited (LPC), Christchurch International Airport Limited (CIAL) and Orion New Zealand Limited (Orion).

We work with other organisations such as the Crown Research Institutes, New Zealand Trade and Enterprise, the Foundation for Research, Science and Technology, MBIE and the Ministries of Foreign Affairs and Trade, and Social Development.

We also work with local business groups to give us a strong economic base and make Christchurch a good place to do business.

### **How do we know if we are achieving our Community Outcomes?**

We must be able to measure our Outcomes. We monitor our progress by using a variety of indicators. We publish the monitoring results from time to time on our website. You can view the latest online at:

[www.ccc.govt.nz](http://www.ccc.govt.nz)

## Your Council Resilience

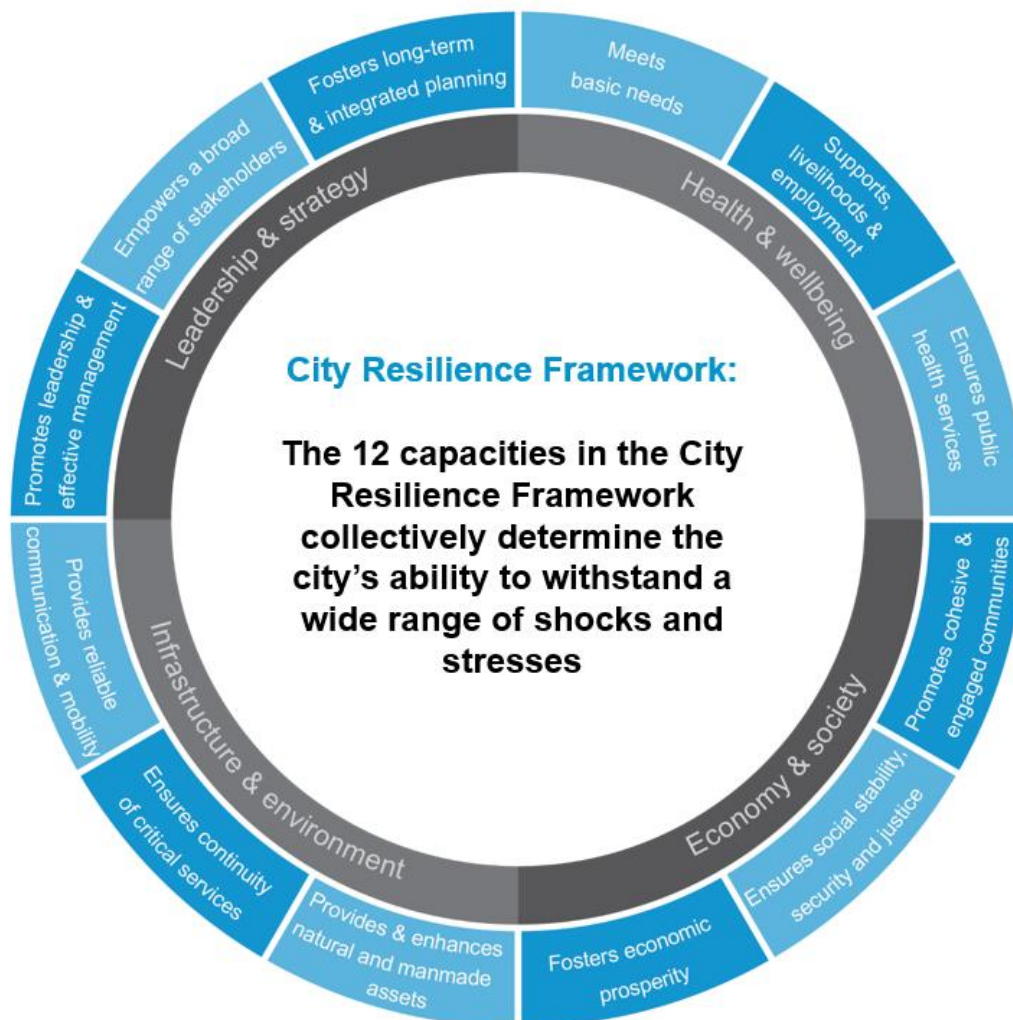
In January 2015 the Council resolved that reporting against community outcomes in reports and activity management plans should include a resilience assessment that is aligned to the Rockefeller Foundation 100 Resilient Cities, City Resilience Framework, (see below).

Christchurch is building a city that will be stronger, smarter and more resilient to the physical, social, and economic challenges that are a growing part of the 21st century.

Greater Christchurch is part of the international 100 Resilient Cities Network, a global network of urban areas focused on building resilience, sharing best practises and leading by example for cities throughout the world.

Christchurch is among the first group of cities around the globe to complete the initial phases of a Resilience Strategy to help safeguard the city's future against stresses and shocks. We completed a Preliminary Resilience Assessment in September 2015 and gained an understanding of the issues and what work was already underway in Greater Christchurch.

We are launching the Resilient Greater Christchurch Plan in September 2016. The plan sets out our goals and a programme of actions for building resilience across Greater Christchurch. Preparing the plan saw the issues Greater Christchurch faces investigated, and projects and policies identified that will address them and make a real difference for our communities.



Your Council  
The elected Council



Back Row (from left):

**Councillor Yani Johanson, Councillor Tim Scandrett, Councillor Raf Manji, Deputy Mayor Vicki Buck, Councillor Paul Lonsdale, Councillor Ali Jones, Councillor David East.**

Front Row (from left):

**Councillor Andrew Turner, Councillor Pauline Cotter, Councillor Phil Clearwater, Mayor Lianne Dalziel, Councillor Jamie Gough, Councillor Glenn Livingstone, Councillor Jimmy Chen.**

Your Council  
Chief Executive and Executive Leadership Team



From left:

**Brendan Anstiss** General Manager Strategy and Transformation, **Mary Richardson** General Manager Customer and Community, **David Adamson** General Manager City Services, **Dr Karleen Edwards** Chief Executive Officer, **Peter Gudsell** Chief Financial Officer, **Anne Columbus** General Manager Corporate Services.

Absent:

**Peter Sparrow** General Manager Consenting and Compliance.

## Your Council Community Board Members

### **Akaroa-Wairewa Community Board**

Pam Richardson MNZM (Chair)  
Lyndon Graham (Deputy Chair)  
Maria Bartlett  
Janis Haley  
Bryan Morgan

#### Councillor

Andrew Turner

### **Burwood-Pegasus Community Board**

Andrea Cummings (Chair)  
Tim Baker (Deputy Chair)  
Tim Sintes  
Linda Stewart  
Stan Tawa

#### Councillors

Glenn Livingstone  
David East

### **Fendalton-Waimairi Community Board**

Val Carter (Chair)  
David Cartwright (Deputy Chair)  
Sally Buck  
Faimeh, Lady Burke  
Bridget Williams

#### Councillors

Jamie Gough  
Raf Manji

### **Hagley-Ferrymead Community Board**

Sara Templeton (Chair)  
Alexandra Davids  
Joe Davies  
Brenda Lowe-Johnson  
Islay McLeod – resigned 15 June 2016

#### Councillors

Yani Johanson  
Paul Lonsdale

### **Lyttelton-Mt Herbert Community Board**

Paula Smith (Chair)  
Christine Wilson (Deputy Chair)  
Denis Aldridge  
Ann Jolliffe  
Adrian Te Patu

#### Councillor

Andrew Turner

### **Riccarton-Wigram Community Board**

Mike Mora (Chair)  
Helen Broughton (Deputy Chair)  
Natalie Bryden  
Peter Laloli  
Debbie Mora

#### Councillors

Vicki Buck  
Jimmy Chen

### **Shirley-Papanui Community Board**

Mike Davidson (Chair)  
Aaron Keown (Deputy Chair)  
Jo Byrne  
Emma Norrish  
Barbara Watson

#### Councillors

Pauline Cotter  
Ali Jones

### **Spreydon-Heathcote Community Board**

Karolin Potter (Chair appointed 15 April 2016)  
Melanie Coker (Deputy Chair appointed 15 April 2016)  
Dr Helene Mautner  
Rik Tindall  
Rev Paul McMahon – resigned 31 March 2016

#### Councillors

Phil Clearwater  
Tim Scandrett



## Your Council Governance and management

The Council works for the people of Christchurch, providing essential services and planning for the future, based on the desires of the community.

Governance is about setting direction and achieving the vision and goals of the city. This is the role of the Mayor and Councillors, who set priorities and policies, and review progress. The Mayor and Councillors employ the Chief Executive and delegate to her the management and delivery of Council services. The Chief Executive and her staff are then responsible for implementing the policies and strategies set by the Council.

The Council's elected members and staff work within a range of systems and processes that help ensure they comply with New Zealand laws and follow good business practice. These checks and balances help the community to interact with the Council, and assure the public that the Council is acting in their best interests. The checks and balances include:

### Training elected representatives

After every election, Council staff and others, such as Local Government New Zealand, assist in training incoming elected members. Training is ongoing and includes meeting procedures, conflicts of interest, and an overview of the boundaries that local authorities operate within.

### Listening to the community

On many occasions the Council is required to listen to the community and consider the views of residents and ratepayers when making decisions. It does this by holding formal public consultation on city projects that include public hearings, and receiving petitions and deputations at Council, Committee and Community Board meetings. It also receives public opinion via social media and the internet, through programs such as 'Have Your Say', which actively solicits public views on many matters.

### Legislative compliance

The Council uses in-house lawyers and hires consultants to help ensure it complies with the wide range of laws and regulations governing local authority activities.

### Accountability

The law requires Council activities to be clear and transparent. The Council does this by holding open meetings, live-streaming full Council meetings on the web and posting meeting agendas and reports on its website for public and media scrutiny. It also distributes printed copies of these documents through its network of service centres and libraries.

The Council complies with the Local Government Official Information and Meetings Act 1987, which provides for Council information to be made available on request unless there is good reason to withhold it. The Council informs residents of Council decisions and projects through its website, social media, newspaper features, radio interviews, public notices, e-newsletters, at public meetings and by informing the media.

### Audit

The law requires the Council to prepare financial statements that fairly reflect the organisation's financial position, performance and cash flows. In addition, the Council must report on how well it achieved non-financial objectives, set three-yearly as part of the LTP process. The Auditor-General contracts Audit New Zealand to audit these financial and non-financial statements on her behalf.

### Internal audit

The Council's internal audit monitors its internal controls and reviews function. Deloitte provide resource and expertise to aid delivery of this function.

### Risk management

The Council has an Audit and Risk Management Committee, comprising Council representatives and external members experienced in financial and risk management.

## Monitoring Council Controlled Trading Organisations

The Council has financial and governance interests in other organisations. Christchurch City Holdings Limited (CCHL) is a significant wholly-owned subsidiary. It groups trading activities under one umbrella and keeps the Council at arm's length from the activities of Council Controlled Trading Organisations (CCTOs), which operate as profit-making enterprises.

The CCTOs are:

- Orion New Zealand Limited (Orion)
- Christchurch International Airport Limited (CIAL)
- City Care Limited (City Care)
- Lyttelton Port Company Limited (LPC)
- Red Bus Limited (Red Bus)
- Enable Services Limited (ESL)
- EcoCentral Limited (EcoCentral)
- Development Christchurch Limited (DCL).

The Council also has interests in other smaller CCTOs:

- Vbase Limited (Vbase)
- Civic Building Limited (CBL)
- Tuam Limited (Tuam)

Each CCTO is required to produce a Statement of Intent (SOI) that it develops in consultation with the Council. This sets out the objectives, the nature and scope of its activities, its performance targets and how its performance will be measured. CCTOs are required to report to their shareholder bi-annually.

For more detail go to: *Group Structure and Council Controlled Organisations*.

## Your Council Māori involvement in decision making

'**Atawhai ki te tangata – care for the people**' is a fitting pepeha (proverb) for our Te Ngāi Tūāhuriri partners to share with Council. We are united by a shared vision for our city and her people.

In the year under review the Council's relationship with Manawhenua has moved to a new level of partnership with the establishment of *Te Hononga – Ngā Papatipu Runanga Committee*. This is a committee of Council co-governed by the six Committee Chairs of Council and the six papatipu rūnanga chairs who hold manawhenua across Christchurch and the Banks Peninsula.

Three key objectives have been identified for strategic development they are:

- land use,
- water quality and
- economic development.

Te Hononga is also the name of the Civic building on Worcester Street and means *to bind together* and represents our collective desire to strengthen our relationship.

To give effect to this relationship two new positions were created at Council within the Office of the Chief Executive, they are the Principal Advisor Ngāi Tahu Relationship and Senior Advisor Ngāi Tahu/ Māori Relationships. These two roles work across the organisation to provide advice and leadership in our relationship with Māori.

Leading together in special events is another way that Council and Māori have recognised their partnership. Opening events, blessing and naming new buildings and welcoming visitors to the city all help to enrich the life of the city.

The Mahaanui Limited relationship has been operating since 2007 to ensure Council honours its obligation under the Resource Management Act. Mahaanui is a vehicle where the six Runanga have input into decision-making on resource management and in forming policy statements and plans.

Ngāi Tūāhuriri narratives and design have been an important feature of the Anchor Projects, within the four avenues. This year their mandate has extended to the whole urban area and is provided by Matapopore, which is a charitable trust that specialises in Ngāi Tahu Māori urban design.

# Council activities and services

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The work of the Council is divided into 19 groups of activities and services. Here you will find information about what each group does, how it performed over the past financial year and what work is going to be carried out in the future.

The LTP increased the number of groups of activities from 14 to 19. The comparative information has been restated to reflect the current allocation of the Council's activities into these groups.

Comparability with prior year performance targets

Normally the Council would include prior year trend comparatives for its levels of service. With the adoption of the LTP a number of non-financial performance measures and targets have been altered, removed or new targets set. Where new measures have been introduced no prior year performance information is available and the prior year column has been left blank.

Where comparative trend information is available this has been included. Given the impact of the earthquakes on performance measures, it is not appropriate to provide comparatives prior to 2012.

## Council activities and services Activities and services summary

The Council has allocated its service delivery activities into groups, to facilitate management and reporting.

The following pages contain information on the Council activities and services listed below.

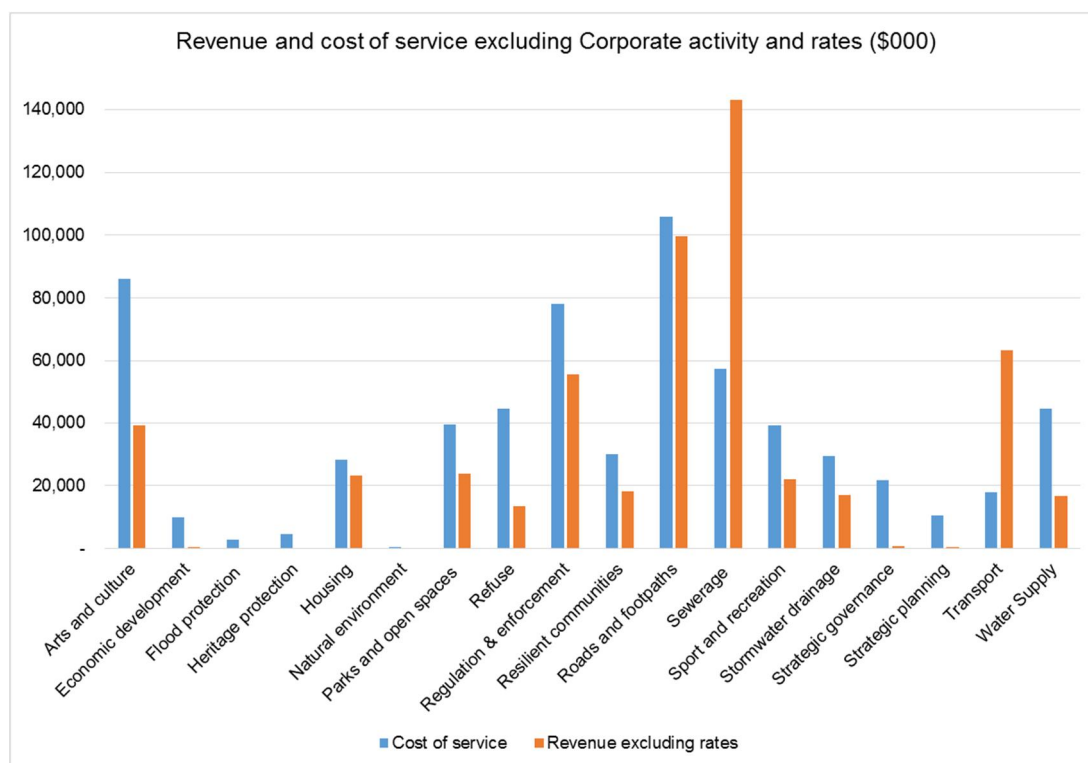
### Cost of services for the year to 30 June 2016

|   | 2016                                    |                  |                  |                     | 2015*            |
|---|---|------------------|------------------|---------------------|------------------|
|   | Costs (After internal recoveries) \$000 | Income \$000     | Net Cost \$000   | Plan Net Cost \$000 | Net Cost \$000   |
| Arts and culture (including libraries)      | 86,119                                  | 39,011           | 47,108           | 49,230              | 45,739           |
| Economic development                        | 9,971                                   | 551              | 9,420            | 9,794               | 9,380            |
| Flood protection and river control          | 2,710                                   | -                | 2,710            | 8,035               | 472              |
| Heritage protection                         | 4,708                                   | 44               | 4,664            | 4,153               | 8,309            |
| Housing                                     | 28,116                                  | 23,233           | 4,883            | 9,396               | (8,394)          |
| Natural environment                         | 401                                     | 82               | 319              | 302                 | 304              |
| Parks and open spaces                       | 39,431                                  | 23,841           | 15,590           | 29,393              | 21,995           |
| Refuse minimisation and disposal            | 44,471                                  | 13,532           | 30,939           | 31,406              | 30,956           |
| Regulation and enforcement                  | 78,033                                  | 55,527           | 22,506           | 21,361              | 37,013           |
| Resilient communities                       | 29,879                                  | 18,039           | 11,840           | 28,395              | 29,629           |
| Roads and footpaths                         | 105,762                                 | 99,744           | 6,018            | (55,596)            | 28,451           |
| Sewerage collection, treatment and disposal | 57,481                                  | 143,104          | (85,623)         | 29,273              | (169,263)        |
| Sport and recreation                        | 39,198                                  | 22,112           | 17,086           | 8,162               | 15,264           |
| Stormwater drainage                         | 29,435                                  | 16,999           | 12,436           | 15,753              | (7,938)          |
| Strategic governance                        | 21,574                                  | 614              | 20,960           | 22,303              | 22,384           |
| Strategic planning                          | 10,399                                  | 573              | 9,826            | 10,864              | 10,038           |
| Transport                                   | 17,818                                  | 63,196           | (45,378)         | (32,389)            | (1,415)          |
| Water supply                                | 44,557                                  | 16,823           | 27,734           | 29,147              | 27,774           |
| Corporate activities                        | 105,068                                 | 603,724          | (498,656)        | (478,354)           | (325,563)        |
| <b>Total cost of service delivery</b>       | <b>755,131</b>                          | <b>1,140,749</b> | <b>(385,618)</b> | <b>(259,372)</b>    | <b>(224,865)</b> |

\* The 2015 numbers above have been restated based on the reallocation of activities in the LTP.

Net cost of service variance explanations are provided for each activity in their individual What did it cost? sections.

The table below shows the revenue received (excluding rates) and costs incurred by each group of activity, excluding corporate.



The table below reconciles the Council's cost of services outlined in this section of the Annual Report with the total revenue and expenses per the financial statements.

|   | <b>30 Jun 16</b> | <b>30 Jun 15</b> |
|---|------------------|------------------|
|   | <b>Actual</b>    | <b>Actual</b>    |
|   | <b>\$000</b>     | <b>\$000</b>     |
| Council activities and services revenue excluding Corporate activities  | 537,025          | 509,779          |
| Rates revenue   | 396,240          | 361,864          |
| Other revenue (primarily interest, dividends, vested assets, insurance and development and financial contributions) | 297,291          | 135,703          |
| <b>Total revenue</b>  | <b>1,230,556</b> | <b>1,007,346</b> |
| <br>  |                  |                  |
| Council activities and services expenditure excluding Corporate activities  | 650,063          | 610,567          |
| Other expenditure   | 154,381          | 89,975           |
| <b>Total expenditure</b>  | <b>804,444</b>   | <b>700,542</b>   |

## Capital summary for the year to 30 June 2016

|   | 2016              |                        | 2015*             |
|---|-------------------|------------------------|-------------------|
|   | Net Cost<br>\$000 | Plan net cost<br>\$000 | Net Cost<br>\$000 |
| Arts and culture (including libraries)      | 22,338            | 63,639                 | 34,136            |
| Economic development                        | -                 | -                      | -                 |
| Flood protection and river control          | 9,623             | 45,836                 | 9,088             |
| Heritage protection                         | 4,976             | 10,569                 | 935               |
| Housing                                     | 9,345             | 23,423                 | 3,825             |
| Natural environment                         | -                 | -                      | -                 |
| Parks and open spaces                       | 14,565            | 34,565                 | 12,807            |
| Refuse minimisation and disposal            | 4,006             | 3,310                  | 2,202             |
| Regulation and enforcement                  | 543               | 421                    | 334               |
| Resilient communities                       | 10,403            | 17,130                 | 2,888             |
| Roads and footpaths                         | 163,402           | 276,924                | 118,299           |
| Sewerage collection, treatment and disposal | 286,406           | 185,410                | 313,958           |
| Sport and recreation                        | 13,377            | 18,245                 | 14,050            |
| Stormwater drainage                         | 50,570            | 72,467                 | 48,413            |
| Strategic governance                        | (1)               | -                      | 9                 |
| Strategic planning                          | 338               | 577                    | 387               |
| Transport                                   | 14,889            | 81,047                 | 9,982             |
| Water supply                                | 37,701            | 40,222                 | 36,612            |
| Corporate activities                        | (34,580)          | 84,423                 | (72,068)          |
| <b>Gross Capital Cost</b>                   | <b>607,901</b>    | <b>958,208</b>         | <b>535,857</b>    |

\* The 2015 numbers above have been restated based on the reallocation of activities in the LTP.

Capital expenditure variance explanations are provided for each activity in their individual What did it cost? sections.

## Depreciation and amortisation by group of activity

|   | 30 Jun 16       | Parent<br>30 Jun 15 |
|---|-----------------|---------------------|
|   | Actual<br>\$000 | Actual<br>\$000     |
| Arts and culture (including libraries)      | 7,501           | 7,032               |
| Economic development                        | 69              | 87                  |
| Housing                                     | 7,027           | 5,507               |
| Parks and open spaces                       | 8,800           | 7,252               |
| Refuse minimisation and disposal            | 2,341           | 2,261               |
| Regulation and enforcement                  | 499             | 61                  |
| Resilient communities                       | 1,574           | 893                 |
| Roads and footpaths                         | 57,570          | 38,671              |
| Sewerage collection, treatment and disposal | 47,137          | 24,108              |
| Sport and recreation                        | 8,280           | 4,748               |
| Stormwater drainage                         | 5,496           | 4,986               |
| Strategic governance                        | 1               | -                   |
| Transport                                   | 4,817           | 4,217               |
| Water supply                                | 25,688          | 25,119              |
| Corporate activities                        | 13,791          | 13,078              |
|   | <u>190,591</u>  | <u>138,020</u>      |

Council activities and services

## Arts and culture (including libraries)

### What is arts and culture (including libraries), and what does the Council do?

They are the galleries, museums and libraries that give residents access to art, historical and other educational material.

### Why is the Council involved?

Local Government is responsible for promoting the cultural and social well-being of communities for the present and future. We contribute to this by running facilities such as art galleries, libraries and museums and by offering various services to those using them.

We contribute to the Community Outcomes by helping make the city a place of diverse and inclusive communities, a city for recreation, fun and creativity and of life-long learning.

We provide accessible and welcoming public buildings, we stage a variety of arts, festivals and events, and we supply books, information and learning programmes.

### How does it affect me?

Every time you visit Christchurch Art Gallery or local museums and city libraries, you are using our cultural and learning services. You can find interesting material, collections and other programmes such as exhibitions and public events. There are also many online services and learning opportunities.

### What activities are involved?

#### Christchurch Art Gallery

We run the art gallery so that our region's artistic heritage is collected and presented to residents and visitors. Christchurch Art Gallery is a vibrant, dynamic space which caters to a strong and growing art audience.

#### Museums

We support museums so that our region's historical heritage is collected and presented to residents and visitors. Akaroa Museum preserves and displays the history of Akaroa and Banks Peninsula. We also contribute funds to the Canterbury Museum.

#### Libraries

City libraries house recreational and learning material, support life-long learning and literacy, and offer community spaces for the public. Our libraries are very well patronised and rated highly in a recent survey, with 96 per cent of surveyed residents satisfied with library services.

### What did we achieve?

#### Christchurch Art Gallery Te Puna o Waiwhetu

Christchurch Art Gallery reopened on 19 December 2015 with increased seismic capability. Visitor numbers for 2015/16 reached 200,313 for the 28 weeks the building has been open, surpassing the target of 198,000 for this period.

The gallery's reopening presentation featured a larger-than-usual number of small and large scale exhibitions to celebrate the city's collection. The gallery has produced a total of 22 exhibitions and six artist projects over the period.

16,763 visitors took part in programmes during the first six months after re-opening. This result is well above the target of 20,000 per annum. More than 11,700 children took part in 354 gallery-led lessons at their schools and in the gallery's education centre.

More than 40 works were added to the city's collection during the year; some were purchased, others gifted.

The gallery published and distributed four editions of its quarterly magazine *Bulletin*, as well as a major book on the collection called *101 Works of Art* and a companion book on the opening exhibitions.

The gallery received three awards in 2015/16: Best in Show – Multimedia for the website, Highly Commended for *Bulletin* in the Museums Australia Multimedia & Publication Design Awards; and a BEST award for *Meet Me in the Square*, published by the gallery in 2014.

We supported public art in line with Public Art Advisory Group recommendations.

#### Museums

Akaroa Museum maintained its good visitor numbers with around 25,000 visitors in 2015/16, similar to the prior year. Repairs to Langlois-Eteveneaux cottage, Customs House and the Court house are planned, with a range of heritage and conservation issues emerging.

#### Libraries

Libraries met the agreed Levels of Service for the 2015/16 year for library services, spaces and resources.

A major focus was the planning for new and replacement libraries.

Since opening in November, Te Hāpua: Halswell Centre has been a spectacular new library, with the visitor count tripling and the number of book issues doubling compared to the old Halswell Library.

The new Central Library design has been completed and the contract awarded to Southbase Construction. Construction is due to start early in the new financial year.

The earthquake repair building programme has continued this year with Papanui, Shirley and Upper



Riccarton Libraries all having repairs with either minimal or no closure to ensure uninterrupted service.

In response to strong customer demand a temporary library was established for Lyttelton in February for the duration of that library's repairs.

Planning and design of the new replacement libraries for Sumner and Bishopdale are progressing well and construction is expected to start in the new financial year. Further library repairs are planned for next year.

Programmes and events offered through Libraries continue to delight our customers. Some stand-out examples of well received and widely reported programmes include Reading to Dogs, May Music Month and Matariki.

### How did we measure up?

| Activity and Service   | Level of Service   | Target  | Achieved  | Result   | Prior Years   |
|--|--|---|-----------|--|---|
| <b>Christchurch Art Gallery</b><br>Develop, maintain and provide access to a collection of nationally-significant art. | Visitors per annum.  | Visitors per annum within a range of 370,000 - 410,000 (pro-rated from re-opening).                           | Achieved. | 200,313 visitors over 195 days which is within the pro-rated target range of 197,671-219,041.  |   |
|  | Visitor satisfaction with their Gallery experience.                      | At least 90% of visitors satisfied with the Art Gallery experience.   | Achieved. | 98% of visitors were satisfied with their experience.  |   |
|  | Hours of opening.  | Hours of opening: No fewer than 2,749 hours per annum from re-opening (pro-rated from re-opening).            | Achieved. | The Art Gallery has been open for 1,477 hours open since reopening on 19 December 2015. The pro-rated target (195 days) was 1,472.   |   |
| Develop and host art exhibitions and present a range of public programmes.   | Exhibitions and publications presented.                                  | 4-6 publications per annum, with at least 1 significant book or exhibition-related publication every 2 years. | Achieved. | Six Publications in total. Four editions of Bulletin, 1 significant publication (101 Works of Art from the Collection) and 1 exhibition catalogue (Everything is Going to be Alright). | 2015: 4 editions of Bulletin. 1 exhibition catalogue. 1 school resource.<br>2014: 4 editions of Bulletin. 2 education resources. 1 significant publication.<br>2013: 4 editions of Bulletin. 1 significant publication. |
|  |  | No fewer than 12 exhibitions presented per annum (pro-rated from time of re-opening).                         | Achieved. | 30 exhibition projects were presented.   | 2015: 12 projects presented as part of Outer Spaces.<br>2014: 17 exhibitions developed as part of Outer Spaces.<br>2013: 20 Outer Spaces Exhibitions.   |
|  | Public programmes and school-specific programmes delivered.              | Average of at least 9,000 attend school specific programmes per annum. (pro-rated from reopening).            | Achieved. | 12,132 took part in the education programme at year end.   | 2015: 348 lessons given to 9,005 teachers and learners.<br>2014: 8,461 participants.<br>2013: 8,174 participants.   |
|  |  | Average of at least 20,000 people attend advertised public programmes per annum (pro-rated from reopening).   | Achieved. | 16,763 visitors took part in programmes over the 195 days which the gallery was open which exceeds the prorated target of 10,685.  | 2015: 3,615 participants in 105 programmes presented to the public.<br>2014: 4,035 participants.<br>2013: 4,459 participants.   |
| <b>Museums</b><br>Hold and distribute the Canterbury Museum levy.  | Administer the Canterbury Museum levy and report on annual plan targets. | Canterbury Museum levy funding paid as required.  | Achieved. | Canterbury Museum operating levy paid on time and the Canterbury Museum has provided actuals against annual plan targets to Council.   | 2015 and 2014: Canterbury Museum levies agree with the Annual Plan targets and paid on time as required.  |
| Operate the Akaroa Museum.   | Visitors per annum to Akaroa Museum.                                     | Visitors per annum of at least 20,000 (pro-rated from time of full re-opening).                               | Achieved. | Total visitors of 24,398 for the 2015/16 year.   | 2015: 25,243 visitors.<br>2014: 11,309 visitors.<br>2013: Museum closed, 471 attended offsite events and programmes.  |

**Council activities and services – Arts and culture (including libraries)**

| Activity and Service  | Level of Service   | Target   | Achieved                       | Result  | Prior Years   |
|---|--|--|--------------------------------|---|---|
|   | Hours of opening at Akaroa Museum.   | Minimum of 2,093 opening hours per annum. (pro-rated from time of full re-opening).  | Achieved.                      | Museum open to the public for 2,295 hours during 2015/16 year.  | 2015: 2,110 hours open.<br>2014: 2,211 hours open.<br>2013: Museum closed.  |
|   | Exhibitions presented.   | No fewer than 2 exhibitions presented per annum.   | Achieved.                      | Two exhibitions presented: Banks Peninsula - a history (November 2015 - April 2016 and Painted and Carved - the art of J. H. Menzies (April - June 2016). No exhibitions from July - November 2015 due to earthquake repairs being carried out in main Museum exhibition galleries. | 2015: Three exhibitions presented.<br>2014: Three exhibitions presented.<br>2013: Museum closed.  |
| <b>Libraries</b><br>Community spaces through a comprehensive network of libraries, the mobile service and digitally.      | Residents have access to a physical and digital library relevant to local community need or profile.   | Maintain a mobile library service of a minimum of 40 hours per week.<br><br>Maintain visits per capita of national average or better, per annum, for level one NZ public libraries.  | Achieved.<br><br>Achieved.     | 40 hours per week.<br><br>9.7 visits per capita recorded compared to a national average of 8.4.   | 2015: 40 hours per week.<br>2014: Minimum of 40 hours per week.<br><br>2015: 10.1 visits per capita against national average of 7.6.<br>2014: 10.4 visits per capita against the national average of 8.8.<br>2013: 9.5 visits per capita against the national average of 8.9 visits.          |
|   |  | Provide weekly opening hours for existing libraries: (excluding periods of closure) neighbourhood 36 to 57 hrs.  | Achieved.                      | Neighbourhood libraries open 36 to 57 hours per week.   | 2015: 36 to 57 hours of opening provided weekly.<br>2014: 36 to 57 hrs weekly opening hours have been provided.<br>2013: Achieved.  |
|   |  | Suburban medium 48 to 57 hrs.  | Achieved.                      | Suburban medium libraries open 48 to 57 hours per week.   | 2015: 48 to 57 hours of opening provided weekly.<br>2014: 48 to 57 hrs weekly opening hours have been provided.<br>2013: Achieved.  |
|   |  | Temporary metropolitan and suburban large 52 to 59 hrs.  | Achieved.                      | Temporary metropolitan and large suburban libraries open 52 to 59 hours per week.   | 2015: 57 to 67 hours of opening provided weekly.<br>2014: 57 to 67 hrs weekly opening hours have been provided.<br>2013: Achieved.  |
| Equitable access to relevant, timely information and professional services.   | Access to information via walk-in, library website, phone, email, professional assistance and online customer self service. In library access to online information using public computing devices and the internet. | Free Wifi access is available at metropolitan, suburban, and neighbourhood libraries 24/7.<br><br>Maintain ratio of public internet computers to at least 4 per 5,000 of population. | Achieved.<br><br>Achieved.     | Free access to Wifi was available throughout the year at all libraries.<br><br>4 public internet computers per 5,000 of population were provided.   | 2015: Free Wifi available at all libraries.<br>2014: Free Wifi access provided.<br><br>2015: 3 public internet computers per 5,000 of population.<br>2014: 5.4 public internet computers per 5,000 population.  |
| Print and digital collections and content readily available for loan, for use in libraries and via the Library's website. | Collections in a variety of formats are available to and meet the needs of the community.  | Increase current size of purchased downloadable e format collection by at least 30% per year.<br><br>Maintain collections at 3 - 3.5 items per capita.                               | Not achieved.<br><br>Achieved. | A 21.2% increase in the size of the downloadable e-format collection was achieved for the year.<br><br>The collection size is 3.2 items per capita.   | 2015: 100% increase in purchased e-book and downloadable audio book collection.<br>2014: 180% increase in purchased e-book and downloadable audio book collection.<br><br>2015: Collections maintained at 3.2 items per capita.<br>2014: 3.2 items per capita.<br>2013: 3.5 items per capita. |

| Activity and Service   | Level of Service   | Target   | Achieved  | Result  | Prior Years   |
|--|--|--|-----------|---|---|
|  |  | Maintain number of issues per capita of city population, per year, at national average or better (excluding periods of closure). | Achieved. | The number of issues per capita achieved was 12.1 compared to a national average of 10.4. | 2015: 11.6 against the national average of 10.0 (2013/14).<br>2014: 12.1 against the national average of 10.6. (2012/13).<br>2013: 12.6 against the national average of 12.1 (2011/12). |
|  | Library user satisfaction with library service at metro, suburban and neighbourhood libraries. | At least 90% of library users satisfied with the library service.  | Achieved. | 93% satisfaction.   | 2015: 97% satisfaction.<br>2014: 96% library user satisfaction.   |
| Programmes and events designed to meet customers' diverse lifelong learning needs. | Customer satisfaction with library programmes and events provided.                             | 90% of customers satisfied with library programmes and events provided.  | Achieved. | 98% satisfaction.   | 2015: 97%. Satisfaction with course content 96.8% and presenter 97.6%.<br>2014: 98% satisfaction with library programmes and events provided.   |
|  | Provide programmes and events to meet customers diverse lifelong learning needs.               | Maintain participation of 200- 230 per 1,000 of population (excluding periods of closure).                                       | Achieved. | Participation in events was 292 per 1,000 of population.                                  | 2015: 290.4 participations per 1,000 of population.<br>2014: 281 per 1,000 of population.<br>2013: 230 per 1,000 of population.   |

### What assets do we use to deliver these activities?

Our main assets are the libraries, the Christchurch Art Gallery and Akaroa Museum, and their collections.

All Council libraries were open except Sumner and the Central Library. We ran temporary libraries in Linwood and Bishopdale, and temporary Central Library services in Manchester and Peterborough Streets.

### Where are we heading?

#### Christchurch Art Gallery

Christchurch Art Gallery reopened on 19 December 2015. Visitor numbers for 2015/16 reached 200,313 for the 28 weeks that the building was open. More than 20 different exhibitions drawn from our collections and two artists' projects have been enjoyed by visitors since then. It is anticipated that audiences will build with the reintroduction of temporary exhibitions. The car park, cafeteria and shop are yet to reopen, and back-of-house repairs continue.

#### Museums

It is expected that we will complete all components of the long-term display at Akaroa museum this coming financial year. All three heritage buildings will be strengthened, repaired, reinterpreted and reopened to visitors by year end.

#### Libraries

Libraries will have a strong focus on building repairs and replacement libraries over the next year. The move back to the repaired Lyttelton library is expected in December 2016.

Over the 2016/2017 year the replacement Bishopdale and Sumner Libraries will be built, with completion expected towards the end of the period. Repairs to New Brighton Library are due to commence in August 2016.

Construction of the New Central Library is planned to start later in 2016. Extensive planning for services and staffing for Central Library will be a key focus for library staff.

### Service delivery in 2016/17

#### Christchurch Art Gallery

Assuming repairs are able to be completed within the currently expected time frames, Christchurch Art Gallery will be well-placed to meet its levels of service agreed in the amended LTP.

#### Museums

New long-term displays are being installed at the Akaroa Museum and will be opening gradually over the next twelve months.

#### Libraries

The extent of library repairs and potential closures in 2016/2017 pose a challenge, but Libraries are confident they will be able to meet the levels of service confirmed in the new Activity Management Plan.

What did it cost?

Arts and culture (including libraries)

Statement of cost of services for the year ending 30 June

|                                  |                                   |               |               | 2016          | 2015*         |
|----------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
|                                  | Costs (After internal recoveries) | Income        | Net Cost      | Plan Net Cost | Net Cost      |
|                                  | \$000                             | \$000         | \$000         | \$000         | \$000         |
| <b>Operational outputs</b>       |                                   |               |               |               |               |
| Christchurch Art Gallery         | 42,648                            | 235           | 42,413        | 7,583         | 8,637         |
| Museums                          | 7,877                             | 34            | 7,843         | 7,946         | 7,769         |
| Libraries                        | 35,595                            | 3,111         | 32,484        | 34,660        | 32,235        |
| Capital revenues                 | (1)                               | 35,631        | (35,632)      | (959)         | (2,902)       |
| <b>Cost of service</b>           | <b>86,119</b>                     | <b>39,011</b> | <b>47,108</b> | <b>49,230</b> | <b>45,739</b> |
| <b>Capital expenditure</b>       |                                   |               |               |               |               |
| Renewals and replacements        |                                   |               | 6,757         | 8,073         | 6,745         |
| Improved service levels          |                                   |               | 804           | 1,298         | 891           |
| Increased demand                 |                                   |               | 10,193        | 9,351         | 10,127        |
| Infrastructure rebuild           |                                   |               | 4,584         | 44,917        | 16,373        |
| <b>Total capital expenditure</b> |                                   |               | <b>22,338</b> | <b>63,639</b> | <b>34,136</b> |

Explanation of significant cost of service variances

Christchurch Art Gallery

The net cost of service was \$34.8 million higher than planned in the current year. This was due to the expensing of building repairs that were originally considered to be capital in nature.

Net cost was \$33.8 million higher than the previous financial year due to the above expense, partially reduced by a \$0.85 million under spend in Gallery operations. The under-spend was due to the delayed opening of the Gallery, partly offset by the shop not yet operating at its full capacity.

Libraries

The net cost of service was \$2.2 million lower than plan. This was due to delays in the opening of new facilities which resulted in an under-spend of \$1.6 million on personnel, operating and maintenance costs. Libraries earthquake repair costs were also \$0.6 million underspent due to fewer repairs and less demolition work undertaken than planned.

Net cost of service was \$0.2 million higher than 2015. In 2016 libraries were reopened resulting in \$0.8 million of additional cost. Offsetting this, earthquake repairs were \$0.6 million lower due to fewer repairs and less demolition work undertaken than planned.

Capital revenues

Capital revenue is \$34.6 million higher than Plan. This is the result of the settlement of material damage insurance claims for the old Central Library and the Christchurch Art Gallery.

The \$32.7 million increase from 2015 is due to the material damage insurance settlement.

Significant capital expenditure

\$11.6 million was spent on the New Central Library (land acquisition and remediation and design and planning costs), \$9.9 million was spent on the new Halswell Library, \$4.6 million on library book purchases, \$2 million on the library asset renewal programme, \$1.3 million on a number of earthquake related library repair projects. \$1.3 million on the Lyttelton Library and \$1.1 million on Art Gallery asset renewals and replacements. \$9.6 million of last year's Art Gallery repairs which were recorded as capital were moved to operational cost this year.

Explanation of significant capital expenditure variances

Capital expenditure was \$41.3 million lower than plan this is principally due to \$34.6 million of expenditure on the Art Gallery which was planned as capital but subsequently treated as an operational cost, offset by \$3.5 million of costs carried forward from 2015 due to a delay in construction. \$10 million is due to delayed construction of the New Central Library project, Art Gallery asset renewals and replacement and South West Library and Service Centre. The cost for library asset renewal projects and earthquake repair programme is \$0.2 million lower than plan.

Overall capital expenditure was \$11.8 million lower than 2015. This was primarily the result of this year's change in treatment of last year's repair work on the Art Gallery.

## Council activities and services

### Economic development

#### What is economic development, and what does the Council do?

Economic development occurs when communities and policymakers act together over time to increase the standard of living by improving the city's economic health. The Council leads economic and key sector development and the regional innovation system, and supports potential high growth businesses. We also aim to attract more visitors and tourists, while our civic and international relations programmes foster international partnerships and extend cultural understanding in the community.

#### Why is the Council involved?

For the city to achieve its goals, we need a sound economy. Economic development activities aim to help expand the economy so residents have more employment, better opportunities and good quality facilities and services. These in turn benefit our community's social wellbeing. The work contributes to making Christchurch a great place to work, live, visit, invest in and do business.

#### How does it affect me?

A strong economy benefits everyone because there are more and better jobs and business opportunities. A strong economy and good quality of living also makes it easier to attract high-value migrants, returning residents, investment and innovation.

#### What activities are involved?

##### Christchurch economic development coordination and leadership

Christchurch is the main business area for Canterbury and the South Island. Regionally, we work in four broad areas:

- economic development;
- sector and business development;
- supporting the innovation system; and
- promotion of Christchurch and Canterbury to visitors.

##### City Promotions

We promote information through print, web and digital media to tell residents about the city and why it is an attractive place to live, work, visit and do business. We also promote our key events, attractions and facilities to residents and visitors and encourage them to take part.

##### Civic and International Relations

Our civic and international relations work aims to build and maintain relationships, attracting more skilled migrants, students and tourists, and enhancing economic development and investment. We also promote social and cultural understanding, and strengthen people-to-people links between our communities and cities around the world. We organise civic events, including important commemorations such as 22 February and ANZAC Day, and we hold regular citizenship ceremonies, annual civic awards and special events in respect of our Antarctic Gateway status. We also support ceremonial and civic work by the Mayor

and Councillors, and help with frequent official visits to the city.

##### Venue management

We provide ongoing management services to Vbase Limited which is a Council Controlled Company 100 per cent owned by the Council. Vbase Limited acquires and delivers sporting, cultural and entertainment events that deliver economic and social benefit for the city.

#### What did we achieve?

##### Christchurch economic development coordination and leadership

CDC is working with key stakeholders to develop the Canterbury Regional Innovation Strategy and review the Christchurch Economic Development Strategy. These strategies will be launched in 2016/17.

CDC completed research into the impact of aging population on regional workforce projections; benchmarked Christchurch and Canterbury's innovation capability against regions and cities in Australasia; and, investigated the implications of irrigation and environmental limits on Canterbury land use and economic growth. CDC also ran two Economic Update events and published various reports including the Canterbury Report.

Partnering with the Canterbury Employers' Chamber of Commerce, CDC renewed the Regional Business Partner Programme contract with NZTE and Callaghan Innovation on behalf of the Canterbury delivery partners. Canterbury achieved the highest net promoter score (+72) among all delivery partners in the first round of customer feedback under the new contract.

CDC is working with industry groups and educators to progress Canterbury Manufacturing Pathways and the Nurturing Home Grown Talent Programme. Both raise awareness of career opportunities in the Christchurch technology and manufacturing sectors with students, educators and parents. CDC supported the Women in Tech industry group to expand to over 250 members and helped the group establish sustainable operations.

During the year the innovation hub, GreenHouse, and food development facility, FoodSouth, became fully operational. Through GreenHouse, CDC provides support to start-ups, many from the Lightning Lab Accelerator Programme in 2014/15. CDC also ran the Hi-Growth Launch Programme, a 12 week course to develop capability in early stage businesses and supported innovation through the Proof of Concept Grant. CDC also took over leadership of the Innovation Precinct from MBIE.

The core focus for CCT in the domestic market was two marketing campaigns. One focused on the Christchurch city proposition; 'Pockets of Awesome' and the other wider Canterbury (including Christchurch) with 'Short Walks' being the drive to encourage visitation. The Short Walks campaign resulted in over 4 million exposures in the domestic market and a 43 per cent increase in sessions on christchurchnz.com. Domestic guest nights in commercial accommodation

rose by 3 per cent for the year ended April 2016 compared to the previous year.

CCT actively supported a Christchurch Airport and Tourism New Zealand led campaign focusing on the Australian holiday market and promoting self-drive holidays, Australian holiday arrivals have grown by 7 per cent in the year ended April 2016 compared to the previous year.

CCT briefed and trained over 2,300 international travel sellers on the Christchurch recovery and the developments throughout the city. CCT also hosted 398 travel trade and 119 domestic and international media. International guest nights into Christchurch increased 11 per cent for the year ended April 2016 while international guest nights into all other regions of Canterbury rose by 8 per cent for the same period.

The Christchurch & Canterbury Convention Bureau made bids for 20 Christchurch City conferences and the city's share of the national conference market was maintained at 9 per cent, generating more than 135,000 delegate days in the city.

CCT are committed to re-establishing a cruise wharf in Lyttelton and will work with Council and Lyttelton Port Company to facilitate this.

**Civic and international relations**

We helped the Mayor commemorate the fifth anniversary of the 2011 earthquake. The RSA were supported with the delivery of the ANZAC Day Dawn parade, re-opening of the Bridge of Remembrance and

conducted the Citizens' Service at the Transitional Cathedral. We also supported the RSA with WW100 commemorations and planning and delivery of Armistice Day commemorations.

67 international visits to Christchurch, were hosted. These included official government visits from the President of Singapore and the UK Minister of State for Foreign Affairs.

Our Sister Cities programme commemorated the 35<sup>th</sup> anniversary of our relationship with Seattle with hosting a citizen's delegation and dedication of a streetlamp as part of the SCAPE public art work *Solidarity Grid*. We also commemorated our 10<sup>th</sup> anniversary with Wuhan with two cultural delegations visiting the city. The 20<sup>th</sup> anniversary of our relationship with Songpa was commemorated with an educational and cultural delegation visiting Songpa. All Sister City relationships remain active through people to people exchanges and projects relating to best practice, business development, tourism, education, culture and sport.

11 Citizenship Ceremonies were held for 1,667 new citizens.

Our relationships with our five active partners who use Christchurch as a base for their Antarctic programmes were maintained and developed through delivering our major annual support activities and through the establishment of an Antarctic Office.

**How did we measure up?**

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service  | Level of Service  | Target  | Achieved  | Result   | Prior Years |
|---|---|---|-----------|--|-------------|
| <b>Christchurch Economic Development Leadership and Coordination</b>  |   |   |           |  |             |
| Coordination and leadership of economic development programmes economic development leadership, industry development and business acceleration. | CDC maintains Centres of Expertise in Economic Research, Workforce, and Infrastructure. | Maintain and publish the Canterbury economic infrastructure situation report quarterly.                             | Achieved. | The Infrastructure Situation Report was reviewed and updated quarterly. Updated reports were published on the CDC website: 31 July 2015, 21 October 2015, 21 December 2015, 28 April 2016 and 30 June 2016.  |             |
|   |   | Produce three economic reports using the CDC knowledge base per year.   | Achieved. | Five economic reports produced.  |             |
|   |   | Two projects that support the rural economy and its connection to the Christchurch economy are delivered each year. | Achieved. | Two projects delivered. <ul style="list-style-type: none"> <li>Diversification into high value add products - worked with cross-industry group to explore the feasibility of developing a larger sheep milk industry in Canterbury.</li> <li>Economic Impact of Environmental Limits - detailed investigation into the impact of water storage and nitrate limits on the Canterbury and Christchurch economies.</li> </ul> |             |

| Activity and Service | Level of Service  | Target   | Achieved  | Result   | Prior Years   |
|----------------------|---|--|-----------|--|---|
|                      | CDC facilitates the development of selected high growth potential businesses that align with the Government growth agenda and CEDS. | 40 clients per annum will be intensively case managed.   | Achieved. | 45 businesses being intensively case managed. Sector breakdown is: ICT – 18 businesses<br>Manufacturing – 21<br>Distribution – one<br>Agri-business – four<br>Construction – one   | 2015: 10 clients have been case managed for each sector.<br>2014: 10 clients have been case managed for each priority sector.<br>2013: Targets met.   |
|                      |   | Business mentoring services are provided to 600 businesses per year.   | Achieved. | 786 businesses received mentoring services in 2015/16.   |   |
|                      |   | 6 businesses utilise the distribution networks and contacts for promoting trade in China per annum.  | Achieved. | 14 businesses were introduced to international trade opportunities during the year. These were: Best Health Products Ltd, Midlands Group, Mainfreight, About15.com, Delta Strike, Viafos Importing, Oceania Dairy, GE Healthcare, University of Canterbury, Agrimap, Street Instruments, Powerhouse Ventures, Canterbury Health Precinct, Foodsouth Ltd. | 2015: Firms helped: Lincoln hub, Education NZ, University of Canterbury, Arc Active, Ngai Tahu Seafood and Airborne Honey.<br>2014: Firms helped: Green Dog Insulation, Serra Natural Foods, Linguis International College, Greenfield, The Cot Store, and Sino NZ. |
|                      |   | Facilitate 10 local companies per annum to supply goods or services to the recovery programme.   | Achieved. | CDC worked 12 local companies during the year.   | 2015: 10 companies.<br>2014: 10 companies.<br>2013: 12 companies.   |
|                      | CDC Leads the Canterbury Regional Innovation System (CRIS).   | CDC innovation provides access to capital, funding and resources for start-up ventures and innovation platforms in the region. At least 6 ventures or initiatives per year are identified and invested in. | Achieved. | 15 ventures invested in.   |   |
|                      |   | In conjunction with the MBIE, CDC Innovation provides an innovation hub for use by early stage business and entrepreneurs in the region.   | Achieved. | The GreenHouse innovation hub is operational, with 10 start-ups resident and one corporate tenant/sponsor. GreenHouse is partially funded by MBIE.   |   |
|                      | CDC provides economic development leadership for Christchurch.  | Economic knowledge and insights are regularly delivered to stakeholders via website, publications and update events by minimum quarterly.  | Achieved. | Forum and newsletter update provided quarterly. This information is supplemented by media articles on topical matters.   |   |
|                      |   | Review and update the Christchurch Economic Development Strategy with Council. CEDS revision completed by 30 June 2016.  | Achieved. | Workshops have been held, review completed and update to the CEDS drafted in June 2016.  |   |

| Activity and Service                       | Level of Service   | Target   | Achieved  | Result  | Prior Years   |
|--|--|--|-----------|---|---|
| Tourism Development and Visitor Promotion. | CCT facilitate cruise arrival arrangements at Akaroa and work with cruise lines to grow the cruise sector for Christchurch/Lyttelton and Akaroa. | Services provided to support cruise ship visits to Akaroa: Wharf side Visitor Information mobile facility. Printed collateral for arriving cruise passengers on regional activities and information. | Achieved. | Services provided to support cruise ship visits included, funding Akaroa District Promotions staff costs (cruise days), I-SITE accreditation assistance for wharf info kiosk, free visitor shuttle on cruise ship days and video ChCh visitor experience for on board port information channel.<br><br>Mini map produced in partnership with Council that includes cruise bus stops and relevant information. | 2015: Information kiosk provided with services including shuttle bus, visitor map, port guides.<br>2014: A mobile information kiosk is in place. All Christchurch bound Free Independent Traveler (FIT) and Inbound city tours will be provided with a Christchurch mini map with cruise bus stops clearly defined.<br>2013: Mobile kiosk in place and cruise brochure developed with first print run of 20,000 copies. |
|  | CCCB (operated by CCT) promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions.                | Achieve a share of domestic delegate days for Business Events Market in the 7% to 10% range.   | Achieved. | 9% achieved by year end.  |   |
|  | CCT provides leadership to the tourism sector in Christchurch.   | Five year CCT strategic plan updated, to be completed annually by 30 June 2016.  | Achieved. | CCT have contributed to the draft Christchurch Visitor Strategy which was accepted in principle by the Council in May 2016.   | 2015: Five year strategic plan completed in November 2014.<br>2014: Strategic Plan 2014 - 19 was completed in October 2013.<br>2013: Target achieved.   |
|  | CCT provides support to and works collaboratively with tourism business partners and suppliers.  | Engage with 15 tourism businesses per year on specific tourism projects and/or provision of marketing advice where relevant.   | Achieved. | Engaged with more than 15 business on 12 specific initiatives.  | 2015: 72 one on one meetings with Convention Bureau partners and 30 meetings with businesses.<br>2014: 27 businesses received advice.<br>2013: 30 businesses engaged.   |
|  |  | Host at least three Business Partner meetings annually to review progress with visitor sector performance and collaboratively identify new initiatives to improve the visitor economy.               | Achieved. | Held eight events with partners through the year.   | 2015: 7 business partner meetings and 16 industry communication updates sent.<br>2014: 8 Business Partner meetings were held.<br>2013: 8 meetings hosted.   |
|  | Visitors utilise the services of the Christchurch Visitor Information Centres.   | Christchurch Visitor Centre will be open: Summer (November - April) from 8.30 – 5.00. Winter (May – October) 10.00 – 4.00.   | Achieved. | Visitor centre was open 8.30am-6pm (summer) and 8.30am - 5pm (winter).  | 2015: Summer 8.30 – 6.00 and Winter 8.30 – 5.00.<br>2014: Summer - 28 October – 31 March, Winter – 1 April – 27 October.<br>2013: Achieved.   |
|  |  | Lyttelton (Community) Visitor Centre will be open 10.00-4.00 Monday-Saturday and 11.00-3.00 Sunday (with opening hours extended as necessary to accommodate cruise ship visits).                     | Achieved. | Visitor centre open 10am-4pm Monday-Saturday and 11am-3pm Sunday.   | 2015: Open 10.00-4.00 Monday – Saturday and 11.00-3.00 Sunday.<br>2014: Open 10 am to 4 pm Monday - Saturday. 11 am to 3 pm on Sunday.  |



| Activity and Service  | Level of Service  | Target   | Achieved      | Result  | Prior Years  |
|---|---|--|---------------|---|--|
| <b>City Promotions</b>  |   |  |               |   |  |
| Deliver Christchurch city promotional material with information about living, visiting and doing business in Christchurch (such as brochures, merchandise and web sites). | Residents are satisfied with Council provision of information available to them about events, activities and attractions in Christchurch. | 85%.   | Not achieved. | 83% of residents satisfied with information about events, activities and attractions in Christchurch.   | 2015: 83%.<br>2014: 84%.<br>2013: 83%.<br>2012: 85%.   |
|   | The Council produces and distributes city promotional material, for residents and visitors.   | Provide print, web and digital (social media such as Facebook, You Tube) promotional material across information categories, including: Christchurch Facts, City and Events Guide, City and regional map, City Walks and Drives, City Parks and Gardens. | Achieved.     | Promotional material provided to support events and projects.   | 2015: 100% satisfaction by city agencies for the city promotional materials produced.<br>2014: All print, web, digital promotion material produced as required.    |
| Management of the CBD and city programme - Banners, Christmas decorations, City Hosts and Icons for the City.   | Manage the annual programme of street banners and seasonal decoration.  | Minimum of 37% will be utilised over 12 months for seasonal decoration, management of event and festival banners on behalf of organisers.  | Achieved.     | 50% of banners were installed. The higher percentage was achieved due to cost savings achieved by reusing banners.  |  |
| <b>Civic and International Relations</b>  |   |  |               |   |  |
| Delivery of Civic events - Citizenship Ceremonies, Anzac Day, Annual Programme of Civic Events.   | Annual programme of other civic events delivered.   | Deliver Civic Awards, Apprentices Graduation, Charter Parades, Remembrance Day, February 22 commemorations and other civic events.   | Achieved.     | The following civic events for were delivered during the year: Waitangi Day, February 22 memorial services, Armistice Day, Apprentice Graduation, 5th anniversary of 4 September commemoration and civic awards.  | 2015: All civic events delivered.<br>2014: All civic events delivered.   |
|   | Citizenship Ceremonies for Christchurch based 'new New Zealand citizens' delivered.   | Deliver a regular schedule of Citizenship Ceremonies to confer citizenship for 'new New Zealand citizens' in Christchurch, within budget.  | Achieved.     | 11 citizenship ceremonies held during year conferring citizenship on 1,666 people.  | 2015: Regular Citizenship ceremonies held within budget.<br>2014: Regular Citizenship Ceremonies held within budget and backlog of waiting citizens fully cleared. |
|   | Deliver functions / activities for visiting dignitaries.  | Facilitate guests of government, members of the diplomatic and consular corps and other VIP guests in their visits to the Council.   | Achieved.     | Facilitated 68 delegations comprising a total of 658 people in visits to the Council during the year.   |  |
|   | Support the RNZRSA and community in the delivery of commemorative events.   | ANZAC Day commemorations in central Christchurch and WW100 Activities supported with planning and delivery.  | Achieved.     | Support provided for the planning and delivery of the Christchurch City Dawn Parade, Citizens' Memorial Service and the re-opening of the Bridge of remembrance on ANZAC Day. The centenary of the No 1 General Hospital was also celebrated as part of the WW100 commemorations. | 2015: Supported, planning and delivery of ANZAC Day.<br>2014: RSA supported in delivery of ANZAC Day.  |
| Antarctic Office  | Christchurch is recognised by Antarctic programmes as an excellent / globally competitive Antarctic gateway city.                         | Develop and implement a city / region Antarctic Strategy.  | Achieved.     | Antarctic strategy developed and implemented.   |  |
|   |   | Establish an Antarctic Office that is recognised as the single point of contact for the Christchurch Antarctic industry.   | Achieved.     | Antarctic Office established.   |  |

| Activity and Service  | Level of Service   | Target  | Achieved  | Result  | Prior Years   |
|---|--|---|-----------|---|---|
| Maintain and develop relationships with Antarctic partners. | Maintain and develop relationships with partners currently using Christchurch as a base for Antarctic programmes.                                    | All major support activities delivered annually - season opening function, Antarctic University of Canterbury (UC) scholarship.   | Achieved. | Major support activities delivered as planned.                            | 2015: Major support activities delivered as planned.<br>2014: Major Antarctic support activities delivered as planned.<br>2013: Achieved. |
|   |  | Maintain five active partnerships within Antarctic Community: United States of America, New Zealand, Italy, Korea and secretariat for the Council of Managers National Antarctic Programmes (COMNAP). | Achieved. | Five active partnerships maintained.                                      | 2015: Three active partnerships maintained with USA, Antarctica NZ and Italy.<br>2014: Three active partnerships maintained.              |
| Maintain and develop strategic city-city programmes.        | Facilitate strategic city to city / region relationships where the opportunity exists for high value investment, growth, tourism and cultural links. | Investigate a new strategic city to city / region relationship with China where the opportunity exists for high value investment, growth, tourism and cultural links.                                 | On going. | Relationship with Shenzhen has been established and is under development. |   |

### What assets do we use to deliver these activities?

We do not use major assets for these activities.

### Where are we heading?

The Council is reviewing its service delivery approaches with respect to its tourism, economic development and events activities. It is expected that decisions will be made during the 2016/17 year.

CDC's priorities for the coming year include:

- closer alignment between economic development, tourism and major events.
- work with local partners to develop a coordinated migrant/ investment/ business attraction.
- launch the updated Christchurch Economic Development Strategy and new Regional Innovation Strategy supporting the development of the Innovation Health Precinct.
- implement economic development initiatives within our four enabling platforms – technology, innovation, workforce and business environment.
- continuous review and improvement of our delivery to optimise effectiveness and efficiency.

Over the next year CCT will continue to work on increasing domestic and international visitor numbers for Christchurch and Canterbury through a broad range of marketing and communication elements and in partnership with key stakeholders. CCT will work alongside the tourism industry to boost the economic outcomes and visitor satisfaction from the China holiday market and improve overall online engagement with intending travellers.

The Christchurch Convention Bureau aims to maintain Christchurch's share of the domestic conference market in the range of 8-10 per cent and pursue an increasing share of international conferences for our city.

The civic and international relations priorities for the coming year are:

- Development and implementation of a Christchurch and Canterbury Antarctic Strategy.

- Investigation and development of a new strategic city to city/region relationship with China.

### Service delivery in 2016/17

Council economic development activities continue to play a critical role in promoting the city's longer term economic growth. A key focus will be the implementation of the Visitor Strategy and integration of the economic development, tourism and events functions. The Council will keep delivering economic development services through the CDC and CCT, as well as through its own organisational structure.

What did it cost?

**Economic development**

**Statement of cost of services for the year ending 30 June**

|   |  |                 |                   | 2016                   | 2015*             |
|---|--|-----------------|-------------------|------------------------|-------------------|
|   | Costs (After<br>internal<br>recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| <b>Operational outputs</b>                                    |  |                 |                   |                        |                   |
| Civic and international relations                             | 1,260  | 38              | 1,222             | 1,503                  | 1,182             |
| Christchurch economic development coordination and leadership | 8,331  | 421             | 7,910             | 7,916                  | 7,911             |
| City promotions   | 380  | -               | 380               | 475                    | 387               |
| Venue management (Vbase)                                      | -  | 92              | (92)              | (100)                  | (100)             |
| <b>Cost of service</b>  | <b>9,971</b>                                     | <b>551</b>      | <b>9,420</b>      | <b>9,794</b>           | <b>9,380</b>      |
| <b>Capital expenditure</b>                                    |  |                 |                   |                        |                   |
| Renew als and replacements                                    |  |                 | -                 | -                      | -                 |
| Improved service levels                                       |  |                 | -                 | -                      | -                 |
| Increased demand  |  |                 | -                 | -                      | -                 |
| Infrastructure rebuild  |  |                 | -                 | -                      | -                 |
| <b>Total capital expenditure</b>                              |  |                 | -                 | -                      | -                 |

**Explanation of significant cost of service variances**

Civic and international relations

\$0.28 million of new spend was incurred this year as a result of the establishment of the Antarctic Office. This has been offset with staff related savings following an internal restructure during the year.

**Significant capital expenditure**

There was no significant capital expenditure.

**Explanation of significant capital expenditure variances**

There were no significant variances.

## Council activities and services

### Flood protection and river control

#### What is flood protection and river control, and what does the Council do?

Flood protection and river control protect the community from the harmful effects of flooding within levels defined in the LTP.

We have been focussing on progressing the Land Drainage Recovery Programme (LDRP) investigations, designing future works and progressing projects through to construction. The LDRP is helping us to understand the effects of the earthquakes on land drainage and delivering a significant physical works programme. We are progressing high priority projects on a fast track basis with a number of physical works projects underway or well progressed through detailed design, such as the Dudley Creek project, the Bells Creek Project and Eastman Wetlands. These works, in conjunction with SCIRT works, will significantly reduce flood risk.

#### Why is the Council involved?

Flooding is one of our most common natural hazards. It can have disastrous consequences for residents and communities and significant impacts on the local economies. We are seeking to reduce flooding, particularly in areas adversely affected by the earthquakes through the LDRP. Flood protection systems help to decrease flood risk, safeguard public health, and allow transport and other infrastructure networks to function. They also help to protect water quality and maintain the health of ecosystems.

#### How does it affect me?

Good quality flood protection and river control infrastructure better protects residents against the likelihood of flood damage to their homes and property in extreme storms; now and into the future. This infrastructure helps build confidence in the city and reduces the health effects associated with flooding.

#### What activities are involved?

##### **Flood protection and control works**

We maintain natural waterways and associated structures and systems, such as stop banks, flood gates, and the hydrometric network (rain and water level monitoring systems), so they continue to protect vulnerable areas from the effects of flooding.

#### What did we achieve?

We have been focusing on three key areas: delivery of the LDRP, asset repairs, and the rebuild of damaged assets through SCIRT and our operations team.

Under the LDRP we are delivering a major physical works and investigations programme which extends across much of the city. The Dudley Creek project, delivered through the LDRP has progressed significantly to the benefit of the Flockton Street area. Other LDRP projects that have started construction, or have been approved to progress include, Knights Drain (Aranui), Bells Creek (Woolston), Matuku (Heathcote Valley) and Cranford Basin (Mairehau).

We continued to monitor and maintain temporary stop banks and are protecting against tidal events in the short term while we await a decision on the Residential Red Zone. An LDRP project has been approved to enhance the durability of the temporary stopbanks.

We completed the Eastman Wetland project and have progressed the implementation of the Flooding Intervention Policy within the Flockton Area.

The first two of the Dudley Creek upstream works packages are complete between Stapletons Road and the Hills Road shops, as is the Shirley Road culvert. We have progressed the design of the remainder of the project with construction of the bypass about to start.

## How did we measure up?

Following the approval of the LTP, there are several new measures for which prior year results are not available.

| Activity and Service   | Level of Service  | Target  | Achieved                   | Result  | Prior Years   |
|--|---|---|----------------------------|---|---|
| Flood protection and control works<br>Maintaining the natural waterways and associated structures and systems. | Ensure dwellings are safe from flooding during normal rain events.                              | Reported number of dwellings flooded in a 1 in 50 year event is a 30% reduction on 2014 "Above Floor" number.                                     | Achieved.                  | No significant (1 in 50 year) rain events occurred during the period and there were no reported cases of above floor flooding. LDRP delivery continuing to reduce flood risk that will be quantified with city wide model due in 2016/17. | 2015: 0% - no notifications received.<br>2014: 0.20%.                         |
|  |   | 100% of minimum specified floor levels for new dwelling consent applications meet Building Act and District Plan requirements.                    | Achieved.                  | 100%.   | 2015: Minimum floor level checked as part of building consent.<br>2014: 100%. |
|  | Major flood protection and control works are maintained, repaired and renewed to key standards. | Cross sectional surveys of selective waterways are carried out 2-5 yearly or as required.<br><br>Stopbank crest surveys are carried out annually. | Achieved.<br><br>Achieved. | Surveys undertaken.<br><br>Stopbank crest survey carried out.   |   |

## What assets do we use to deliver these activities?

The flood protection and river control activity maintains natural waterways and associated structures and systems, such as stop banks, flood gates, pump stations, detention and treatment facilities and the hydrometric network (rain and water level monitoring systems) which are used to protect vulnerable areas from the effects of flooding.

## Where are we heading?

The 2010/11 earthquake sequence has altered the way in which many parts of the City drain and in many cases has exacerbated flood hazard. The main response to these changes was the formation of the LDRP, which is developing a prioritised capital works programme to address these effects. This includes a number of projects that span large areas of the city.

## What did it cost?

### Flood protection and river control

Statement of cost of services for the year ending 30 June

|                                    | 2016                                    |              |                              | 2015*          |                |
|------------------------------------|---|--------------|------------------------------|----------------|----------------|
|                                    | Costs (After internal recoveries) \$000 | Income \$000 | Net Cost Plan Net Cost \$000 | Net Cost \$000 | Net Cost \$000 |
| <b>Operational outputs</b>         |   |              |                              |                |                |
| Flood protection and river control | 2,710                                   | -            | 2,710                        | 8,035          | 472            |
| <b>Cost of service</b>             | <b>2,710</b>                            | <b>-</b>     | <b>2,710</b>                 | <b>8,035</b>   | <b>472</b>     |
| <b>Capital expenditure</b>         |   |              |                              |                |                |
| Renewals and replacements          |   |              | 777                          | 272            | 8              |
| Improved service levels            |   |              | -                            | -              | 525            |
| Increased demand                   |   |              | 8,583                        | 13,064         | 2,915          |
| Infrastructure rebuild             |   |              | 263                          | 32,500         | 5,640          |
| <b>Total capital expenditure</b>   |   |              | <b>9,623</b>                 | <b>45,836</b>  | <b>9,088</b>   |

## Service delivery in 2016/17

The LDRP will see design work well under way with many projects in construction. The Dudley Creek project will be completed mid-2017. We will deliver the levels of service detailed for the 2016/17 year in the LTP and Activity Management Plans. Investigations associated with the LDRP projects will be mostly complete. This information will be used to guide both prioritisation and costing of modifications to the Land Drainage network and flood protection measures to address these issues. Many projects have already been fast-tracked and more will be delivered to maximise their benefit to the community with works commencing in 2016/17. These include capacity improvements that will address flooding in areas such as Aranui, Bexley, Woolston, Somerfield/Opawa, Heathcote Valley, and Mairehau.

### **Explanation of significant cost of service variances**

Flood protection net cost of service was \$5.3 million less than planned. The tidal barrier feasibility study was cancelled resulting in a \$2 million underspend, and \$3.3 million worth of works were pushed into 2017 because of capacity issues within the contractor market.

The net cost of service for flood protection was \$2.2 million higher than last year due mainly to the \$1.8 million spent on the flooding taskforce and LDRP planning. In addition \$0.3 million of rebuild costs were incurred.

### **Significant capital expenditure**

\$2.2 million was spent on the Kaputone stream diversion, \$1.9 million on the Prestons/Clare Park detention and treatment facilities, \$1.8 million on the Highsted subdivision infrastructure project, \$1 million on the Quaiffes/Murphys wetland development and \$0.9 million on Knights Basin.

### **Explanation of significant capital expenditure variances**

Capital Expenditure was \$36.2 million lower than planned due to delays in the infrastructure rebuild - land drainage programme (\$32.5 million). Investigation work has been completed to determine the final scope of the programme and it has been reprogrammed into future years through the amended LTP. In addition \$3.7 million was not spent for the waterways detention and treatment facility programme for the Styx catchment due to timing of construction and has been reprogrammed for future years.

The level of capital expenditure was \$0.5 million higher than 2015. The main reason for the increase is that a large number of flood protection capital projects were commenced or completed during the year.

Council activities and services

Heritage protection

What is heritage protection, and what does the Council do?

Heritage protection includes planning, advocacy, education, ownership and grant funding to facilitate protection of our City's heritage.

Why is the Council involved?

Our aim is to maintain, protect and promote the built, cultural and natural heritage of Christchurch City and Banks Peninsula. These features and places contribute to our sense of place, community and city identity, character and the economic wellbeing of the city.

How does it affect me?

Understanding, valuing and enjoying our heritage helps to understand our sense of place, identity and belonging to a place, city and country. By raising awareness of and helping to protect Christchurch's built, cultural and natural heritage we can build this understanding and facilitate this enjoyment.

What activities are involved?

The city's heritage buildings and places help sustain a sense of community identity, provide links to the past and help attract visitors. We are committed to protecting heritage and work with developers, consultants, landowners and other stakeholders to conserve heritage buildings, areas and other items and to find adaptive reuses for buildings so they continue to contribute to city vitality.

What did we achieve?

We reviewed and updated the schedules of heritage places for the replacement District Plan in line with the guidelines for historic heritage.

The Heritage Incentives Grants and the Landmark Grants have supported the retention and seismic strengthening of a number of heritage buildings.

Heritage Week, with the theme of *Arrivals and Departures – the journeys that have shaped us*, included over 70 community and council events.

How did we measure up?

| Activity and Service  | Level of Service   | Target   | Achieved      | Result   | Prior Years   |
|---|--|--|---------------|--|---|
| Heritage Protection<br>Heritage Education<br>Advocacy and Advice. | Implement a programme to ensure a consistent and broadened level of historic heritage protection within Banks Peninsula and Christchurch City.       | Review 30-40 listed or potential heritage places per year.                     | Achieved.     | 49 items researched and assessed through the District Plan Review process. 46 items were added to the Heritage Schedule through the DPR process. | 2015: Statements of significance completed on all notable buildings.<br>2014: On track to be achieved in 2015.            |
|   | Provide advice and advocacy on heritage conservation principles and priorities for the District's historic heritage, both internally and externally. | Provide advice as required in a timely manner – within 10 working days.        | Not measured. | Current systems have not recorded the data to measure performance against this target.   | 2015: Advice provided within timeframes.<br>2014: Advice within timeframes.   |
|   | Heritage Week is held annually.  | Sponsorship obtained for Heritage Week.  | Achieved.     | Sponsorship was obtained from Beca for Heritage Week.  |   |
| Heritage Grants.  | All grants meet Heritage Incentives Grants policy and guidelines.  | 100%.  | Achieved.     | All grants align with policy.  | 2015: All grants align with policy.<br>2014: 100% of grants approved by Council.<br>2013: All grants have met the policy. |
|   | Incentive grant recipients satisfied with heritage advice and grant process.   | 75% of grant recipients satisfied with the heritage advice and grants process. | Achieved.     | 93% satisfaction.  | 2015: 76% satisfaction (11 responses).<br>2014: 71% satisfaction (7 of 11 surveyed).<br>2013: 83% satisfaction.           |

What assets do we use to deliver these activities?

No major assets are used for this activity.

## Where are we heading?

A draft Heritage Strategy will be developed, including community input to the vision and goals for the management and conservation of heritage buildings, items and places.

Heritage Week, an annual event to promote and raise awareness of our city's heritage, will occur. Heritage Incentive Grants and Landmark Heritage Grants will be available for heritage building owners.

## What did it cost?

### Heritage Protection

#### Statement of cost of services for the year ending 30 June

|                                  | 2016                              |           |              | 2015*         |              |
|----------------------------------|-----------------------------------|-----------|--------------|---------------|--------------|
|                                  | Costs (After internal recoveries) | Income    | Net Cost     | Plan Net Cost | Net Cost     |
|                                  | \$000                             | \$000     | \$000        | \$000         | \$000        |
| <b>Operational outputs</b>       |                                   |           |              |               |              |
| Heritage protection              | 4,708                             | 44        | 4,664        | 4,153         | 8,309        |
| <b>Cost of service</b>           | <b>4,708</b>                      | <b>44</b> | <b>4,664</b> | <b>4,153</b>  | <b>8,309</b> |
| <b>Capital expenditure</b>       |                                   |           |              |               |              |
| Renew als and replacements       |                                   |           | 55           | -             | 78           |
| Improved service levels          |                                   |           | 13           | -             | -            |
| Increased demand                 |                                   |           | -            | -             | -            |
| Infrastructure rebuild           |                                   |           | 4,908        | 10,569        | 857          |
| <b>Total capital expenditure</b> |                                   |           | <b>4,976</b> | <b>10,569</b> | <b>935</b>   |

### Explanation of significant cost of service variances

#### Heritage protection

The net cost of service is \$0.5 million higher than planned because of a change in the accounting treatment of Heritage Incentive grants from that in 2015 when the 2016 plan was signed off. Previously grants were recognised when paid, but are now recognised when committed. The impact on the net cost of service is \$1.6 million. This increase is partially offset by \$0.7 million of Central City Landmark grants which were not awarded this year.

The net cost of service is lower than in 2015 as the prior year results were affected by the change in accounting treatment of Heritage Incentive grants. 2015 was the first year that grants were recognised when committed rather than when paid and as a result there was a \$4.7 million adjustment for committed but unpaid grants from previous years.

We're awaiting the decisions on the Heritage provisions for the Christchurch Replacement District Plan

We will consider the impact of those decisions on our heritage protection activities.

## Service delivery in 2016/17

The heritage protection activity will continue to have a recovery focus and there will be no change to the Council's capacity to deliver this activity.

### Significant capital expenditure

\$2 million was spent on the Mona Vale Homestead, \$0.5 million on the Mona Vale Lodge, \$1.2 million on the Sign of the Takahe and \$0.5 million on the Canterbury Provincial Chambers.

### Explanation of significant capital expenditure variances

The 2016 capital spend was \$5.6 million lower than plan due to delays on repairs to Sign of Takahe, Old Stone House and Rose Chapel. All of these projects are now underway and are expected to be completed by mid-2017. Progress has also been delayed in repairing the Canterbury Provincial Chambers. This stage is expected to be complete by the end of 2019.

The \$4.1 million increase in capital expenditure in 2016 compared to 2015 is due to more earthquake repair projects either under construction or completed including the Mona Vale Homestead and Sign of Takahe projects.



## Council activities and services

### Housing

#### What is housing, and what does the Council do?

Social housing is affordable housing provided by government agencies (including local government) or non-profit organisations. A key function of social housing is to provide affordable accommodation to people on low incomes including the elderly and those with disabilities.

The Council's social housing assets mainly comprise studio and one bedroom units with a small percentage of two, three and four bedroom units. Mostly single people and couples live in these units.

The City Housing unit within Council is committed to increasing the supply of accessible properties. This is evident in all new builds meeting Lifemark standards in universal design. Lifemark standards are national design standards to ensure homes are easy and safe to live in – for a lifetime. The standards consider how space is used and how safe and accessible a home is for all ages and stages of life.

City Housing is committed to building strong communities within the various housing complexes across the city but also to being part of involvement in the wider community.

Council is committed to The Christchurch Housing Accord which is an agreement between the Council and the Government to work together to address housing supply and affordability issues in Christchurch. Along with providing affordable housing options the Christchurch Housing Accord aims to support social housing in Christchurch by increasing the quantity of social housing units available and matching the types of housing units to demand.

#### Why is the Council involved?

Council has been involved in housing since 1938. The Council's provision of social housing contributes to the community's well-being by ensuring safe, accessible and affordable social housing is available to people on low incomes, including the elderly and people with disabilities.

Housing contributes to achieving a number of the city's Community Outcomes including:

#### Liveable City

Christchurch has a range and choice of housing:

- Christchurch has good quality housing
- Christchurch has a range of housing types
- There are affordable housing options in Christchurch
- There is sufficient housing to accommodate residents

#### Strong Communities

People have a sense of connection to and participate in their community:

- People have strong social networks

#### How does it affect me?

If you or someone you know are elderly, are on a low income or have particular needs you may be eligible to apply for social housing.

A key function of social housing is to provide accommodation that is affordable to people on low incomes.

#### What activities are involved?

City Housing provides asset management; repair; replacement; intensification; and a partnership programme that supports the provision of affordable accommodation to people on low incomes. We remain committed to ensuring that new housing is built to Lifemark accessibility standards.

Tenancy management functions cover the day to day management of tenancy matters. These include application and allocation services; inspections; risk management and health and safety; partnerships with welfare and support agencies and a social activity and engagement programme. We undertake strong consultation and engagement with tenants on the repair and rebuild programme and changes to their provider, the Ōtautahi Community Housing Trust.

#### What did we achieve?

##### Social housing

City Housing continued to help people in need into affordable rental housing. During the 2015/16 year we housed 332 new households. Demand for Council social housing stayed strong throughout the year, peaking at over 295 households on the wait list. However the wait list decreased to as low as 180 – a noticeable decrease from previous years. The occupancy rate for our social housing exceeded the target rate of 97 per cent for the year.

City Housing built 25 new units during the year and repaired and re-opened 19 units that had been closed due to earthquake damage. Essential repairs were completed on 64 units. The demolition programme saw demolition completed on 222 units including the 113 units in the red zone.

The health and well-being of council social housing tenants is a focus of City Housing. From January 2014 all new tenants, and tenants who have had repairs carried out at their unit have agreed, through their tenancy agreement, not to smoke in their unit. 779 new tenants have signed a smoke free tenancy agreement since 2014 and an additional 90 tenants have opted in to sign a smoke-free agreement under existing tenancies when returning to their units after the completion of earthquake repairs.

This cessation of smoking approach has been supported by the CDHB. As a result of this project City Housing was awarded the Health in all Policies Award in 2015.

How did we measure up?

| Activity and Service                    | Level of Service  | Target  | Achieved  | Result   | Prior Years  |
|---|---|---|---|--|--|
| Housing<br>Social Housing<br>complexes. | Provide a portfolio of Social Housing rental units that are fit for purpose.              | Maintain at least 2,270 units in Council Housing Portfolio and increase to at least 2,347 by year end (subject to contractor availability, Council rebuild priorities and timing of owner occupier unit acquisitions).                            | Not achieved.   | At least 2,304 units were provided. The lower number is due to the delays in the construction of Innes and Osborne (16) and delays in reopening of closed units due to them being assessed as uneconomic to repair.  | 2015: 2,270 units.<br>2014: 2,233 units.<br>2013: 2,186 units.   |
|   | Identify options for Council to implement a National Rental Housing WOF programme.        | Housing WOF programme implemented for Council Portfolio.  | Not achieved.   | Housing WOF programme is not being implemented as the Residential Tenancy Act amendment supersedes this task.  |  |
| Social Housing<br>Tenancy Services.     | Ensure tenants of Council housing complexes are well housed.                              | At least 97% average occupancy rate in Council housing (occupancy rate based on units available to be tenanted exclusive of repair and maintenance schedules).  | Achieved.   | Occupancy level of 97.7% achieved.   | 2015: 98%.<br>2014: 97%.<br>2013: 98%.   |
|   |   | At least 300 houses have their energy efficiency improved over the first three years of the LTP.  | Achieved.   | A total of 482 houses have been made energy efficient in the first year of the LTP.  |  |
|   | Maintain Council housing rentals at an affordable level and continue to be rates neutral. | Council housing rents are set annually using a cost of consumption model, or if the portfolio is leased to a Community Housing Provider the rents will be set in line with the Ministry of Social Development Income Related Rent Subsidy policy. | Achieved.   | Current rents are set at 50% of market rent with the average rent for a one bedroom flat set at \$135.30 per week.   | 2015: 47% of market rents.<br>2014:<br>Approximately 55% across the portfolio.<br>2012:<br>estimated at 63% of market rates. |
|   | Tenants of Council housing are satisfied with quality of tenancy service provided.        | At least 80% of Council housing tenants are satisfied with overall condition of their unit.   | Not achieved.   | 51% per residents' survey results. Tenants are not satisfied with the condition of their units as the repair programme still has 18 months to go and many tenants are living in unrepaired housing. The roll out of the EQ repair programme and the insulation programme will improve the condition of more tenancies and thereby improve the living conditions of tenants and raise this score in future years. | 2015: 68%.<br>2014: 69%.   |
|   | At least 80% of tenants are satisfied with the quality of the tenancy service provided.   | Not achieved.   | 69% in residents' survey. Operationally, Tenancy Advisors have been focusing on a high standard of customer service and comments by third party tenancy support agencies indicate an improved level of service. It is noted that 13% of those surveyed were neither satisfied nor dissatisfied. | 2015: 76%.<br>2014: 76%.<br>2013: 77%.   |  |
| Affordable Housing Services.            | Support the development of affordable housing.  | Deliver Council's Housing Accord responsibilities that will achieve a 10% reduction in the number of households at the 40th percentile of household income paying more than 30% of household income on housing by the conclusion of the accord.   | On track to be achieved.  | Activities have been delivered under the Accord. Whether the 10% reduction has been achieved will not be known until November 2016 after the results of the Household Economic Survey, undertaken in June 2016, is published.  |  |

| Activity and Service                     | Level of Service   | Target  | Achieved                 | Result  | Prior Years |
|--|--|---|--------------------------|---|-------------|
| Emergency/Transitional Housing Services. | Identify options for Council to support the development of more emergency housing. | Facilitate at least 60 additional home spaces to be provided in Christchurch over the first three years of the LTP 2015-25. | On track to be achieved. | In the first year of the LTP 2015-2025, 37 additional home spaces have been provided. |             |

### What assets do we use to deliver these activities?

The Council has traditionally maintained 2,649 social housing units, but due to earthquake damage as at 30 June 2014 this had fallen to 2,233 units. The repair and replacement programme is progressing and at the end of June 2016 the portfolio consisted of 2,452 units. Of these 2,303 units were open.

Social housing stock consists of a range of sizes with one bedroom units being the predominant type. Other stock includes bedsits, studios, and a number of two, three and four bedroom units.

### Where are we heading?

In conjunction with the Capital Delivery Unit, City Housing is part-way through a five year repair and replacement programme for social housing. By 2017/18 there will be at least 2,366 open units.

Since the Canterbury Earthquakes, and as at June 2016 45 new units have been built, a further 16 units are nearing completion and 5 units are in design stage.

541 units have been repaired including 58 closed units re-opened or scheduled for repair and re-opening. The replacement of units lost to the residential red zone continued through intensification of other sites with completion scheduled for August 2016.

The Council have established a new community housing provider. The Ōtautahi Community Housing Trust will lease Council social housing stock and commence management of tenancies in October 2016.

Ownership and management of the majority of the housing assets will be retained by Council.

As part of its commitment to the Housing Accord Council are exploring exemplar redevelopment opportunities on a small amount of housing sites under the Land Use Recovery Plan (LURP).

By July 2016 the Housing Asset Management Plan, will have been ratified by Council and will provide strategic direction in regard to asset optimisation.

### Service delivery in 2016/17

Housing anticipates service delivery in 2016/17 will meet levels of service indicated in the LTP, including the changing arrangements to tenancy management in relation to the Ōtautahi Community Trust.

Housing remains focussed on the continuation of maintenance programmes, the rebuild and repair programme, and exemplar and partnership projects.

What did it cost?

**Housing**

Statement of cost of services for the year ending 30 June

|                                  |  |                 |                   | 2016                   | 2015*             |
|----------------------------------|--|-----------------|-------------------|------------------------|-------------------|
|                                  | Costs (After<br>internal<br>recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| <b>Operational outputs</b>       |  |                 |                   |                        |                   |
| Housing                          | 28,116   | 15,726          | 12,390            | 22,627                 | 10,682            |
| Capital revenues                 | -  | 7,507           | (7,507)           | (13,231)               | (19,075)          |
| <b>Cost of service</b>           | <b>28,116</b>                                    | <b>23,233</b>   | <b>4,883</b>      | <b>9,396</b>           | <b>(8,394)</b>    |
| <b>Capital expenditure</b>       |  |                 |                   |                        |                   |
| Renewals and replacements        |  |                 | 1,977             | 2,453                  | 1,465             |
| Improved service levels          |  |                 | 400               | -                      | -                 |
| Increased demand                 |  |                 | -                 | -                      | -                 |
| Infrastructure Rebuild           |  |                 | 6,968             | 20,970                 | 2,360             |
| <b>Total capital expenditure</b> |  |                 | <b>9,345</b>      | <b>23,423</b>          | <b>3,825</b>      |

**Explanation of significant cost of service variances**

Housing

The net cost of service was \$10.2 million less than plan in 2016 because fewer earthquake repairs were carried out than planned. The repair programme was reprioritised to ensure financial sustainability of the Housing fund and repairs have been spread out over the next three years.

The 2016 net cost of service was \$1.7 million more than 2015 because of increased expenditure on earthquake repairs.

Capital revenues

The 2016 capital revenues relate to the material damage insurance settlement which was lower than planned. The 2015 capital revenues relate to the final Earthquake Commission (EQC) settlement proceeds for Council's social housing units.

**Significant capital expenditure**

\$3.5 million was spent on Harman Courts, \$1.3 million on Innes Courts social housing development, \$1.3 million on housing improvements and remodelling, \$1.2 million on Osborne Street social housing development and \$2.0 million was spent on various housing improvements.

**Explanation of significant capital expenditure variances**

The \$14.1 million variance to plan is because of reprioritisation in the social housing facilities rebuild programme as a result of the lower EQC settlement.

Spending is \$4.6 million higher than in 2015 as the repair programme got underway.

Council activities and services  
Natural environment

What are natural environment services, and what does the Council do?

They are environmental and civil defence education programmes.

Why is the Council involved?

Local Government is responsible for promoting the cultural and social well-being of communities for the present and future. We contribute to this by promoting involvement and understanding of the City's natural environment and our impact on it.

We contribute to the Community Outcomes by promoting a Healthy Environment.

How does it affect me?

All Christchurch children through their schools are able to participate in these programmes.

What activities are involved?

**Environmental education**

The Education Team runs programmes and initiatives that encourage people to use parks and reserves, waterways, facilities, roads and spaces safely and provide knowledge in respect of the challenges we face as a community to create a sustainable open space environment.

What did we achieve?

Environmental Education programmes at various Council sites such as parks, water and waste facilities were delivered to over 9,000 children, teachers and accompanying parents

How did we measure up?

| Activity and Service  | Level of Service   | Target   | Achieved  | Result  | Prior Years  |
|---|--|--|-----------|---|--|
| <b>Environmental Education</b><br>Civil Defence Education Programmes. | Environmental education programmes are delivered in schools - Stan's Got a Plan - about emergency preparedness, to encourage people and households to be better prepared for disasters and emergencies and to avoid risk from natural hazards. | At least six Christchurch primary schools participate in the Civil Defence and Emergency Management programme each year. | Achieved. | Seven primary schools participated.   | 2015: 13 schools participated.<br>2014: Seven schools participated.      |
| Environmental Education programmes.                                   | Environmental education programmes are delivered to provide students with an understanding of their role in the environment.   | At least 7,000 students participate in the education programmes each year.   | Achieved. | 9,189 Students participated in Parks, Water and Waste education programmes. | 2015: 5,480 students participated.<br>2014: 6,821 students participated. |
| Water and waste education programmes.                                 |  | At least 2,400 students participate in the water and waste education programmes each year.                               | Achieved. | 3,233 students participated in the water and waste education programmes.    | 2015: 2,690 students participated.<br>2014: 4,181 students participated. |

What assets do we use to deliver these activities?

Parks, Reserves, Botanical gardens and water and waste infrastructure are the main assets we use for the environmental education programmes.

Where are we heading?

The Environmental Education team will continue to develop and deliver high quality programmes to schools around greater Christchurch. We are looking at completely redeveloping the Our City programme to better address the post-quake environment, and are working with schools to provide programmes across Banks Peninsula.

Service delivery in 2016/17

The environmental education team will continue to deliver its programmes to the people of Christchurch in line with the levels of service agreed in the amended LTP 2015-25.

What did it cost?

**Natural environment**

| Statement of cost of services for the year ending 30 June |  |                 |                   | 2016                   | 2015*             |
|---|--|-----------------|-------------------|------------------------|-------------------|
|   | Costs (After internal recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| <b>Operational outputs</b>                                |  |                 |                   |                        |                   |
| Environmental education                                   | 401  | 82              | 319               | 302                    | 304               |
| <b>Cost of service</b>                                    | <b>401</b>                                 | <b>82</b>       | <b>319</b>        | <b>302</b>             | <b>304</b>        |
| <b>Capital expenditure</b>                                |  |                 |                   |                        |                   |
| Renew als and replacements                                |  |                 | -                 | -                      | -                 |
| Improved service levels                                   |  |                 | -                 | -                      | -                 |
| Increased demand  |  |                 | -                 | -                      | -                 |
| Infrastructure rebuild                                    |  |                 | -                 | -                      | -                 |
| <b>Total capital expenditure</b>                          |  |                 | <b>-</b>          | <b>-</b>               | <b>-</b>          |

**Explanation of significant cost of service variances**

The environmental education net cost of service for the year was in line with the planned cost for 2016 and the prior year cost.

**Significant capital expenditure**

There was no capital expenditure for the year.

**Explanation of significant capital expenditure variances**

Not applicable.

## Council activities and services

### Parks and open spaces

#### What is parks and open spaces, and what does the Council do?

The Council maintains and manages 1,040 parks and reserves covering nearly 9,000 hectares in Christchurch City and Banks Peninsula. They include the botanic and heritage gardens, sports, neighbourhood, regional parks and cemeteries.

#### Why is the Council involved?

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and future.

Parks and open spaces contribute to the environmental and social well-being of the community by providing a network of parks and gardens throughout the city that offer active and passive recreational opportunities. Cemeteries offer places for burial, remembrance, and reflection

They also help achieve our Community Outcomes by supporting Christchurch people as those who value and protect the natural environment, a healthy city, a city for recreation, fun and creativity, and an attractive and well-designed place – four of the nine goals in our Community Outcomes. We do this by providing areas for people to engage in a range of healthy activities, enabling them to contribute to environmental projects and providing a well-cared-for environment.

Significant parks such as the Botanic Gardens, Mona Vale and the regional parks located within the Banks Peninsula also contribute to the economic wellbeing of the city due to the high number of tourists visiting these sites. Trip advisor rates the Christchurch Botanic Gardens, Hagley Park and the Banks Peninsula as the top three tourist attractions in Christchurch.

#### How does it affect me?

Everyone benefits by having access to areas for recreation, leisure and sport. We provide an attractive liveable urban environment and pristine natural areas for all to enjoy up close or from a distance. The tourism associated to Council's significant parks helps Christchurch businesses to thrive.

#### What activities are involved?

##### Neighbourhood parks

We maintain neighbourhood parks in the local community for individuals or groups to relax and enjoy informal and spontaneous outdoor recreation and leisure.

##### Garden and heritage parks

We provide and maintain specialist and heritage gardens for community and visitors to enjoy and study botanical diversity, while contributing to plant conservation and research, and contributing to our ongoing Garden City image.

##### Regional parks

We provide extensive naturalised parks and reserves on the coast, hills and plains for all to enjoy. They protect the region's natural landscape and biodiversity values while accommodating extensive outdoor recreation.

##### Cemeteries

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

#### What did we achieve?

We continued to provide a wide range of benefits through our open space network. Council's servicing of its parks are highly regarded by the public generally with a love for well-maintained amenity areas, gardens and greenery.

Satisfaction levels are steadily increasing for most types of parks with an increase in Neighbourhood parks, Garden and Heritage parks and cemeteries.

The Botanic Gardens is one of the top visitor destinations in the city, with a very high level, 98 per cent of user satisfaction. Our future planning will focus on them so the service meets public expectations.

Satisfaction with the cemeteries maintenance and appearance improved by 12 percentage points. Customer service associated with cemetery services was a standout achievement with an increase in satisfaction from 75 per cent to 100 per cent. These increases reflect changes made in the handling of customer enquiries, more community consultation and the quality audit processes of the maintenance contract.

Customer satisfaction levels with regional parks reduced over the last 12 months by 13 percentage points. While levels of service have not changed this may reflect the community's expectations as to what Council should be providing in its regional parks.

How did we measure up?

| Activity and Service  | Level of Service  | Target  | Achieved      | Result  | Prior Years   |
|---|---|---|---------------|---|---|
| <b>Garden and Heritage Parks</b>  |   |   |               |   |   |
| Provide and manage Garden and Heritage parks (including heritage buildings and structures). | Garden and Heritage Parks are maintained to specifications so parks are clean, tidy, safe and functional.   | At least 95% of Urban Parks contract technical specifications pertaining to Garden and Heritage park facilities are met.                              | Achieved.     | 95% maintained to specifications so parks are clean, tidy, safe and functional. Trees, Clocks, fountains and statues are maintained to specifications.        | 2015: 95%.<br>2014: Not measured.   |
|   | Proportion of visitors satisfied with the appearance of garden and heritage parks.  | At least 70%.   | Achieved.     | 84% per residents' survey.  | 2015: 71%.<br>2014: 76%.<br>2013: 73%.  |
| Provide and manage The Botanic Gardens.   | Proportion of visitors satisfied with the appearance of the Botanic Gardens.  | At least 95%.   | Achieved.     | 98% per residents' survey.  | 2015: 99%.<br>2014: 98%.<br>2013: 98%.  |
|   | Provision of a Botanic Garden that is open to the public.   | At least 1,100,000 visits per annum.  | Achieved.     | 1.4 million visits.   | 2015: 1.1 million.<br>2014: 1.3 million.<br>2013: 1.1 million.  |
|   | The Botanic Gardens are maintained so they are clean, tidy, safe, functional and fit for purpose.   | At least 95% of internal monthly checklist requirements pertaining to park facilities are met.  | Achieved.     | 95.9%.  | 2015: 93%.<br>2014: Not measured.   |
| <b>Cemeteries</b>   |   |   |               |   |   |
| Provide and manage cemetery grounds.  | Interment capacity to meet the city's needs.  | Minimum 5 year capacity.  | Achieved.     | Conservatively 16 years supply of land is available. Not all beams are in place but this does not preclude burials as individual headstones may be installed. | 2015: Two year capacity maintained.<br>2014: 5,065 plots are available.   |
|   | Response time to burial plot applications.  | All applications for interment will be confirmed within one working day of receiving the application.   | Achieved.     | All applications for interment confirmed within one working day.  | 2015: Not achieved brief period when targets not met.<br>2014: All applications confirmed within one working day. |
|   | Cemetery grounds are secured and maintained to specifications so they are clean, tidy, safe and functional and can be appropriately enjoyed by the community. | At least 95% of Parks and Tree maintenance contract technical specifications pertaining to cemetery grounds facilities and trees maintenance are met. | Achieved.     | 95% of technical specifications are being met through key result areas (KRAs) contract measurements.  | 2015: 85%.<br>2014: 97%.  |
|   | Customer satisfaction with maintenance and appearance of Council cemeteries.  | At least 65% satisfaction with cemetery appearance.   | Achieved.     | 73% per residents' survey.  | 2015: 61%.<br>2014: 67%.<br>2013: 81%.  |
| <b>Neighbourhood Parks</b>  |   |   |               |   |   |
| Provide and manage neighbourhood parks.   | Customer satisfaction with the range of recreation facilities.  | At least 90%.   | Not achieved. | 69% per residents' survey. An increase of 10% on previous years.  | 2015: 59%.<br>2014: 67%.<br>2013: 63%.  |
|   | Neighbourhood parks are maintained to specifications so parks are clean, tidy, safe and functional.   | At least 95% of contract technical specifications pertaining to neighbourhood parks are met.  | Achieved.     | 95% of contract technical specifications met as measured via KRAs.  | 2015: 85%.<br>2014: 97%.  |



| Activity and Service  | Level of Service  | Target   | Achieved      | Result  | Prior Years  |
|---|---|--|---------------|---|--|
|   | Overall customer satisfaction with neighbourhood parks.                                 | At least 70%.  | Not achieved. | 60% per residents' survey. The lowest scoring item was the condition of assets, in particular fixed assets and plantings. | 2015: 56%.<br>2014: 68%.<br>2013: 67%.   |
| <b>Regional Parks</b>   |   |  |               |   |  |
| Provide and manage a network of parks of regional significance. | Implement an annually updated Operational Pest Management Programme for Regional Parks. | Nil notices of direction served following inspection of ECan listed pests. | Achieved.     | No notices of direction received.   | 2015: No notices of direction served.<br>2014: No notices of direction.<br>2013: Nil.  |
|   | Provide, develop and maintain facilities to the satisfaction of park users.             | 80% satisfaction.  | Not achieved. | 70% per residents' survey. Many of the comments related to capital investment, not currently in LTP.                      | 2015: 83%.<br>2014: 83%.<br>2013: 83%.   |
|   | Provide a 24 hour, 7 day a week Park Ranger service.                                    | 24 hour, 7 day a week Park Ranger Service provided.                        | Achieved.     | 24 hour 7 day service provided.   | 2015: Ranger service provided 24 hours, seven days per week.<br>2014: Ranger service provided 24 hours, seven days per week. |

### What assets do we use to deliver these activities?

The Council owns about \$1 billion of park and open space assets. Over half of this is land and the rest is park buildings, structures such as bridges, boardwalks, fences and retaining walls, plantings, play facilities, park furniture, hard surfaces and tracks and paths.

We continued to assess land damage from the earthquakes and can now prioritise repairs. The programme will speed up through 2016/17.

### Where are we heading?

We will keep providing a network of safe, accessible and attractive heritage gardens, parks and reserves to help maintain our identity as the Garden City. It will also allow residents and visitors to experience the natural environment and open spaces. We will continue to provide cemeteries to meet the city's current and future needs. We will also carry out the Cemeteries Master Plan.

We have a new competitive parks maintenance contract and will independently assess the contractors and publish their work against the agreed programme. The new system will include inspecting the quality of their work so we have more transparency of public spending on parks maintenance.

We will be looking carefully at how we use sports parks so we can offer a more efficient service with better results for less money. The aim will be to better match sports fields with the demand and the users.

We will continue to protect and enhance the natural and landscape values on council land.

We will continue to manage and maintain our harbour and marine assets, working with communities to decide the future of damaged and closed structures.

### Service delivery in 2016/17

In general, services in 2016/17 will not vary significantly from the LTP. We are focused on maintaining services and improving resident satisfaction.

## What did it cost?

## Parks and open spaces

## Statement of cost of services for the year ending 30 June

|                                  |  |                 |                   | 2016                   | 2015*             |
|----------------------------------|--|-----------------|-------------------|------------------------|-------------------|
|                                  | Costs (After<br>internal<br>recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| <b>Operational outputs</b>       |  |                 |                   |                        |                   |
| Neighbourhood parks              | 16,305   | 797             | 15,508            | 12,160                 | 12,729            |
| Garden and heritage parks        | 11,757   | 4,327           | 7,430             | 8,800                  | 8,815             |
| Regional parks                   | 9,097  | 581             | 8,516             | 8,368                  | 7,559             |
| Cemetaries                       | 2,287  | 1,067           | 1,220             | 943                    | 920               |
| Capital revenues                 | (15)   | 17,069          | (17,084)          | (878)                  | (8,028)           |
| <b>Cost of service</b>           | <b>39,431</b>                                    | <b>23,841</b>   | <b>15,590</b>     | <b>29,393</b>          | <b>21,995</b>     |
| <b>Capital expenditure</b>       |  |                 |                   |                        |                   |
| Renew als and replacements       |  |                 | 3,856             | 4,826                  | 3,297             |
| Improved service levels          |  |                 | 414               | 6,775                  | 2,344             |
| Increased demand                 |  |                 | 852               | 2,724                  | 1,132             |
| Infrastructure rebuild           |  |                 | 9,443             | 20,240                 | 6,034             |
| <b>Total capital expenditure</b> |  |                 | <b>14,565</b>     | <b>34,565</b>          | <b>12,807</b>     |

## Explanation of significant cost of service variances

Neighbourhood parks

The net cost of service was \$3.3 million higher than planned due to: \$1.4 million loss on disposal of Springs Road Reserve; earthquake facilities rebuild was \$0.9 million over plan due to more earthquake repairs being undertaken than planned; maintenance costs were \$0.7 million higher than planned because of three new maintenance contracts and changes to Parks maintenance work programmes across all activities. In addition nurseries received \$0.2 million lower income from the sale of nursery plants due to delays in the projects they were expected to be used in.

Net costs were \$2.8 million higher than 2015 due to a \$1.4 million loss on disposal of Springs Road Reserve and \$0.5 million higher depreciation expense due to the revaluation of buildings in 2015. 2015 included a \$0.7 million gain on the sale of Roydvale Reserve.

Garden and heritage parks

Net cost of service was \$1.4 million lower than planned and 2015. This was a result of the receipt of \$1.2 million of material damage insurance recoveries in 2016 and Botanic Gardens Visitor Centre shop income was \$0.4 million higher than planned.

Regional parks

The net cost of service was \$1 million higher in 2016 compared to 2015 principally due to \$0.6 million additional depreciation following the revaluation of buildings in 2015. In addition asset management and overheads costs were \$0.4 million higher.

Capital revenues

The \$16.2 million over recovery is due to receiving \$12 million higher material damage insurance recoveries which were planned for in the corporate

activity; \$1.7 million higher development contributions and a \$1.6 million compensation grant from the New Zealand Transport Agency (NZTA) for land taken for construction of the Western Belfast Bypass next to the Groynes.

Capital revenues were \$9 million more than 2015 principally due to the material damage insurance recoveries received in 2016.

**Significant capital expenditure**

\$6.8 million expenditure was recognised for the Margaret Mahy Playground purchase, \$2.7 million on Council's Facility Rebuild programme including \$0.6 million on repairs to earthquake damaged toilets, and \$5.1 million on the Council's normal renewals and replacements programme (there were no significant one-off projects).

**Explanation of significant capital expenditure variances**

Capital expenditure was lower than planned as projects were placed on hold while the rebuild programme was reviewed and funding issues were resolved. Projects are now planned for delivery over the next two years.

Capital expenditure increased \$1.8 million in 2016 compared to 2015 due to the earthquake repair programme including the Margaret Mahy Playground, Sign of The Kiwi shop and residence repair and the Governors Bay school. Instead of Lyttelton New Civic Square and the Botanic Gardens Entry Pavilion which were completed last year.

## Council activities and services

### Regulation and enforcement

#### What is regulation and enforcement, and what does the Council do?

The Council prepares plans, policies and regulations in accordance with its legal obligation to guide the City's future development, and help make the city a safe and healthy place for people to live, work and visit. Our regulation and compliance teams make sure we follow all laws and rules that apply to the City.

#### Why is the Council involved?

Local government is responsible for promoting sustainable management of the natural and physical resources under the Resource Management Act 1991. Under the Act, councils are required to prepare a District Plan which contains objectives, policies and rules to manage the effects of land use on the environment. Currently there are two sections to Christchurch's District Plan: the Christchurch City Plan; and the Banks Peninsula District Plan.

These will be replaced by the end of 2016 with a new single District Plan which has been prepared in accordance with the Canterbury Earthquake (Christchurch Replacement District Plan) Order 2014 (Order in Council or OIC). The OIC has set up an Independent Hearings Panel to hear submissions and make decisions on the new plan. The new plan is significantly different from the existing plans, particularly in its layout and on-line services.

Regulation and enforcement services are needed to administer the laws that govern building and development work, the health and safety of licensed activities, and the keeping of dogs. The Council enforces compliance with regulations, monitors individual licences and approvals, investigates complaints and non-compliance, and assesses the potential effects of various activities while still enabling builders, developers and property owners to carry on their business.

Regulation and enforcement activities contribute to the environmental and economic well-being of the community through the provision of resource consents, building consents, licensing approvals, inspections of construction work, and enforcement of health, noise, parking and other bylaws.

They contribute toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a healthy city and an attractive and well-designed city – four of the nine goals for our city that are included in our Community Outcomes. This contribution is made by ensuring legislative requirements are complied with, nuisances are minimised and the consenting process minimises adverse effects and ensures a safe and attractive built environment.

#### What activities are involved?

##### **Regulatory compliance, licensing and registration**

Our regulatory compliance team protects the health and safety of the city 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, and the City Plan and bylaws. It also responds to complaints about noise. Educating the public about the rules is a key part of the regulatory compliance team's work.

##### **Building consenting, inspections and monitoring**

The processing and issuing of building consents, subsequent inspections and the issuing of code compliance certificates and compliance schedules are fundamental to ensuring Christchurch city is a safe and healthy environment. Collectively these functions are designed to ensure that new and existing buildings fully meet the requirements of the Building Act 2004, Building Code and various Building Standards and Guidelines.

The environment in post-earthquake Christchurch is made more complex by the many hazards that must be taken account of, i.e. flooding, rock fall and other land instabilities. In addition, land damage means that affected buildings must have specific design.

Provision of public advice is undertaken through web pages, duty phones and pre-application meetings which assist property owners, builders and developers. A new service was implemented in mid-2015 called Partnership Approvals, *a case managed approach*. The service manages applications through the approvals process by providing a single point of contact for project approvals from the initial concept stage right through to opening. This is a paid for service that has received significant accolades from the development community.

Regular engineering forums are presented by the engineering services team. The subject matters discussed are for the engineering professionals. The forums are well attended which has ensured a heightened level of engagement leading to increased quality and consistency of applications.

##### **Resource consenting**

Resource consents are required when a development or building does not meet the requirements set out in the City Plan or Banks Peninsula District Plan. The Plans have been developed in consultation with the community and set a benchmark for environmental and amenity outcomes. Consents are processed to ensure outcomes are maintained and are required to be processed within statutory time frames to ensure development is not held up by lengthy regulatory processes. Information about the process and requirements can be obtained by viewing Council's website, by phoning the duty planner, or by arranging a pre-application meeting.

### Building policy

The Building Policy activity includes services to maintain and administer Council's Earthquake Prone, Dangerous and Insanitary Buildings Policy, Building Control Authority (BCA) registration and accreditation and responding to Building Act-related claims. This latter service includes Weathertight Homes Resolution Services (WHRS) claims, incorporating the Government's Financial Assistance Package (FAP) Scheme, where Council along with the Crown, contribute towards remediation. The sharing of information collected about buildings with the Crown, is also an essential part of maintaining earthquake prone building records and property information of commercial buildings in the City.

### Land and property information services

This service provides Council's customers with property specific information to ensure building or property development decisions are based on good information. This assists customers in making informed decisions on regulatory related projects. We provide this through general public advice services, project specific advice via pre-application meetings, and Land Information Memorandum (LIMs) and property file information upon request.

### District planning

The District Plan needs to be referred to, and complied with, when undertaking building, subdivision, earthworks and other activities that affect the use of land. Resource consent will be required if a development or activity breaches a rule in the District Plan.

### How does it affect me?

You use the Council's regulation and enforcement services if you build a new home or commercial building, open a business, request a property report before buying a home, or express concern about noise. These services affect how you handle dogs and farm animals, and where you can buy alcohol. They also ensure that the places you go to eat and drink are healthy and safe.

### What did we achieve?

#### Building consenting, inspections and monitoring

The table below outlines our achievements in this area.

|  | 2016    | 2015         | Percentage increase / (decrease) |
|--|---------|--------------|----------------------------------|
| <b>Building consenting, inspections and monitoring</b> |         |              |                                  |
| Preapplication meetings                                | 669     | 878          | -24%                             |
| Commercial projects (%)                                | 43      | 47           | -9%                              |
| Residential projects (%)                               | 48      | 53           | -9%                              |
| Customer satisfaction with service (%)                 | 84.9    | 82.0         | 4%                               |
| Building consents granted                              | 8,305   | 9,701        | -14%                             |
| Total value of consents granted (\$ million)           | 3,011.3 | 3,091.2      | -3%                              |
| Residential consents                                   |         |              |                                  |
| Granted  | 7,086   | 8,552        | -17%                             |
| Value (\$ million)                                     | 1,434.4 | 1,646.8      | -13%                             |
| Commercial consents                                    |         |              |                                  |
| Granted  | 1,221   | 1,149        | 6%                               |
| Value (\$ million)                                     | 1,577.0 | 1,444.4      | 9%                               |
| Inspections completed                                  | 59,831  | 58,432       | 2%                               |
| Residential  | 52,308  | 51,904       | 1%                               |
| Commercial   | 7,522   | 6,525        | 15%                              |
| Inspections delivered within three working days (%)    | 99.0    | Not measured |                                  |
| Code of compliance certificates issued                 | 7,789   | 6,607        | 18%                              |
| LIMs processed   | 11,670  | 10,984       | 6%                               |
| Processed within 10 days (%)                           | 99.0    | 100.0        | -1%                              |

Residential building consent application numbers decreased in 2016 but are still considerably higher than their historic average. Residential construction is expected to decrease further as the city's housing stock is restored. Code Compliance Certificates and inspections was higher due to the large amount of residential rebuilds and repairs that are completed or nearing completion.

Commercial rebuild and repair is at its peak and is expected to remain at these numbers for the next five years with a number of Crown projects still to be started. Once the Crown projects are underway it is expected this will stimulate continued commercial development.

**Resource consents**

The table below outlines our achievements in this area.

|   | 2016  | 2015  | Percentage increase / decrease |
|---|-------|-------|--------------------------------|
| <b>Resource consents</b>  |       |       |                                |
| Land use consents processed                                       | 2,344 | 2,385 | -2%                            |
| Subdivision consents processed                                    | 510   | 482   | 6%                             |
| Compliance against statutory processing timeframes (%)            | 99    | 99.9  | -1%                            |
| Straightforward applications processed within 10 working days (%) | 96    | 99    | -3%                            |
| Pre-application meetings  | 472   | 653   | -28%                           |
| Customer satisfaction with resource consenting process (%)        | 74    |       |                                |

The number of resource consent applications remained relatively constant with 41 less land use applications and 28 more subdivision applications processed for the year. Pre-application meetings dropped 28 per cent. This is an optional service and could also indicate that future development activity may decrease. Overall, workloads remained high for the activity as a result of processing more complex applications, implementation of the Replacement District Plan, a much higher number of public enquiries, and the delivery of a new IT system.

Performance against statutory timeframes was largely maintained with a change from 99.9 per cent to 99 per cent. A stretch target of processing straightforward applications decreased by 3 per cent but was also maintained at a relatively high 96 per cent. Customer satisfaction was one percentage point below the target of 75 per cent although another indicator pulse survey showed satisfaction as high as 85 per cent.

**Regulatory compliance, licensing and registration**

The table below outlines some of our achievements in this area.

|   | 2016   | 2015        | Percentage increase / decrease |
|---|--------|-------------|--------------------------------|
| <b>Regulatory compliance, licensing and registration</b>                          |        |             |                                |
| <u>Animal management (1)</u>  |        |             |                                |
| Inspections   |        |             |                                |
| Dangerous dogs reinspections  | 58     | 58          | 0%                             |
| High risk or menacing dog reinspections   | 241    | 243         | -1%                            |
| Priority one complaints involving aggressive behaviour by dogs or wandering stock |        |             |                                |
| Number received   | 142    | 86          | 65%                            |
| Dealt with within 10 minutes (%)  | 97.8   | 100         | -2%                            |
| "Dogsmart" dog bite prevention programme for schools                              |        |             |                                |
| Schools programme provided to   | 56     | 67          | -16%                           |
| Dogs micro-chipped for free   | 1,396  | 1,050       | 33%                            |
| <u>Noise and health risks (2)</u>   |        |             |                                |
| Noise complaints received   | 12,345 | 11,495      | 7%                             |
| Responded to within one hour (%)  | 91     | 90          | 1%                             |
| Noise visits conducted where noise was found to be excessive                      |        |             |                                |
| excessive noise direction issued (%)  | 2,148  | 1,954       | 10%                            |
|   | 97     | 97          | 0%                             |
| Matters reported that pose a serious risk to public health                        | 11     | 8           | 38%                            |
| Investigations started within 24 hours (%)  | 100    | 100         | 0%                             |
| <u>Parking compliance (3)</u>   |        |             |                                |
| High priority complaints responded to   | 2,259  | 2,088       | 8%                             |
| City response time (minutes)  | 9.56   | 13          | -26%                           |
| Suburbs response time (minutes)   | 13.15  | 16          | -18%                           |
| Parking matters resulting in court hearing  | 7      | 6           | 17%                            |
| Cases proven  | 5      | 6           | -17%                           |
| Cases discharged  | 2      | 0           |                                |
| <u>Alcohol licensing</u>  |        |             |                                |
| Monitoring visits to high risk premises   | 36     | 36          | 0%                             |
| High risk premises visited twice within 12 months (%)                             | 100    | 100         | 0%                             |
| Alcohol licence applications received   | 174    |             |                                |
| Lodgement meetings for new on/off club licences                                   | 172    | New measure |                                |
| <u>Food safety and health licensing (4)</u>                                       |        |             |                                |
| Non compliant food premises reinspected twice within six months                   | 29     | 56          | -48%                           |
| Registered food premises  | 2,095  | 1,984       | 6%                             |
| Premises inspected by an Environment Health Officer during year (%)               | 80     | 87          | -8%                            |

**1 Animal management**

The increase in priority one Animal management complaints is attributed to incorporating stock that is found wandering and then contained by a member of the public after the complaint being made, in addition to that which is just impounded by an officer. This new approach to reporting better reflects the intent of our KPIs.

The Animal Shelter is open weekdays 1.00pm to 5.30pm and on Saturdays 11.00am to 1.00pm, with Animal Control open 8.00am to 5.00pm weekdays. In addition to providing shelter facilities 1,396 dogs were micro-chipped without charge.

**2 Noise and health risks**

The matters reported that pose a serious risk to public health include complaints such as Asbestos, P- Labs, contaminated land and Hazardous Substances and New Organisms - HSNO.

**3 Parking compliance**

Parking compliance services are provided on weekdays Monday to Friday between 7.00am to 6.30pm and on weekends between 8.00am and 4.00pm, excluding public holidays.

**4 Food safety and health licensing**

The implementation of the Food Act 2014 has changed how premises are verified and regulated. Non-compliant premises are now subject to a different process based on the risk based legislation that applies to them. As a result there has been a significant decrease in the number of non-compliant food premises re-inspected.

**Licensing and enforcement**

Licensing & enforcement public advice is provided at the Civic Offices, where counter service is available between 8.30 and 5.00pm Monday to Friday, excluding public holidays.

The Compliance & Investigations Teams have completed monthly inspections of clean-fill over 16 sites and the shared service Waste and Environmental Management Team have completed 30 inspections of all known earthquake waste demolition sites. There are 504 current temporary accommodation permits and all have been inspected, the expiry of these permits has now been extended out to 2021. 70 investigations into reports of matters that pose a risk to public safety were commenced within 24 hours of the Compliance & Investigations Teams being notified. Where staff have identified non-compliance with the City Plan, Resource Management Act, Building Act and Bylaws 4,466 corrective actions were taken.

28.8 per cent of swimming pools on the Councils register have been inspected, comprising 3,078 visits.

**District planning**

The City planning team, in partnership with many other teams from across the Council, has completed all the 21 chapters in the new plan and publicly notified them for submissions in accordance with the OIC timeframes. Over 99 per cent of the submissions on Plan have been heard by the Panel and a significant number of decisions have been released and made operative. There are still a small number of matters to be considered by the Panel, and decisions on all of the proposals are expected to be made operative before the end of the calendar year.

**How did we measure up?**

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service                       | Level of Service   | Target  | Achieved      | Result   | Prior Years   |
|--|--|---|---------------|--|---|
| <b>Building consenting and inspections</b> |  |   |               |  |   |
| Annual building Warrants of Fitness.       | Ensure that building Warrants of Fitness are accurate through the use of desktop and physical audits.  | 240 commercial audits per annum.  | Achieved.     | 240 commercial audits completed.                                     | 2015: 204 audits were completed.<br>2014: Not measured.<br>2013: 195 audits.  |
| Building consents.                         | Grant Building Consents within 20 working days.  | The minimum is to issue 90% of building consents with 19 working days from the date of lodgement. | Achieved.     | 93.9% issued in 19 working days and 95.3% issued in 20 working days. | 2015: A total of 9,911 consents were issued of which 89% of consents were issued within 20 working days.<br>2014: A total of 9,332 consents were issued of which 57% were completed within 20 working days. |
|  | Ensure satisfaction with building consents process (quarterly review survey results and feed common issues to issues register for resolution). | 70%.  | Not achieved. | 59.6% per survey.  |   |

| Activity and Service                                     | Level of Service   | Target   | Achieved      | Result   | Prior Years  |
|--|--|--|---------------|--|--|
| Building inspections and Code Compliance Certificates.   | Carry out building inspections in a timely manner.   | Carry out 85% of inspections within three working days.  | Achieved.     | 99% inspections carried out within three working days.   | 2015: Full year result not available – part year results residential 6 days, commercial 4 days.<br>2014: Formal monitoring of turnaround time for inspections only began in March 2014, consequently a full year result is not available.<br>Current performance averages a 7.5 working day turnaround.<br>2013: 100%. |
|  | Grant Code Compliance Certificates with 20 working days.   | The minimum is to issue 90% of Code Compliance Certificates within 19 working days from the date of lodgement.           | Achieved.     | 93.9% issued in 19 working days and 95.3% issued in 20 working days.   | 2015: 77% within 20 days.<br>2014: 71% of total CCC decisions were completed within 20 working days – 5,856 CCCs issued.<br>2013: No whole of population reporting available.  |
| Building consenting public advice                        | Provide public advice service to support building consenting customers.                            | Counter service at Civic Offices between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).     | Achieved.     | Four staff allocated with at least two present at all times.   | 2015: Public advice counter was staffed between 8.00am – 5.00pm.<br>2014: Counter hours provided 8.30am – 5.00pm throughout the majority of the year. These changed to 8.00am – 5.00pm when Council opening hours changed.   |
| <b>Building Policy</b><br>Building accreditation review. | Achieve Building Consent Authority status.   | 'Building Consent Authority' status is achieved.   | Achieved.     | Building Consent Authority accreditation status has been maintained with no events requiring notification to IANZ.   | 2015: BCA Accreditation regained 17 December 2014.<br>2014: Accreditation was revoked on 1 July 2013 and a Crown Manager appointed.  |
| Building policy development.                             | Council building policy meets Building Act requirements.   | Council building policy meets Building Act requirements at all times.  | Achieved.     | Policies are compliant.  | 2015: Achieved.<br>2014: Building Act requirements were met at all times by Council's building policy.   |
| Claim management - building related.                     | Manage the processing of general negligence (building-related) claims under the appropriate forum. | Processing the general negligence (building-related) claims to agreed timeframes to settle or remove Council as a party. | Achieved.     | All matters that are before a court have legal counsel assigned to represent Council.  | 2015 All claims are being managed with Council's legal partners.<br>2014: All claims are being managed with Council's legal partners.  |
|  | Notify relevant building related claims to insurer.  | Notify 100% of building related claims to brokers within 10 working days.  | Not achieved. | All notifications are being notified in conjunction with the Council's insurance policy conditions. However, not all notifications were made within 10 working days. | 2015: 43% of building claims were notified within 10 working days.<br>2014: 27% of building related claims were notified within 10 working days.<br>2013: No year end data supplied.   |

**Council activities and services - Regulation and enforcement**

| Activity and Service  | Level of Service   | Target   | Achieved      | Result  | Prior Years  |
|---|--|--|---------------|---|--|
| Weathertight claims resolution.   | Manage the resolution of Weathertight Homes Resolution Services (WHRs) Financial Assistance Package (FAP) Scheme claims. | Assess and process 95% of Weathertight Homes Resolution Service (WHRs) Financial Assistance Package (FAP) claims within timeframes stipulated in the Ministry of Business, Innovation and Employment (MBIE) FAP contracts. | Achieved.     | Target met for year.  | 2015: All weathertight related claims were processed to settle or remove Council as a party to agreed timeframes.<br>2014: All weathertight related claims were processed to settle or remove Council as a party to agreed timeframes. |
| <b>District Planning</b>  |  |  |               |   |  |
| Maintain the operative Christchurch City Plan and Banks Peninsula District Plan - including processing of Council-led plan changes. | Prepare the Replacement District Plan in two stages.   | Ensure Replacement Plan is fully operative.  | Not achieved. | Order in Council has changed the timeframe for the RDP until December 2016.   |  |
|   |  | Evidence prepared and presented to Hearings panel on Stages 1 and 2, and legal submissions for any High Court Appeals.   | Achieved.     | The Stage 1 and 2 processes have been completed by Council.   |  |
|   |  | Phase 2 chapters are publicly notified.  | Achieved.     | These have been notified.   |  |
|   | Development and processing of all Council-led plan changes complies with statutory processes and timeframes.             | 100% of development and processing of Council-led plan changes comply with statutory processes and timeframes.   | Not achieved. | The Order in Council prohibits Council led plan changes. The Council are currently working with DP/CMC on amendments to the Order in Council. | 2015: 100% of council-led plan changes comply with statutory process and timeframes.<br>2014: 100%.  |
| Process private proposed changes to the District Plan   | Processing of all privately-requested plan changes complies with statutory processes and timeframes.                     | 100% of processing of privately- requested plan changes comply with statutory processes and timeframes   | Achieved.     | 100%.   | 2015: Only private plan change received was for the Memorial Avenue Investments Limited site. This plan change has met all Order in Council steps and timeframes.<br>2014: 100% of changes processed in compliance.                    |
| <b>Land and Property Information Services</b>   |  |  |               |   |  |
| Issuing property files.   | Provide residential property files to customers in electronic format.  | Provide 90% of residential property files to customers in electronic format within three working days of request.  | Achieved.     | 100%.   | 2015: 91%<br>2014: 99%.<br>2013: 87%.  |
|   | Provide viewing services to customers requesting to view commercial property files.                                      | Access to documents available between the hours of 8.00am – 5.00pm, Monday to Friday (excluding public holidays).  | Achieved.     | Access provided 8am - 5pm Monday to Friday excluding public holidays.   | 2015: 100%<br>2014: 100%.<br>2013: 100%.   |
|   | Retrieve and provide commercial property files in hard copy for customers.   | Retrieve and provide 95% of optional requests for scanning of records within five working days (charges apply).  | Achieved.     | 99%.  | 2015: 100%<br>2014: 98%.<br>2013: 95%.   |
| Land Information Memoranda (LIMs)   | Process Land Information Memorandum applications within statutory timeframes.  | Process 100% of Land Information Memorandum applications within 10 working days (excl Christmas period of closure).  | Not achieved. | 99% for year. Five applications did not meet the timeframe.   | 2015: 100% of the 10,984 LIMs processed within the statutory timeframe.<br>2014: 99.9% of LIMs were produced within the statutory timeframe.<br>2013: 100% of 9,944.   |



| Activity and Service   | Level of Service   | Target   | Achieved      | Result  | Prior Years   |
|--|--|--|---------------|---|---|
| Project Information Memoranda (PIMs).  | Process Project Information Memoranda (PIMs) within statutory timeframes.  | Process 100% of Project Information Memorandum applications within 20 working days (excl Christmas period of closure). | Achieved.     | All PIM applications processed within 20 working days (excluding the Christmas closure period).         | 2015: 99% of PIM applications were processed within 20 working days.<br>2014: 87%.<br>83% BC/PIM/ Development report combined applications were processed within 20 days. |
| <b>Regulatory Compliance, Licencing and Registration</b>   |  |  |               |   |   |
| Animal Management  | Re-inspect properties of dogs classified as dangerous and high risk or menacing to check for compliance.   | 98%.   | Achieved.     | 100% of properties were inspected by year end.  | 2015: 100%.<br>2014: 100%.  |
|  | Percent of priority one complaints (aggressive behaviour by dogs and wandering stock) responded to within 10 minutes.  | 95%.   | Achieved.     | 97.8%.  | 2015: 100%.<br>2014: 96%.   |
| Compliance services relating to RMA (District Plan and consent), Building Act (including consents), Local Government Act, Machinery Act, Litter Act, Fencing of Swimming Pool Act and local Council Bylaws | Investigations into reports of matters that pose a serious risk to public safety are commenced within 24 hours (for Building Act and resource management Act matters). | 100%.  | Achieved.     | 100% of investigations commenced within 24 hours.   | 2015: 100%.<br>2014: 100%. 77 matters were, reported as posing serious risk. They were all investigated within a 24 hour period.<br>2013: 100%.                           |
|  | Minimum percentage of swimming pools and spa pools inspected annually.   | 33%.   | Not achieved. | 28.8% of swimming and spa pools inspected. This was a total of 3,078 inspections.                       |   |
|  | Monitor all high risk Resource Management Act consents / permits at least once every six months.   | 95%.   | Achieved.     | All high risk RMA consents / permits monitored at least once every six months.                          |   |
| Environmental Health, including noise management, environmental nuisance and environmental health risks  | Complaints in relation to excessive noise are responded to within one hour   | 90%.   | Achieved.     | 91%.  | 2015: 90%.<br>2014: 90%.<br>2013: 91%.  |
| Food Safety and Health Licencing   | All other Health Licences are inspected bi-annually, such as Hairdressers, Funeral Directors and Camping Grounds.  | Inspect 100% of these registered premises at least once every 24 months.   | Achieved.     | 100% of premises inspected. There are currently 300 registered and trading businesses in this category. |   |
|  | Inspect registered food premises once per year.  | Inspect at least 75% of all registered food premises once per year.  | Achieved.     | 80% of premises inspected.  | 2015: 87% 1,984 registered premises, 1,725 were visited.<br>2014: 98%.<br>1,775 premises were visited of a total 1,805 registered.<br>2013: 100%, 1,724 premises.         |
| Alcohol licencing.   | Inspect all high risk alcohol premises at least twice per year (assessed using risk assessment methodology).   | 100%.  | Achieved.     | 100% of high risk premises visits completed (inspected at least twice during the 2015/16 year).         | 2015: 100%.<br>2014: 100%.<br>2013: 100%.   |
| Parking compliance and administration.   | Parking enforcement officers response to high priority requests for service  | City: Respond to requests for service within an average of 15 minutes.   | Achieved.     | Average response time to high priority complaints in the city for the year was 9.56 minutes.            | 2015: 69.5% (212/305).<br>2014: High priority complaint response times were responded to, on average, in 14 minutes.  |

| Activity and Service  | Level of Service  | Target  | Achieved      | Result   | Prior Years  |
|---|---|---|---------------|--|--|
|   |   | Suburbs: Respond to requests for service within an average of 20 minutes. | Achieved.     | Average response time to high priority complaints in the suburbs for the year was 13.15 minutes. | 2015: 75.4% (1,345/1,783).<br>2014: High priority complaints in the suburbs were responded to, on average, in 16 minutes.                                    |
| <b>Resource Consenting</b>  |   |   |               |  |  |
| Resource Management Applications (notified, non-notified, appeals and temporary accommodation). | % of simple land use resource management applications processed within timeframes.  | 99% within 10 working days.   | Not achieved. | 96% processed within the timeframe.  | 2015: 87% 106 of 122 consents processed within time frames.<br>2014: 86%.<br>122 of 142 consents processed within the time frames.<br>2013: 73%.             |
|   | % of complex non-notified resource management applications processed within statutory timeframes (including Central City Consents). | 99% within the statutory timeframes.                                      | Achieved.     | 99% of applications processed within statutory timeframes.                                       | 2015: 99% 2,150 of 2,169 consents processed within the time frames.<br>2014: 99%.<br>1,938 of 1,943 consents processed within the time frames.<br>2013: 98%. |
|   | % satisfaction with resource consenting process.  | 75% satisfaction achieved.  | Not achieved. | 74% per annual survey.   | 2015: 81%<br>2014: 75%.<br>2013: 75%.  |
|   | % of simple subdivision consents processed within statutory time frames.  | 99% within statutory timeframes.  | Achieved.     | 99% of consents processed within statutory timeframes.   | 2015: 89% 8 of 9 consents processed within the time frames.<br>2014: 95%.<br>18 of 19 consents processed within the time frames.<br>2013: 97%.               |
|   | % of notified resource consents processed within statutory timeframes.  | 99% within the statutory timeframes.                                      | Not achieved. | 92% of consents processed within statutory timeframes.   |  |

### What assets do we use to deliver these activities?

No major assets are used in the delivery of these activities.

### Where are we heading?

The city will experience a prolonged period of rebuild during the years ahead and we remain committed to delivering consenting, licensing and compliance/enforcement activities that will assist with the rebuild and support the normal ongoing needs of the Christchurch community. To assist in achieving this we will continue to promote pre-application meetings, electronic processing, streamlined building consent processes, allow temporary relocation of businesses in accordance with the Permitted Activities Order in Council and manage our compliance activities in a sensitive and focussed manner.

### Service delivery in 2016/17

These activities are expected to continue to have an earthquake recovery focus, particularly for building consent processing. There will be associated increases in building inspections and applications for code compliance certificates. During 2016/17 it is forecast that there will continue to be strong demand for commercial consents but a slight lessening off of residential consents. Focus is on quality process improvements which will deliver streamlined processes, efficiency gains, data accuracy and customer focussed service delivery.

The hearings on the District Plan will be completed and attention will focus on assisting the Council and community with its implementation. A monitoring system will also be set up to ensure the Council complies with its monitoring and reporting obligations under the RMA. Projects associated with the Greater Christchurch Regeneration Act, and preparing changes to the Plan (arising from decisions of the Independent Hearings Panel) are also likely to be required.

This year we introduced a focus on education of applicants in relation to the alcohol licensing legislation requirements. To increase understanding of compliance requirements, lodgement pre-application meetings for all new licence applications were adopted. This approach has improved the quality of applications being

received for assessment and resulted in improved early engagement opportunities for educating new licensees about compliance expectations once a licence is issued. The utilisation of lodgement and pre-application meetings will continue to be a focus for the coming year as this approach is a great opportunity for education and improving compliance requirements.

The Food Act 2014 came into force governing food safety and the responsibilities of Councils in relation to the new legislation. The implementation of the new Food Act has seen the legislation move from an inspectorate regime into a more risk based approach to assessing food safety in our communities. To date 540 premises are operating Food Control Plans, 2016/17 will see a strong focus on transitioning operations to the new requirements of the Food Act. The new fee structure will see further movement towards Council's costs associated with Food Safety activities being fully recovered.

During 2015/6 a revised approach to Resource Management Act (RMA) compliance was adopted, this

resulted in an increase in monitoring activity and improved cost recovery processes in place with consent holders. Cost recovery will continue to be a focus in the coming year.

Targeted monitoring is continuing on sites which have permits under the temporary accommodation rules until 2018.

1 December 2015 saw the introduction of a Freedom Camping Bylaw placing restrictions on camping across the District. The Bylaw resulted in unexpected volumes of visitors at the non-self-contained sites, placing pressure on facilities and stretching monitoring resources. Monitoring requirements were significantly higher than in previous years and costs were not recouped through infringement notices. A report was presented to Council recommending the Bylaw review be brought forward to consider changes based on learnings from this year.

## What did it cost?

### Regulation and enforcement

#### Statement of cost of services for the year ending 30 June

|  |                                   |               |               | 2016          | 2015*         |
|--|-----------------------------------|---------------|---------------|---------------|---------------|
|  | Costs (After internal recoveries) | Income        | Net Cost      | Plan Net Cost | Net Cost      |
|  | \$000                             | \$000         | \$000         | \$000         | \$000         |
| <b>Operational outputs</b>             |                                   |               |               |               |               |
| Licensing and enforcement              | 12,871                            | 9,372         | 3,499         | 2,902         | 2,719         |
| Building consenting and inspections    | 32,353                            | 30,770        | 1,583         | 2,125         | 6,016         |
| Resource consenting                    | 9,372                             | 7,530         | 1,842         | 2,122         | 1,729         |
| Building policy                        | 1,774                             | 790           | 984           | 4,489         | 13,309        |
| Land and property information services | 3,292                             | 5,077         | (1,785)       | (1,547)       | (1,923)       |
| District planning                      | 18,371                            | 1,988         | 16,383        | 11,270        | 15,163        |
| <b>Cost of service</b>                 | <b>78,033</b>                     | <b>55,527</b> | <b>22,506</b> | <b>21,361</b> | <b>37,013</b> |
| <b>Capital expenditure</b>             |                                   |               |               |               |               |
| Renewals and replacements              |                                   |               | 53            | 6             | -             |
| Improved service levels                |                                   |               | 490           | 415           | 334           |
| Increased demand                       |                                   |               | -             | -             | -             |
| Infrastructure Rebuild                 |                                   |               | -             | -             | -             |
| <b>Total capital expenditure</b>       |                                   |               | <b>543</b>    | <b>421</b>    | <b>334</b>    |

### Explanation of significant cost of service variances

#### Licensing and enforcement

Net cost of service was \$0.6 million higher than plan as a result of receiving more parking fine revenue than planned.

The net cost of service was \$0.8 million higher than 2015. This was the result of a \$0.3 million reduction in parking fine revenue and a \$0.4 million increase in staff costs.

#### Building consenting and inspections

The building consenting and inspections activity was \$0.5 million lower than plan.

The consenting net cost of service was \$0.2 million over plan. Residential consent volumes were well down on last year and there was a slight increase in commercial consents.

Inspections and Code Compliance net cost of service was \$0.1 million better than plan, with revenue exceeding plan by \$0.9 million and costs exceeding plan by \$0.8 million. This included \$0.3 million saved through lower insurance premiums.

Building-related Public Advice was under-spent by \$0.5 million during the year, influenced by less demand for the service. This was offset by a similar overspend in the Resource Consenting service.

Overall, the net cost of service was \$4.4 million lower than the previous year. Although consents revenue was below plan 2016 revenue still exceeded last year's result by \$0.5 million. The cost of consent production relative to last year is responsible for most of the remainder of the savings, although the lower insurance premiums saved \$0.7 million.

**Building policy**

The net cost of the building policy activity was \$3.5 million better than plan. The net cost of maintaining the provision for weathertight homes, Building Act and general negligence claims was \$2.7 million lower than plan. An actuarial assessment of the total provision required in 2015 resulted in a \$12.6 million increase to the provision. No further increase was required in 2016. The Building Accreditation net cost of service was \$0.4 million lower than plan, due to increased levies from high value commercial projects consented during the year.

The net cost of service is \$12.3 million lower than the prior year. The 2015 result included an \$11.9 million increase in the weathertight homes, Building Act and general negligence claims provision. The 2015 increase was required following an actuarial assessment of the Council's liability.

**District planning**

The cost of the District Plan was \$5.1 million higher than planned. The District Plan had an extension to the hearing timeframe, there was increased level of legal and expert witness resources required to support Council's position and an unplanned share of the Independent Hearing Panel costs.

The increase in expenditure over the prior year reflects the extended timeframe and the complexity of the District Plan review project.

**Significant capital expenditure**

There was no significant capital expenditure.

**Explanation of significant capital expenditure variances**

There were no significant variances.

## Council activities and services

### Refuse minimisation and disposal

#### What is refuse minimisation and disposal, and what does the Council do?

We collect and dispose of some of the City's solid waste and work with the community to reduce the waste we send to landfill. Encouraging residents and businesses to recycle and reduce their waste is increasingly important.

We monitor closed landfills around the City and are responsible for the capping and aftercare of the old Burwood landfill.

As a shareholder in Burwood Resource Recovery Park Limited (BRRP) we facilitate the sorting, reuse and safe disposal of Canterbury Earthquake construction and demolition waste.

#### Why is the Council involved?

We provide solid waste collection, processing and disposal to protect the health of the community. Our involvement in waste reduction, reuse and recycling reflects the importance we place on using resources sustainably.

Refuse minimisation and disposal contribute to the environmental and economic well-being of the community. They ensure the reliable removal of rubbish, the recycling of any resources in that rubbish, and the disposal of any residue in a cost-effective and environmentally acceptable way.

They also contribute towards achieving two of the nine goals in our Community Outcomes - by helping to make Christchurch a healthy city and a city of people who value and protect the natural environment. We do this by enabling and encouraging waste separation and reusing, and by safely collecting and disposing of refuse.

#### How does it affect me?

When we dispose of rubbish properly and reduce the amount we send to landfill we help create a healthy, safe environment for all to live in.

#### What activities are involved?

##### **Recyclable materials collection and processing**

We aim to reduce the amount of rubbish we send to landfill by collecting recyclable material from households and public places, advising the public of recycling options (for example clothing bins, EcoDrops & register of recyclers), and by sorting and processing recyclable materials.

##### **Organic material collection and composting**

We collect kitchen and garden waste from households and turn it into compost for resale. We also encourage home composting and worm farms.

##### **Residual waste collection and disposal**

Not everything can be recycled so we collect and transport this remaining waste to landfill. We also look after closed landfills to make sure they don't harm the environment. At the old Burwood land fill site, methane gas is captured, piped underground and used to power city buildings and parts of the Christchurch Wastewater Treatment Plant (CWTP).

#### What did we achieve?

Gas extracted from the Burwood Landfill is used at the Civic Building for heating, cooling and lighting, the Christchurch Art Gallery for heating and the CWTP for drying biosolids.

The kerbside collection system continues to perform well and in line with expectations.

BRRP has continued to take construction and demolition waste. In 2016 the plant sorted 78,270 tonnes (2015: 192,524 tonnes). Since it opened the site has received about 700,000 tonnes.

We continue to work as part of the Canterbury Waste Joint committee towards regional waste minimisation projects.

We are working with other councils across the country on the national 'Love food, Hate waste' campaign.

## How did we measure up?

| Activity and Service   | Level of Service and Composting   | Target   | Achieved  | Result   | Prior Years  |
|--|---|--|-----------|--|--|
| Domestic kerbside collection for organic material (food and garden waste).   | Amount of organic material collected at Council facilities and diverted for composting.   | Greater than 185 kg +30%/-10% organic material collected at Council facilities and diverted for composting facility / person / year. | Achieved. | 192.14kg of material was collected at Council facilities and diverted for composting per facility / person / year. | 2015: 187.1 kg per facility/person/year.<br>2014: 194 kg per person.<br>2013: 184.5 kg per person. |
|  | Customer satisfaction with kerbside collection service for organic material.  | At least 80% of customers satisfied with Council's kerbside collection service for organic material each year.                       | Achieved. | 82%.   | 2015: 85%.<br>2014: 82%.<br>2013: 83%.   |
|  | Kerbside wheelie bins for organic material emptied by Council services.   | At least 99.5% kerbside wheelie bins for organic material, emptied when correctly placed at the kerbside each week.                  | Achieved. | 99.8%.   | 2015: 99.8%.<br>2014: 99.8%.<br>2013: 99.8%.   |
| Domestic kerbside collection service for recyclable materials.   | Customer satisfaction with kerbside collection service for recyclable materials.  | At least 90% customers satisfied with Council's kerbside collection service for recyclable materials each year.                      | Achieved. | 95% per survey in April 2016.  | 2015: 95%.<br>2014: 93%.<br>2013: 94%.   |
|  | Kerbside wheelie bins for recyclables emptied by Council services.  | At least 99.5% collection achieved when items correctly presented for collection.  | Achieved. | 99.6%.   | 2015: 99.8%.<br>2014: 99.8%.<br>2013: 99.8%.   |
|  | Recyclable materials collected and received by Council services and received for processing at the Materials Recovery Facility (MRF). | 110 kg +40%/-10% recyclable materials / person / year collected and received by Council services.                                    | Achieved. | 106 kg per person of recyclable materials collected and received.  | 2015: 110 kg per person.<br>2014: 109 kg per person.<br>2013: 112.2 kg per person.                 |
| Domestic collection services for residual waste (refuse) for households and businesses (domestic quantities only). | Customer satisfaction with kerbside collection service for residual waste.  | At least 90% customers satisfied with Council's kerbside collection service for residual waste each year.                            | Achieved. | 92% per survey in April 2016.  | 2015: 92%.<br>2014: 90%.<br>2013: 93%.   |
|  | Kerbside residual waste collection - emptied by Council services.   | At least 99.5% collection achieved when items correctly presented for collection.  | Achieved. | 99.7%.   | 2015: 99.8%.<br>2014: 99.9%.<br>2013: 99.9%.   |
|  | Tonnage of residual waste collected by Council services.  | No more than 120 kg / person / year from collection services disposed to Kate Valley.  | Achieved. | 117.7 kg per person disposed at Kate Valley.   | 2015: 116.2 kg per person.<br>2014: 109 kg per person.<br>2013: 106.4 kg per person.               |

## What assets do we use to deliver these activities?

The assets we use for refuse minimisation and disposal are the compost plant, BRRP, five transfer stations and 15 Banks Peninsula community collection points. We also rely on vehicles operated by the kerbside collection contractors and the materials recovery facility (recycling centre) owned and operated by the subsidiary company EcoCentral. Our residual waste is dumped at the Kate Valley facility owned and operated by Transwaste (39 percent owned by the Council).

## Where are we heading?

We will continue working with residents to maximise the level of recycling which is diverted from landfills, through the kerbside system. Education programmes aim to maximise the separation of organic and recyclable waste and ensure we minimise contamination of the organic and recyclable streams.

We will continue to take an active part in the Canterbury Waste Joint Committee, with programmes for waste reduction, and monitoring the reduction of waste to landfill from across Canterbury.

The BRRP will continue to sort waste in 2016/17. We expected less construction and demolition waste this year, which did not happen. We now expect it will start to drop off in late 2016.

Landfill gas from the old Burwood landfill will continue to provide energy to the CWTP, Council's civic offices and the Christchurch Art Gallery.

We continue to work with businesses to reduce the waste sent to landfill and to be more energy and water efficient.

## Service delivery in 2016/17

We will deliver the levels of service detailed in the LTP and Activity Management Plans in the 2016/17 year.

### What did it cost?

#### Refuse minimisation and disposal

| Statement of cost of services for the year ending 30 June | 2016                                       |                 |                   | 2015*                  |                   |
|---|--|-----------------|-------------------|------------------------|-------------------|
|   | Costs (After internal recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| <b>Operational outputs</b>                                |  |                 |                   |                        |                   |
| Recyclable materials collection and disposal              | 7,354                                      | 1,448           | 5,906             | 6,182                  | 6,220             |
| Residual waste collection and disposal                    | 19,347                                     | 6,942           | 12,405            | 11,848                 | 11,464            |
| Organic material collection and composting                | 17,770                                     | 4,624           | 13,146            | 13,605                 | 13,395            |
| Capital revenues  | -  | 518             | (518)             | (229)                  | (123)             |
| <b>Cost of service</b>                                    | <b>44,471</b>                              | <b>13,532</b>   | <b>30,939</b>     | <b>31,406</b>          | <b>30,956</b>     |
| <b>Capital expenditure</b>                                |  |                 |                   |                        |                   |
| Renewals and replacements                                 |  |                 | 643               | 814                    | 917               |
| Improved service levels                                   |  |                 | -                 | 27                     | 22                |
| Increased demand  |  |                 | -                 | -                      | -                 |
| Infrastructure rebuild                                    |  |                 | 3,363             | 2,468                  | 1,263             |
| <b>Total capital expenditure</b>                          |  |                 | <b>4,006</b>      | <b>3,309</b>           | <b>2,202</b>      |

#### Explanation of significant cost of service variances

Residual Waste Collection and Disposal is over plan due to \$0.6 million of additional Burwood Landfill maintenance costs. Higher volumes of residual waste resulted in increased servicing costs, but was off-set by increased fees paid for disposal.

Residual Waste Collection and Disposal is \$0.9 million higher than 2015 due to the increased maintenance explained above and an additional \$0.3 million of depreciation relating to the Burwood gas extraction plant.

#### Significant capital expenditure

\$1.8 million was spent on earthquake repairs at the Metro Transfer Station and \$1 million was spent on earthquake repairs at the Parkhouse Transfer Station, \$0.4 million was spent on Styx Transfer Station.

#### Explanation of significant capital expenditure variances

The \$0.7 million higher spend than planned is due to the earthquake repairs at the Metro and Parkhouse Transfer Stations that were deferred from 2015.

The increased spend compared to 2015 is due to additional earthquake repairs including the Metro Transfer Station, Parkhouse Transfer Station and Styx Transfer Station.

## Council activities and services

### Resilient communities

#### What is resilient communities, and what does the Council do?

Resilient communities provides:

- project funding;
- community facilities;
- events and festivals;
- sector co-ordination; and
- support and advice.

Civil Defence and Emergency Management (CDEM) works with communities to build resilience to disasters, promote understanding of hazards and risks, and develop emergency preparedness. Along with other organisations and the community, the team responds to emergencies.

Our community facilities, and community development and funding activities support residents to socialise, network and volunteer.

#### Why is the Council involved?

Local government's purpose includes meeting the current and future needs of communities for good quality local infrastructure and public services that are cost-effective.

We do this by supplying community and social infrastructure such as public amenities and facilities that allow residents to meet, socialise and develop strong and inclusive networks.

Resilient communities contributes to the Strong Communities and Liveable City Community Outcomes. We do this through CDEM initiatives, by supporting community groups with development and funding, and by providing services and facilities such as social housing. Community support encourages self determination to build community and individual resilience by involving communities and supporting input into council decision-making.

#### How does it affect me?

Resilient communities helps you live in a safer, stronger community. We offer communities expert advice on developing groups and projects. We fund projects that make your neighbourhood a better and safer place, and we provide neighbourhood facilities for socialising and recreation.

We stage events throughout the year such as New Zealand Cup and Show Week, Sparks, Christchurch Lantern Festival, Guy Fawkes fireworks and KidsFest. We also support events such as sport events (Black Caps cricket internationals, Penrith Panthers rugby league home game, All Blacks games) and the Christchurch Arts Festival.

#### What activities are involved?

##### **Community grants**

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

##### **Civil Defence and Emergency Management (CDEM)**

We co-ordinate local CDEM and train Emergency Operations Centre (EOC) staff and community volunteers and respond to civil defence emergencies in a collaborative manner with partner agencies. We promote community awareness of the likely impact of a disaster and encourage individuals, community groups, other organisations and businesses to be prepared.

##### **Rural fire management**

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

##### **Events and festivals**

Events strengthen community pride, promote the understanding of different cultures and a healthy lifestyle, and showcase the good quality of lifestyle available here. We produce a year-round programme of free and affordable events, support a range of festivals that enhance the city's lifestyle qualities, and our major events attract visitors and support key industries in Christchurch and Canterbury.

##### **Customer services**

Customer services deliver multi-channel services to the Council's customers. A 24/7 contact centre is maintained which includes phone, email and social media interaction and face to face services at suburban service desks. Customer Services, provide information, take payments, bookings, registrations and create and manage requests for service for a wide range of Council services. There are walk-in customer service points at 12 sites in greater Christchurch, from Papanui in the north to Akaroa in the south.

##### **Community facilities**

We own many community centres, halls and cottages that community groups can hire for activities such as public meetings, dance or exercise classes, social gatherings, craft groups and sports workshops. We operate a number of community facilities but wherever practicable empower community groups to operate and support them doing so.



What did we achieve?

**Community grants**

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

We distributed over \$8.1 million to 956 projects through the Strengthening Communities and Creative Communities funding schemes, an increase of \$0.6 million over the previous year. 127 fewer projects were supported than in 2015.

**Civil Defence and Emergency Management**

The CDEM team continued to promote the need for individual communities to develop their own response plans.

We continued training emergency operations centre staff, response team volunteers, and welfare centre volunteers throughout the year. Internal staff changes have resulted in fewer trained and experienced emergency operations centre management positions, and we have developed a plan to address the reduced number of EOC trained staff.

We maintained and resourced facilities for primary and alternate CDEM EOC and welfare centres. We did not follow the procedure for testing CDEM radios which resulted in not meeting the target for this level of service. We have reviewed this procedure and have trained staff in its use to ensure this target is met in future.

Relationships with the Canterbury CDEM Group staff continued to grow stronger through participation at workshops, meetings and similar gatherings.

We reviewed CDEM plans and procedures with work underway to redevelop our Tsunami Plan, and our Recovery Plan. We have also implemented a new CDEM duty officer procedure to improve emergency response capability.

**Rural fire management**

We responded within 30 minutes to all requests from NZ Fire Service for firefighting resources.

We followed procedures to ensure a reduction in the incidence and consequence of damage from fires. We updated the Rural Fire Plan in accordance with legislative requirements.

We did not achieve a target of 45 per cent of voluntary Rural Fire Force members obtaining basic fire fighter training due to the extended fire season delaying training delivery. Additional training is scheduled for July.

**Events and festivals**

We supported a full calendar of events through the year either with finances or in kind. We hosted the All Blacks, Black Caps and New Zealand Cup and Show week which allowed us to promote the Christchurch story and attract visitors to the city. We delivered leverage and legacy programmes at these events in communities and schools.

**Community facilities**

There were 59 community facilities (buildings) open over the past year. New facilities were opened at Aranui and Te Hapua. Major repairs were completed at Fendalton, Somerfield, North New Brighton and Lyttelton Recreation Centre.,

14 facilities are Council operated, one more than 2014/2015 (Te Hapua).

How did we measure up?

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service  | Level of Service                           | Target  | Achieved                   | Result  | Prior Years                                   |
|---|--|---|----------------------------|---|---|
| <b>Community grants</b><br>Delivery of the Council's Community Grants Schemes and the community loans scheme. | Effectively administer the grants schemes. | 100% compliance with agreed management and administration procedures for grants schemes.                          | Achieved.                  | Initial Strengthening Communities Fund (SCF) audit not complete however, preliminary feedback indicates 100% adherence to management and administrative procedures. |   |
|   |  | Each \$1 of grant given leverages more than \$2.00 worth of services.   | Achieved.                  | Each \$1 of grant funding leverages \$6.89 of services.   |   |
|   |  | The distribution of community grant funding enables at least 550,000 volunteer hours to be contributed each year. | 2016 Result not available. | The 2015/16 year data is not available until 30 September 2016.   | 2015: 1,251,712 volunteer hours were enabled. |

| Activity and Service   | Level of Service   | Target  | Achieved      | Result  | Prior Years   |
|--|--|---|---------------|---|---|
| <b>Civil Defence Emergency Management</b>                          |  |   |               |   |   |
| Co-ordinate civil defence readiness, response and recovery.        | Council is prepared for and maintains an effective response capacity to manage civil defence emergencies: Facility for use as an Emergency Operations Centre available for the coordination of a multi-agency response in event of an emergency. | At least two Emergency Operations Centre (EOC) activations undertaken taken per annum (event or exercise).          | Achieved.     | EOC activated for Exercise Pandora 30 July, and New Zealand ShakeOut on 15 October 2015.  | 2015: 1 Actual Activation of the EOC for Hei Hei Fire - February 2015. Due to Exercise Pandora being postponed we were not able to have an exercise to use as the second test of the EOC readiness. 2014: Four activations of the EOC occurred during the year. |
|  |  | One primary and an alternate facility available to be activated within 60 minutes                                   | Achieved.     | Two facilities identified: Function room, Civic Offices (primary), and Fendalton Service centre (alternative).  | 2015: Primary EOC - 53 Hereford Street Alternative - Fendalton Service Centre can be activated within 60 minutes. 2014: Both primary and alternate EOC facilities are available and can be activated within 60 minutes.   |
|  | Council is prepared for and maintains an effective response capacity to manage civil defence emergencies: CDEM Plans and procedures covering local response and recovery arrangements and specific contingency plans are in place.               | CDEM Plans and procedures are reviewed annually.  | Achieved.     | All plans have been reviewed with a set of actions listed for each plan.  | 2015: Plans reviewed, however Recovery Plan and Local CDEM Arrangement require further work. 2014: Plans were reviewed by 1 October.  |
| Public education to increase community awareness and preparedness. | Improve the level of community and business awareness and preparedness of risks from hazards and their consequences.   | At least 50 CDEM public education activities occur annually.  | Achieved.     | 86 CDEM public education activities were completed in 2015/16.  | 2015: 140 CDEM activities occurred. 2014: 81 CDEM public education activities occurred. 2013: 2 major promotions.   |
|  |  | At least 17% of Christchurch residents participate in CDEM meetings to enable their local community to cope better. | Not achieved. | 14% per survey. Public engagement with emergency preparedness drops as the length of time increases following a disaster. We continue to engage with geographical communities around risk and community response planning, for example Southshore Residents Association. We have also engaged with businesses, for example Compass Homes, on topics such as hazards, business resilience and preparedness. Other examples of communities we are engaging with include the Muslim and Chinese communities in Christchurch. We are re-developing our CDEM Public Education Strategy. Additionally, the new national public education strategy, to be released in July 2016, will provide us with new resources to engage with the public. | 2015: 15% of residents attended meetings that enables their community to cope better. 2014: 23% of residents have participated in meetings.   |
| <b>Rural Fire Management</b>                                       |  |   |               |   |   |
| Rural Fire reduction, readiness, response and recovery             | Reduce the incidence and consequence of damage causing fires through implementation of the policies and procedures: An approved and operative Rural Fire Plan is in place.   | Rural Fire Plan is reviewed in accordance with legislative requirements (Readiness and Response sections.           | Achieved.     | Reviewed Fire Plan was submitted to the National Rural Fire Authority on 7 July 2015 in accordance with requirements set out in statute.  | 2015: Rural Fire Plan is operative. 2014: The Fire Plan was updated 26 September 2013. 2013: Achieved.  |

| Activity and Service  | Level of Service  | Target   | Achieved      | Result   | Prior Years   |
|---|---|--|---------------|--|---|
|   | Reduce the incidence and consequence of damage causing fires through implementation of the policies and procedures: Respond to requests from NZ Fire Service requests for firefighting resources (personnel and equipment). | Response turnout initiated within 30 minutes from NZ Fire Service call for assistance.   | Achieved.     | Communications received from NZ Fire Service (NZFS) confirmed no issues with Council Rural Fire response and turn-out.   | 2015: Southern Communications (NZFS) recorded an average response time from the Council's Rural Fire Authority for pager acknowledgement of 3 minutes, 34 seconds since August 2014.<br>2014: Council rural fire authority is responding to all requests with the specified timeframe.<br>2013: No delays identified. |
|   | Reduce the incidence and consequence of damage causing fires through implementation of the policies and procedures: Issue fire permit.  | At least 90% of fire permits issued within 3 working days.   | Achieved.     | 100% (54) permits issued within 3 normal business days.  | 2015: 100%<br>2014: 96.7%<br>2013: 100%   |
| <b>Events and Festivals</b>   |   |  |               |  |   |
| Event promotion and marketing.  | Lead the promotion and marketing of Christchurch events and the city as an events destination.  | At least 90% residents' satisfaction with range of events and festivals delivered.   | Not achieved. | 84% per residents' survey.   | 2015: 86%.<br>2014: 86%.<br>2013: 90%.  |
| Manage delivery of Council Events and Festivals, provided by Council. | Attract, manage and sponsor the delivery of major event.  | Attract a range of regional, national and international events   | Achieved.     | The city has successfully secured national, and international events over the next two years.  | 2015: Achieved – ICC Cricket World Cup and FIFA U20 Football World Cup.<br>2014: 12 National events and 14 international events.  |
|   |   | Two events in place at Major Event level   | Achieved.     | International cricket, rugby, rugby league events have been secured for the next two years.  | 2015: Achieved – Three events in place.<br>2014: Achieved.  |
|   |   | At least 90% attendee satisfaction with the content and delivery across three Council-funded events.                             | Achieved.     | 92% from point of contact survey.  | 2015: Achieved 90%.<br>2014: Survey result cannot be provided.<br>2013: 86.5%.  |
| Manage the central city event spaces                                  | Manage and develop central city events spaces and advise on future venues and facilities for events   | Average of 2 event days per week in central city events spaces   | Achieved.     | The City has averaged 2.5 events days within the central city (within the four avenues).   | 2015: 15 events successfully delivered in the central city.   |
| <b>Customer Services and Online Channels</b>                          |   |  |               |  |   |
| Provide a "first point of contact" Council customer service.          | Customers are satisfied or very satisfied with the 'first point of contact' council customer service.   | 85% of customers who interact with Customer Services are satisfied or very satisfied with the service at first point of contact. | Achieved.     | 90% per the residents' survey.   | 2015: 78% in Annual Residents Survey via email and 91% via phone.<br>2014: Resident survey result 81%.<br>2012: 67%.  |
|   | Ensure Council call centre is available to answer calls.  | Council call centre services are maintained 24 hours per day, 7 days per week.   | Achieved.     | The call centre operated 24 hours a day 7 days a week.   | 2015: Call centre services maintained 24/7.<br>2014: Call centre services provided in-house 24/7, from March 2014.  |
|   | Answer call centre telephone enquiries within 25 seconds.   | Answer at least 75% of call centre telephone enquiries within 25 seconds.  | Not achieved. | 60% of calls answered within 25 seconds.<br>Training and induction of required FTE in Contact Centre to meet resource requirements now complete. This will allow adequate coverage to achieve Service Level 75/25 for the 16/17 year (75% of calls answered within 25 seconds) |   |

| Activity and Service  | Level of Service  | Target  | Achieved  | Result  | Prior Years  |
|---|---|---|-----------|---|--|
|   | Provide a walk-in customer service desk that meets future customer demand.  | A minimum of 11 walk in customer service desks. Location to be determined by population growth and demand.                          | Achieved. | Service desks have been provided in 12 locations throughout the City and Banks Peninsula. | 2015: Permanent walk in services available at 12 locations.<br>2014: Customer services provided at 11 Council locations.<br>2013: 10 service centres.                                  |
| <b>Community Facilities</b>   |   |   |           |   |  |
| Community facilities provision and operation                        | Provide community facilities  | Provide a range of 56 - 68 community facilities (subject to maintenance and facility rebuild priorities).                           | Achieved. | Range achieved through the year - currently 59 facilities open.                           | 2015: 88 community facilities were open and available to the community<br>2014: Total of 54 Halls, 10 are still closed. 44 are open.<br>2013: 29 open and 23 closed.<br>2012: 36 open. |
|   | Deliver a high level of customer satisfaction with the range and quality of Council operated community facilities | At least 80% of customers are satisfied with the range and quality of facilities.   | Achieved. | 80% per point of contact survey.  | 2015: 96%<br>2014: 95%.  |
| Provision of leased facilities for operating early learning centres | Provide and lease Early Learning Centre facilities at market rate.  | 10 Facilities leased exclusively to Early Learning Centres at market rate (subject to maintenance and facility rebuild priorities). | Achieved. | 10 facilities leased to Early Learning Centres.   | 2015: 10 facilities leased to Early Learning Centres.  |
| Support volunteer libraries   | Support volunteer libraries   | 9 voluntary library services supported (subject to maintenance and facility rebuild priorities).                                    | Achieved. | Nine voluntary library services supported.  | 2015: Nine voluntary library services supported.   |

### What assets do we use to deliver these activities?

The major assets we use are community facilities, recreation and sporting facilities, event venues owned by Council and others, parks, customer service centres, civil defence asset infrastructure, the foreshore and city spaces.

### Where are we heading?

#### Community grants

We will continue to provide contestable community grants to support community organisations to allow them to seek and leverage funding opportunities that meet the needs and aspirations of their members.

#### Civil Defence and Emergency Management

The CDEM team will continue to advise our partners and community stakeholders. This means:

- reviewing and updating CDEM related plans, procedures, guidelines etc.
- testing the tsunami alert system when daylight saving begins and ends
- helping communities develop their own community emergency response plans
- running public education programmes to primary schools and community groups to increase awareness of hazards and their consequences.
- working with Canterbury CDEM Group Emergency Management Office and partner agencies on joint planning, training and community resilience projects.

#### Events and festivals

Events and festivals activity in 2016/17 will ensure that support continues for economic impact events such as New Zealand Cup and Show Week, The Pioneer (mountain bike race), Black Caps, International Rugby, International Rugby League and the World Bowls.

Council will review its Events Strategy and will be undertaking a review of its event delivery. Work will also be undertaken to identify the resources that will support an economic agency for major events and the adopted visitor strategy. Community events will continue to be supported within Council. We have a focus on returning event activity into central city spaces and delivering a quality annual programme of free and accessible events whilst focusing on environmental sustainability.

#### Customer Services

Our service principle is to have the flexibility to respond to changing customer demand for hours, locations and channel. More and more we see customers interacting with us outside of traditional working hours and expecting to complete enquiries, applications and transactions in ways that fit around their busy lives. The provision of a 24/7 Customer Contact Centre service has begun this transformation. There are further opportunities to increase accessibility to information and service online through an improved website, social media initiatives and the provision of an online chat.

Our walk-in services will be focused on the requirements of their local communities through hours and locations. For example, Halswell Hub opened over weekends in 2015 and we increased the days of operation at Hornby Service Desk to meet the needs of

our customers. We also look to provide the model of a "one customer desk" in integrated community hubs.

### Community facilities

Community facilities are working towards:

- Completing the rebuild programme.
- Improve asset management and budget to a sustainable level.
- Ensuring facilities are fit for purpose
- Empowering community groups to operate facilities

### What did it cost?

#### Resilient communities

##### Statement of cost of services for the year ending 30 June

|  | 2016                              |               | 2015*         |               |               |
|--|-----------------------------------|---------------|---------------|---------------|---------------|
|  | Costs (After internal recoveries) | Income        | Net Cost      | Plan Net Cost | Net Cost      |
|  | \$000                             | \$000         | \$000         | \$000         | \$000         |
| Community grants                       | 10,115                            | 262           | 9,853         | 9,804         | 15,116        |
| Civil Defence and Emergency Management | 1,162                             | 27            | 1,135         | 1,540         | 1,234         |
| Rural fire management                  | 934                               | 336           | 598           | 934           | 555           |
| Events and festivals                   | 5,635                             | 568           | 5,067         | 7,071         | 8,532         |
| Customer service and on-line channels  | 7,365                             | 42            | 7,323         | 7,362         | 1,678         |
| Community facilities                   | 4,668                             | 2,533         | 2,135         | 1,870         | 3,001         |
| Capital revenues                       | -                                 | 14,271        | (14,271)      | (186)         | (487)         |
| <b>Cost of service</b>                 | <b>29,879</b>                     | <b>18,039</b> | <b>11,840</b> | <b>28,395</b> | <b>29,629</b> |
| <b>Capital expenditure</b>             |                                   |               |               |               |               |
| Renewals and replacements              |                                   |               | 1,132         | 1,982         | 1,206         |
| Improved service levels                |                                   |               | 210           | 260           | 9             |
| Increased demand                       |                                   |               | 30            | -             | -             |
| Infrastructure rebuild                 |                                   |               | 9,031         | 14,888        | 1,673         |
| <b>Total capital expenditure</b>       |                                   |               | <b>10,403</b> | <b>17,130</b> | <b>2,888</b>  |

#### Explanation of significant cost of service variances

##### Community grants

Net cost of service for the year was in line with the plan of \$9.8 million.

The net cost in 2016 was \$5.3 million lower than 2015. This reduction was due to additional grants in the prior year of \$2.3 million from the Capital Endowment Fund, \$2 million from the EQ Mayoral Fund, and \$0.4 million Community grants funding (Strengthening and Discretionary). In addition internal costs were \$0.6 million lower in 2016 due to the re-distribution of staff.

##### Civil Defence and Emergency Management

The net cost was \$0.4 million less than plan due to staff vacancies.

##### Rural fire management

Net cost for service was \$0.3 million less than plan due to an under-spend on vehicle costs along with unplanned rural fire operations which led to increased recoveries.

### Service delivery in 2016/17

In general, services in 2016/17 will not vary significantly from the LTP. We are focused on maintaining services and repairing the damage to some community facilities.

Customer services focus for 2016/17 will include the implementation of the Citizen Hub Strategy. We are proposing a shift to integrated service delivery arrangements whereby Council physical services are grouped together in convenient locations for citizens to access – a single point of contact. This will be supplemented with an assisted-digital strategy whereby most simple Council service transactions can be automated, or completed online.

##### Events and festivals

The net cost of service for 2016 was \$2.0 million less than plan. \$0.4 million relates to the delay of two Events; Ice-Fest and the World Bowls Tournament. The \$1.6 million balance is as a result of lower expenditure on staff related costs due to staff vacancies (\$0.7 million), additional revenue received from the ICC Cricket World Cup (\$0.2 million) and less being spent on the rest of the events and festival programme (\$0.7 million).

The net cost of service was \$3.5 million higher in 2015 due to the production and support of the FIFA U20 Men's World Cup and ICC Cricket World Cup. \$1.3 million is due to lower expenditure in 2016 due to staff vacancies.

##### Customer and Service and Online Channels

Net cost of service for the year was in line with the plan of \$7.3 million.

Net costs are \$5.6 million higher than in 2015 because of a change in methodology. In previous years the costs of the customer service walk in and phone services were treated as an internal overhead and apportioned across all external activities.

Community facilities

The net cost of service for 2016 was \$0.3 million higher than plan due to \$0.4 million higher operating costs and \$0.6 million higher depreciation as a result of the 2015 building revaluations. These were offset by a \$0.8 million higher than planned earthquake material damage insurance settlement.

The net cost was \$0.9 million lower than in 2015 predominately due to lower facilities rebuild costs.

Capital revenues

The \$14.1 million over recovery is due to \$13 million higher community facilities material damage insurance recoveries than planned and \$0.9 million higher capital grants.

**Significant capital expenditure**

The key projects were; \$4.6 million on Aranui Community Centre rebuild, \$2.2 million on various community facility repairs, \$1.4 million on Sumner Community Centre & Library rebuild, \$0.9 million on the community facilities renewal programme and \$0.7 million on Akaroa Gaiety Hall.

**Explanation of significant capital expenditure variances**

Capital expenditure was \$6.7 million lower than plan as a result of the delay in the community facility rebuild and repair programme, the budget has been carried forward to the new financial year with planned spend on Shirley Community Centre \$2.3 million, Risingholme Hall and Homestead \$1.5 million, Sumner Community Centre \$0.8 million, Heathcote Combined Community Facility \$0.6 million, Bishopdale Community Centre \$0.6 million, Riccarton Community Centre \$0.5 million and St Martins Community Facility \$0.4 million.

Compared to 2015, spending has increased as more community facilities have been repaired under the earthquake repairs programme.

## Council activities and services

### Roads and footpaths

#### What is roads and footpaths, and what does the Council do?

We maintain the assets that provide Christchurch's local roading network comprising the carriageways, footpaths and associated drainage.

We also maintain the street lighting, street furniture, signs, road markings and tram infrastructure that supports this network.

We plan for the renewal and replacement of roading assets when age and use has deteriorated their condition below our minimum standard.

We plan and deliver road improvements and associated infrastructure to mitigate safety hazards and reduce crashes on our network.

We plan and deliver new roads, road improvements and associated infrastructure to provide for growth, address congestion and facilitate a modal shift to passenger transport and active travel.

#### Why is the Council involved?

We provide streets, roads and paths so that people have safe, easy and reliable access to homes, shops, businesses and leisure activities.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and future.

Roading activities contribute to the social, environmental and economic well-being by planning, providing and maintaining safe road networks, cycle routes and pedestrian linkages within attractive, functional streetscapes.

These activities also help achieve our Community Outcomes by:

- providing for travel options that meet community needs
- providing people with access to economic, social and cultural activities
- increasing the proportion of active travel journeys
- providing streetscapes that enhance the look and function of the city
- improving traffic safety
- supporting sustainable economic growth

#### How does it affect me?

A well maintained and managed roading network makes it easier and safer to get around the city.

A well planned roading network promotes growth and economic sustainability.

Replacing and upgrading footpaths will restore this amenity and encourage residents to adopt walking as a healthy, pleasant and easy sustainable travel option.

#### What activities are involved?

The key activities within the roads and footpaths activity include:

##### Road maintenance

We are responsible for maintaining the assets that make up the road carriageways, road drainage, footpaths and cycleways.

We are responsible for the operation and maintenance of street lighting, road marking and traffic signage.

We are responsible for street cleaning and graffiti removal.

##### Landscapes

We are responsible for maintaining the berms, verges and planting within the road corridor including street trees.

##### Network improvements

We are responsible for planning and providing new roading infrastructure and upgrading existing infrastructure to improve current network performance, addresses safety issues, encourages increased use of passenger transport and active travel options and supports economic growth.

#### What did we achieve?

SCIRT continued to address the most seriously damaged roads from the 2010/11 earthquakes under its jointly funded programme with the Crown. This programme of works is scheduled to continue through to December 2016.

In the last quarter we commenced a \$10 million programme of asphaltic resurfacing to restore ride quality and correct defects in high use arterial roads within the central business district and a \$16 million programme outside the central business district. \$1.8 million of the combined programme was completed during the year.

39 kilometres of roads were resealed through our road maintenance contracts. In addition 7 kilometres of new roads were added to the network through subdivision development.

The new road to link Wigram Road with Annex Road was completed at the end of July 2016. The Wigram – Magdala link includes a new bridge across Curletts Road and forms an essential part of the Wrights / Birmingham / Annex corridor upgrade that addresses growth in the south-west.

In the central city the Accessible City programme progressed with sections of Tuam Street, Lichfield Street and Colombo Street reaching completion in accordance with a phased programme planned over several years.

The new Ferrymead Bridge was completed to improve access and resilience on the Main Road corridor to Redcliffs and Sumner.

A significant programme of risk mitigation works to protect the Sumner corridor from rockfall hazard and restore alternative access to Lyttelton continued. The Sumner Road Zone 3A roading project of this programme was completed during the year. Construction contracts for all elements of this

programme have now been awarded, for construction to continue into 2016/17.

A focus was placed upon completing consultation and design of large number of projects for an early start to construction in the 2016/17 year.

Approximately 25 kilometres of footpaths were renewed during the year under a \$1.9 million programme.

An ongoing programme of works to repair earthquake damaged street lights and convert existing lights to LED technology continued through the year with \$2 million spent on this activity.

### How did we measure up?

| Activity and Service   | Level of Service  | Target  | Achieved                 | Result   | Prior Year  |
|--|---|---|--------------------------|--|---|
| Roads and footpaths<br>Maintain walking network - footpaths (walking network).   | Maintain the perception that Christchurch is a walking friendly city. | At least 78% agree or strongly agree.   | Achieved.                | 84%.   | 2015: 82%.<br>2014: 77% based on results from the Council general Service Satisfaction Survey.      |
|  | Maintain resident satisfaction with footpath condition.               | Satisfaction >= 45%.  | Achieved.                | 51%.   | 2015: 51% satisfaction.<br>2014: Satisfaction survey result 43% a decrease from 2013.<br>2013: 45%. |
|  | Maintain the condition of footpaths.                                  | >= 57% of footpaths rated as 'good or better'.  | Not able to be measured. | This measure has not been able to be measured during the year.   |   |
| Maintain Road Infrastructure - carriageway, kerb and channels, structures (bridges, retaining walls and culverts), street lighting, signs, road marking, on street cycle lanes and tram infrastructure | Maintain resident satisfaction with roadway condition.                | >= 25%.   | Achieved.                | 37% satisfaction.  | 2015: 30%.<br>2014: Satisfaction survey score of 27%.<br>2013: 35%.                                 |
|  | Deliver an appropriate level of sealed local road network renewals.   | The percentage of the sealed local road network that is resurfaced per year: >= 2%.   | Achieved.                | 2.6% sealed network of local roads resurfaced.   |   |
|  | Maintain road condition.  | The average quality of the sealed local road network, measured by smooth travel exposure (STE): >= 70%.   | Not achieved.            | Actual measure, developed for One Network Roads Classification (ONRC) shows a current score of 68.63. It is expected that given our current and future work programme improvements in the STE score will occur from hereon in. |   |
| Maintain Response - general maintenance such as street sweeping and graffiti removal.  | Respond within appropriate timeframes.                                | The percentage of customer service requests relating to roads and footpaths that are responded to within contractually agreed timeframes: >= 95%. | Achieved.                | 95% Contract KPI score achieved.   |   |

### What assets do we use to deliver these activities?

The Council has nearly \$2.2 billion of street assets, 36 per cent being the value of road formation and its surfacing. Other major parts of the network are the land

underneath roads and footpaths at 19 per cent, kerb and channel at 14 per cent, and footpaths at 14 per cent. The other essential assets are traffic signs, road markings, bridges, street lights, traffic signals, bus shelters, street furniture and plantings.



## Where are we heading?

We will continue to plan, build, and maintain the public road network to provide a safe, sustainable, integrated, attractive and affordable link for all users to all parts of the city.

Next year, work will be commencing on the Northern Arterial project to address northern access congestion and free up capacity on Marshlands Road and Papanui Road. Work has commenced on the core project to re-open the Sumner Road access to Lyttelton to provide for the freight needs of the port.

We continue to work on corridor and intersection improvements to address growth pressure on our networks and mitigate road safety issues.

## Service delivery in 2016/17

The SCIRT repair programme is winding up and we are preparing to transition into the post-SCIRT environment with our day to day activities remedying lower priority earthquake repairs as part of our normal maintenance and renewal activities.

We will continue to undertake road works in close consultation with SCIRT and other service authorities to minimise inconvenience and promote the most effective use of resources.

We are reviewing current maintenance cycles for street cleaning and litter collection. These were reduced post-quake and the level of service will be reviewed to address community concerns.

While most roads are now open, repairs and extensive capital programmes continue to cause inconvenience with travel times and congestion on some parts of the network.

## What did it cost?

### Roads and footpaths

#### Statement of cost of services for the year ending 30 June

|                                  | 2016                              |               | 2015*          |                 |
|----------------------------------|-----------------------------------|---------------|----------------|-----------------|
|                                  | Costs (After internal recoveries) | Income        | Net Cost Plan  | Net Cost        |
|                                  | \$000                             | \$000         | \$000          | \$000           |
| Roads and footpaths              | 105,790                           | 13,022        | 92,768         | 76,876          |
| Capital revenues                 | (28)                              | 86,722        | (86,750)       | (132,472)       |
| <b>Cost of service</b>           | <b>105,762</b>                    | <b>99,744</b> | <b>6,018</b>   | <b>(55,596)</b> |
| <b>Capital expenditure</b>       |                                   |               |                |                 |
| Renewals and replacements        |                                   |               | 20,731         | 16,317          |
| Improved service levels          |                                   |               | 3,082          | 15,001          |
| Increased demand                 |                                   |               | 23,730         | 26,241          |
| Infrastructure rebuild           |                                   |               | 115,860        | 219,365         |
| <b>Total capital expenditure</b> |                                   |               | <b>163,403</b> | <b>276,924</b>  |

### Explanation of significant cost of service variances

The roads and footpaths activity was \$16 million higher than plan. The main reasons for the variance are \$19.2 million of additional depreciation as a result of increased asset values, and \$0.5 million less subsidy received from NZTA. Offsetting this was \$1.8 million of planned expense costs now considered to be capital in nature.

The activity was \$6.0 million lower than the previous year largely due to the capitalising of rebuild work which was originally considered (\$25 million) to be operating in nature offset by additional depreciation due to increased asset values following the 2015 asset revaluation (\$19 million).

Capital revenues were \$45.7 million lower than plan due to delays in roading-related rebuild activities and growth projects.

Capital revenues are \$16.5 million higher than 2015 as the roading rebuild activity has increased.

### Significant capital expenditure

Key projects were: SCIRT programme \$105.4 million, Christchurch Transport plan 2012-2042 projects \$10.4 million, Wigram Magdala grade separation \$13.5 million, carriageway sealing \$6.6 million, subdivisions \$3.9 million, Ferrymead Bridge replacement \$2.5 million, footpath resurfacing \$1.9 million, traffic signals renewals \$1.7 million, Wigram Road upgrade \$1.5 million, Awatea/Dunbars route upgrade \$1.2 million.

**Explanation of significant capital expenditure variances**

Capital expenditure was \$113.5 million lower than planned, \$47.8 million of which relates to the commencement of the Sumner Road Corridor rebuild programme, due to delays in funding and resource consents. Additional budget variances were due to delays in a number of programmes including, the SCIRT roading programme \$36.7 million, Christchurch Transport plan 2012-2042 projects \$26.1 million and Halswell Junction Road extension \$3.4 million. These

works have been reprogrammed to future years through the amended LTP.

Capital expenditure was \$45.1 million higher than 2015. The main reasons for the increase are that a large number of capital projects were commenced or completed by SCIRT during the year. These projects include the Bridge Street bridge and approaches, \$24.4 million, roading and footpath elements of the Bromley and Woolston pump station 15 project, \$10.8 million, and Triumphal Arch (Bridge of Remembrance), \$9.6 million.

## Council activities and services

## Sewerage collection, treatment and disposal

## What is sewerage collection, treatment and disposal, and what does the Council do?

Sewerage is grey water and sewage collected from household drains, and from commercial and industrial premises. It is generally referred to as wastewater. It is collected through an underground network of pipes and pumped to treatment plants, where contaminants are removed before it is discharged safely back into the natural environment.

## Why is the Council involved?

The Council collects wastewater from Christchurch homes and businesses to protect public health.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and future.

Sewerage collection, treatment and disposal contributes to the environmental, economic and cultural well-being of the community. We collect wastewater in a reliable and safe way that protects public health, and treat and dispose of it efficiently and acceptably for the environment.

The service also contributes toward the achievement of the City's Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment and a healthy city – three of the nine goals for our city that are included in our Community Outcomes. This contribution is made by providing a sanitary wastewater collection and treatment service.

## How does it affect me?

The collection and treatment of our wastewater keeps our city healthy and protects our environment.

## What activities are involved?

**Wastewater collection**

The Council provides for the continuous collection and transportation of the City's wastewater from properties, via an underground sewerage network, to treatment plants. The main Christchurch plant is at Bromley and there are a number of smaller plants in Banks Peninsula.

**Wastewater treatment and disposal**

The City's wastewater is processed through treatment plants before being disposed of through outfalls to the sea and, at some small plants, to land. An accredited laboratory monitors results from the treatment plants to ensure that discharged treated effluent meets the required water quality standards.

## What did we achieve?

Work on repairing and replacing the City's damaged wastewater network continues with SCIRT having replaced 426 kilometres of sewer pipe and relined 135 kilometres of pipe to date (approximately 32 per cent of the total network). Alternative wastewater technology in the form of pressure sewer systems and vacuum sewer systems are now operating in areas of the city where the liquefaction risk and network damage necessitated replacement of the old gravity systems.

In addition to the SCIRT renewals within the City, the Council has completed 330 metres of wastewater renewals in Akaroa. A further 1.1 kilometres of wastewater renewals have been designed and tenders awarded with construction due to commence next financial year.

The new pressure main from Pump Station 136 in Pages Road has been completed as has the new vacuum station beside it. The new Beach Road pumping station (Pump Station 128) has been completed. This now completes the upgrade of the East North East trunk system to a new level of robustness.

Design of the project to convey raw wastewater from Lyttelton, Diamond Harbour and Governors Bay to the CWTP is underway and resource consent applications have been lodged. This project will remove discharges of treated wastewater into Lyttelton Harbour by 2022, as required by the current resource consents for discharges to the harbour.

Consents for the proposed Akaroa Wastewater Treatment Plant and changes to the reticulation network were granted, but consents for the proposed harbour outfall were declined. Consideration of alternatives to the harbour outfall including irrigation to land is underway.

The design of the South East Halswell wastewater scheme was completed; this will provide a wastewater service to greenfield areas in the Halswell area. This project also includes the diversion of the Westmorland area (Pump Station 68) away from the Pump Station 20 catchment to reduce wet weather overflows to the Heathcote River. The construction contract was put out for tender.

The design of the upgrade of the Riccarton Road wastewater pipe, in conjunction with water and stormwater pipe renewals, pavement reconstruction and the bus priority project, between Deans Avenue and Harakeke Street is complete, and construction of the upgrade to the intersection of Deans Avenue and Riccarton Road is underway.

Additional measures in progress to further reduce wet weather overflows include the sealing of vented manholes and private gully traps in flood prone areas, and the installation of non-return valves in overflow pipes. The design of the upgrade to the wastewater main on Colombo Street, between Dyers Road and Fisher Avenue, is underway.

To support the consent application for the wastewater network operation Council is undertaking a city-wide optimisation project that identifies the best mix of upgrade solutions to reduce wet weather overflows most economically.

16 wastewater pump stations have been renewed, including three on Banks Peninsula. The remaining 13 pump stations and 30 new lift stations are in Christchurch and were completed by SCIRT as part of the earthquake rebuild. Repair of Pump Station 1, the largest pump station in the City, is currently underway.

The mechanical renewals to the trickling filters, earthquake structural restoration works and the trade waste reception station at the CWTP were substantially complete by year end. Following the material damage insurance settlement, significant planning and design has been progressed for restoring the Operation/Management Buildings at the CWTP. 85 per cent of the machines at the treatment plant have been progressively upgraded to better comply with the NZ guarding standards and work is now proceeding on the more complex guarding challenges. Three of the five grit tank upgrades have been completed.

Significant work has been undertaken to place the city's SCADA control system into a purpose-built IT platform, to provide it with improved stability and security.

### How did we measure up?

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service  | Level of Service  | Target   | Achieved      | Result  | Prior Years  |
|---|---|--|---------------|---|--|
| Wastewater collection<br>Collecting wastewater from properties within the reticulated area and conveying the wastewater to treatment plants | Minimise number of dry weather sewerage overflows   | Number of dry weather sewerage overflows from the Council sewer system per 1000 connected properties per year: 0.7   | Achieved.     | 0.54 dry weather overflows per 1,000 connected properties.  |  |
|   | Provide wastewater collection in a safe, convenient and efficient manner (customer satisfaction).   | Proportion of customers satisfied with the wastewater services: >= 75%   | Achieved.     | 80%.  | 2015: 78%<br>2014: 74%<br>2013: 84%.   |
|   | Provide wastewater collection in a safe, convenient and efficient manner (attendance and resolution).   | Attendance time: Median response time from the time that the territorial authority receives notification to the time that service personnel reach the site: < 1 hour.                                      | Achieved.     | Median response time of 29 minutes.   |  |
|   |   | Resolution time: Median response time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault: < 24 hours. | Achieved.     | Median response time 1 hour 50 minutes.   |  |
|   | Provide wastewater collection in a safe, convenient and efficient manner (blockage complaints; odour complaints; sewerage system faults; complaints remediation). | Number of odour complaints received per 1,000 connected properties per year: less than 0.3.  | Not achieved. | 0.52 odour complaints received per 1,000 connected properties per year.   | 2015: 4 odour complaints per 10,000 properties served.<br>2014: 1.8 odour complaints per 10,000 properties served. |
|   |   | Number of blockage complaints received per 1,000 connected properties per year: less than 10.  | Achieved.     | 6.19 blockage complaints per 1,000 connected properties per year.   |  |
|   |   | Number of sewerage system faults complaints received per 1,000 connected properties per year (excludes blockages and odours): less than 0.3.   | Not achieved. | 0.53 sewerage system faults received per 1,000 connected properties per year. The high number in part represents teething issues with the new low pressure pumps. |  |

| Activity and Service   | Level of Service   | Target  | Achieved  | Result  | Prior Years   |
|--|--|---|-----------|---|---|
|  |  | Proportion of complaints remediated to the customers satisfaction: greater than 95%   | Achieved. | 99%.<br>12 complaints remediated from 1,142 jobs. |   |
| <b>Wastewater treatment and disposal</b>   |  |   |           |   |   |
| Operate and maintain treatment plants, discharge structures/outfalls and biosolids reuse/disposal. | Maintain consent compliance for wastewater treatment plants. | Number of major and / or persistent breaches of resource consent for Wastewater Treatment Plants or associated discharges: 0. | Achieved. | Zero.   | 2015: No major/persistent breaches reported by ECan.<br>2014: No Major/persistent beaches reported by ECan.<br>2013: Nil. |
|  |  | Number of abatement notices: 0.   | Achieved. | 0 abatement notices.                              |   |
|  |  | Number of convictions: 0.   | Achieved. | 0 convictions.                                    |   |
|  |  | Number of enforcement orders: 0.  | Achieved. | 0 enforcement orders.                             |   |
|  |  | Number of infringement notices: 0.  | Achieved. | 0 infringement notices.                           |   |
|  | Minimise odour complaints from wastewater treatment plants.  | Number of odour events per 10,000 properties served: less than 0.1.   | Achieved. | 0 odour events per 10,000 properties served.      | 2015: 0.06 odour events per 10,000 properties served.<br>2014: Nil.<br>2013: Nil.   |
|  |  | Compliance with ECan resource consents for discharges to air: 100%  | Achieved. | 100% compliance with ECan resource consents.      | 2015: ECan air discharge consents were met.<br>2014: ECan air discharge consents were met.<br>2013: Fully compliant.      |

### What assets do we use to deliver these activities?

The Council's wastewater collection activity uses the network of wastewater pipes along with the associated laterals (which connect Council pipes to individual properties at the property boundary), manholes, flush tanks, pump stations and other structures.

The wastewater treatment and disposal activity relies on the wastewater treatment plant at Bromley, along with smaller treatment plants on the Banks Peninsula, and the outfalls and land disposal areas are used for disposal.

### Where are we heading?

Work to repair damaged city infrastructure will continue to progress as SCIRT completes repair of wastewater catchments and associated infrastructure services. SCIRT's work will finish at the end of 2016. Council continues to work very closely with SCIRT in the delivery of the infrastructure rebuild.

Construction of the South East Halswell wastewater scheme will commence shortly and is due for completion by the end of 2017.

Construction of the upgrade of the Riccarton Road wastewater pipe, in conjunction with water and stormwater pipe renewals, pavement reconstruction and the bus priority project, between Deans Avenue and Harakeke Street has commenced and is due for completion by the end of 2017. The upgrade to the intersection of Deans Avenue and Riccarton Road will be complete by the end of 2016.

Construction of the upgrade to the wastewater main on Colombo Street, between Dyers Road and Fisher Avenue will commence and will be completed by mid 2018.

Replacement of 1.1 kilometres of wastewater mains in Akaroa and design and construction of 1.0 - 2.5 kilometres of Christchurch city wastewater mains will be undertaken.

Eight wastewater pump station renewals are planned as part of normal prioritised work programme.

Earthquake repairs and renewals will continue at CWTP. The significant works include completion of the grit trap upgrade, renewal of the two biosolids dewatering belt presses and Stage 1 of the building restoration programme. In addition the following works will be completed by December 2016: South Gallery

restoration, Biofilter 1 media replacement and repairs to process buildings.

The second stage of the Wainui Wastewater Scheme has been deferred until 2018. This stage will see a new treatment plant constructed on the Council forestry block and all areas of the Wainui Township connected to this plant through new reticulation systems.

Work to further improve the SCADA control system will focus on the replacement of legacy equipment in the City's wastewater pump-stations.

### What did it cost?

#### Sewerage collection, treatment and disposal

##### Statement of cost of services for the year ending 30 June

|                                   |                                   |                |                 | 2016           | 2015*            |
|-----------------------------------|-----------------------------------|----------------|-----------------|----------------|------------------|
|                                   | Costs (After internal recoveries) |                |                 | Plan Net Cost  | Net Cost         |
|                                   | \$000                             | Income \$000   | Net Cost \$000  | \$000          | \$000            |
| Wastewater collection             | 31,676                            | 3,627          | 28,049          | 50,981         | 46,476           |
| Wastewater treatment and disposal | 25,870                            | 7,088          | 18,782          | 20,255         | (27,208)         |
| Capital revenues                  | (65)                              | 132,389        | (132,454)       | (41,963)       | (188,531)        |
| <b>Cost of service</b>            | <b>57,481</b>                     | <b>143,104</b> | <b>(85,623)</b> | <b>29,273</b>  | <b>(169,263)</b> |
| <b>Capital expenditure</b>        |                                   |                |                 |                |                  |
| Renewals and replacements         |                                   |                | 13,549          | 18,605         | 5,197            |
| Improved service levels           |                                   |                | 1,529           | 1,992          | 4,277            |
| Increased demand                  |                                   |                | 3,411           | 18,264         | 17,633           |
| Infrastructure rebuild            |                                   |                | 267,917         | 146,549        | 286,851          |
| <b>Total capital expenditure</b>  |                                   |                | <b>286,406</b>  | <b>185,410</b> | <b>313,958</b>   |

#### Explanation of significant cost of service variances

##### Wastewater collection

The net cost of service was \$22.9 million lower than plan. This was due to capitalising \$34.6 million of costs originally considered to be an expense, offset by; \$7 million of depreciation, \$3.5 million of rebuild projects being treated as operational costs, and \$0.9 million of electricity costs. The increase in depreciation was due to higher than planned capital expenditure in 2015 while the increase in electricity was due to the new pump stations which came on line.

The net cost of services was \$18.4 million lower than 2015. This was the result of the \$34.6 million of capital cost and \$7.4 million less repair work on rebuild projects, offset by \$19.7 million of increased depreciation, \$1.7 million increased debt servicing costs and increased overhead allocation, \$1.6 million.

##### Wastewater treatment and disposal

The net cost of service was \$46 million higher than the prior year because 2015 included the reversal of a \$46 million asset impairment from 2014.

##### Capital Revenues

Capital revenues were \$90.5 million higher than plan due to central Government funding of \$74 million, final settlement of material damage insurance claims

### Service delivery in 2016/17

In parts of the City where the network is not performing as it should (remaining occupied properties in red zones) the Council will continue to provide temporary services until policy decisions are confirmed on the long term use of these areas. Maintenance of service to these isolated properties is very expensive in comparison to the rest of the City. Levels of service detailed in the LTP and Activity Management Plans will be delivered in 2016/17 year.

\$10 million, and higher development contributions \$6.3 million.

Revenues were \$56.1 million lower than in 2015 as rebuild activity has slowed compared to last year's activity and less growth work has been undertaken.

#### Significant capital expenditure

The projects constructed during 2015/16 included: SCIRT delivered wastewater reticulation projects \$267.9 million, sewerage collection and treatment renewals programme \$11.4 million, earthquake repairs at the wastewater treatment plant \$3.4 million, Wairakei diversion \$2.1 million, and Trade Waste facility renewal \$1.5 million.

#### Explanation of significant capital expenditure variances

Capital expenditure was \$101 million higher than plan largely as a result of \$120 million additional SCIRT work delivered in wastewater reticulation, partly off-set by the deferral of \$20.3 million of waste water improvement projects. These deferred projects have been reprogrammed for delivery in future years.

The \$27.6 million decrease in capital spend compared to 2015 is due to less earthquake repair projects undertaken by SCIRT.

## Council activities and services

### Sport and Recreation

#### What is sport and recreation, and what does the Council do?

These services provide city recreation and sports facilities, sports parks and deliver facility and community-based programmes.

#### Why is the Council involved?

The Council aims for a number of outcomes. For sport and recreation these include that:

- people have equitable access to parks, open spaces, recreation facilities and libraries
- more and more people take part in recreation and sport
- Christchurch is recognised as a great place to work, live, invest and do business
- services are available locally in urban areas
- people are actively involved in their communities, local issues and decision-making.

Sport and recreation activities contribute to the social and economic well-being of the community by offering a wide range of facilities such as pools, leisure centres, stadia and sporting facilities as well as services, programmes and events, many of which are based around those facilities.

Sport and recreation services also contribute to achieving four of the City's Community Outcomes:

- People have a sense of connection to and participate in their community
- People participate in a wide range of recreational activities
- Christchurch's culture and heritage are valued
- Christchurch is a good place to do business.

We do this by giving everyone the opportunity and encouragement to take part in leisure, sport and physical activities. We also benefit the city economy through the industry associated with providing residents opportunity to live a healthy and active lifestyle.

#### How did we measure up?

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service   | Level of Service  | Target  | Achieved  | Result                    | Prior Years |
|--|---|---|-----------|---------------------------|-------------|
| <b>Recreation and Sports Services</b><br>Multi-purpose recreation and sport centres, swimming pools, stadia and other recreation and sporting facilities. Facilities provided at a city-wide and local level as appropriate. | Deliver a high level of customer satisfaction with the range and quality of facilities. | At least 80% of customers are satisfied with the range and quality of facilities (5.6 on a 7 point scale using CERM international benchmark). | Achieved. | 5.9 CERM rating achieved. | 2015: 84%   |

#### How does it affect me?

You may use our recreation and leisure facilities like the Pioneer, Graham Condon or Jellie Park Recreation and Sport Centres or our sports parks around the City.

#### What activities are involved?

##### Recreation and sports facilities

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

##### Sports parks

We provide and maintain specialised sports grounds to cater for organised sports and other recreational activities.

#### What did we achieve?

We have commenced a programme to build the capacity of our sports parks with a focus on fewer assets requiring maintenance by improving the playing capacity of our key sports parks. We are in the process of developing a sports field network plan and management plan in consultation with the community.

Te Hapua was opened providing a new library and community centre as a hub with the repaired Halswell Pool. Resident's passion for physical activity continues with over 3.62 million visits to recreation and sport centres and services over the past year

We collaborated with Water Safety New Zealand to run 100,580 affordable swim lessons to communities that needed them the most.

Planning and design work has continued on four major recreation and sport facilities including: Metropolitan Recreation and Sport Facility, Eastern Recreation and Sport Centre, Nga Puna Wai Sports Hub and South Western Recreation and Sport Centre.

**Council activities and services - Sport and recreation**

| Activity and Service   | Level of Service   | Target   | Achieved  | Result  | Prior Years   |
|--|--|--|-----------|---|---|
|  | Provide residents access to fit-for-purpose recreation and sporting facilities.  | Eight paddling pools open seasonally: open Nov to Mar. New Brighton, Scarborough, Spenser, Abberley, Avebury, Botanic Gardens, Edgar MacIntosh, Woodham (subject to maintenance, public holiday schedules and rebuild priorities).                         | Achieved. | Eight pools open.   | 2015: Eight paddling pools were open<br>2014: Six open.<br>2013: Three open.                                  |
|  |  | Five public outdoor pools open seasonally: Jellie Park, Lyttelton, Halswell, Templeton and Waltham; open Nov to Mar (subject to maintenance, public holiday schedules and rebuild priorities).   | Achieved. | Five pools open.  | 2015: Five public outdoor pools were open.<br>2014: Three open.<br>2013: Three open.                          |
|  |  | Five stadia; Cowles, Lyttelton, Pioneer, Graham Condon and Hagley, available for hire 364 days per year (subject to maintenance, public holiday schedules and rebuild priorities).   | Achieved. | Five stadia open.   | 2015: Four stadia available and open.<br>2014: Four open.<br>2013: Four open.                                 |
|  |  | Graham Condon, Jellie Park and Pioneer: Open 364 days per year 99-106 hrs/week. Mon-Fri: 5.30am-9.30pm. Sat/Sun: 7.00am-8.00pm (opening hrs subject to maintenance, public holiday schedules).   | Achieved. | 364 open days achieved.<br>Three centres open 364 days for 102 hours per week, some additional hours for specific bookings. | 2015: Three facilities, open and available.<br>2014: Three open.<br>2013: Three open.                         |
|  |  | QEII Fitness @ Parklands: Open 364 days/year 70-84 hrs/week. Mon-Thu: 6.00am-9.00pm. Friday: 6.00am-6.00pm. Sat/Sun: 8.00am-2.00pm (opening hours subject to satisfactory levels of demand, maintenance, public holiday schedules and rebuild priorities). | Achieved. | 364 open days achieved.<br>Centre open 364 days and 84 hours a week, no additional bookings.                                | 2015: QEII Fitness @ Parklands open and available.<br>2014: QEII Fitness @ Parklands, was open and available. |
|  |  | Sixteen sporting and recreation facilities maintained and available for lease (opening hours subject to maintenance, public holiday schedules and rebuild priorities).   | Achieved. | 16 facilities available for lease.  | 2015: 17 achieved.<br>2014: 17 achieved.<br>2013: 13 centres achieved.  |
|  |  | Two community outdoor pools open seasonally: Governors Bay, Port Levy (subject to maintenance, public holiday schedules and rebuild priorities).   | Achieved. | Two community pools open.   | 2015: Two pools open.<br>2014: Two pools open.<br>2013: Two open.   |
| Capacity building of recreation and sport through community organisations and individuals at all levels. | Support community based organisations and networks to develop, promote and deliver recreation and sport in Christchurch. | 4,000 staff hours of support provided to at least 100 organisations.   | Achieved. | 4,692 staff hours provided to support 102 organisations.  |   |
| Facility based recreational and sporting programmes and activities.                                      | Provide well utilised facility-based recreation and sporting programmes and activities.                                  | The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 100,000 participations in Swimsafe lessons.  | Achieved. | 100,580 participants in Swimsafe lessons.   | 2015: 108,099.<br>2014: 107,829 participations in Swimsafe lessons.   |
|  |  | The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 3.32 million.  | Achieved. | 3.62 million people.  | 2015: 3.77 million.<br>2014: 3.65 million.<br>2013: 3.56 million.   |



| Activity and Service  | Level of Service  | Target  | Achieved      | Result  | Prior Years   |
|---|---|---|---------------|---|---|
|   |   | The number of participants using multi-purpose recreation and sport centres, outdoor pools and stadia: At least 4.82 visits to aquatic facilities/head of population. | Achieved.     | 5.59 visits to aquatic facilities per head of population.   | 2015: 6.08 visits<br>2014: 5.21 visits.<br>2013: 5.45 visits. |
| <b>Sports Parks</b><br>Provide and manage sports parks, including the facilities on them. | Provide access to fit-for-purpose sports parks.   | 112 Sports Parks with an area of 1,230 hectares (subject to grounds allocation, closure, maintenance and rebuild priorities).   | Achieved.     | 112 sports parks with an area of 1,230 hectares provided.   |   |
|   |   | More than 95% of Urban Parks contract technical specifications pertaining to sports park facilities are met.  | Achieved.     | 95% of contract technical specifications met.   | 2015: 85% across all activities.<br>2014: 97%.                |
| Provide and manage sports parks, including the facilities on them.                        | Deliver a high level of customer satisfaction with the range and quality of sports parks. | 90% customer satisfaction with the range and quality of sports parks.   | Not achieved. | 63% customer satisfaction. A disproportionate number of negative comments relating to facilities-amenities. | 2015: 85%.<br>2014: 88%.<br>2013: 84%.                        |
|   | Provide well utilised sports parks.   | Sports parks are allocated to sporting codes seasonally, summer and winter (subject to closure, maintenance and rebuild priorities).                                  | Achieved.     | Sporting parks allocated.   |   |

### What assets do we use to deliver these activities?

The main assets used for recreation and sports are the Pioneer, Jellie Park and Graham Condon Recreation and Sports Centres, along with 17 sports facilities such as the Hagley Oval and Denton Park.

### Where are we heading?

The Council has committed to build a Metro Sports Facility, a Recreation and Sport Centre in the East, North East and West, and a sporting Hub at Nga Puna Wai. A facilities rebuild process will guide the Council and the community through the repair or replacement of other damaged facilities. We will focus on assisting community organisations to plan ahead and succeed in the changed environment.

We will also continue working with our communities to ensure everyone can take part at whatever level they choose.

### Service delivery in 2016/17

Recreation and sports services will continue through 2016/17. Planned repairs of Pioneer and Jellie Park Recreation and Sport Centres will ensure minimal disruption to the visitors. Preparation work with the community will ensure preparations are completed for new facility openings in 2017/18.

Achieving levels of service in 2016/17 will be challenging due to an extensive programme of facility repairs at Pioneer and Jellie Park. In the short term there is an increasing number of breakdowns as a result of electing not to close these facilities for repair before the other facilities in the portfolio are repaired. Both will have a negative impact on the ability to meet levels of service.

What did it cost?

**Sport and recreation**

Statement of cost of services for the year ending 30 June

|                                  |                                   |               |               | 2016          | 2015*         |
|----------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
|                                  | Costs (After internal recoveries) | Income        | Net Cost      | Plan Net Cost | Net Cost      |
|                                  | \$000                             | \$000         | \$000         | \$000         | \$000         |
| Recreation and sport facilities  | 28,500                            | 13,249        | 15,251        | 10,902        | 11,747        |
| Sports parks                     | 10,707                            | 186           | 10,521        | 9,030         | 9,346         |
| Capital revenues                 | (9)                               | 8,677         | (8,686)       | (11,770)      | (5,829)       |
| <b>Cost of service</b>           | <b>39,198</b>                     | <b>22,112</b> | <b>17,086</b> | <b>8,162</b>  | <b>15,264</b> |
| <b>Capital expenditure</b>       |                                   |               |               |               |               |
| Renewals and replacements        |                                   |               | 4,508         | 6,912         | 3,958         |
| Improved service levels          |                                   |               | 103           | 215           | 848           |
| Increased demand                 |                                   |               | 2,957         | 5,728         | 450           |
| Infrastructure rebuild           |                                   |               | 5,810         | 5,390         | 8,794         |
| <b>Total capital expenditure</b> |                                   |               | <b>13,378</b> | <b>18,245</b> | <b>14,050</b> |

**Explanation of significant cost of service variances**

Recreation and sports facilities

The net cost of service for 2016 was \$4.3 million higher than plan; \$3 million was due to increased depreciation resulting from the 2015 buildings revaluation. Revenue was slightly below plan and maintenance above plan due to higher than planned maintenance costs for Pioneer and Graham Condon facilities and Spencer Park camping ground.

The net cost of service was \$3.5 million higher than in 2015 due to an increase in depreciation expense resulting from the revaluation of buildings in 2015.

Sports parks

The net cost of service was \$1.5 million higher than plan. Depreciation was \$0.7 million higher as a result of the 2015 buildings revaluation and asset management and overheads were \$0.7 million higher.

The net cost of service was \$1.2 million higher than 2015. This was due to \$0.6 million higher depreciation as a result of the 2015 building revaluation and \$0.5 million higher asset management and overheads.

Capital revenues

Revenues are \$3 million less than plan due to \$5 million less material damage insurance recoveries received, offset by the receipt of \$1 million more development contributions and an additional \$1 million of capital grants (\$0.6 million for the Heathcote Community Centre and \$0.3 million for sport pitches).

Capital revenues were \$3 million greater than 2015 due to higher earthquake related capital recoveries in 2016.

**Significant capital expenditure**

\$5.7 million were spent on a mixture of Sport and Recreation Park renewals projects. Significant earthquake repairs were carried out on the Wharenui Recreation Centre (\$1.7 million), and a range of sport and recreation park earthquake repair projects (\$1.7 million). Lyttelton Recreation Centre (\$1.4 million) and East Pool Recreation facility QEII (\$0.9 million). In addition \$1.2 million was spent on Hospital Corner Sports Fields development and \$0.7 million to provide toilets and changing facilities within Canterbury Agricultural Park.

**Explanation of significant capital expenditure variances**

Sport and Recreation capital expenditure is \$4.9 million lower than planned. The new South West Leisure Centre (\$2 million site location is still to be approved) and the Nga Puna Wai Sports Hub (\$1.3 million) were placed on hold while the programme was reviewed and funding issues were resolved. The district sports park purchases were also underspent (\$1 million). These projects are now planned for delivery in future years.

Overall capital expenditure was \$0.7 million lower than 2015. This was primarily the result of the decrease in earthquake repairs works.

## Council activities and services

### Stormwater drainage

#### What is stormwater drainage, and what does the Council do?

Stormwater drainage protects the community from the harmful effects of surface flooding within levels defined in the LTP. The levels are also set to minimise the adverse effects of stormwater on the environment.

We have been focussing on rebuilding the network through the SCIRT delivery programme and developing a repair programme identified within the Land Drainage Recovery Programme (LDRP). These programmes are helping us to understand the effects of the earthquakes on land drainage. These works are tied with our asset renewals programme which will help deliver infrastructure needed to adapt to the new post-earthquake environment.

The Valentine's Day earthquake highlighted our response activities. Following the earthquake we applied a rapid stopbank assessment technique to identify areas requiring immediate repair.

#### Why is the Council involved?

Looking after natural waterways and stormwater networks by keeping a well maintained stormwater drainage system helps to decrease flood risk, safeguard public health, and allow transport and other infrastructure networks to function. They also help to protect water quality and maintain the health of ecosystems.

#### How does it affect me?

Good quality stormwater infrastructure provides the basis for a functioning city through dry streets, homes, businesses and properties. Such infrastructure also protects public health by reducing the potential for pollution to get into natural waters. The improvements made to the network will also increase ecological, landscape, recreational and cultural values.

#### What activities are involved?

Council runs and maintains the stormwater drainage system to agreed levels for surface water management systems, such as streams, rivers, utility waterways, basins, pumps, structures, pipes and screens.

#### What did we achieve?

We kept our main focus on asset repairs, and planning for the rebuild of damaged assets through SCIRT and our operations team. Updating of the Land Drainage Asset Management Plan has provided a strong basis for planning future investment in network renewals, and capacity upgrades required to reduce flooding and service future growth.

Under the LDRP we are doing major investigations of the Avon, Styx and Heathcote Rivers and their tributaries including the Dudley Creek catchment, which is a priority. The LDRP is increasing capacity in the network and reducing regular flooding in areas such as Aranui, Bexley, Woolston, Somerfield/Opawa, Heathcote Valley, Mairehau and elsewhere. We continued to monitor and maintain temporary stop banks, with enhancements progressing to detailed design. The stopbanks protect us against tidal events in the short term while we await a decision on the Residential Red Zone.

We finished several CERA/Council funded projects to fix some of the earthquake damage to the drainage network, for example removing accumulated silt from parts of the network.

The Canterbury Street Inlet debris trap was constructed to reduce the risk of blockage in Lyttelton. The Bridle Path Drain diversion at Martindales Road was completed along with a number of inlet modifications to reduce risk of flooding in the Heathcote Valley area.

A review of the stormwater maintenance contract is currently underway and will help maintain the network more efficiently. A more efficient network was also provided through operational improvements to several Avon River and Brighton Beach outfalls, soak pit refurbishment in Templeton and heavy maintenance of the Tullet Park Retention Basin.

A number of water quality and quantity enhancement projects were delivered in parallel with new developments. We successfully engaged with developers and other agencies to enhance and provide wider community benefits, such as in the Knight's Stream Area as part of the Longhurst development and water quality devices through the An Accessible City Project. Additional benefits in the Highsted area, beyond servicing the local growth have been delivered through upgrades to Gardiners Waterway.

In addition, Council delivered the Carr's Road Basin, extensions to the Eastman Wetlands and the Kaputone Stream realignment which enhanced ecological benefits though avoiding a number of new culvert crossings associated with the Northern Arterial project.

## How did we measure up?

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service   | Level of Service  | Target  | Achieved      | Result  | Prior Years                            |
|--|---|---|---------------|---|--|
| <b>Stormwater drainage</b><br>Provide and maintain the stormwater drainage system (surface water management systems, such as streams, rivers, utility waterways, basins, structures, pipes). | Customer satisfaction with Stormwater Drainage Management.  | At least 65% customers satisfied.   | Not achieved. | 50% customer satisfaction. This is an Increase from 45% in 2015, reversing downward trend seen annually since earthquakes.  | 2015: 45%.<br>2014: 51%.<br>2013: 56%. |
|  | Number of complaints received by CCC about the performance of the stormwater system.                            | Number of complaints about the performance of the stormwater systems, per 1000 connected properties: 9.   | Achieved.     | 8.4 complaints per 1,000 connected properties.  |  |
|  | Resource consent compliance for consents held by Land Drainage Operations for discharge from stormwater system. | No major or persistent breaches of Resource Consent conditions regarding the management of waterways and the land drainage system per year, resulting in court action by ECan.    | Achieved.     | 100% resource consent compliance.   | 2015: 100%.<br>2014: 100%.             |
|  |   | Number of abatement notices: 0.   | Achieved.     | 0 abatement notices.  |  |
|  |   | Number of convictions: 0.   | Achieved.     | 0 convictions.  |  |
|  |   | Number of enforcement orders: 0.  | Achieved.     | 0 enforcement orders.   |  |
|  |   | Number of infringement notices: 0.  | Achieved.     | 0 infringement notices.   |  |
|  | Response times to attend a flooding event.  | Median response time to attend a flooding events, from time of notification received: 30 minutes.   | Not achieved. | Median response time greater than 30 minutes. Only one flooding event to a single property during the year. Confusion over the cause and extent of flooding to single property delayed contractor response. |  |
|  | Stormwater system is adequate to deal with flood events up to a 1 in 5 year event.                              | For each flooding event, the number of habitable floors affected, expressed as an average per 100,000 properties connected to the territorial authority's stormwater system: < 1. | Achieved.     | Average of 0.66 habitable floors affected per 100,000 properties connected to the stormwater system. One flood event affecting habitable floors in 2015/16 with one property being affected.                |  |
|  |   | Total number of flooding events per annum, measured as a 10 year rolling average: < 2.  | Achieved.     | One flood event in 2015/16. The 10 year rolling average less than 2 events.   |  |

## What assets do we use to deliver these activities?

The stormwater drainage activity manages and maintains 860 kilometres of underground stormwater pipes, 11,741 manholes, 59 kilometres of boxed surface drains, 112 kilometres of unlined surface drains, 11.3 kilometres retaining walls, 12.1 kilometres stopbanks, and 158 kilometres of rivers and tributaries.

## Where are we heading?

Maintaining the stormwater network is a key focus for Council. Modern technologies are being applied through the updated maintenance contracts to better record, track and implement maintenance activities. Condition and damage assessment projects delivered through the LDRP have identified immediate repairs, which are being fixed rapidly utilising the maintenance

contractor. Lower priority repairs have been planned for delivery in the coming years.

We will roll out "root cause" analysis and creative problem solving techniques at a number of historical flooding sites. These techniques have been developed this year and have been successfully applied in areas with repeat flooding incidents, such as, Bradshaw Tce, Glasnevin Dr and Runnymead Dr.

It is also planned to further enhance our aquatic pest management of the Styx, Avon and Heathcote rivers.

## Service delivery in 2016/17

SCIRT work will be complete by the end of the 2016 calendar year. The SCIRT works, in conjunction with the LDRP programme will see major changes to the stormwater network in parts of the city. We will deliver the levels of service detailed for the 2016/17 year in the LTP and Activity Management Plans. The LDRP investigations will be substantially complete and will

provide a strong basis for planning future years work activities. This information will be used to guide both prioritisation and costing of modifications to the Land Drainage network and flood protection measures to address network issues, some of which will be fast-tracked to maximise their benefit to the community with works completed and commencing in 2016/17.

## What did it cost?

### Stormwater drainage

#### Statement of cost of services for the year ending 30 June

|                                  | 2016                                    |               | 2015*               |                |
|----------------------------------|---|---------------|---------------------|----------------|
|                                  | Costs (After internal recoveries) \$000 | Income \$000  | Net Cost Plan \$000 | Net Cost \$000 |
| Stormwater drainage              | 29,506                                  | 1,388         | 28,118              | 27,136         |
| Capital revenues                 | (71)                                    | 15,611        | (15,682)            | (35,074)       |
| <b>Cost of service</b>           | <b>29,435</b>                           | <b>16,999</b> | <b>12,436</b>       | <b>(7,938)</b> |
| <b>Capital expenditure</b>       |   |               |                     |                |
| Renewals and replacements        |   |               | 1,994               | 1,206          |
| Improved service levels          |   |               | 64                  | 604            |
| Increased demand                 |   |               | 65                  | 1,569          |
| Infrastructure rebuild           |   |               | 48,447              | 45,034         |
| <b>Total capital expenditure</b> |   |               | <b>50,570</b>       | <b>48,413</b>  |

### Explanation of significant cost of service variances

#### Stormwater drainage

The Stormwater drainage net cost of service was \$6.2 million more than planned. This was largely driven by \$7.4 million of repair work (originally considered to be capital in nature), and \$0.8 million of additional depreciation. Off-setting this, temporary rebuild maintenance net costs were \$2 million lower than plan.

Stormwater drainage spend was \$0.9 million higher than last year. The main variances were the waterway utilities repair work (\$7.4 million) and \$1.2 million less of rebuild recoveries. Off-setting the higher costs were \$2.5 million lower maintenance costs, \$3.6 million of expense which was subsequently capitalised and \$1.4 million lower operating costs as a result of reducing temporary earthquake repair costs.

#### Capital revenues

Capital revenues were \$9.5 million higher than plan due to \$13.1 million of material damage insurance recoveries, partially offset by \$3.8 million lower development contributions.

Capital revenues were \$19.4 million lower than 2015 due to \$14 million less Crown contributions and \$3.6 million less material damage insurance recoveries. In addition development contributions were \$1.6 million lower.

### Significant capital expenditure

\$48.4 million was spent on SCIRT delivered stormwater projects and \$2.1 million on the stormwater renewals and improvements programme.

#### Explanation of significant capital expenditure variances

Capital Expenditure was \$21.9 million lower than planned. \$11.4 million was due to delays in the infrastructure rebuild land drainage programme for which construction works have been reprogrammed to future years. \$8.6 million of rebuild work was planned as capital but subsequently expensed.

In addition the \$2 million which was to be spent on the stormwater renewals and improvements programme has been reprogrammed for delivery in future years through the amended LTP.

Capital expenditure has increased \$2.1 million compared to 2015 due to more capital work completed within stormwater renewals and infrastructure rebuild programmes.

## Council activities and services

### Strategic governance

#### What is strategic governance, and what does the Council do?

Through its strategic governance activities, the Council enables local decision-making and action by, and on behalf of, communities to promote the well-being of the district now and for the future.

The Council was governed by two complementary decision-making parts.

- The Council which comprised the Mayor and 13 councillors and focuses on city issues that affect the whole district.
- Eight community boards each of which had seven members and made decisions on local community issues, activities and facilities, and help build strong communities.

Strategic governance activities ensure that Council and Community Board decision-making processes are effective, open and transparent and democratically accountable.

This involves ensuring that the community has opportunities to be involved in decision-making.

#### Why is the Council involved?

The people of Christchurch elect a mayor, city councillors and community board members at elections every three years. The Council 'governs' by making strategies, policies and decisions that direct the city's future. The Council regularly seeks community input on many issues, such as draft policies, local capital works projects, and the Annual and Long Term Plans.

Local government is responsible for meeting the residents' current and future needs for good quality local infrastructure, public services and regulatory functions in a cost-effective way for households and businesses.

Strategic governance activities and services contribute to active democracy by ensuring that individuals and groups have many opportunities to be involved in local government decision-making.

They also contribute towards achieving the Community Outcomes and help make Christchurch a well-governed city and one of diverse and inclusive communities. This is done by ensuring everyone's views are heard before the elected members make decisions and by enabling them to make the best decisions for the city.

#### How does it affect me?

The activities of the Council have a direct effect on everyone in Christchurch – whether it be by collecting kerbside rubbish, supplying safe drinking water, or maintaining parks, to hosting festivals and events. Residents can influence how the Council runs the city by voting for their representatives in local elections every three years, and by becoming involved in the decision-making process by giving comments and feedback during public consultations.

#### What activities are involved?

The public participation in democratic processes, city governance and decision-making activity within strategic governance includes the following services:

##### Public participation in democratic processes

Residents are encouraged to take part in the democratic processes of Council by having their say during consultations and decision-making. It is important that elected members take the views of the community into account, in particular from those directly affected.

##### Managing decision-making processes

This ensures that the Council's formal meetings and hearings can take place and community boards can meet. The processes include ensuring that meetings comply with all the legal requirements and decision-makers receive the appropriate advice to enable informed decision-making.

##### Local Government Elections

This includes organising elections and by-elections. Local government elections are held every three years. The next election will take place on 8 October 2016.

#### What did we achieve?

The results of our survey of residents detailed below show we still have work to do to improve resident perceptions. We will continue to focus on this in the year ahead.

There has been a concerted effort across the Council and among elected members to get out and about in the community more, engaging with our residents on key policies and plans, and seeking their views and feedback.

By establishing close working relationships with various sectors within the community, we are in a better position to accommodate community needs in its decisions.

We now provide better, timelier and more accurate information on our website. We also continue with live streaming our council meetings.

## How did we measure up?

Following the approval of the LTP, there are a few measures for which prior year results are not available.

| Activity and Service   | Level of Service   | Target   | Achieved      | Result  | Prior Years                            |
|--|--|--|---------------|---|--|
| Public participation in Community, City Governance and Decision-making<br>Providing advice, leadership and support for engagement and consultation planning and processes.                                 | Percentage of residents that feel they can participate in and contribute to Council decision making.                             | At least 41%.  | Not achieved. | 38% of residents feel they can participate in and contribute to Council decision making.  | 2015: 45%.<br>2014: 34%.               |
|  | Percentage of residents that understand how Council makes decisions.   | At least 35% based on nationwide survey.   | Achieved.     | 37%, per General Satisfaction Survey.   | 2015: 44%.<br>2014: 36%.<br>2013: 40%. |
|  | Percentage of residents that understand how Council makes decisions – targeted survey.   | 65%.   | Not achieved. | 57% per the general satisfaction survey.  |  |
|  | Percentage of residents that feel the public has some or a large influence on the decisions the Council makes.                   | At least 55%.  | Not achieved. | 42% per the general satisfaction survey.  | 2015: 44%.<br>2014: 39%.<br>2013: 36%. |
|  | Percentage of residents that feel the public has some or a large influence on the decisions the Council makes – targeted survey. | 65%.   | Not achieved. | 43% per the general satisfaction survey.  | 2015: 44%.<br>2014: 39%.<br>2013: 36%. |
| Co-ordinating, planning and managing all communication to/from the media.  | Provide media with information about the Council.  | Issue media releases, prepare perspective articles, hold media briefings within the timelines specified in Communications plans and/or within 3 hours of public decisions. | Achieved.     | The media team have issued media releases, prepared perspective articles, held media briefings and responded to media calls within the timelines specified in communications plans and/or within 3 hours of public decisions. |  |
|  |  | Respond to 90% of media calls within 24 hours, seven days a week.  | Achieved.     | Target achieved - 4,160 hours spent on media responses per annum.   |  |
| Providing external communications to inform the Christchurch community about Council, services, decisions and opportunities to participate (this include design and distribution of materials, marketing). | Provide external communications and marketing that are timely, relevant, accurate and cost effective.                            | At least 65% of residents are satisfied that Council communications are timely, relevant and accurate.   | Not achieved. | 56% of residents satisfied or very satisfied. The survey was taken in January, since then Newline, a digital news channel has been implemented.   |  |

## What assets do we use to deliver these activities?

No major assets were used in delivering this activity.

## Where are we heading?

The Council is developing a community governance model which proposes to delegate more responsibility to community boards. The model is based on the subsidiarity principle, namely that those most affected by decisions should be making them.

The 2016 local government elections will take place on 8 October 2016. This election is based on new ward and community board boundaries.

## Service delivery in 2016/17

There will be no change to service levels for 2016/17 from that outlined in the amended LTP.

What did it cost?

Strategic governance

| Statement of cost of services for the year ending 30 June                         |  |                 |                   | 2016                   | 2015*             |
|---|--|-----------------|-------------------|------------------------|-------------------|
|   | Costs (After<br>internal<br>recoveries)<br>\$000 | Income<br>\$000 | Net Cost<br>\$000 | Plan Net Cost<br>\$000 | Net Cost<br>\$000 |
| Public participation in democratic processes, city governance and decision-making | 21,574   | 614             | 20,960            | 22,303                 | 22,384            |
| <b>Cost of service</b>  | <b>21,574</b>                                    | <b>614</b>      | <b>20,960</b>     | <b>22,303</b>          | <b>22,384</b>     |
| <b>Capital expenditure</b>  |  |                 |                   |                        |                   |
| Renew als and replacements  |  |                 | -                 | -                      | -                 |
| Improved service levels   |  |                 | -                 | -                      | 9                 |
| Increased demand  |  |                 | (1)               | -                      | -                 |
| Infrastructure rebuild  |  |                 | -                 | -                      | -                 |
| <b>Total capital expenditure</b>  |  |                 | <b>(1)</b>        | <b>-</b>               | <b>9</b>          |

Explanation of significant cost of service variances

Public participation in democratic processes, city governance and decision-making

The net cost of service for 2016 is \$1.3 million lower than plan as the result of an internal restructure which resulted in substantial changes to staff and delivery of services. A large number of vacancies were held during the year.

Net costs have decreased by \$1.4 million against the prior year for the same reason

Significant capital expenditure

There was no capital expenditure.

Explanation of significant capital expenditure variances

There are no significant capital variances



## Council activities and services

### Strategic planning

#### What is strategic planning, and what does the Council do?

Strategic planning prepares the strategies, plans and policies that guide the future development of Christchurch. It includes citywide planning and co-ordination of work on post-earthquake recovery.

#### Why is the Council involved?

Our aim is to promote the well-being of our community in social, cultural, economic and environmental terms and to ensure that the city's strategic planning and policies not only meets the needs of current residents, but the needs of future generations. The purpose of local government is to play a broad role in meeting community needs for good quality local infrastructure, local public services, and performance of regulatory functions.

The Council's performance affects the economic and social well-being of the community by ensuring that there are plans to shape the form and function of the city in years to come, and to protect the city's key environmental resources and assets, including natural and cultural heritage sites.

The strategic planning work contributes to several community outcomes relating to good governance, a liveable city, strong communities, a healthy environment and a prosperous economy.

#### How does it affect me?

We all want to live in a city that is well laid out and offers exciting opportunities for work and recreation. By protecting our environment, managing growth and guiding the use and development of our infrastructure, we help make Christchurch a great place to live and do business. Further, by actively creating temporary streetscapes, activating vacant spaces and supporting the creative sector, the Council is supporting the ongoing regeneration of the City.

#### What activities are involved?

##### Strategic policy and planning

The Council develops strategies, policies and plans that set out how we intend to work in the future, and guide development across Christchurch City and Banks Peninsula. We monitor their effectiveness as well as the city's progress towards achieving our community outcomes.

#### What did we achieve?

##### Urban Design and Urban Regeneration

We supported the implementation of nine suburban masterplans. We delivered various transitional projects around the city to activate places and draw people back into areas affected by the earthquakes. The Transitional City Projects Fund and Creative Industries Support Fund supported Community-led creative projects. We also continued our support of the Life in Vacant Spaces Trust, Gap Filler and Greening the Rubble through grant funding each organisation. We have evaluated

'where to next' with this transitional work to ensure it best supports the regeneration of the city. We have prepared a draft Place-based Planning Framework to guide Council and community-led placemaking initiatives.

We have supported: Housing New Zealand and others to repair and build new housing stock in the city; the Central City Business Association, via grant funding, in their efforts to facilitate businesses to return to the CBD.

The Urban Design Panel has provided design advice into the pre-application and resource consent process. A review of the Urban Design Panel was completed and actions implemented.

Our work on warmer, drier, sustainable homes and a sustainable city has continued. We have advocated for food resilience and supported the Canterbury Sustainable Homes Working Party.

##### Strategic Policy

###### Bylaws

We reviewed the following bylaws:

- Licensed Waste Handling Facilities 2007
- Cleanfill Licensing 2008
- Waste Management 2009
- Trade Waste 2006
- Dog Control Policy and Bylaw 2008

The Council made the following replacement bylaws:

- Trade Waste 2015
- Cleanfill and Waste Handling Operations 2015
- Dog Control Policy and Bylaw 2016

We developed a new Freedom Camping Bylaw, adopted by the Council in December 2015, to protect the health and safety of campers, local residents and the natural environment and to ensure access to recreational areas.

The following bylaw reviews were started:

- Parks and Reserves Bylaw 2008
- General Bylaw 2008
- Public Places Bylaw 2008.

##### Provisional Local Alcohol Policy

The Council notified the provisional Local Alcohol Policy and we established and provided advice to an elected member working party with regard to appeals on the provisional Policy.

##### Housing Policy

A draft Housing Policy has been developed with input from housing providers, and recommended for wider community consultation. Policy advice has been provided towards the implementation of the Christchurch Housing Accord.

##### Development Contributions Policy

A stand-alone development contribution rebate policy has been adopted by the Council with three separate rebate schemes - Central City Residential; Central City Non-residential; and Small Residential Units. Work has also been undertaken on a wide ranging review of the Development Contributions Policy.

### Business Improvement District (BID) Policy

A draft Business Improvement District Policy has been developed with the assistance of a cross-sector reference group. The draft policy has been made available for community consultation.

### Visitor Strategy

The Council adopted the strategic direction outlined in the draft Visitor Strategy for the district. The strategy is aimed at ensuring the city can maximise the economic and social benefits of our visitor sector and takes advantage of the rebuild to create a strong and sustainable visitor economy.

### Stormwater Management

- Contributing to the Heathcote River stormwater management plan.
- Contributing to the stormwater management implementation plan. This plan will detail and prioritise the future capital work programme.
- Produced the vision and values documents for the Styx and Halswell Rivers and developing a draft document for the Heathcote River.

- Technical support is continuing to be provided for the Christchurch-West Melton and Banks Peninsula Zone Committees

### Natural Environment

- Ecological and landscape expertise has been provided for the proposed District Plan Review, sites of ecological significance.
- Continue to work with the Banks Peninsula Ecological Steering Group and local community conservation groups.
- Contributed to the Regional Approach to Managing Natural Hazards, led by Environment Canterbury.
- Completion of a situational analysis for natural hazards within Christchurch.
- Combined the three healthy environment water strategies to develop the draft Integrated Water Strategy.
- Contributing and member of the Partnership Steering Group for the Whakaraupo Catchment Management Plan.
- Contributing partner to the Natural Environment Recovery Plan.

### How did we measure up?

Following the approval of the LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service  | Level of Service  | Target   | Achieved      | Result   | Prior Years  |
|---|---|--|---------------|--|--|
| <b>Strategic Planning and Policy</b><br>Central City Policy and Planning. | Provide advice on central city recovery to facilitate an integrated CCC view that aligns with strategic outcomes. | Deliver initial response to request for policy, planning or design advice on central city, anchor projects, community facilities, or major facilities within 5 working days. | Achieved.     | Resource consent advice recorded.  | 2015: 85% of transitional City Programme delivered.<br>2014: 100% of milestones delivered.   |
| Natural Hazards Policy and Planning.                                      | Development of new policies, strategies and plans.  | Development of Natural Hazards Strategy and Implementation Plan by December 2015.  | Not achieved. | Situational analysis for natural hazards strategy has been completed. However the Strategy has been deferred by Council direction to join a regional natural hazards work programme. | 2015: Advice provided on regional and national policies and plans.<br>2014: Achieved - Advice on Freshwater National Policy Statement and regional plan changes delivered on time. |
| Regulations and Bylaws Policy and Planning.                               | Bylaws and regulatory policies are reviewed to meet statutory timeframes and changing needs.                      | Carry out bylaw reviews in accordance with ten-year bylaw review schedule and statutory requirements.  | Achieved.     | Bylaw reviews carried out in accordance with ten-year bylaw review schedule and statutory requirements.  | 2015: 4 bylaws reviews adopted by Council, 4 out for consultation and another 4 reviews started – on track with bylaw review schedule.<br>2014: Achieved.                          |
| Strategic Policy and Planning.  | Advice is provided to Council on high priority policy and planning issues that affect the City.                   | Recommended work programme submitted by 30 June for the following financial year.  | Not achieved. | Draft work programme has been submitted to General Manager and is on Executive Leadership Team agenda for July 2016.   | 2015: The 2015-16 work programme was drafted but submission delayed in order to ensure alignment with two reviews underway.<br>2014: Achieved.                                     |
| Urban Design Policy and Planning.   | Provide design review advice for developments across the City.  | Coordinate and support a panel of suitably qualified professionals to provide timely advice on the urban design aspects of resource consent applications.                    | Achieved.     | Urban Design Panel has operated throughout the year to review developments, mainly at the pre-application stage, with recommendations provided.                                      | 2015: Review started in June 2015. Ongoing reviews of panel process and training have occurred during 2014/2015.<br>2014: Achieved - review of panel undertaken in June 2013.      |

| Activity and Service                    | Level of Service  | Target   | Achieved  | Result  | Prior Years |
|---|---|--|-----------|---|-------------|
| Urban Regeneration Policy and Planning. | Place based policy and planning advice is provided to decision makers to support integrated urban planning. | Present an update on suburban Master plan priority actions on a six-monthly basis. | Achieved. | Update reports provided to Strategy and Finance Committee on 22 October 2015 and 19 May 2016. |             |

**What assets do we use to deliver these activities?**

No major assets are used for these activities.

**Where are we heading?**

We will work with the community to implement masterplans. We will work with Regenerate Christchurch and Development Christchurch Limited to develop agreed strategic views on regeneration priorities across the city and the best means to deliver on those priorities. We will also focus on housing provision across the city, consider how the decisions from the District Plan Review can be implemented and support organisations such as Housing New Zealand to deliver new, affordable housing for Christchurch.

We will continue to support temporary vacant space and transitional projects across the city, but also consider how this work is reshaped to best support ongoing regeneration.

Our work on sustainability will continue to focus on healthy and energy efficient homes through the Build Back Smarter and Eco-Design Advisor services. Target Sustainability will continue to support the resource efficiency of businesses and the smart design of new commercial buildings. Edible plants will be encouraged as our Food Resilience Policy is implemented. The updated Urban Development Strategy and Resilient Greater Christchurch plan will establish new partnerships and projects to tackle urban issues and manage the growth of the City and surrounding towns, and to enhance the resilience of our city. The UDS partnership will continue to provide collaborative leadership through the next phase of recovery, regeneration and planning for the long term well-being of the community.

We will continue to provide strategic natural environment advice to other areas of Council, particularly the Three Waters and Waste Unit for stormwater management plans. Advice and support will continue with our partnerships with Environment Canterbury on the CWMS Zone Committees, Whakaraupo Catchment Management Plan, and regional management of natural hazards.

We will continue to provide technical advice to submissions on national and regional policies of importance to the Council. We will continue to provide technical and design advice on Council and private sector projects both prior to and during regulatory processes.

The statutorily required review programme of the city's bylaws will continue with four bylaws scheduled for review and community consultation in 2016/17. The Alcohol Regulatory and Licensing Authority has scheduled a hearing on the appeals to the provisional Local Alcohol Policy in October 2016. Social and

economic policy advice will be provided, along with a rolling review of the Development Contributions Policy. Further policy work over 2016/17 will enable the charges in the Development Contributions Policy to be updated as early as possible in the 2016/17 year to reflect changes to the Council's capital expenditure programme.

The Wellbeing programme will focus on the implementation of the housing policy. The ongoing Managing for Outcomes programme will continue to enhance the strategic linkages between programme delivery, Council strategies and community outcomes.

The Visitor Strategy document and the policy to establish Business Improvement Districts will be completed in the coming year and attention will turn to implementation.

Council will be involved in further consultation on the Lyttelton Port Recovery Plan with collaboration with Environment Canterbury, LPC and other strategic partners. Council will continue to be involved in the review of the LURP and continued reporting on its delivery.

**Service delivery in 2016/17**

Strategic planning activities will continue to have a recovery and regeneration focus and there will be no change to the Council's capacity to deliver this activity. The focus on the District Plan Review will continue. In addition the activities will continue supporting Central City recovery, suburban centre masterplans and urban regeneration, heritage conservation, transport policy and planning, LURP implementation, completion of a draft Lyttelton Port recovery plan, support for housing development and Bylaw and Policy reviews.

What did it cost?

**Strategic planning**

| Statement of cost of services for the year ending 30 June |   |            |              | 2016          | 2015*         |
|---|---|------------|--------------|---------------|---------------|
|   | Costs (After<br>internal<br>recoveries) | Income     | Net Cost     | Plan Net Cost | Net Cost      |
|   | \$000                                   | \$000      | \$000        | \$000         | \$000         |
| Strategic policy and planning                             | 10,399                                  | 573        | 9,826        | 10,864        | 10,038        |
| <b>Cost of service</b>                                    | <b>10,399</b>                           | <b>573</b> | <b>9,826</b> | <b>10,864</b> | <b>10,038</b> |
| <b>Capital expenditure</b>                                |   |            |              |               |               |
| Renewals and replacements                                 |   |            | -            | -             | -             |
| Improved service levels                                   |   |            | -            | -             | -             |
| Increased demand  |   |            | 338          | 577           | 387           |
| Infrastructure rebuild                                    |   |            | -            | -             | -             |
| <b>Total capital expenditure</b>                          |   |            | <b>338</b>   | <b>577</b>    | <b>387</b>    |

**Explanation of significant cost of service variances**

Strategic policy and planning

The net cost of service was \$1 million lower than plan as a result of resources being redirected into supporting the District Plan Review, which sits within the Regulation and Enforcement Group of Activities.

**Significant capital expenditure**

There was no significant capital expenditure.

**Explanation of significant capital expenditure variances**

There were no significant variances.

## Council activities and services

## Transport

## What is transport, and what does the Council do?

We plan, build, operate and maintain Christchurch's major cycleway network.

We plan, build and maintain infrastructure to support the operation of the bus network and the trams, and we protect and control use of the road corridor by other parties such as service authorities and developers.

We operate and maintain the traffic lights, traffic cameras and traveller information portals.

We operate and maintain Christchurch's public parking facilities.

We plan and provide transport education initiatives.

We plan, build and maintain harbour and marine structures.

## Why is the Council involved?

We manage the road network and the facilities associated with transport services provided so that people have safe, easy and reliable access to homes, shops, businesses and leisure activities from a variety of mode choices.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and future.

Transport activities contribute to the social, environmental and economic well-being by providing transport infrastructure, providing for passenger transport and active travel options, operating the road network efficiently and providing transport education.

These activities also help achieve our Community Outcomes by:

- providing for travel options that meet community need
- providing people with access to economic, social and cultural activities
- increasing the proportion of active travel journeys
- providing streetscapes that enhance the look and function of the city
- improving traffic safety
- keeping people safe from crime
- using energy more efficiently
- supporting sustainable economic growth
- supporting a vibrant and prosperous business centre.

## How does it affect me?

A well managed transport network makes it easier and safer to get around the city.

A well planned roading network promotes growth and economic sustainability.

Providing good, safe cycling facilities will encourage the "interested but concerned" group of residents rediscover that cycling is a healthy, pleasant and safe travel option that will support a modal shift to active travel.

## What activities are involved?

**Road network operations**

We are responsible for planning for and implementing efficient use of the road networks by all modes. This is achieved through operation of traffic control systems, traveller information and education initiatives.

We control use of the road corridor by third parties through corridor use procedures and temporary traffic management approvals.

We protect the roads and footpaths by coordinating when and where contractors can excavate to install and repair utilities like ultrafast broadband, water supply, wastewater pipes and electricity.

**Major cycleways**

We are planning and constructing a network of 13 dedicated new cycle routes totalling 90 kilometres that will provide high quality safe facilities to encourage a high level of modal shift to cycling.

**Parking**

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

**Public transport infrastructure**

We provide the integrated bus infrastructure used by the bus companies that operate public passenger transport. This includes bus stops, suburban hubs, super stops, seats, shelters, bus priority lanes and passenger real-time information systems.

**Transport education**

Our Transport Education team runs programmes and initiatives that encourage people to use roads safely and sustainably.

**Harbours and marine structures**

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

What did we achieve?

We renewed \$1.7 million value of traffic signals and associated control equipment as part of a programme to upgrade half of the city's 225 signal sites.

We completed construction of two new bus lounges in Riccarton to service the bus routes using this key hub and activity centre.

We completed construction of the first section of the Uni-cycle route in Matai Street as part of the Major Cycleways programme.

We completed the consultation and design phases for the Papanui Parallel, Uni-cycle, Rapanui/Shag Rock (Section 1) and Little River routes of the Major Cycleways programme to enable construction to commence early in 2016/17.

We completed planning and tendering for the new Litchfield Street Car Park to enable construction to commence in August 2016.

How did we measure up?

As a result of the LTP, there are several new measures for which prior year results are not available.

| Activity and Service  | Level of Service   | Target   | Achieved      | Result  | Prior Year   |
|---|--|--|---------------|---|--|
| <b>Major Cycleways</b><br>Provision and maintenance of the Major and local cycleways.                   | Reduce the number of fatal and serious crashes on the network involving cyclists.            | >= 5% reduction per annum.   | Achieved.     | 37% reduction overall.  | 2014: 45 serious and 2 fatal crashes.  |
|   | Improve perception that Christchurch is a cycle friendly city.                               | >= 26%.  | Achieved.     | 52% agree or strongly agree that Christchurch is a cycle friendly city. | 2015: 37% based on satisfaction survey.<br>2014: 26% based on general service satisfaction survey.   |
| <b>Harbours and Marine Structures</b><br>Provide, manage and maintain marine structures and facilities. | Provide a sustainable planned network of marine structures.                                  | Existing harbour and marine structures remain open for commercial and recreational use (unless assessment deems the structure unsafe). | Achieved.     | Existing structures remained opened.                                    | 2015: All safe harbour and marine structures remained open for commercial and recreational use.<br>2014: All safe harbour and marine structures remained open. |
|   | Proportion of customers satisfied with the state of marine structures provided by Council.   | 55%.   | Not achieved. | 49%. Satisfaction survey noted comments on maintenance and access.      | 2015: 63%.<br>2014: 58%.   |
|   | Plan for partnering with the community for marine structures                                 | Completed by 30 June 2018.   | On Track.     | On track to meet timeframe.   |  |
| <b>Parking</b><br>Council owned On-Street and Off-Street parking.                                       | Provide appropriate number of metered parking spaces within the four Avenues (central city). | >= 2,500.  | Achieved.     | 2,549 metered spaces provided within the four avenues.                  | 2015: 1,867 spaces.<br>2014: 1,485 spaces.<br>2013: 944 spaces.  |
|   | Improve customer perception of the ease of use of Council parking facilities.                | >= 54%.  | Not achieved. | 51% per the residents' survey.  | 2015: 54% customer satisfaction with ease of use of meters.<br>2014: 50% customer satisfaction with ease of use of meters.                                     |

| Activity and Service   | Level of Service  | Target  | Achieved      | Result  | Prior Year  |
|--|---|---|---------------|---|---|
|  | Improve customer perception of motor vehicle and personal security at parking facilities.                           | >= 61%.   | Not achieved. | 47% per the residents' survey. The survey did show that 24% of respondents did not feel safe while using Council off street car parks after dark and this would have affected the overall result. |   |
| <b>Public transport infrastructure</b>   |   |   |               |   |   |
| Public transport infrastructure (Bus stops, shelters, travel information services and priority systems). | Ensure user satisfaction with the number and quality of bus shelters.   | >= 65%.   | Not achieved. | 2015/16 survey showed 60% of users were satisfied and 17% were neither satisfied nor dissatisfied with the number and quality of bus shelters.  | 2015: 60% satisfaction with number of bus stops, 75% satisfaction with personal safety at bus stops and 66% satisfaction with quality of bus stops.<br>2014: Baseline 54%.                        |
|  | Provide journey reliability on high frequency core services.  | Route 3: <= 14.6%.  | Achieved.     | 5.1% faster than scheduled travel time.   |   |
|  |   | Route 5: <= 6.5%.   | Achieved.     | 2.3% faster than scheduled travel time.   |   |
|  |   | Route 7: <= 7.0%.   | Achieved.     | 0.2% slower than scheduled travel time.   |   |
|  |   | Route Blue: <= 3.2%.  | Not achieved. | Travel time 6.4% slower than scheduled travel time and outside of target.   |   |
|  |   | Route Orange: <= 6.2%.  | Achieved.     | 3.2% faster than scheduled travel time.   |   |
| Transport interchanges.  | Ensure user satisfaction with the appearance, safety and ease of use of transport interchange(s) and suburban hubs. | >= 85%.   | Not achieved. | 83% user satisfaction. In 2015/16 this was measured based only on the Bus Interchange. The Riccarton lounge opened in December 2015.  | 2015: 84% for appearance, 79% for safety and 86% for ease of use for Bus Interchange only.<br>2014: Baseline 83% for appearance, 72% for safety and 91% for ease of use for Bus Interchange only. |
| <b>Road Operations</b>   |   |   |               |   |   |
| Christchurch Transport Operations Centre (CTOC).   | Traveller information is sufficient and delivered in a timely fashion to allow travellers to make travel choices.   | <= 5 minutes for Unplanned events: > 95%.   | Achieved.     | 97% of unplanned events updated in less than 5 minutes.   | 2015: <=3 minutes, between the hours of 0600 – 1800.  |
|  | Traveller information is sufficient and delivered in a timely fashion to allow travellers to make travel choices.   | >= 1 week for planned events: > 95%.  | Achieved.     | 100% of planned events updated more than one week in advance.   | 2015: 100% for all major public events and 99.9% for all planned worksites information is available at least 3 days before.   |
| Monitoring, managing, optimising, informing customer and future planning about the transport network.    | Provide journey reliability on specific strategic routes.   | Measure journey time on specific strategic routes: Airport to City; Barrington St to Innes Rd; Hornby to City; Belfast to City: establish baseline. | Achieved.     | Baseline established. Typically 25 minutes during peak, 15 minutes between peaks during day and 10 minutes overnight.   |   |
| Safety Improvements.   | Improve Road Safety: Reduce the number of reported crashes on the network.  | Report the change in number of fatalities and serious injury crashes on the local road network.   | Achieved.     | The number of fatalities and serious injury crashes on the local road network reduced by five.  |   |

| Activity and Service                                   | Level of Service   | Target   | Achieved      | Result  | Prior Year  |
|--|--|--|---------------|---|---|
|  |  | Target a percentage reduction of fatal and serious injury crashes per annum: >= 5% reduction from previous year. | Achieved.     | 13.9% reduction in fatal and serious injury crashes per annum.  |   |
| <b>Transport Education</b>                             |  |  |               |   |   |
| Road User Safety programmes.                           | Provide road user safety education programmes.   | >= 5 campaigns per year.   | Achieved.     | 6 campaigns completed (100%).   | 2015: More than 6 delivered.<br>2014: 6 delivered.  |
|  | Provide school 'Cycle safe' education programme.   | >= 3,000 students per year (25%).  | Achieved.     | 3,153 students received road user safety education.   | 2015: 3,550 students participated.<br>2014: 3,202 students participated.                                |
| Travel Choice - Travel Planning and Advisory services. | Mode Shift: Contribute to overall increase in percentage of trips made by alternative transport modes. | >= 16.8% walking.  | Not measured. | 16.3% of trips made by walking. This is based on 2013/14 Ministry of Transport data, more recent data is not available. | 2015: Target was to increase baseline from 2013/14 by 0.5% - not achieved - increase from 3.2% to 3.6%. |
|  |  | >= 3.3% cycling.   | Not measured. | 2.8% of trips made by cycle. This is based on 2013/14 Ministry of Transport data, more recent data is not available.    | 2015: Target was to increase baseline from 2013/14 by 0.5% - not achieved - decrease from 3.1% to 2.8%. |
|  |  | >= 3.4% public transport.  | Achieved.     | 3.6% of trips made by public transport.   |   |

### What assets do we use to deliver these activities?

The Council has nearly \$2.2 billion of street assets including footpaths, traffic signs and markings, bridges, street lights, traffic signals, bus shelters, street furniture and plantings which these activities use.

The Council also has a significant investment in on and off-street parking. Within the four avenues we have 8,258 on-street car parks and 558 off-street metered parks.

We have 29 public wharves and boat ramps. There are also a number of sea walls that protect public property.

### Where are we heading?

We will continue to operate the public road network to provide an efficient, safe and sustainable network for all users to all parts of the city.

We have a new focus on journey time reliability and we are expanding the use of new technologies that allow us to measure journey times between key points across the city. This comes in "real-time" and is on the internet and on road signs in some places to assist journey planning.

Building of the major cycleway network programme is well underway with the first sections open and more bus priority measures are programmed for key transport routes.

We will continue to encourage people out of private passenger cars into public and active travel. Building has started on the major cycleway network and the new central city bus interchange is now open. More bus

priority measures are programmed for key transport routes, including Riccarton Road which has commenced construction.

We will monitor and review central city and suburban car parking as the redevelopment of the City occurs.

### Service delivery in 2016/17

The SCIRT repair programme is winding up and we are preparing to transition into the post-SCIRT environment with our day to day activities remedying lower priority earthquake repairs as part of our normal maintenance and renewal activities.

While virtually all routes are now open, repairs and extensive capital programmes continue to cause inconvenience with travel times and congestion on some parts of the network. We carefully co-ordinate Traffic Management Plans to reduce the actual and potential effects on traffic flow.

There is a significant programme of capital works planned for 2016/17 that will result in an improvement to network congestion and traffic safety.

A number of education initiatives and school campaigns are planned for the year that will target current issues particularly intersection safety and safe cycling.



## What did it cost?

## Transport

| Statement of cost of services for the year ending 30 June |                                   | 2016          | 2015*           |                 |                |
|---|-----------------------------------|---------------|-----------------|-----------------|----------------|
|   | Costs (After internal recoveries) | Income        | Net Cost        | Plan Net Cost   | Net Cost       |
|   | \$000                             | \$000         | \$000           | \$000           | \$000          |
| Road operations   | 9,688                             | 3,788         | 5,900           | 6,062           | 5,274          |
| Major cycleways   | 652                               | 88            | 564             | 662             | 405            |
| Parking   | 4,405                             | 4,481         | (76)            | 609             | 381            |
| Public transport infrastructure                           | 968                               | 402           | 566             | 837             | 6,476          |
| Transport education                                       | 1,339                             | 562           | 777             | 908             | 532            |
| Harbours and marine structures                            | 766                               | 726           | 40              | 323             | 454            |
| Capital revenues  | -                                 | 53,149        | (53,149)        | (41,790)        | (14,937)       |
| <b>Cost of service</b>                                    | <b>17,818</b>                     | <b>63,196</b> | <b>(45,378)</b> | <b>(32,389)</b> | <b>(1,415)</b> |
| <b>Capital expenditure</b>                                |                                   |               |                 |                 |                |
| Renewals and replacements                                 |                                   |               | 1,541           | 1,038           | 1,466          |
| Improved service levels                                   |                                   |               | 6,822           | 15,017          | 2,855          |
| Increased demand  |                                   |               | 4               | 520             | -              |
| Infrastructure rebuild                                    |                                   |               | 6,521           | 64,472          | 5,661          |
| <b>Total capital expenditure</b>                          |                                   |               | <b>14,888</b>   | <b>81,047</b>   | <b>9,982</b>   |

## Explanation of significant cost of service variances

Road operations

Road operations net cost of service is \$0.6 million higher than the 2015 result. The main reason for this variance is a \$0.5 million increase in depreciation due to the increase in asset values as a result of the asset revaluations at 30 June 2015.

Parking

Parking revenues are \$2 million higher than plan with fewer parking spaces being lost through Accessible City projects than was anticipated. This is off-set by \$1.2 million higher amortisation costs associated with new parking investments.

Public Transport Infrastructure

Public Transport Infrastructure net cost of service is \$5.9 million less than 2015 which included the write-off of the old Bus Interchange asset and Transport Interchange.

Capital revenues

Capital revenues were \$11.4 million higher than plan due to rebuild activities and growth projects giving rise to higher subsidies, (\$1 million). In addition material damage insurance recoveries were \$10 million higher than plan as the budget for this was held within the Corporate activity.

Capital Revenues are \$38 million higher than 2015 due to \$29 million of material damage insurance recoveries and \$9 million additional New Zealand Transport Authority subsidies mainly from increased activity in the Major Cycleways programme in 2016.

## Significant capital expenditure

Key projects were: Major Cycleway Route programme \$8.2 million, Riccarton Bus interchange \$2.4 million, Coastal Pathway \$2.2 million, and Lichfield Street Car park \$1 million.

## Explanation of significant capital expenditure variances

Capital expenditure was \$66.1 million lower than planned, \$58.5 million of which relates to delays in the parking replacement programme. This programme was placed on hold until the evaluation of various city wide car park options was completed. Additional budget variances of \$ 5.8 million were due to delays in a number of Major Cycleway Route projects. These works have been reprogrammed to future years.

The balance of \$1.8 million relates to the Transport Interchange and the Hornby Bus Priority Routes projects which was planned as capital but subsequently treated as an operational cost and written-off to the Public Transport Infrastructure service.

Capital expenditure was \$4.9 million higher than 2015. A large number of transport capital projects were commenced or completed during the 2016 year including Major Cycleway Route projects (\$6.1 million) and the completion of the Riccarton Bus Interchange (\$1.6 million). These increases were offset by \$3 million spend on the parking replacement programme in 2015.

## Council activities and services

### Water supply

#### What is water supply, and what does the Council do?

The water supply is the network of wells, pump stations, treatment facilities, reservoirs and underground reticulation pipes that distribute clean drinking water in the city.

#### Why is the Council involved?

The Council has obligations under the Health Act 1956, Health (Drinking Water) Amendment Act 2007 and the Local Government Act 2002 to provide a drinking water supply for Christchurch, to maintain its capacity, to protect it from contamination, and to ensure that it complies with the Drinking-Water Standards for New Zealand 2005 (revised 2008).

We supply clean drinking water to protect the health of the community, for commercial users, to promote water conservation, and to ensure there is an adequate water supply for fighting fires.

Local government is responsible for promoting the cultural, economic, environmental and social well-being of communities for the present and future. Council is required under the Local Government Act “to meet the current and future needs of communities for good-quality **local** infrastructure, **local** public services and performance of regulatory functions in a way that is most cost-effective for households and businesses”.

Water supply contributes to this purpose statement and to the environmental and economic well-being of the community by giving the community and industry a reliable potable water supply.

It also supports our Community Outcomes by helping to make Christchurch a safe city, a city of people who value and protect the natural environment, a prosperous, healthy, attractive and well-designed city – five of the nine goals in our Community Outcomes. We do this by reliably supplying enough drinking water and encouraging water conservation.

#### How does it affect me?

Ideally when you turn on your tap at home the water that flows is fresh and clean. We make sure that the supply is reliable, the quality maintained, and that any interruption to the service is as short as possible.

#### What activities are involved?

##### **Water supply (including water conservation)**

We aim to provide a clean and reliable water supply. We monitor and control water quality and maintain the network of supply assets.

#### What did we achieve?

Earthquake repairs to the water network continued in 2015/16, and we completed and re-commissioned most water main repairs and renewals. Clifton 5 and Moncks Spur 4 pump station renewals have been completed, concluding the pump station and reservoir repair and renewal programme. Repairs continue on wells and well heads, which should be finished in late 2016.

Water supply pipe renewal works totalled 5.5 kilometres of water mains and 8.0 kilometres of sub-mains for the year. SCIRT completed repairs and replacement of 96 kilometres of the total water network of 3,403 kilometres, and repaired 22 pump stations.

Construction is nearing completion on a new water supply system to feed the Preston’s subdivision. Commissioning of the pump station is expected in September 2016.

The Council has continued its programme of replacing shallow wells in the North West of the city with deeper wells, to improve the water quality in that area.

Well drilling has commenced at the new Gardiners Pump Station site to meet growth demands in the North West of the city.

The Little River Water Treatment Plant upgrade has been completed.

The Council continues to test the drinking water in accordance with the requirements of the Drinking Water Standards for New Zealand.

## How did we measure up?

Following the approval of the amended LTP, there are a number of new measures for which prior year results are not available.

| Activity and Service   | Level of Service  | Target  | Achieved  | Result  | Prior Years  |
|--|---|---|-----------|---|--|
| <b>Water supply</b><br>Supplying potable water to properties, through the provision of infrastructure to take, treat (where appropriate), store, deliver, maintain, manage and monitor the supply. | Ensure consent compliance.  | Number of infringement notices for major or persistent breaches of resource consents regarding water supply network operation as reported by Ecan or CCC: Zero. | Achieved. | Zero. With ECan's approval one breach of resource consent for (LWTP) occurred during October to enable major earthquake repairs. No abatement notices; infringement notices; enforcement orders; convictions were received. |  |
|  | Demand Management - Manage the average consumption of drinking water per day, per resident.                 | Average 298 litre per day, per resident.  | Achieved. | 272 litres per resident per day average use.  |  |
|  | Ensure potable water is supplied in accordance with the Drinking Water Standards for New Zealand (grading). | Ministry of Health (MoH) risk grading of the urban water supplies (excluding NW zone): Ba.  | Achieved. | Urban water supplies excluding north west zone graded as Ba.  | 2015: Ba grading maintained (excluding the Northwest zone (Da)).<br>2014: Ba.<br>2013: Ba.   |
|  |   | MoH risk grading of the NW water supply zone: Da.   | Achieved. | North west supply zone graded as Da.  | 2015: Work not completed, area remains with Da grading Programme of work still continuing.<br>2014: Progress on track, well drilling programme for 2013/14 completed.<br>2013: On target.  |
|  |   | MoH risk grading of rural water supplies: Uu.   | Achieved. | Rural water supplies graded as Uu.  | 2015: Little River and Akaroa upgrades not completed by December 2014. Currently these are being ungraded. The upgrades to these treatment plants will be completed in 2015 and once upgraded 12 months of testing is required before a water grading is received.<br>2014: Improvements are underway or planned to ensure that all Banks Peninsula plants meet the Cc grade or better.<br>2013: All plants on Peninsula would not be regraded by December 2013. |

| Activity and Service  | Level of Service   | Target  | Achieved      | Result   | Prior Years   |
|---|--|---|---------------|--|---|
|   | Ensure potable water is supplied in accordance with the Drinking Water Standards for New Zealand (microbiology). | Proportion of rural residents supplied water compliant with the DWSNZ bacterial compliance criteria: >= 99.5%.  | Achieved.     | 100% of rural residents supplied with DWSNZ bacterial compliant water.   | 2015: All supplies except Pigeon Bay and Little River complied with the DWSNZ E. coli requirements. Pigeon Bay: 0 transgressions allowed, 1 transgression at water treatment plant and 1 transgression in the distribution system Little River: 0 transgressions allowed, 1 transgression at water treatment plant. 2014: Results were not available as at 30 June 2014. However the assessment was undertaken in July 2014. The assessment found some minor non-compliances in outlying areas. 2013: Not measured. |
|   |  | Proportion of urban residents supplied water compliant with the DWSNZ bacterial compliance criteria: >= 99.8%.  | Achieved.     | 100% of urban residents supplied with DWSNZ bacterial compliant water.   | 2015: All city supplies complied with the DWSNZ E. coli requirements. 2014: Results were not available as at 30 June 2014. However the assessment was undertaken in July 2014. The assessment found some minor non-compliance areas. 2013: Not measured.  |
|   |  | Proportion of rural residents supplied water compliant with the DWSNZ protozoal compliance criteria: >= 80% (subject to Akaroa treatment plant successfully completed on time). | Not achieved. | 8.5% of rural residents supplied with DWSNZ protozoal compliant water. Whilst all water treatment plants are upgraded we are unable to provide evidence of compliance because there are still issues to be resolved around the continuous monitoring of treatment parameters and the development of SCADA and Water Outlook reports. |   |
|   |  | Proportion of urban residents supplied water compliant with the DWSNZ protozoal compliance criteria: >= 79%.  | Not achieved. | 76.6% of urban residents supplied with DWSNZ protozoal compliant water. This is due to the fact that populations changed after the performance target percentages were set and the population in the north west zone increased more than in other urban zones.   |   |
| Ensure potable water is supplied in accordance with the Drinking Water Standards for New Zealand (network reticulation complaints). |  | Number of water clarity complaints per 1,000 connections per year: <= 1.5.  | Achieved.     | 0.74 complaints per 1,000 connections per annum.   |   |
|   |  | Number of water odour complaints per 1,000 connections per year: <= 0.5.  | Achieved.     | 0.17 complaints per 1,000 connections per annum.   |   |
|   |  | Number of water taste complaints per 1,000 connections per year: <= 1.  | Achieved.     | 0.39 complaints per 1,000 connections per annum.   |   |

| Activity and Service | Level of Service   | Target   | Achieved  | Result  | Prior Years |
|----------------------|--|--|-----------|---|-------------|
|                      |  | Proportion of complaints remediated to the customers' satisfaction: >= 95%.                    | Achieved. | 99.6% customer satisfaction. 45 complaints were remediated out of 11,061 jobs.  |             |
|                      | Maintenance of the reticulation network - Reduce the percentage of real water loss from the local authority's networked reticulation system. | <=15.0% water loss.  | Achieved. | 11.7% water loss. This is calculated based on the unaccounted for water volume for the year divided by the total amount extracted from our wells and surface water sources. |             |
|                      | Supply continuous potable water to all customers (continuity of supply and pressure or flow complaints).                                     | Number of continuity of supply complaints per 1,000 customers per year: <= 2.5.                | Achieved. | 1.24 complaints per 1,000 customers per annum.  |             |
|                      |  | Number of pressure or flow complaints per 1,000 connections per year: <= 2.                    | Achieved. | 1.77 complaints per 1,000 connections per annum.  |             |
|                      | Supply continuous potable water to all customers (LGA response and resolution).  | Median response time for attendance for non-urgent call-outs following notification: <=3 days. | Achieved. | Median response time 4 hours 38 minutes.  |             |
|                      |  | Median response time for attendance for urgent call-outs following notification: <=1 hour.     | Achieved. | Median response time 33 minutes.  |             |
|                      |  | Median time to resolve non-urgent call-outs following notification: <=4 days.                  | Achieved. | Median resolution time 11 hours 38 minutes.   |             |
|                      |  | Median time to resolve urgent call-outs following notification: <=5 hours.                     | Achieved. | Median resolution time 1 hour 43 minutes.   |             |

### What assets do we use to deliver these activities?

The Council's water supply network is made up of wells and pump stations, water mains and sub-mains, and water meters and connections. The total value of the network is just under \$1.1 billion, with 86 per cent of that being mains and sub-mains, 8 per cent wells, reservoirs and pump stations, and 5 per cent service connections and meters.

### Where are we heading?

The Council will continue to renew water mains and sub-mains in line with its annual programme. SCIRT has substantially completed its work on the water network. Equipment renewals at eight water supply pump stations are included in the 2016/17 annual programme.

The well drilling and repair programme put in place after the earthquake sequence to refurbish and/or replace damaged wells will continue. This programme also includes new wells for growth as well as deepening of wells in the North West of the City to improve the Ministry of Health risk grading for this supply zone. Work scheduled for 2017/18 has been brought forward to 2016/17.

Upgrade works at the Duvauchelle Water Treatment Plant have commenced to improve plant operation when the raw water stream supplies are turbid. The upgrade is expected to be complete in 2016 and will mean that the treatment plant consistently meets the Drinking Water Standards for New Zealand.

Construction of the Gardiners Water Supply Pump Station will continue and is expected to be complete by June 2017.

The Council is trialling a measure of the costs and benefits of a water pressure management project in the Rawhiti Water Zone, which will run for about 12 months. When the trial is over, the Council will decide whether to carry out the project across the city.

The Council recently awarded a 3-year leak detection / water loss reduction contract.

### Service delivery in 2016/17

The Council anticipates providing continuous potable water to all customers in 2016/17. Levels of service in the LTP 2015/25 and Activity Management Plans will be met in 2016/17 year.

What did it cost?

**Water supply**

Statement of cost of services for the year ending 30 June

|                                  |                                   |               |               | 2016          | 2015*         |
|----------------------------------|-----------------------------------|---------------|---------------|---------------|---------------|
|                                  | Costs (After internal recoveries) | Income        | Net Cost      | Plan Net Cost | Net Cost      |
|                                  | \$000                             | \$000         | \$000         | \$000         | \$000         |
| Water supply                     | 44,572                            | 4,832         | 39,740        | 42,388        | 43,895        |
| Capital revenues                 | (15)                              | 11,991        | (12,006)      | (13,241)      | (16,121)      |
| <b>Cost of service</b>           | <b>44,557</b>                     | <b>16,823</b> | <b>27,734</b> | <b>29,147</b> | <b>27,774</b> |
| <b>Capital expenditure</b>       |                                   |               |               |               |               |
| Renewals and replacements        |                                   |               | 10,012        | 13,233        | 5,146         |
| Improved service levels          |                                   |               | 2,474         | 5,997         | 12,750        |
| Increased demand                 |                                   |               | 9,328         | 12,259        | 5,070         |
| Infrastructure rebuild           |                                   |               | 15,886        | 8,733         | 13,646        |
| <b>Total capital expenditure</b> |                                   |               | <b>37,700</b> | <b>40,222</b> | <b>36,612</b> |

**Explanation of significant cost of service variances**

Water supply

The net cost of service was \$2.7 million lower than planned due to \$2.4 million of planned expense costs which are now considered to be capital in nature.

The net cost of services was \$4.2 million lower than the previous year. This is due to assets written-off being \$4 million lower, the \$2.4 million of planned expense discussed above, offset by \$1.2 million higher debt servicing costs, \$0.5 million higher operating costs and \$0.6 million higher depreciation in 2016.

Capital revenues

Capital revenues are \$1.2 million lower than plan. This is the result of \$4.6 million lower Crown earthquake rebuild contributions largely offset by a \$3.2 million increase in development contributions.

Capital revenues are \$4.1 million lower than 2015 as a result of \$5.7 million lower Crown contributions partly offset by \$0.3 million more development contribution collected and \$1.3 million of material damage insurance recoveries.

**Significant capital expenditure**

Major expenditure included: SCIRT water supply programme \$15.9 million, Preston's pump station and link to Marshlands \$5.7 million, new water supply connections \$1.9 million, Little River water supply upgrade \$1.5 million, Akaroa water supply upgrade \$1 million and routine mains, submains and headworks renewals of \$7.5 million.

**Explanation of significant capital expenditure variances**

Capital Expenditure was \$2.5 million lower than plan. The main reason is that \$9.7 million of works have been delayed due to late commencement of the water supply renewals optimisation programme. These works have been reprogrammed to future years to ensure that water supply infrastructure assets are maintained and renewed to achieve the required level of services.

This under spend was offset by a \$7.2 million increase in earthquake repairs delivered by SCIRT.

Capital expenditure was \$1.2 million higher than in 2015 due to the additional earthquake repairs delivered by SCIRT.

## Council activities and services

## Corporate

## What are Council's corporate activities?

As with other organisations we have back office services such as human resources, legal, finance, and information technology which provide support to other Council departments. We call these units Internal Service Providers (ISPs). The cost of providing these services is charged to the activity receiving the benefit of that service.

In addition, there are also some Council wide costs and income which cannot meaningfully be classified into a standalone activity. These items are included within this Corporate activities section.

## What revenue and costs are included?

- revenues and costs relating to Council Controlled Organisations (CCOs):
  - dividend income received from CCOs
  - interest income from funds lent to CCOs
  - interest costs relating to borrowing taken out to either:
    - on-lend to CCOs, or
    - invest in the equity (shares) of CCOs.
- rates income
- interest income from Council investment of general funds and special purpose reserves
- income from services provided by ISPs to organisations outside of Council
- costs incurred in providing the services above
- non-operational property costs
- earthquake related legal, interest, rates remission and land resolution costs, and
- other income, such as revenue from regional fuel tax.

Overall our corporate activities generate a significant surplus, largely from dividends and interest income. . This surplus is used to either reduce the level of general rates collected from ratepayers, or reduce borrowing required.

## What capital expenditure is included?

Corporate capital expenditure includes strategic land purchases, costs relating to Council's office accommodation, information and communication technology, and investment in CCOs, as well as work in progress as part of the infrastructure rebuild.

What did it cost?

Corporate

Statement of cost of services for the year ending 30 June

|  |                                   |                |                  | 2016             | 2015*            |
|--|-----------------------------------|----------------|------------------|------------------|------------------|
|  | Costs (After internal recoveries) | Income         | Net Cost         | Plan Net Cost    | Net Cost         |
|  | \$000                             | \$000          | \$000            | \$000            | \$000            |
| <b>Cost of proposed services</b>                     |                                   |                |                  |                  |                  |
| Interest - onlending, equity investments and rebuild | 54,659                            | -              | 54,659           | 60,842           | 45,060           |
| Internal service providers (unallocated costs)       | 19,125                            | -              | 19,125           | 7,645            | 17,650           |
| Property costs and other expenses                    | 31,284                            | -              | 31,284           | 36,732           | 32,213           |
|  | <b>105,068</b>                    | <b>-</b>       | <b>105,068</b>   | <b>105,219</b>   | <b>94,923</b>    |
| <b>Revenue from services</b>                         |                                   |                |                  |                  |                  |
| Rates  | -                                 | 393,323        | (393,323)        | (389,982)        | (363,352)        |
| Dividends  | -                                 | 137,868        | (137,868)        | (255,282)        | (51,432)         |
| Interest from onlending                              | -                                 | 18,574         | (18,574)         | (15,843)         | (16,103)         |
| General and special fund interest                    | -                                 | 9,294          | (9,294)          | (6,832)          | (7,840)          |
| Internal service providers                           | -                                 | 19,125         | (19,125)         | (7,645)          | (17,650)         |
| Earthquake cost recoveries                           | -                                 | 7,443          | (7,443)          | 103,878          | 50,666           |
| Other revenue  | -                                 | 4,096          | (4,096)          | (2,867)          | (4,147)          |
| Subvention receipts (income tax)                     | -                                 | 14,001         | (14,001)         | (9,000)          | (10,628)         |
| <b>Net cost of services</b>                          | <b>105,068</b>                    | <b>603,724</b> | <b>(498,656)</b> | <b>(478,354)</b> | <b>(325,563)</b> |
| <b>Capital expenditure</b>                           |                                   |                |                  |                  |                  |
| Renew als and replacements                           |                                   |                | 6,175            | 12,290           | 7,890            |
| Improved service levels                              |                                   |                | 18,968           | 13,849           | 8,926            |
| Increased demand                                     |                                   |                | 2,602            | 6,674            | (1,068)          |
| Infrastructure rebuild                               |                                   |                | (62,325)         | 51,610           | (87,816)         |
| <b>Total capital expenditure</b>                     |                                   |                | <b>(34,580)</b>  | <b>84,423</b>    | <b>(72,068)</b>  |

Explanation of significant cost of service variances

Interest costs were \$6.2 million lower than plan due to lower than planned borrowing reflecting an under-delivery in the capital programme, partly offset by unplanned borrowing for on-lending to CCHL. The \$9.6 million increase in interest from 2015 reflects the year on year increase in borrowing for on-lending to CCHL and earthquake recovery.

The net cost of internal service providers is allocated to external activities. Internal service provider revenue was \$11.5 million higher than planned largely due to the unbudgeted revenue from management services provided to Vbase, (\$8 million) and the NZTA administration subsidiary received relating to the rebuild (\$2.4 million). The \$1.5 million increase in revenue from 2015 relates to an increase in the Vbase management fee (\$2.1 million) offset by a reduction in earthquake recoveries.

Property and other costs were \$5.4 million lower than planned due to lower rock fall costs of \$8.5 million. This reduction was partly offset by the sale of more tax losses to group companies than planned.

Rates income was \$3.3 million higher than plan due to higher than expected rating growth during the year from rebuild work. The \$30 million increase from 2015 is the combined result of the year on year rates increase and the higher than expected rating growth during 2015.

Dividend revenue is \$117.4 million lower than plan largely due to the delayed receipt of funds

(\$110 million) from CCHL. Dividend income was \$86.4 million higher than 2015 due to dividends from CCHL.

Interest revenue from on-lending was \$2.7 million higher than plan and \$2.5 million higher than 2015. This was due to the increased on-lending to CCHL.

General interest was \$2.5 million higher than plan and \$1.4 million higher than last year due to having more funds on deposit after the material damage insurance settlement.

Earthquake cost recoveries were \$111.3 million higher than planned and \$58.1 million higher than 2015 due to the material damage insurance settlement

Subvention income is \$5 million higher than plan and \$3.4 million higher than 2015, as a result of having higher taxable profits within the Council group than planned which allowed the Council to sell more tax losses.



### Significant capital expenditure

Expenditure included \$15 million of Information Management and Communications Technology (IM&CT) related spend, \$3 million of land remediation costs and \$10.8 million of strategic land purchases.

\$350.5 million was spent on SCIRT rebuild projects. As projects are completed and handed over to Council the amounts are transferred from the Corporate activity to the Group of Activities to which the work relates. The net impact for 2016 was a \$66.3 million credit. The transfer to the relevant group of activities occurs as part of the handover of the completed work because it is only at this point that the detail of the project is provided and it becomes clear which asset class and activity are affected.

### Explanation of significant capital expenditure variances

Renewals are \$6.1 million lower than plan largely due to incomplete IM&CT projects which are continuing in 2016. Vehicle renewals were \$0.7 million less than plan due to a rationalisation of the fleet.

The improved services overspend is a timing issue relating to strategic land purchases.

The increased demand underspend of \$4.1 million also relates to IM&CT projects.

The infrastructure rebuild variance is mainly a transfer issue between Groups of Activities (\$66.3 million as previously mentioned). The budget also includes \$47.8 million for Rebuild work, held within the Corporate Activity because the exact work to be undertaken was unknown at the time of budgeting. The actual spend was charged to the appropriate Group of Activities.

Overall capital expenditure was \$37.5 million higher than 2015. This was primarily the result of a \$25.5 million decrease in completed SCIRT projects transferred to other groups of activities.

## Council activities and services Funding impact statements

The funding impact statements show the source and application of funds for activities of the Council and are a requirement of the Local Government Act 2002.

The LTP increased the number of groups of activities from 14 to 19. The comparative information has been restated to reflect the current allocation of the Council's activities into these groups.

As the Crown did not require the Three Year Plan to be audited the 2014/15 plan numbers have not been subject to audit.

The purpose of the funding impact statements is to present the capital and operating expenditure separately. The format is prescribed in the Local Government (Financial Reporting and Prudence) Regulations 2014 and hence enables the results across different councils to be compared. As a result of changes in the Local Government (Financial Reporting and Prudence) Regulations 2014 the Council's capital earthquake recoveries are included as Other Dedicated Capital Funding. To assist in the comparison across councils, footnotes have been added to each table to enable the reader to identify the impact of the earthquake and rebuild on the sources of and application of operating and capital funding.

## Funding impact statement for year ending 30 June 2016 (whole of Council)

|  | 2014/15<br>Annual Plan<br>\$000 | 2014/15<br>Annual<br>Report<br>\$000 | 2015/16<br>Annual<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|---------------------------------|--------------------------------------|------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |                                 |                                      |                                    |                            |
| General rates, uniform annual general charge, rates penalties                | 246,946                         | 242,121                              | 269,786                            | 270,614                    |
| Targeted rates   | 111,180                         | 119,743                              | 122,976                            | 125,626                    |
| Subsidies and grants for operating purposes                                  | 21,321                          | 17,377                               | 19,809                             | 18,438                     |
| Fees and charges   | 97,344                          | 114,284                              | 98,371                             | 118,079                    |
| Interest and dividends from investments                                      | 74,886                          | 75,410                               | 277,957                            | 165,804                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 36,460                          | 47,725                               | 36,379                             | 50,311                     |
| <b>Total operating funding (A)</b>   | <b>588,137</b>                  | <b>616,660</b>                       | <b>825,278</b>                     | <b>748,872</b>             |
| <b>Applications of operating funding</b>                                     |                                 |                                      |                                    |                            |
| Payments to staff and suppliers  | 414,558                         | 431,226                              | 421,831                            | 424,649                    |
| Finance costs  | 60,482                          | 63,279                               | 78,574                             | 72,396                     |
| Other operating funding applications   | 67,346                          | 65,526                               | 64,283                             | 54,438                     |
| <b>Total applications of operating funding (B)</b>                           | <b>542,386</b>                  | <b>560,031</b>                       | <b>564,688</b>                     | <b>551,483</b>             |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>45,751</b>                   | <b>56,629</b>                        | <b>260,590</b>                     | <b>197,389</b>             |
| <b>Sources of capital funding</b>  |                                 |                                      |                                    |                            |
| Subsidies and grants for capital expenditure                                 | 20,615                          | 65,087                               | 21,848                             | 22,883                     |
| Development and financial contributions                                      | 18,766                          | 33,155                               | 17,231                             | 31,233                     |
| Increase (decrease) in debt  | 453,986                         | 332,693                              | 206,737                            | 326,946                    |
| Gross proceeds from sale of assets   | 6,763                           | 935                                  | 54,671                             | 15,369                     |
| Lump sum contributions   | -                               | -                                    | -                                  | -                          |
| Other dedicated capital funding  | 454,335                         | 211,754                              | 119,923                            | 336,783                    |
| <b>Total sources of capital funding (C)</b>                                  | <b>954,465</b>                  | <b>643,624</b>                       | <b>420,410</b>                     | <b>733,214</b>             |
| <b>Application of capital funding</b>  |                                 |                                      |                                    |                            |
| Capital expenditure  |                                 |                                      |                                    |                            |
| - to meet additional demand  | 107,881                         | 58,357                               | 96,599                             | 62,092                     |
| - to improve the level of service  | 36,585                          | 42,602                               | 60,846                             | 35,373                     |
| - to replace existing assets (2)   | 878,842                         | 434,900                              | 800,763                            | 510,436                    |
| Increase (decrease) in reserves  | (21,892)                        | (24,252)                             | (276,808)                          | 566                        |
| Increase (decrease) of investments   | (1,200)                         | 188,646                              | (400)                              | 322,136                    |
| <b>Total applications of capital funding (D)</b>                             | <b>1,000,216</b>                | <b>700,253</b>                       | <b>681,000</b>                     | <b>930,603</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(45,751)</b>                 | <b>(56,629)</b>                      | <b>(260,590)</b>                   | <b>(197,389)</b>           |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                        | <b>-</b>                             | <b>-</b>                           | <b>-</b>                   |

**Footnotes**

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| 1 Earthquake related operating recoveries           | 24,456  | 17,549  | 14,106  | 16,812  |
| 2 Earthquake rebuild application of capital funding | 804,030 | 383,507 | 711,063 | 436,676 |

**Explanation for significant variances****Operating Funding**Fees and charges

Fees and charges are \$20 million more than plan. This is due to increases in resource consent fees (\$3 million), sewerage trade waste charges (\$3 million), parking fees (\$2 million) and the on-charge of Vbase salaries (\$8 million).

Interest and dividends from investments

Dividend revenue is \$117 million less than plan due to lower dividends received from CCHL and Transwaste.

This was offset by \$5 million higher interest revenue due to having higher interest earning investments following the material damage insurance settlement.

Interest and dividends were \$90 million higher than 2015 due to increased dividends from CCHL.

Finance costs

Finance costs are \$9 million higher than 2015 due to increased borrowings.

## Capital Funding

### Subsidies and grants for capital expenditure

Subsidies and grant income was \$42 million lower than 2015 due to a change in treatment of NZTA earthquake recoveries which from 2016 onwards are included in other dedicated capital funding.

### Development and financial contributions

Development and financial contributions are \$14 million higher than plan due to increased subdivision volume.

### Increase (decrease) in debt

The increase in debt is \$120 million higher than plan as a result of \$181 million of unplanned on-lending to CCHL and \$132 million of borrowing from group companies. These were offset by lower than planned borrowing due to delays in the delivery of the planned capital programme and the receipt of the material damage insurance settlement.

### Gross proceeds from sale of assets

Gross proceeds from sale of assets is lower than plan as the revenue was treated differently within the accounts. This includes the old central library sale proceeds which are included as insurance income and the former civic building in Tuam Street's sale proceeds will be received as dividend income in 2017.

### Other dedicated capital funding

Other dedicated capital funding is \$117 million higher than plan principally due to the settlement of Council's material damage insurance claim. It was \$137 million higher than 2015 as a result of this settlement and the 2015 amount not including NZTA earthquake recoveries.

### Application of capital funding

Capital expenditure is \$350 million less than planned and \$72 million higher than 2015. This together with the settlement of the Council's material damage insurance claim resulted in the Council's cash position being better than planned with the movement in investments and reserves being better than planned.

## Funding impact statement for year ending 30 June 2016 for Arts and culture (including libraries)

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 46,154                                 | 49,345                                | 49,496                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 285                                    | 293                                   | 143                        |
| Fees and charges   | 2,716                                  | 2,807                                 | 1,736                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 132                                    | 729                                   | 1,500                      |
| <b>Total operating funding (A)</b>   | <b>49,287</b>                          | <b>53,174</b>                         | <b>52,875</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 30,324                                 | 36,106                                | 33,323                     |
| Finance costs  | 1,054                                  | 991                                   | 991                        |
| Internal charges and overheads applied                                       | 2,595                                  | 2,009                                 | 2,009                      |
| Other operating funding applications   | 6,695                                  | 7,187                                 | 7,096                      |
| <b>Total applications of operating funding (B)</b>                           | <b>40,668</b>                          | <b>46,293</b>                         | <b>43,419</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>8,619</b>                           | <b>6,881</b>                          | <b>9,456</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 368                                    | -                                     | 524                        |
| Increase (decrease) in debt  | 38,109                                 | 55,799                                | (22,749)                   |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | 959                                   | 35,107                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>38,477</b>                          | <b>56,758</b>                         | <b>12,882</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 8,098                                  | 9,351                                 | 10,193                     |
| - to improve the level of service  | 312                                    | 1,298                                 | 804                        |
| - to replace existing assets (2)   | 38,686                                 | 52,990                                | 11,341                     |
| Increase (decrease) in reserves  | -                                      | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>47,096</b>                          | <b>63,639</b>                         | <b>22,338</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(8,619)</b>                         | <b>(6,881)</b>                        | <b>(9,456)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | 590                                   | 1,352                      |
| 2 Earthquake rebuild application of capital funding                          | 31,494                                 | 44,917                                | 4,584                      |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2015 for Economic development

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 7,254                                  | 7,756                                 | 7,780                      |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 5                                      | 30                                    | 35                         |
| Fees and charges   | 17                                     | 117                                   | 94                         |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | 422                        |
| <b>Total operating funding (A)</b>   | <b>7,276</b>                           | <b>7,903</b>                          | <b>8,331</b>               |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 1,656                                  | 1,825                                 | 1,859                      |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 563                                    | 391                                   | 391                        |
| Other operating funding applications   | 7,841                                  | 7,642                                 | 7,623                      |
| <b>Total applications of operating funding (B)</b>                           | <b>10,060</b>                          | <b>9,858</b>                          | <b>9,873</b>               |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(2,784)</b>                         | <b>(1,955)</b>                        | <b>(1,542)</b>             |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 784                                    | -                                     | (413)                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>784</b>                             | <b>-</b>                              | <b>(413)</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | -                                      | -                                     | -                          |
| - to replace existing assets (2)   | -                                      | -                                     | -                          |
| Increase (decrease) in reserves  | (2,000)                                | (1,955)                               | (1,955)                    |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>(2,000)</b>                         | <b>(1,955)</b>                        | <b>(1,955)</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>2,784</b>                           | <b>1,955</b>                          | <b>1,542</b>               |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

- 1 Earthquake related operating recoveries
- 2 Earthquake rebuild application of capital funding

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Flood protection and river control

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | -                                      | -                                     | -                          |
| Targeted rates   | 1,150                                  | 1,327                                 | 1,356                      |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | -                                      | -                                     | -                          |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | -                          |
| <b>Total operating funding (A)</b>   | <b>1,150</b>                           | <b>1,327</b>                          | <b>1,356</b>               |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 328                                    | 8,006                                 | 2,396                      |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 19                                     | 21                                    | 21                         |
| Other operating funding applications   | -                                      | -                                     | -                          |
| <b>Total applications of operating funding (B)</b>                           | <b>347</b>                             | <b>8,027</b>                          | <b>2,417</b>               |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>803</b>                             | <b>(6,700)</b>                        | <b>(1,061)</b>             |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | 6,068                                 | 2,353                      |
| Increase (decrease) in debt  | 23,220                                 | 46,718                                | 8,605                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>23,220</b>                          | <b>52,786</b>                         | <b>10,958</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 2,091                                  | 13,064                                | 8,583                      |
| - to improve the level of service  | -                                      | -                                     | -                          |
| - to replace existing assets (2)   | 21,932                                 | 32,772                                | 1,040                      |
| Increase (decrease) in reserves  | -                                      | 250                                   | 274                        |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>24,023</b>                          | <b>46,086</b>                         | <b>9,897</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(803)</b>                           | <b>6,700</b>                          | <b>1,061</b>               |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | -                                     | -                          |
| 2 Earthquake rebuild application of capital funding                          | 21,932                                 | 32,500                                | 263                        |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Heritage protection

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 3,884                                  | 4,153                                 | 4,166                      |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | 20                         |
| Fees and charges   | -                                      | -                                     | 23                         |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | -                          |
| <b>Total operating funding (A)</b>   | <b>3,884</b>                           | <b>4,153</b>                          | <b>4,209</b>               |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 1,488                                  | 1,246                                 | 755                        |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 179                                    | 96                                    | 96                         |
| Other operating funding applications   | 3,563                                  | 2,811                                 | 3,849                      |
| <b>Total applications of operating funding (B)</b>                           | <b>5,230</b>                           | <b>4,153</b>                          | <b>4,700</b>               |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(1,346)</b>                         | <b>-</b>                              | <b>(491)</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 1,346                                  | 10,569                                | 5,487                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>1,346</b>                           | <b>10,569</b>                         | <b>5,487</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | -                                      | -                                     | 13                         |
| - to replace existing assets (2)   | -                                      | 10,569                                | 4,963                      |
| Increase (decrease) in reserves  | -                                      | -                                     | 20                         |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>-</b>                               | <b>10,569</b>                         | <b>4,996</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>1,346</b>                           | <b>-</b>                              | <b>491</b>                 |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | -                                     | -                          |
| 2 Earthquake rebuild application of capital funding                          | -                                      | 10,569                                | 4,908                      |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.



## Funding impact statement for year ending 30 June 2016 for Housing

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | -                                      | -                                     | -                          |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 14,883                                 | 14,834                                | 15,483                     |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | 37                                    | 242                        |
| <b>Total operating funding (A)</b>   | <b>14,883</b>                          | <b>14,871</b>                         | <b>15,725</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 10,982                                 | 29,870                                | 20,029                     |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 993                                    | 780                                   | 780                        |
| Other operating funding applications   | -                                      | -                                     | 219                        |
| <b>Total applications of operating funding (B)</b>                           | <b>11,975</b>                          | <b>30,650</b>                         | <b>21,028</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>2,908</b>                           | <b>(15,779)</b>                       | <b>(5,303)</b>             |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 552                                    | -                                     | 1,318                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 8,669                                  | 13,231                                | 7,507                      |
| <b>Total sources of capital funding (C)</b>                                  | <b>9,221</b>                           | <b>13,231</b>                         | <b>8,825</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | -                                      | -                                     | 400                        |
| - to replace existing assets (2)   | 12,718                                 | 23,423                                | 8,945                      |
| Increase (decrease) in reserves  | (589)                                  | (25,971)                              | (5,823)                    |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>12,129</b>                          | <b>(2,548)</b>                        | <b>3,522</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(2,908)</b>                         | <b>15,779</b>                         | <b>5,303</b>               |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | -                                     | -                          |
| 2 Earthquake rebuild application of capital funding                          | 9,134                                  | 20,970                                | 6,968                      |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Natural environment

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 282                                    | 302                                   | 303                        |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 82                                     | 85                                    | 74                         |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | 8                          |
| <b>Total operating funding (A)</b>   | <b>364</b>                             | <b>387</b>                            | <b>385</b>                 |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 466                                    | 372                                   | 385                        |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 27                                     | 15                                    | 15                         |
| Other operating funding applications   | -                                      | -                                     | -                          |
| <b>Total applications of operating funding (B)</b>                           | <b>493</b>                             | <b>387</b>                            | <b>400</b>                 |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(129)</b>                           | <b>-</b>                              | <b>(15)</b>                |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 129                                    | -                                     | 15                         |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>129</b>                             | <b>-</b>                              | <b>15</b>                  |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | -                                      | -                                     | -                          |
| - to replace existing assets (2)   | -                                      | -                                     | -                          |
| Increase (decrease) in reserves  | -                                      | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>129</b>                             | <b>-</b>                              | <b>15</b>                  |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

- 1 Earthquake related operating recoveries
- 2 Earthquake rebuild application of capital funding

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Parks and open spaces

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 25,707                                 | 27,484                                | 27,568                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 11                                     | 9                                     | 6                          |
| Fees and charges   | 2,252                                  | 2,225                                 | 2,861                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | 2,500                                 | 3,911                      |
| <b>Total operating funding (A)</b>   | <b>27,970</b>                          | <b>32,218</b>                         | <b>34,346</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 22,508                                 | 25,403                                | 26,390                     |
| Finance costs  | 827                                    | 897                                   | 897                        |
| Internal charges and overheads applied                                       | 1,611                                  | 1,178                                 | 1,178                      |
| Other operating funding applications   | 861                                    | 537                                   | 464                        |
| <b>Total applications of operating funding (B)</b>                           | <b>25,807</b>                          | <b>28,015</b>                         | <b>28,929</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>2,163</b>                           | <b>4,203</b>                          | <b>5,417</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 5,830                                  | 879                                   | 4,354                      |
| Increase (decrease) in debt  | 6,627                                  | 29,156                                | (4,515)                    |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | 12,708                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>12,457</b>                          | <b>30,035</b>                         | <b>12,547</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 2,918                                  | 2,724                                 | 852                        |
| - to improve the level of service  | 1,254                                  | 6,775                                 | 414                        |
| - to replace existing assets (2)   | 10,762                                 | 25,066                                | 13,299                     |
| Increase (decrease) in reserves  | (314)                                  | (327)                                 | 3,399                      |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>14,620</b>                          | <b>34,238</b>                         | <b>17,964</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(2,163)</b>                         | <b>(4,203)</b>                        | <b>(5,417)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

|   |       |        |       |
|---|-------|--------|-------|
| 1 Earthquake related operating recoveries           | -     | 2,500  | 3,876 |
| 2 Earthquake rebuild application of capital funding | 6,598 | 20,240 | 9,443 |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Refuse minimisation and disposal

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 10,864                                 | 11,615                                | 11,651                     |
| Targeted rates   | 16,615                                 | 19,178                                | 19,591                     |
| Subsidies and grants for operating purposes                                  | -                                      | 1,030                                 | -                          |
| Fees and charges   | 7,154                                  | 6,163                                 | 6,706                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 1,830                                  | 4,100                                 | 5,573                      |
| <b>Total operating funding (A)</b>   | <b>36,463</b>                          | <b>42,086</b>                         | <b>43,521</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 38,587                                 | 39,627                                | 40,220                     |
| Finance costs  | 297                                    | 270                                   | 270                        |
| Internal charges and overheads applied                                       | 2,388                                  | 1,706                                 | 1,706                      |
| Other operating funding applications   | -                                      | -                                     | -                          |
| <b>Total applications of operating funding (B)</b>                           | <b>41,272</b>                          | <b>41,603</b>                         | <b>42,196</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(4,809)</b>                         | <b>483</b>                            | <b>1,325</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 5,729                                  | 2,597                                 | 2,163                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 217                                    | 229                                   | 518                        |
| <b>Total sources of capital funding (C)</b>                                  | <b>5,946</b>                           | <b>2,826</b>                          | <b>2,681</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | 26                                     | 27                                    | -                          |
| - to replace existing assets (2)   | 1,040                                  | 3,282                                 | 4,006                      |
| Increase (decrease) in reserves  | 71                                     | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>1,137</b>                           | <b>3,309</b>                          | <b>4,006</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>4,809</b>                           | <b>(483)</b>                          | <b>(1,325)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

1 Earthquake related operating recoveries

-

2 Earthquake rebuild application of capital funding

-

2,468

3,363

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Regulation and enforcement

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 19,975                                 | 21,356                                | 21,422                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 34,848                                 | 45,875                                | 49,231                     |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 4,716                                  | 5,613                                 | 6,296                      |
| <b>Total operating funding (A)</b>   | <b>59,539</b>                          | <b>72,844</b>                         | <b>76,949</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 52,354                                 | 69,109                                | 73,330                     |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 3,121                                  | 2,839                                 | 2,839                      |
| Other operating funding applications   | 670                                    | 820                                   | 452                        |
| <b>Total applications of operating funding (B)</b>                           | <b>56,145</b>                          | <b>72,768</b>                         | <b>76,621</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>3,394</b>                           | <b>76</b>                             | <b>328</b>                 |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | (3,296)                                | (13)                                  | (629)                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>(3,296)</b>                         | <b>(13)</b>                           | <b>(629)</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | -                          |
| - to improve the level of service  | 161                                    | 415                                   | 490                        |
| - to replace existing assets (2)   | 57                                     | 6                                     | 53                         |
| Increase (decrease) in reserves  | (120)                                  | (358)                                 | (844)                      |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>98</b>                              | <b>63</b>                             | <b>(301)</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(3,394)</b>                         | <b>(76)</b>                           | <b>(328)</b>               |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

- 1 Earthquake related operating recoveries
- 2 Earthquake rebuild application of capital funding

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Resilient communities

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 26,332                                 | 28,152                                | 28,238                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 2,171                                  | 297                                   | 693                        |
| Fees and charges   | 2,462                                  | 730                                   | 836                        |
| Internal charges and overheads recovered                                     | 2,686                                  | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 148                                    | 1,227                                 | 2,238                      |
| <b>Total operating funding (A)</b>   | <b>33,799</b>                          | <b>30,406</b>                         | <b>32,005</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 19,066                                 | 16,618                                | 15,437                     |
| Finance costs  | 155                                    | 136                                   | 136                        |
| Internal charges and overheads applied                                       | -                                      | 1,151                                 | 1,151                      |
| Other operating funding applications   | 11,271                                 | 11,600                                | 11,009                     |
| <b>Total applications of operating funding (B)</b>                           | <b>30,492</b>                          | <b>29,505</b>                         | <b>27,733</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>3,307</b>                           | <b>901</b>                            | <b>4,272</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | 1,088                      |
| Increase (decrease) in debt  | (3,594)                                | 16,043                                | (9,406)                    |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | 186                                   | 13,183                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>(3,594)</b>                         | <b>16,229</b>                         | <b>4,865</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | 30                         |
| - to improve the level of service  | -                                      | 260                                   | 210                        |
| - to replace existing assets (2)   | 1,123                                  | 16,870                                | 10,163                     |
| Increase (decrease) in reserves  | (1,410)                                | -                                     | (1,266)                    |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>(287)</b>                           | <b>17,130</b>                         | <b>9,137</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(3,307)</b>                         | <b>(901)</b>                          | <b>(4,272)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

|   |   |        |       |
|---|---|--------|-------|
| 1 Earthquake related operating recoveries           | - | 1,064  | 1,879 |
| 2 Earthquake rebuild application of capital funding | - | 14,888 | 9,031 |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Roads and footpaths

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 50,602                                 | 54,100                                | 54,266                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 9,022                                  | 11,262                                | 10,666                     |
| Fees and charges   | 690                                    | 690                                   | 1,507                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 3,705                                  | 722                                   | 849                        |
| <b>Total operating funding (A)</b>   | <b>64,019</b>                          | <b>66,774</b>                         | <b>67,288</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 40,489                                 | 42,289                                | 42,551                     |
| Finance costs  | 4,747                                  | 5,022                                 | 5,051                      |
| Internal charges and overheads applied                                       | 4,000                                  | 3,286                                 | 3,289                      |
| Other operating funding applications   | -                                      | 15                                    | (35)                       |
| <b>Total applications of operating funding (B)</b>                           | <b>49,236</b>                          | <b>50,612</b>                         | <b>50,856</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>14,783</b>                          | <b>16,162</b>                         | <b>16,432</b>              |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | 125,265                                | -                                     | -                          |
| Development and financial contributions                                      | -                                      | 2,233                                 | 3,702                      |
| Increase (decrease) in debt  | 72,985                                 | 128,289                               | 73,083                     |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 14,600                                 | 130,239                               | 70,186                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>212,850</b>                         | <b>260,761</b>                        | <b>146,971</b>             |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 31,342                                 | 26,241                                | 23,730                     |
| - to improve the level of service  | 7,088                                  | 15,001                                | 3,082                      |
| - to replace existing assets (2)   | 189,203                                | 235,681                               | 136,591                    |
| Increase (decrease) in reserves  | -                                      | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>227,633</b>                         | <b>276,923</b>                        | <b>163,403</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(14,783)</b>                        | <b>(16,162)</b>                       | <b>(16,432)</b>            |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

|   |         |         |         |
|---|---------|---------|---------|
| 1 Earthquake related operating recoveries           | 3,135   | 149     | 313     |
| 2 Earthquake rebuild application of capital funding | 173,420 | 219,364 | 115,860 |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Sewerage collection treatment and disposal

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | -                                      | -                                     | -                          |
| Targeted rates   | 42,526                                 | 49,085                                | 50,143                     |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 5,244                                  | 4,316                                 | 7,121                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 7,768                                  | 4,836                                 | 3,593                      |
| <b>Total operating funding (A)</b>   | <b>55,538</b>                          | <b>58,237</b>                         | <b>60,857</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 37,537                                 | 32,051                                | 33,960                     |
| Finance costs  | 2,570                                  | 5,288                                 | 5,288                      |
| Internal charges and overheads applied                                       | 2,415                                  | 2,644                                 | 2,644                      |
| Other operating funding applications   | -                                      | -                                     | (168)                      |
| <b>Total applications of operating funding (B)</b>                           | <b>42,522</b>                          | <b>39,983</b>                         | <b>41,724</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>13,016</b>                          | <b>18,254</b>                         | <b>19,133</b>              |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 5,321                                  | 5,347                                 | 11,725                     |
| Increase (decrease) in debt  | 173,222                                | 125,192                               | 134,884                    |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 207,980                                | 36,617                                | 120,664                    |
| <b>Total sources of capital funding (C)</b>                                  | <b>386,523</b>                         | <b>167,156</b>                        | <b>267,273</b>             |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 14,701                                 | 18,264                                | 3,411                      |
| - to improve the level of service  | 8,931                                  | 1,992                                 | 1,529                      |
| - to replace existing assets (2)   | 375,907                                | 165,154                               | 281,466                    |
| Increase (decrease) in reserves  | -                                      | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>399,539</b>                         | <b>185,410</b>                        | <b>286,406</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(13,016)</b>                        | <b>(18,254)</b>                       | <b>(19,133)</b>            |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

|   |         |         |         |
|---|---------|---------|---------|
| 1 Earthquake related operating recoveries           | 8,300   | 4,568   | 3,456   |
| 2 Earthquake rebuild application of capital funding | 363,997 | 146,549 | 267,917 |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.



## Funding impact statement for year ending 30 June 2016 for Sport and recreation

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 18,663                                 | 19,953                                | 20,014                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 15                                     | 40                                    | 27                         |
| Fees and charges   | 10,765                                 | 12,853                                | 11,891                     |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 110                                    | 774                                   | 1,517                      |
| <b>Total operating funding (A)</b>   | <b>29,553</b>                          | <b>33,620</b>                         | <b>33,449</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 25,464                                 | 26,425                                | 27,534                     |
| Finance costs  | 665                                    | 643                                   | 643                        |
| Internal charges and overheads applied                                       | 1,783                                  | 1,247                                 | 1,316                      |
| Other operating funding applications   | 217                                    | 217                                   | 319                        |
| <b>Total applications of operating funding (B)</b>                           | <b>28,129</b>                          | <b>28,532</b>                         | <b>29,812</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>1,424</b>                           | <b>5,088</b>                          | <b>3,637</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 721                                    | 670                                   | 2,577                      |
| Increase (decrease) in debt  | 107,837                                | 47                                    | 1,064                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 2,354                                  | 11,100                                | 6,100                      |
| <b>Total sources of capital funding (C)</b>                                  | <b>110,912</b>                         | <b>11,817</b>                         | <b>9,741</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | 5,728                                 | 2,957                      |
| - to improve the level of service  | 523                                    | 215                                   | 103                        |
| - to replace existing assets (2)   | 111,813                                | 12,302                                | 10,318                     |
| Increase (decrease) in reserves  | -                                      | (1,340)                               | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>112,336</b>                         | <b>16,905</b>                         | <b>13,378</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(1,424)</b>                         | <b>(5,088)</b>                        | <b>(3,637)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | 661                                   | 1,284                      |
| 2 Earthquake rebuild application of capital funding                          | 108,336                                | 5,390                                 | 5,810                      |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Stormwater drainage

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | -                                      | -                                     | -                          |
| Targeted rates   | 14,429                                 | 16,654                                | 17,013                     |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 20                                     | 20                                    | 75                         |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | 1,550                                 | 1,315                      |
| <b>Total operating funding (A)</b>   | <b>14,449</b>                          | <b>18,224</b>                         | <b>18,403</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 18,381                                 | 17,477                                | 14,218                     |
| Finance costs  | -                                      | 621                                   | 621                        |
| Internal charges and overheads applied                                       | 928                                    | 640                                   | 640                        |
| Other operating funding applications   | -                                      | -                                     | (75)                       |
| <b>Total applications of operating funding (B)</b>                           | <b>19,309</b>                          | <b>18,738</b>                         | <b>15,404</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(4,860)</b>                         | <b>(514)</b>                          | <b>2,999</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 1,863                                  | -                                     | -                          |
| Increase (decrease) in debt  | 23,402                                 | 72,888                                | 36,173                     |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 37,669                                 | 93                                    | 13,255                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>62,934</b>                          | <b>72,981</b>                         | <b>49,428</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 7,866                                  | 1,197                                 | 65                         |
| - to improve the level of service  | 42                                     | -                                     | 64                         |
| - to replace existing assets (2)   | 50,166                                 | 71,270                                | 50,441                     |
| Increase (decrease) in reserves  | -                                      | -                                     | 1,857                      |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>58,074</b>                          | <b>72,467</b>                         | <b>52,427</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>4,860</b>                           | <b>514</b>                            | <b>(2,999)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | -                                      | 1,550                                 | 1,315                      |
| 2 Earthquake rebuild application of capital funding                          | 47,778                                 | 68,393                                | 48,447                     |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Strategic governance

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 20,861                                 | 22,303                                | 22,371                     |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | 153                                    | 153                                   | 61                         |
| Fees and charges   | 11                                     | 12                                    | 104                        |
| Internal charges and overheads recovered                                     | 1,593                                  | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | 450                        |
| <b>Total operating funding (A)</b>   | <b>22,618</b>                          | <b>22,468</b>                         | <b>22,986</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 19,648                                 | 21,585                                | 20,882                     |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | -                                      | 883                                   | 883                        |
| Other operating funding applications   | 74                                     | -                                     | 39                         |
| <b>Total applications of operating funding (B)</b>                           | <b>19,722</b>                          | <b>22,468</b>                         | <b>21,804</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>2,896</b>                           | <b>-</b>                              | <b>1,182</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | (2,896)                                | -                                     | (1,418)                    |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>(2,896)</b>                         | <b>-</b>                              | <b>(1,418)</b>             |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | -                                     | (1)                        |
| - to improve the level of service  | -                                      | -                                     | -                          |
| - to replace existing assets (2)   | -                                      | -                                     | -                          |
| Increase (decrease) in reserves  | -                                      | -                                     | (235)                      |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>-</b>                               | <b>-</b>                              | <b>(236)</b>               |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(2,896)</b>                         | <b>-</b>                              | <b>(1,182)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

- 1 Earthquake related operating recoveries
- 2 Earthquake rebuild application of capital funding

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Strategic planning

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 7,812                                  | 8,352                                 | 8,378                      |
| Targeted rates   | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | -                                      | 100                                   | 352                        |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 527                                    | 419                                   | 221                        |
| <b>Total operating funding (A)</b>   | <b>8,339</b>                           | <b>8,871</b>                          | <b>8,951</b>               |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 11,702                                 | 10,036                                | 8,918                      |
| Finance costs  | -                                      | -                                     | -                          |
| Internal charges and overheads applied                                       | 693                                    | 442                                   | 442                        |
| Other operating funding applications   | 463                                    | 863                                   | 901                        |
| <b>Total applications of operating funding (B)</b>                           | <b>12,858</b>                          | <b>11,341</b>                         | <b>10,261</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>(4,519)</b>                         | <b>(2,470)</b>                        | <b>(1,310)</b>             |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | -                                      | -                                     | -                          |
| Increase (decrease) in debt  | 5,015                                  | 3,047                                 | 1,693                      |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | -                                     | -                          |
| <b>Total sources of capital funding (C)</b>                                  | <b>5,015</b>                           | <b>3,047</b>                          | <b>1,693</b>               |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 496                                    | 577                                   | 338                        |
| - to improve the level of service  | -                                      | -                                     | -                          |
| - to replace existing assets (2)   | -                                      | -                                     | -                          |
| Increase (decrease) in reserves  | -                                      | -                                     | 45                         |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>496</b>                             | <b>577</b>                            | <b>383</b>                 |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>4,519</b>                           | <b>2,470</b>                          | <b>1,310</b>               |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

- 1 Earthquake related operating recoveries
- 2 Earthquake rebuild application of capital funding

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Transport

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | 3,260                                  | 3,485                                 | 3,496                      |
| Targeted rates   | 2,562                                  | 2,957                                 | 3,021                      |
| Subsidies and grants for operating purposes                                  | 1,759                                  | 3,134                                 | 3,082                      |
| Fees and charges   | 6,658                                  | 4,095                                 | 6,845                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | -                                      | -                                     | 191                        |
| <b>Total operating funding (A)</b>   | <b>14,239</b>                          | <b>13,671</b>                         | <b>16,635</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 11,012                                 | 11,307                                | 12,271                     |
| Finance costs  | 519                                    | 534                                   | 506                        |
| Internal charges and overheads applied                                       | 890                                    | 630                                   | 627                        |
| Other operating funding applications   | -                                      | -                                     | -                          |
| <b>Total applications of operating funding (B)</b>                           | <b>12,421</b>                          | <b>12,471</b>                         | <b>13,404</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>1,818</b>                           | <b>1,200</b>                          | <b>3,231</b>               |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | 21,644                                 | 21,847                                | 22,883                     |
| Development and financial contributions                                      | 1,703                                  | 765                                   | 1,018                      |
| Increase (decrease) in debt  | 31,340                                 | 38,058                                | (40,913)                   |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | -                                      | 19,177                                | 29,177                     |
| <b>Total sources of capital funding (C)</b>                                  | <b>54,687</b>                          | <b>79,847</b>                         | <b>12,165</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | -                                      | 520                                   | 4                          |
| - to improve the level of service  | 18,533                                 | 15,017                                | 6,822                      |
| - to replace existing assets (2)   | 37,972                                 | 65,510                                | 8,062                      |
| Increase (decrease) in reserves  | -                                      | -                                     | 508                        |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>56,505</b>                          | <b>81,047</b>                         | <b>15,396</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(1,818)</b>                         | <b>(1,200)</b>                        | <b>(3,231)</b>             |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

1 Earthquake related operating recoveries

2 Earthquake rebuild application of capital funding

|        |        |       |
|--------|--------|-------|
| -      | -      | -     |
| 36,406 | 64,472 | 6,521 |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2016 for Water supply

|  | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|--|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>  |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                | -                                      | -                                     | -                          |
| Targeted rates   | 29,262                                 | 33,775                                | 34,503                     |
| Subsidies and grants for operating purposes                                  | -                                      | -                                     | -                          |
| Fees and charges   | 2,989                                  | 589                                   | 1,081                      |
| Internal charges and overheads recovered                                     | -                                      | -                                     | -                          |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1) | 1,808                                  | 990                                   | 844                        |
| <b>Total operating funding (A)</b>   | <b>34,059</b>                          | <b>35,354</b>                         | <b>36,428</b>              |
| <b>Applications of operating funding</b>                                     |  |                                       |                            |
| Payments to staff and suppliers  | 16,960                                 | 16,366                                | 17,152                     |
| Finance costs  | 1,528                                  | 3,328                                 | 3,328                      |
| Internal charges and overheads applied                                       | 1,441                                  | 1,635                                 | 1,635                      |
| Other operating funding applications   | 4                                      | 4                                     | (37)                       |
| <b>Total applications of operating funding (B)</b>                           | <b>19,933</b>                          | <b>21,333</b>                         | <b>22,078</b>              |
| <b>Surplus (deficit) of operating funding (A-B)</b>                          | <b>14,126</b>                          | <b>14,021</b>                         | <b>14,350</b>              |
| <b>Sources of capital funding</b>  |  |                                       |                            |
| Subsidies and grants for capital expenditure                                 | -                                      | -                                     | -                          |
| Development and financial contributions                                      | 1,661                                  | 1,270                                 | 3,892                      |
| Increase (decrease) in debt  | 5,467                                  | 12,961                                | 11,369                     |
| Gross proceeds from sale of assets   | -                                      | -                                     | -                          |
| Lump sum contributions   | -                                      | -                                     | -                          |
| Other dedicated capital funding  | 4,896                                  | 11,970                                | 8,089                      |
| <b>Total sources of capital funding (C)</b>                                  | <b>12,024</b>                          | <b>26,201</b>                         | <b>23,350</b>              |
| <b>Applications of capital funding</b>                                       |  |                                       |                            |
| Capital expenditure  |  |                                       |                            |
| - to meet additional demand  | 6,105                                  | 21,966                                | 9,328                      |
| - to improve the level of service  | 9,362                                  | 5,997                                 | 2,474                      |
| - to replace existing assets (2)   | 10,683                                 | 12,259                                | 25,898                     |
| Increase (decrease) in reserves  | -                                      | -                                     | -                          |
| Increase (decrease) of investments   | -                                      | -                                     | -                          |
| <b>Total applications of capital funding (D)</b>                             | <b>26,150</b>                          | <b>40,222</b>                         | <b>37,700</b>              |
| <b>Surplus (deficit) of capital funding (C-D)</b>                            | <b>(14,126)</b>                        | <b>(14,021)</b>                       | <b>(14,350)</b>            |
| <b>Funding balance ((A-B) + (C-D))</b>                                       | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |
| <b>Footnotes</b>   |  |                                       |                            |
| 1 Earthquake related operating recoveries                                    | 1,800                                  | 990                                   | 832                        |
| 2 Earthquake rebuild application of capital funding                          | 7,066                                  | 8,733                                 | 15,886                     |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

## Funding impact statement for year ending 30 June 2015 for Corporate

|   | 2014/15<br>Three Year<br>Plan<br>\$000 | 2015/16<br>Long Term<br>Plan<br>\$000 | 2015/16<br>Actual<br>\$000 |
|---|--|---------------------------------------|----------------------------|
| <b>Sources of operating funding</b>   |  |                                       |                            |
| General rates, uniform annual general charge, rates penalties                     | 10,692                                 | 11,429                                | 11,466                     |
| Targeted rates  | -                                      | -                                     | -                          |
| Subsidies and grants for operating purposes                                       | 8,864                                  | 3,561                                 | 3,704                      |
| Fees and charges  | 5,406                                  | 2,860                                 | 11,748                     |
| Internal charges and overheads recovered  | 19,553                                 | 21,594                                | 22,382                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts (1), (2) | 69,350                                 | 290,840                               | 187,254                    |
| <b>Total operating funding (A)</b>  | <b>113,865</b>                         | <b>330,284</b>                        | <b>236,554</b>             |
| <b>Applications of operating funding</b>  |  |                                       |                            |
| Payments to staff and suppliers   | 31,892                                 | 16,114                                | 33,039                     |
| Finance costs   | 45,115                                 | 60,844                                | 54,665                     |
| Internal charges and overheads applied  | 185                                    | 1                                     | 718                        |
| Other operating funding applications  | 28,405                                 | 32,587                                | 22,782                     |
| <b>Total applications of operating funding (B)</b>                                | <b>105,597</b>                         | <b>109,546</b>                        | <b>111,204</b>             |
| <b>Surplus (deficit) of operating funding (A-B)</b>                               | <b>8,268</b>                           | <b>220,738</b>                        | <b>125,350</b>             |
| <b>Sources of capital funding</b>   |  |                                       |                            |
| Subsidies and grants for capital expenditure                                      | 443                                    | -                                     | -                          |
| Development and financial contributions   | -                                      | -                                     | -                          |
| Increase (decrease) in debt   | 38,021                                 | (334,614)                             | 131,133                    |
| Gross proceeds from sale of assets  | 14,268                                 | 54,671                                | 15,369                     |
| Lump sum contributions  | -                                      | -                                     | -                          |
| Other dedicated capital funding   | 49,201                                 | (103,878)                             | 20,290                     |
| <b>Total sources of capital funding (C)</b>                                       | <b>101,933</b>                         | <b>(383,821)</b>                      | <b>166,792</b>             |
| <b>Applications of capital funding</b>  |  |                                       |                            |
| Capital expenditure   |  |                                       |                            |
| - to meet additional demand   | 13,325                                 | 6,674                                 | 2,602                      |
| - to improve the level of service   | 8,362                                  | 13,849                                | 18,968                     |
| - to replace existing assets (3)  | 82,868                                 | 63,902                                | (56,150)                   |
| Increase (decrease) in reserves   | 5,646                                  | (247,108)                             | 4,586                      |
| Increase (decrease) of investments  | -                                      | (400)                                 | 322,136                    |
| <b>Total applications of capital funding (D)</b>                                  | <b>110,201</b>                         | <b>(163,083)</b>                      | <b>292,142</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>                                 | <b>(8,268)</b>                         | <b>(220,738)</b>                      | <b>(125,350)</b>           |
| <b>Funding balance ((A-B) + (C-D))</b>  | <b>-</b>                               | <b>-</b>                              | <b>-</b>                   |

**Footnotes**

|   |        |         |          |
|---|--------|---------|----------|
| 1 Earthquake related operating recoveries           | 1,500  | 2,034   | 2,504    |
| 2 Interest and Dividends from investments           | 63,733 | 277,957 | 165,804  |
| 3 Earthquake rebuild application of capital funding | 64,239 | 51,610  | (62,325) |

Note: 2014/15 Three Year Plan numbers have been restated where necessary to reflect the activities included within this group of activities in the LTP.

**Explanation for significant variances****Fees and charges**

Fees and charges are \$8.9 million higher than plan mainly due to the unplanned Vbase salary on-charge.

**Local authorities fuel tax, fines, infringement fees, and other receipts**

Local authorities fuel tax, fines, infringement fees, and other receipts are \$103.6 million lower than plan mainly due to lower dividends from CCHL and Transwaste. This was offset by \$5 million higher interest revenue due to having more interest earning investments on hand following the material damage insurance settlement.

Payments to staff and suppliers

Payments to staff and suppliers is \$16.9 million higher than plan largely due to the Vbase recharge (\$8 million) and higher than planned costs for the infrastructure rebuild and major facilities programmes (\$3.1 million), earthquake claim costs (\$1.2 million) and a Council wide efficiency review (\$3 million). These costs are fully offset by internal service provider revenue.

**Capital Funding**

Increase (decrease) in debt

The increase in debt is \$437.1 million higher than plan due to unplanned on lending to CCHL and borrowing from Vbase and Tuam to invest material damage insurance proceeds on their behalf.

Gross proceeds from sale of assets

Gross proceeds from sale of assets is lower than plan as the revenue was treated differently within the accounts. This includes the old central library sale proceeds which are included in insurance income and the former civic building in Tuam Street's sale proceeds will be received as dividend income in 2017.

Other dedicated capital funding

Other dedicated capital funding is \$124 million higher than plan principally due to the settlement of Council's material damage insurance claims.

Application of capital funding

Capital expenditure is \$119 million less than plan. This variance is discussed in detail in the Corporate section of Council activities and services. Movement in reserves and investments reflects the lower capital expenditure and the increased funds from the material damage insurance settlement.



# Financial statements

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This section contains details about the Council's finances over the past year, how your rates were spent, where additional funding came from and some of the year's financial highlights.

## Financial statements Financial highlights

### Financial result - Parent

The Council had an operating surplus of \$426.1 million for the year to 30 June 2016 compared to a planned surplus of \$543.1 million and prior year surplus of \$306.8 million.

After adjusting for the gains and losses from the revaluation of derivatives and other financial assets there was an operating surplus (before tax) of \$425.5 million for 2016, an increase of \$185.3 million on 2015 (\$240.2 million), but \$119.3 million lower than planned (\$543.1 million). The main reasons for these variances are explained further under the operating revenue and operating expenditure headings below.

The Council plans for and generates an accounting surplus as a result of recognising as revenue the value of assets received by the Council for no consideration, and the Crown funding of the infrastructure network rebuild.

The Council's total comprehensive revenue and expense was \$632.3 million (2015: \$1.4 billion). The difference between the operating surplus and total comprehensive revenue and expense represents the tax expense and the net gains from the revaluation of infrastructure assets, investments in subsidiaries and financial instruments (derivatives).

The net gain from the revaluation of our infrastructure and investment assets is not readily convertible to cash. As such, it cannot be used to fund the Council's costs.

The total comprehensive revenue and expense was \$262.4 million lower than the planned \$894.7 million. A gain of \$351.5 million was planned from the revaluation of property plant and equipment, however the actual net gain from the revaluation of property, plant and equipment, subsidiaries and derivative liabilities for the year was \$139.7 million lower than this.

The Council had planned to undertake revaluations of more than its sewerage network in 2016 but had not included an amount for the revaluation of its subsidiaries and derivatives.

Accounting standards require the Council to recognise gains and losses arising from receiving assets for less than the market value, the revaluation of property, plant and equipment, investments and financial assets and liabilities (particularly the derivatives supporting the Council's borrowing) in its financial statements. These gains and losses have been described as statutory reporting items.

In 2016 these include an increase from the revaluation of property, plant and equipment (\$77.2 million), an increase in the value of subsidiaries (\$248.3 million), offset by a decrease in the value of derivative hedges (\$113.7 million).

### Operating performance

|   | Statutory reporting |                |                                  |                       | Adjusted 2015 |                 |
|---|---------------------|----------------|----------------------------------|-----------------------|---------------|-----------------|
|   | 2016<br>\$000       | items<br>\$000 | Adjusted<br>2016 result<br>\$000 | 2016<br>Plan<br>\$000 | 2015<br>\$000 | result<br>\$000 |
| Total revenue   | 1,230,556           | -              | 1,230,556                        | 1,268,978             | 1,007,346     | 1,007,346       |
| Operating surplus for the period, before income tax expense | 426,112             | 580            | 425,532                          | 543,124               | 306,804       | 240,208         |
| Operating surplus for the period, after income tax expense  | 420,474             | 580            | 419,894                          | 543,124               | 307,390       | 240,794         |
| Total comprehensive revenue and expense                     | 632,297             | 212,403        | 419,894                          | 894,660               | 1,354,830     | 240,208         |

### Operating revenue

Revenue was received from the following sources:

| Sources of operating revenue                    | Actual<br>\$million | Plan<br>\$million |
|---|---------------------|-------------------|
| Rates revenue                                   | 396.2               | 392.8             |
| Fees and charges                                | 77.6                | 68.6              |
| Rental revenue                                  | 36.4                | 27.8              |
| Interest revenue                                | 27.9                | 22.7              |
| Dividends                                       | 137.9               | 255.3             |
| Development contributions                       | 31.2                | 17.2              |
| NZ Transport Agency subsidies (excl earthquake) | 39.8                | 37.2              |
| Earthquake subsidies & revenue                  | 168.9               | 75.7              |
| Insurance receipts                              | 179.3               | 54.3              |
| Other revenue                                   | 45.1                | 33.6              |
| Vested assets                                   | 90.3                | 283.8             |
| Total   | 1,230.6             | 1,269.0           |

Vested assets are non-cash revenue such as parcels of land received from developers in lieu of cash development contributions.

Crown contributions and insurance proceeds of \$348 million (2015: \$276 million) were received in 2016. These relate to material damage insurance settlement receipts and continuing payments from Crown agencies (CERA/DPMC and NZTA).

Operating revenue was \$38.4 million lower than planned as:

- dividend income was \$117 million lower due to a reduction in Transwaste and CCHL dividends; and
- vested asset income was \$193 million lower due to a delay in the handing over of anchor projects.

Offset by:

- insurance recoveries being \$234 million higher than planned for 2016 as a result of reaching a global material damage insurance settlement.

### Operating expenditure

Total operating expenditure for the year was \$804.4 million (2015: \$700.5 million). Key components include:

| Sources of operating expenditure                | Actual<br>\$million | Plan<br>\$million |
|---|---------------------|-------------------|
| Depreciation and amortisation                   | 190.6               | 161.2             |
| Finance costs                                   | 72.4                | 78.6              |
| Personnel costs                                 | 179.1               | 177.8             |
| Grants / donations                              | 37.4                | 34.3              |
| Provision of services and maintenance of assets | 160.2               | 179.2             |
| Consultants and legal fees                      | 42.1                | 34.8              |
| Other   | 122.6               | 60.0              |
| <b>Total</b>                                    | <b>804.4</b>        | <b>725.9</b>      |

Operating expenditure after adjusting for statutory reporting items was \$78.6 million higher than planned as:

- Depreciation and amortisation costs were \$29 million higher due to the impact of the 2015 revaluations.
- \$45.8 million of expenses in relation to the Christchurch Art Gallery repairs and waterways utilities repairs that were planned as capital projects but were in fact repairs and therefore expensed.

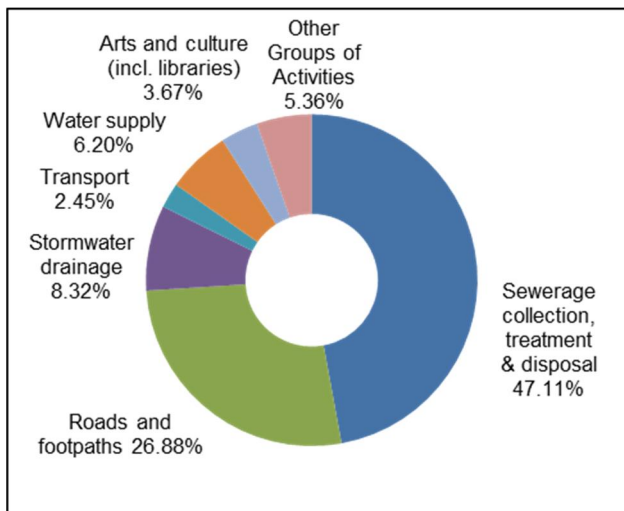
### Non-financial achievements

Details of Council's non-financial achievements for the year are included in the *Our Achievements* section of the Annual Report.

### Investing in the assets of the city

The Council has spent \$608 million across a wide range of capital projects against a budget of \$958 million. The under-spend is largely due to delays in the infrastructure and facilities rebuild programme. A large portion of this is funded through material damage insurance recoveries and Crown contributions.

Areas of spend are shown below with further details in the *Council activities and services* pages.



### Capital projects

Of the \$608 million spend, \$465 million (2015: \$384 million) was on infrastructure rebuild projects; the majority in relation to sewerage collection and road networks.

#### Outside of SCIRT projects

Within the sewerage network, \$11.4 million was spent on the renewals programme, \$3.4 million on earthquake repairs to the wastewater treatment plant and \$2.1 million on the Wairakei diversion.

Work continued on the Christchurch Transport plan 2012-2042 projects, \$10.4 million, Ferrymead Bridge, \$2.5 million; carriageway sealing and surfacing, \$6.6 million, and Wigram Magdala overbridge, \$13.5 million.

Water supply capital projects during the year included \$5.7 million on the Prestons pump station and link to Marshlands, \$2.5 million on the Little River and Akaroa water supply upgrades and \$7.5 million on routine mains, submains and headworks renewals.

Flood protection and river control projects included \$2.2 million for the Kaputone stream diversion, \$4.6 million on subdivision infrastructure projects including Prestons/Clare Park, Highsted and Knights Basin.

Community facility projects included the Aranui Community Centre rebuild, \$4.6 million, Sumner Community Centre and Library rebuild, \$0.9 million, and Akaroa Gaiety Hall, \$0.7 million. In addition Arts and culture projects included the new Central Library, \$11.6 million, Halswell Library and Community Centre, \$9.9 million, and earthquake repairs to libraries \$1.3 million.

Sport and recreation projects included sport park renewal projects, \$5.7 million, the Wharenui Recreation Centre, \$1.7 million, Lyttelton Recreation Centre, \$1.4 million, East Pool Recreation facility at QEII, \$0.9 million, and Hospital Corner sports fields development, \$1.2 million.

Housing projects included housing improvements and new units, \$9.3 million.

Council's information technology unit renewals, replacements and developments totalled \$15 million. Strategic land purchases of \$10.8 million were undertaken.

More detail about the capital projects undertaken during the year are outlined in the *Council activities and services* section of the Annual Report.

## Financial Position

Our statement of financial position shows a strong position with total assets of \$12.0 billion, total liabilities of \$2.1 billion, including a debt level of \$1.6 billion, and net assets of \$9.9 billion.

At \$12 billion, total assets are \$170.3 million lower than planned. This is primarily the result of:

- a \$1.3 billion lower than planned increase in property, plant and equipment due to delays in the rebuild and revaluation programmes;
- offset by
- higher than planned increase in the value of investments in and loans to subsidiaries of \$855.3 million; and
  - higher than planned cash and other financial assets balances of \$298.9 million principally due to the insurance settlement of our material damage claim.

Infrastructure work in progress has a balance of \$904 million, \$70.6 million lower than 2015.

Our total liabilities are \$332.3 million higher than planned. This is primarily the result of:

- derivative liabilities are \$183 million higher than planned due to the market movement in interest rates;
- payables are \$75 million higher than planned due to the timing of invoices and payment;
- other liabilities are \$41 million higher than planned principally due to income in advance;
- debt is \$16 million higher than planned due to unplanned borrowing from group entities. External borrowings are lower than planned reflecting an under-delivery in the capital programme offset by additional unplanned borrowing by CCHL and the non-receipt of capital release dividends from CCHL.

Although liabilities have increased the Council has met its key ratios.

## Revaluations

This year we continued the post-earthquake asset revaluation process commenced in 2014 by reviewing the 2015 valuation of the sewerage network to reduce uncertainties present in the 2015 valuation. This resulted in an increase in value of \$77.2 million.

We have now revalued post-earthquake all major assets and all infrastructure except the stormwater network. There are still uncertainties as to the impact the condition of the city's roads will have on their remaining useful life, which has resulted in an audit opinion modification.

Also, there is still a level of uncertainty regarding:

- the value of projects that should be considered repairs and therefore expensed within WIP;
- the appropriate treatment of \$55 million of SCIRT costs which were expensed in 2015 but Council now consider should form part of the value of completed assets.

More detail on the financial impact of the rebuild is outlined in the *Impact of the rebuild* and note 9 of the *Financial Statements* later in the Annual Report.

## Insurance of Council Assets

|   | 2016<br>\$000 | 2015<br>\$000 |
|---|---------------|---------------|
| <b>Insurance</b>  |               |               |
| Insured value of assets covered by insurance                                    | 1,770,529     | 1,558,507     |
| Book value of assets covered by insurance(1)                                    | 2,353,931     | 1,083,220     |
| <b>Financial risk sharing arrangements</b>                                      |               |               |
| Insured value of assets covered financial risk sharing arrangements             | 100,000       | 125,000       |
| Book value of assets covered by financial risk sharing arrangements             | 1,788,186     | 2,696,376     |
| <b>Overall cover</b>  |               |               |
| The maximum amount to which assets are insured under Council insurance policies | 1,870,529     | 1,683,507     |
| Total book value of Property, plant and equipment                               | 8,704,632     | 8,132,347     |

The table above represents the insurance position at 30 June 2016.

### Notes:

1. Excludes land and land under roads of \$1.6 billion (2015: \$1.5 billion) and work in progress of \$904 million (2015: \$1.1 billion) for which cover is not available.

### Insurance cover

At 30 June 2016 Council had full replacement cover for a number of significant buildings, and fire only cover for major buildings which are still unrepaired. The total value of this cover is \$1.8 billion. The Council self-insures any buildings with a value below \$250,000.

### Insurance cover renewal after 30 June 2016

Subsequent to balance date the Council has renewed its buildings cover. The renewal of the policy was based on insurance valuations at 30 June 2016. The Council continues to self-insure any buildings with a value below \$250,000. Fire only cover is retained for those buildings which are still unrepaired and no normal material damage cover is available.

For the first time, the Council has placed insurance cover on its underground infrastructure assets. This has increased the maximum amount of insurance cover available for Council assets from \$1.9 billion to \$2.3 billion.

### Financial risk sharing arrangements

The Council is a member of the Local Authority Protection Programme (LAPP) which is a Financial Risk Sharing arrangement. At 30 June 2016 LAPP provided limited cover over \$624 million of the Council's infrastructure assets.

### Other cover

In addition to the Council's insurance cover it is assumed that in the event of another natural disaster Central Government will continue to contribute 60 per cent towards the restoration of underground water, waste and drainage assets and that NZTA will continue to contribute 44-54 per cent towards the restoration of road assets.

## Modified Audit Opinion

The Council remains unable to fully comply with IPSAS accounting standards in respect of its property, plant and equipment (as has been the case since 2011) and has received a modified audit opinion.

The modified opinion does not reflect on the 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 its assets due to the impact of the earthquake.

## Looking forward

The major focus of the Council in 2017 will be the delivery of the Council's capital programme, delivering the levels of service to the community that were outlined in the Amended LTP, together with the continuing rebuild of the city. The infrastructure rebuild continues with the SCIRT programme of works due to be completed within the next year. Notwithstanding the completion of the SCIRT programme the Council will continue its infrastructure programme and maintain existing assets to meet the immediate needs of the community.

Major capital works planned for the year to June 2017 include continuation of the following:

- Ongoing facility rebuilds including:
  - Christchurch Town Hall;
  - Knowledge Centre - New Central Library;
  - Sumner Community Centre and Library;
  - Lichfield Street car park;
  - Mona Vale;
  - Canterbury Provincial Chambers (Stage 1); and
  - Old Municipal Chambers.
- The cycleway network throughout the City.
- Delivery of the social housing repair and replacement programme.
- Wastewater treatment plants for Lyttelton Harbour and Akaroa and the completion of repairs at the Christchurch Wastewater Treatment Plant.
- Continuing work to enable Sumner Road (Evans Pass) to be reopened.
- Repairs to the New Brighton Pier.
- Commitments towards the construction of the Metro Sports Facility, a recreation and sport centre in the east, the sporting hub at Ngā Puna Wai and the South West Leisure Centre.

The District Plan Review will be completed.

Christchurch will host a range of local, national and international sporting events including the Pioneer (mountain bike race), World Bowls, along with Le Race and the Airport Marathon.

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

## Financial statements

### Financial ratios

The Council has five financial ratios which form a key part of its financial risk management strategy and are the key limits for the Council's borrowing from the Local Government Funding Agency (LGFA).

The five ratios are:

- Net debt as a percentage of equity;
- Net interest as a percentage of total revenue;
- Net debt as a percentage of total revenue;
- Net interest as a percentage of annual rates revenue; and
- Liquidity.

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 the *Financial prudence benchmarks* section on page 141.

Financial statements  
Financial prudence benchmarks

[Disclosure statement - Parent Annual report disclosure statement for the year ending 30 June 2016](#)

**What is the purpose of this statement?**

The purpose of this statement is to disclose the Council's financial performance in relation to required benchmarks in order to assess whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

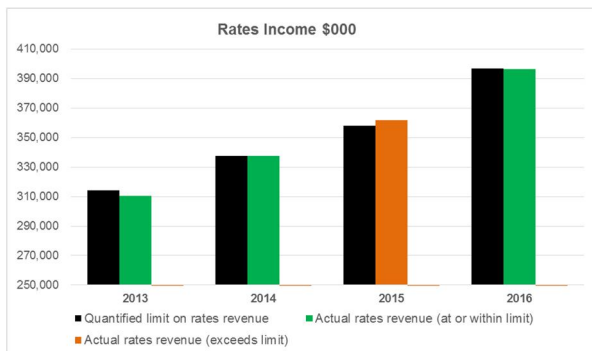
The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Should you require more information, including definitions of some of the terms used in this statement, please refer to the regulations.

**Rates affordability benchmark**

- The Council meets the rates affordability benchmark if –
- its actual rates revenue equals or is less than each quantified limit on rates; and
  - its actual rates increase equals or is less than each quantified limit on rates increases.

**Rates (revenue) affordability**

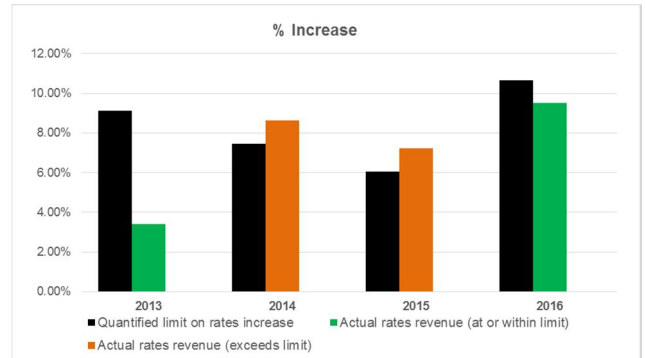
The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the Council's Three Year Plan (2013 and 2014), 2015 Annual Plan and the LTP (2016). The quantified limit for 2016: \$397,000,000, 2015: \$358,126,000 and 2014: \$337,638,000.



Actual rates revenue exceeded the quantified limit in 2015 as a result of higher than expected rating growth during the year as ratepayers complete their rebuild work. While the Order in Council remains in place the Council can levy rates on the completion of new buildings rather than from the start of the next rating year.

**Rates (increases) affordability**

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Three Year Plan (2013 and 2014), 2015 Annual Plan and LTP (2016). The quantified limit is: 2016: 10.67 per cent, 2015: 6.1 per cent and 2014: 7.5 per cent.



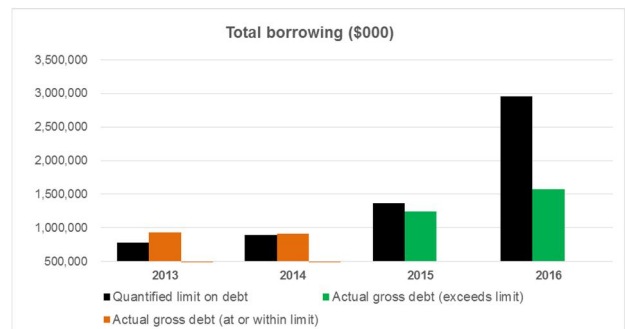
This benchmark looks at the year on year percentage increase in rates revenue. In 2014 actual rates revenue was in line with the planned revenue but the actual percentage increase in rates revenue exceeded the set limit because it was measured against the 2013 actual result. In 2015 a higher than expected in-year growth in rates revenue resulted in the actual percentage increase exceeding the set limit.

**Debt affordability benchmark**

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has six measures for debt affordability and these are set out below.

**Total borrowing**

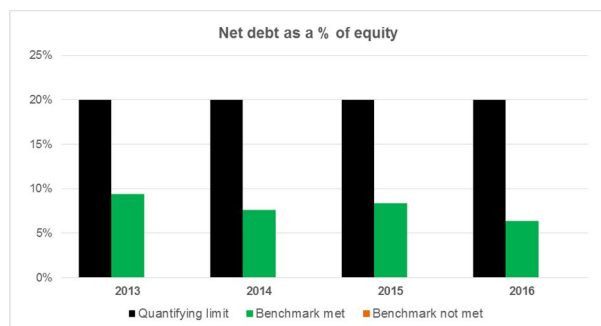
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Three Year Plan (2013 and 2014), 2015 Annual Plan and LTP (2016). The quantified limit is 2016: \$2,956,000, 2015: \$1,366,286,000 and 2014: \$897,675,000.



In 2015 and 2016 there was a significant increase in the quantified limit to take into account the funding requirements of the rebuild. The delays in the rebuild have meant that Council has not needed to borrow as expected.

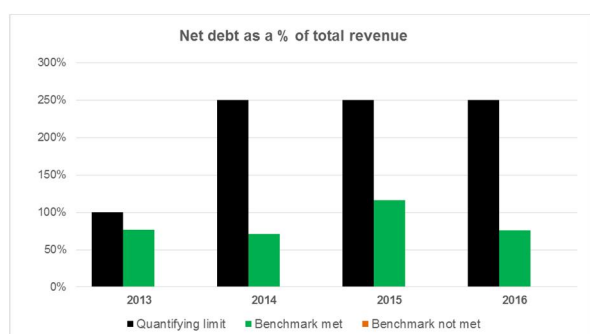
### Net debt as a percentage of equity

The following graph compares the Council's actual ratio of net borrowing as a percentage of equity with a quantified limit stated in the financial strategy as included each year in the Council's Plan. The quantified limit is net debt comprised of total borrowings less liquid assets and investments (excluding shares and advances to subsidiaries) as a percentage of equity being less than or equal to 20 per cent.



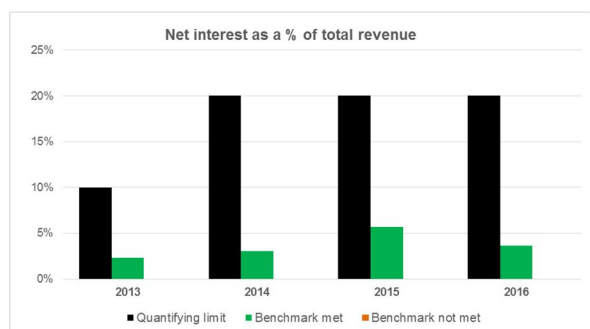
### Net debt<sup>1</sup> as a percentage of total revenue<sup>2</sup>

The following graph compares the Council's actual ratio of net borrowing as a percentage of total revenue with a quantified limit on borrowing stated each year in the financial strategy of the Council's Plan. The quantified limit is net debt as a percentage of total revenue being less than or equal to 250 per cent.



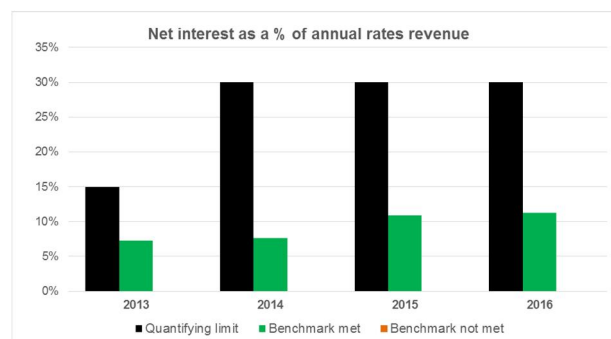
### Net interest as a percentage of total revenue

The following graph compares the Council's actual ratio of net interest as a percentage of total revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is net interest as a percentage of total operating revenue being less than or equal to 20 per cent.



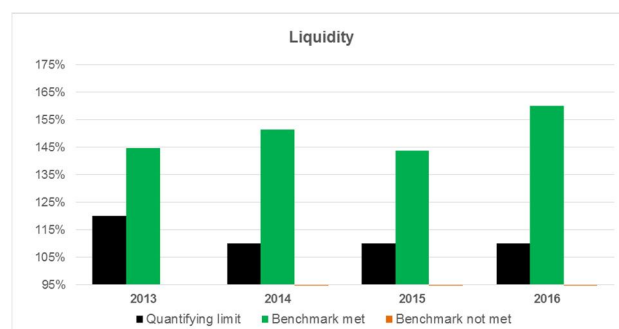
### Net interest as a percentage of annual rates revenue

The following graph compares the Council's actual ratio of net interest as a percentage of annual rates revenue with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is net interest as a percentage of annual rates revenue being less than or equal to 30 per cent.



### Liquidity

The following graph compares the Council's actual liquidity with a quantified limit stated in the financial strategy included each year in the Council's Plan. The quantified limit is liquidity being greater than 110 per cent. For debt affordability liquidity is calculated as total borrowings including committed but undrawn facilities plus liquid assets and investments compared to total term borrowings.



<sup>1</sup> Net debt is defined as total financial liabilities less financial assets (excluding trade and other receivables).

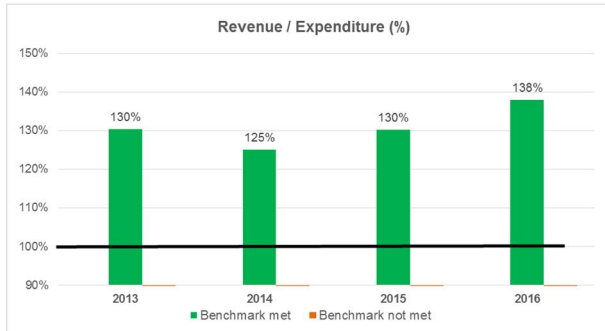
<sup>2</sup> Total revenue is total cash operating revenue excluding development contributions and non government capital contributions.



### Balanced budget benchmark

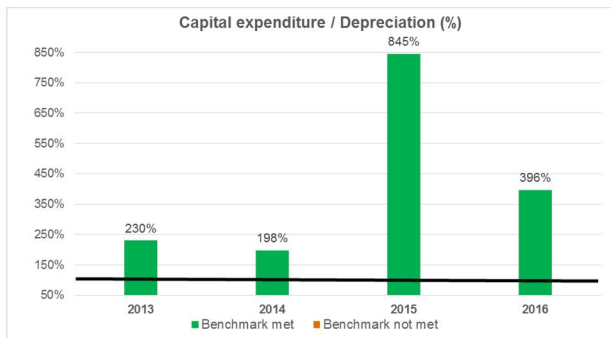
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

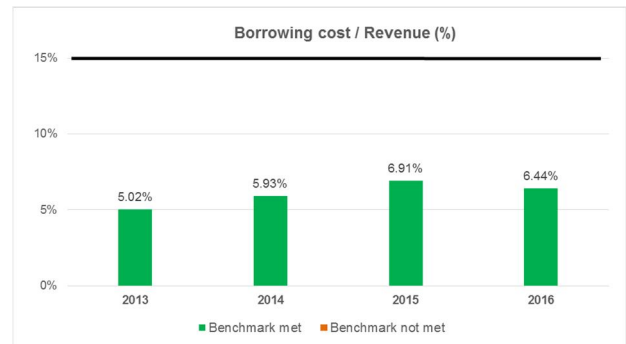
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

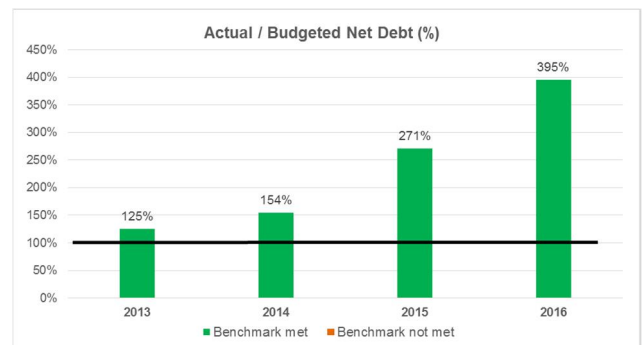
Statistics New Zealand projects the Council's population will grow as fast as, or faster than the national population growth rate and therefore, the debt servicing benchmark is met if its borrowing costs are equal to or are less than 15 per cent of its revenue.



### Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

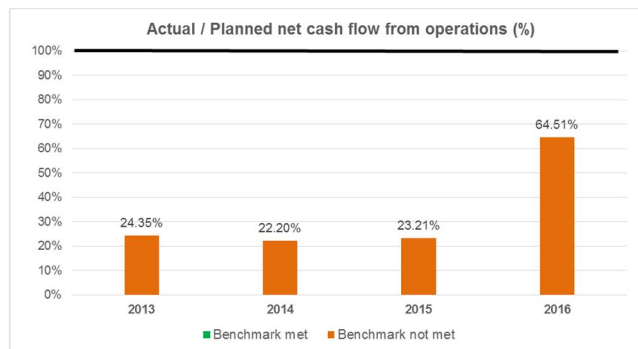
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt as set out each year in the Council's Plan. However where the Council has net assets (its financial assets (excluding trade and other receivables) exceeds financial liabilities) it meets the benchmark if its net financial assets exceed its planned net financial assets.



### Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council did not meet the benchmark level in respect of its net operating cashflow being equal to or greater than planned in 2014 or 2015 as the planned operating cashflow included cash inflow from insurance and Crown earthquake contributions which have been recognised as investing cashflow in the financial statements. In 2016 the benchmark was not met principally due to cash dividend income being \$117.4 million lower than planned.

## Financial statements

### Group results

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

| Group results                  | 2016       | 2015       |
|--------------------------------|------------|------------|
|                                | \$000      | \$000      |
| Revenue from operations        | 1,985,932  | 1,872,080  |
| Operating surplus (before tax) | 333,847    | 402,609    |
| Total assets                   | 12,902,536 | 12,187,824 |
| Total liabilities              | 3,183,940  | 2,764,376  |
| Total equity                   | 9,718,596  | 9,423,448  |

The 2016 operating surplus (before tax) has reduced by \$68.8 million from 2015. This is due to a number of factors across the group including:

- Asset impairment costs are \$180.5 million higher than 2015 when there was a \$73.7 million gain. The 2016 impairment costs relate to LPC assets (\$99.5 million) and Orion's network assets (\$7.3 million).
- The gain in relation to investment properties was \$12.5 million a \$5.5 million decrease from the 2015 gain.
- Subsidy and grant revenue decreased \$59.5 million as a result of lower Crown subsidies received by the Council for the rebuild.
- Net finance costs increased \$8.4 million as a result of a combination of lower deposit rates and a \$309.6 million increase in group borrowings.

Offset by:

- A \$137 million increase in insurance recoveries from 2015 as a result of the settlement of material damage insurance claims for the Council, Vbase and Tuam in 2016.
- An \$11.8 million gain arising from the reorganization of ESL's investment in ENL.
- An improvement in CIAL's underlying profit.

The increase in total assets in 2016 reflects the increasing value of the assets held by the city as a result of the revaluation of Council infrastructure assets following rebuild activities.

The increase in total liabilities in 2016 is principally the result of the \$309.6 million increase in total borrowings. This additional borrowing reflects the investment projects being undertaken throughout the group including the broadband network construction programme, the purchase of Enable Networks Limited by Enable Services, the share buyback undertaken by Orion and the rebuild of the Council's assets.

## Financial Statements Independent Auditor's Report

**AUDIT NEW ZEALAND**

Mana Arotake Aotearoa

### To the readers of Christchurch City Council and group's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Christchurch City Council (the City Council) and group. The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand to:

- audit the information included in the City Council and group's annual report that we are required to audit under the Local Government Act 2002; and
- report on whether the City Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Qualified opinion on the financial statements, statement of service provision and other statements required by legislation

Because of the effects of the earthquakes on the assets owned by the City Council and group, it has been difficult for the City Council to prepare financial statements, a statement of service provision and the other statements required by legislation that comply with generally accepted accounting practice and legislation. These difficulties include determining the full extent of the damage arising from the earthquakes, and matters that have arisen because of the extensive rebuild activities that have been underway to repair that damage. These matters, which have limited our audit, are outlined in more detail below.

### Matters that have led to our qualified opinion

#### **Valuation of the roading network and stormwater system**

The City Council is unable to quantify the financial impact of unrepaired earthquake damage to the roading network and the stormwater system.

Information has been disclosed on pages 149 to 151 and pages 172 and 173 about the effects of the earthquakes on the City Council and group's assets and operations. We consider that the City Council's approach to reporting these matters in the annual report is reasonable and the information disclosed on these pages is the best information that is currently available about the financial effects of the damage.

The City Council has recorded its roading network assets at \$2.372 billion. This carrying value is based on the revaluation of these assets as at 30 June 2015, adjusted for additions, disposals, and depreciation for the year ended 30 June 2016. In the prior year, we were not able to gain sufficient appropriate audit evidence to confirm that the 30 June 2015 valuation had adequately accounted for the unrepaired earthquake damage to these assets. Consequently, we are unable to gain sufficient appropriate audit evidence over the carrying value of roading assets as at 30 June

2016 and the associated depreciation expense of \$59.193 million.

In addition, the City Council has been unable to revalue its stormwater system assets with a carrying value of \$392.122 million because of insufficient information on the condition of these assets to prepare a valuation that complies with generally accepted accounting practice. Consequently, we are unable to gain sufficient appropriate audit evidence over the carrying value of stormwater system assets as at 30 June 2016 and the associated depreciation expense of \$5.419 million.

Because we were unable to carry out practicable audit procedures to confirm that the City Council has appropriately accounted for the financial impact of the unrepaired earthquake damage to its roading network and storm water system asset classes, the scope of our audit was limited.

These matters also affect the comparative information presented by the City Council for the roading network and storm water system asset classes in the statement of financial position as at 30 June 2015, and the roading network revaluation increase and the associated depreciation expense recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2015.

#### **Capital work-in-progress balance**

Included within the City Council's infrastructural assets is capital work-in-progress of \$741 million (2015 \$804 million) related to work completed by the Stronger Christchurch Infrastructure Rebuild Team (SCIRT).

As outlined on pages 151, this balance potentially includes projects that are operating expenditure in nature that would otherwise be recognised in the statement of comprehensive revenue and expense. The City Council does not have sufficient details to identify these projects and expense them until they are handed over to the City Council. The scope of our audit was limited because there are no practicable audit procedures that we can carry out to determine the amount of operating costs that may be recorded in the capital work-in-progress balance that will be identified as an expense at a later date.

Additionally, the capital work-in-progress balance includes \$55.4 million of costs incurred by SCIRT that the City Council had expensed in the statement of comprehensive revenue and expense for the year ended 30 June 2015. These expenses have been reversed as vested assets revenue and capitalised to capital work-in-progress during the year ended 30 June 2016 as the City Council considers these costs are capital in nature. We consider these costs do not meet the asset capitalisation criteria of PBE IPSAS 17: Property, Plant and Equipment and remain an expense for the year ended 30 June 2015 because they are not directly attributable to the construction of an asset. This departure from PBE IPSAS 17 has the effect of overstating capital work-in-progress assets by \$24.2 million at 30 June 2016 and vested assets revenue by \$55.4 million for the year ended 30 June 2016.

## Financial statements

In our opinion, except for the possible effects of the matters described above, the City Council and group's financial statements, including the notes to the financial statements that include accounting policies and other explanatory information about the financial statements, on pages 153 to 214:

- present fairly, in all material respects:
  - the City Council and group's financial position as at 30 June 2016;
  - the results of their operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Accounting Standards.

## Statement of service provision

In our opinion, the City Council and group's statement of service provision on pages 26 to 111, except for the "what did it cost" sections and the associated variance explanations, including the reported comparative information, which have been possibly affected by the matters described above:

- presents fairly, in all material respects, the City Council's levels of service for the year ended 30 June 2016, including:
  - the levels of service as measured against the intended levels of service adopted in the City Council's long-term plan;
  - the reasons for any significant variances between the actual service and the expected service; and
- complies with generally accepted accounting practice in New Zealand.

## Other statements required by legislation

In our opinion, except for the possible effects of the matters described above:

- the funding impact statement on page 113, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's long term plan;
- the funding impact statement for each group of activities on pages 115 to 134, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's long term plan; and
- the statement about capital expenditure for each group of activities on pages 26 to 111, presents fairly, in all material respects, actual capital

expenditure as compared to the budgeted capital expenditure included in the City Council and group's long term plan.

## Statement on compliance with requirements

The City Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 141 to 144 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and group's audited information.

Our audit was completed on 29 September 2016. This is the date at which our opinion, and our statement on compliance are expressed.

The basis of our opinion, and our statement on compliance is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

## Impairment of Lyttelton Port Company Limited's assets

Without modifying our opinion, we draw attention to note 9.3 on page 174 to the financial statements that describe the City Council group's recognition of an impairment expense of \$99.5 million for the year ended 30 June 2016, relating to Lyttelton Port Company Limited (the Port Company).

The carrying amount of the Port Company's assets exceeded their recoverable amount at 30 June 2016, on the basis of an assessment of the Port Company's expected future cash flows. The impairment has arisen because the return generated by replacing destroyed assets, and some of the capital expenditure that the Directors of the Port Company consider is necessary for the future of the Port, does not meet the investment return established by the Directors of the Port Company.

## Basis of our opinion and statement of compliance

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision. We are unable to determine whether there are material misstatements because the scope of our work was limited, as we referred to in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected

depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the City Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720: The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on.

As explained above, we were unable to obtain all the information and explanations we have required to provide a basis for our opinion on the financial statements, the statement of service provision, and the other statements required by legislation.

### Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

### Independence

When carrying out this audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, and our statement on compliance, we have carried out other audit and assurance engagements for the City Council and subsidiary companies. These audit and assurance engagements, as described in note 4 on page 161, are compatible with those independence requirements.

Other than this audit and the other audit and assurance 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

## Financial statements

### Impact of the rebuild

#### PARENT

This summarises the progress made to date on earthquake-related repairs and Anchor Projects by the various rebuild agencies, and the effect of the earthquakes and the subsequent rebuild on the financial statements.

#### Rebuild Progress

##### Infrastructure rebuild

In 2016, the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) entered the final year of its extensive five-year programme of rebuilding Christchurch's horizontal infrastructure. Completed SCIRT projects have already modernised the city's wastewater, fresh water and storm water systems, making them more resilient than they were before the earthquakes.

After construction has been completed, SCIRT's legacy will be a stronger, fully functioning, more resilient infrastructure for Christchurch. Construction will be substantially complete by 31 December 2016.

##### Underground services

By June 2016, SCIRT had completed 92 per cent of its construction programme. This year the SCIRT programme spent \$403.4 million. The programme to date, including design, construction and administrative costs, totalled \$2.024 billion.

Around 80 per cent of SCIRT's programme has been in repairing and rebuilding the city's underground wastewater, water and storm water networks. More than 700 kilometres of underground pipes had been repaired and rebuilt by June 2016.

One of the biggest projects has been constructing a state-of-the-art vacuum wastewater system in Aranui to service 2,700 households and businesses. By June 2016 the project was well advanced and several hundred households had been connected to the more earthquake-resilient system.

As part of widespread repairs to the wastewater system, SCIRT had repaired and replaced 73 pump stations by the end of June 2016 including two large new pump stations in Aranui, located on the Bexley Reserve. One of the pump stations is part of the vacuum wastewater system and the other services the east side of the city.

Two other large and complex ongoing wastewater projects in the 2015-16 year were repairs to two trunk mains, the Northern Relief and the Southern Relief.

##### Above ground

SCIRT completed repairs and rebuilding of several Christchurch bridges during the 2015-2016 year, including the new Dallington Bridge in Gayhurst Road, Dallington, and the new Carlton Mill footbridge in Fendalton. The completion of repairs to one of Christchurch's busiest bridges, the Moorhouse Avenue Overbridge, was celebrated in May.

##### Office of the Auditor-General

In May 2016, the Office of the Auditor-General released its second report on the governance of SCIRT by public entities in the SCIRT alliance. The report concluded that SCIRT was making good progress in repairing earthquake-damaged underground pipes and roads, that SCIRT had a continuous improvement culture and that the alliance structure was contributing to the effectiveness and efficiency of SCIRT's repair programme.

##### Heritage honour

A highlight of the year was SCIRT receiving a prestigious award at the 2016 Canterbury Heritage Awards. SCIRT was equal winner of the Public Realm-Saved and Restored Award for the complex, two-year project restoring and strengthening the iconic Christchurch war memorial, the memorial arch on the Bridge of Remembrance.

##### SCIRT Progress from 1 July 2015 to 30 June 2016

98 per cent of design was completed  
92 per cent construction was completed  
97 per cent of central city work was completed  
92 per cent of the whole SCIRT programme was completed

##### Wastewater

561 km of pipe repaired/replaced (86 per cent)  
73 pump stations repaired/replaced (87 per cent)

##### Storm water

57 km of pipe repaired/replaced (83 per cent)  
4 pump stations repaired/replaced (74 per cent)

##### Fresh water

96 km of pipe repaired/replaced (98 per cent)  
23 pump stations repaired/replaced (75 per cent)

##### Roading

1,300,000 square metres of road repaired/replaced (90 per cent)  
142 bridges/culverts repaired/replaced (98 per cent)  
155 retaining walls repaired/replaced (85 per cent)

The above represents progress against SCIRT's programme of work not all the work the City requires.

##### Anchor projects

Ōtākaro Limited (Ōtākaro) was established in April 2016 to take over some of the functions of CERA when it came to an end.

Ōtākaro is a Crown company its purpose is to add value to anchor projects and Crown land, balancing commercial outcomes with regeneration outcomes, and to support the Crown's exit over time on favourable terms.

##### Ōtākaro and CERA key projects update

- The Margaret Mahy Family playground opened in December 2015, and three towers and a slide were added in mid-2016. Over the summer months the

playground had more than 100,000 visitors, bringing people back into the central city and benefitting local businesses.

- Since its establishment, Ōtākaro has completed work on part of The Terraces in the Ōtākaro/Avon River Precinct. The restoration of Victoria Square will begin in spring 2016.
- Ōtākaro and the Council are nearing the completion of the preliminary design phase for the Metro Sports Facility, with enabling works scheduled to begin before the end of 2016.
- The north bank of the Canterbury Earthquake Memorial site was opened in early 2016. Construction of the Memorial Wall is well underway with piling completed in June 2016. All work will be completed by the February 2017 anniversary of the earthquake.
- Ōtākaro and Fletcher Living are progressing with designs for the East Frame public spaces and residential areas respectively, with work to begin on both the public realm and residential space in late 2016.
- Ōtākaro is continuing to refine the design of the Convention Centre, and enabling works have begun. Ōtākaro will work with parties interested in developing accommodation, hospitality and car parking opportunities in the wider Convention Centre Precinct.
- Construction work on the South Frame is underway and the bulk of the public realm works are expected to be completed by the end of 2017.

#### Council projects update

- The new Central Library site in Cathedral Square has been cleared ready for construction to start later in 2016. The library is scheduled to open by mid-2018.
- The \$127.5 million repair and restoration of the Town Hall continues, with the building due to reopen in mid-2018.
- Restoration of the historic Mona Vale Homestead continues and is expected to be completed later in 2016.
- Repairs to the historic Sign of the Takahe and Sign of the Kiwi buildings continue and will be completed in late 2016.
- The Gaiety Hall – a popular heritage building, function centre and gathering place for the Akaroa community – reopened in April after earthquake repairs and strengthening.
- The initial concept design for the new recreation and sport centre at QEII Park was released in May.
- The earthquake repair of Ferrymead Bridge was completed in November 2015.

- Christchurch Art Gallery reopened to the public in December 2015 after extensive repairs, including releveling and retrofitting base isolation.
- Lyttelton Recreation Centre reopened in February 2016

#### Financial impacts

##### Insurance

The Council settled all of its earthquake material damage insurance claims in December 2015 for \$635 million. The Council's financial statements include revenue from insurance recoveries of \$179.3 million (2015: \$43.4 million). There is no earthquake related insurance receivable at year end (2015: \$161.2 million).

During 2015 the Council settled its claim with EQC receiving a further \$20.9 million in addition to the total of \$38.3 million which had been received in 2012 and 2014.

##### Cost Sharing Agreement

The Cost Sharing Agreement between Council and the Crown, which was signed in June 2013 defines the funding and delivery responsibilities of each party for the rebuild. This includes funding for the infrastructure rebuild that SCIRT is carrying out, and claims for response and recovery costs incurred in maintaining the damaged infrastructure network.

During the year the Council incurred \$363.8 million (2015: \$400.5 million) of infrastructure rebuild costs for work completed by SCIRT. This cost was funded by both the Crown and Council.

For the year 30 June 2016 the Council has received the following from the Crown:

- \$182.9 million (2015: \$200.0 million) of cost recoveries were received from NZTA and CERA/DPMC for SCIRT infrastructure rebuild projects. At 30 June 2016 the Council had a payable of \$1.5 million (2015: receivable \$21.5 million).
- \$6.4 million (2015: \$15.6 million) for response / recovery costs. A further \$3.4 million (2015: \$7.1 million) has been incurred and will be claimed in the 2016/17 year.

The Council is recognising Crown funding as revenue when the amount can be reliably measured and there is virtual certainty of receiving it.

The Council has included in its financial statements its capital commitment for a number of rebuild projects. These are detailed in note 12 of the financial statements. As the final ownership structure and the extent and timing of any Council control of the Multi-Use Arena project is still to be determined this has been included as a contingent liability. Until the Council knows if it will own the completed projects it is unable to recognise the associated Crown funding. As such, future recoveries of Crown funding have been treated as contingent assets. A note to this effect has been included in note 27 Contingent liabilities and contingent assets in the financial statements.



## Impact on property plant and equipment

### Work in progress

The SCIRT construction programme will be substantially complete by 31 December 2016.

In 2015/16 the Council spent \$465 million (2015: \$383.5 million) on the repair and rebuild of all of its infrastructure, the majority of this was through SCIRT.

At 30 June 2016 the value of WIP was \$904 million (2015: \$975 million) of which \$741 million relates to SCIRT (2015: \$804 million).

The nature of the infrastructure rebuild programme means that some projects have been completed and are being used by the Council prior to being formally transferred to the Council and out of WIP. This means that the WIP balance includes completed assets that should be part of the value of the infrastructure network assets in the statement of financial position.

These completed and in-use projects in the WIP balance have not been capitalised as the Council does not have sufficient detail to identify the individual assets created and those which the completed projects replace. In addition it does not have the final costings.

We have identified those sewerage assets which will be replaced by SCIRT projects and reduced their remaining life to 12 months as part of the 2016 valuation.

The WIP balance potentially includes projects that are operational in nature. Council does not have sufficient details to identify these projects and expense them until they are handed over to Council.

In the 10 weeks following year end SCIRT has handed over \$106 million of assets to the Council that were in the \$741 million WIP balance.

### Impairment

A number of Council's assets suffered damage or could have suffered damage (in the case of the underground networks) from the earthquakes.

The 2016 sewerage and 2015 roading network asset revaluations took the current condition of these assets into account, and included an assessment of earthquake damage. As a result the impairment provision previously taken for roading was reversed in 2015 (\$263.2 million) and the majority (\$342.2 million) of the sewerage impairment has been reversed in 2016.

The impairment of water and stormwater infrastructure assets continues to be estimated based on the

percentage of each network that SCIRT will be repairing and replacing. These provisions will be reversed when these asset classes are next revalued.

As at 30 June 2016 the impairment of infrastructure assets totalled \$97.3 million (2015: \$439.4 million). There remains an impairment for the earthquake repairs yet to be completed at the CWTP. The existing impairments to the water and stormwater networks were reviewed and no further impairment was recognised.

Buildings and facilities were valued in 2015 as if repaired with provision being made for those which are damaged. The impairment is based on knowledge obtained as part of the material damage insurance claims programme. At 30 June 2016 the impairment of buildings and facilities was \$87.7 million (2015: \$98 million) a decrease of \$9.9 million from 2015. The decrease in the impairment provision is the result of repair work being completed on the Art Gallery which was treated as an expense rather than an addition to the asset. The buildings and facilities impairment will be reversed when they are next revalued or if, when the repair work is undertaken it is treated as an expense.

## GROUP

### Continuing impact on assets held by Council's subsidiaries

Several of the Council's subsidiaries have significant physical asset holdings which have been, and continue to be impacted by the series of earthquakes. Specifically:

#### **Lyttelton Port Company Limited**

LPC has generally elected to reinstate its damaged or destroyed assets, and the rebuild programme has commenced.

#### **Vbase Limited**

Vbase settled its insurance claims in February 2016. This resulted in a \$17 million loss as it had recognised more insurance revenue than it received.

#### **Orion New Zealand Limited**

Orion has completed the Northern Loop Cable project which provides more options for routing power around and across the City in case of any future emergency and improving the reliability of the network.

Orion settled its insurance claims in 2015 adding \$24 million to its after tax surplus as a result.

Financial statements

Financial statements

## Statement of comprehensive revenue and expense

For the year ended 30 June 2016

|  | Note | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 16<br>Plan<br>\$000 | Parent<br>30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | Group<br>30 Jun 15<br>Actual<br>\$000 |
|--|------|------------------------------|----------------------------|--|------------------------------|---------------------------------------|
| Rates revenue  | 1.1  | 396,240                      | 392,762                    | 361,864                                | 387,137                      | 353,546                               |
| Subsidies and grants   | 1.2  | 210,341                      | 227,507                    | 265,302                                | 210,300                      | 269,808                               |
| Development and financial contributions                                      |      | 31,233                       | 17,231                     | 33,155                                 | 31,233                       | 33,155                                |
| Other revenue  | 1.3  | 564,806                      | 608,803                    | 323,046                                | 1,357,262                    | 1,215,571                             |
| Finance revenue  |      | 27,936                       | 22,675                     | 23,979                                 | 23,729                       | 26,271                                |
| Share of associate's surplus/(deficit)                                       | 17   | -                            | -                          | -                                      | 4,403                        | 7,353                                 |
| <b>Total revenue</b>   | 1.4  | <b>1,230,556</b>             | <b>1,268,978</b>           | <b>1,007,346</b>                       | <b>2,014,064</b>             | <b>1,905,704</b>                      |
| Depreciation and amortisation  |      | 190,591                      | 161,166                    | 138,020                                | 302,023                      | 242,601                               |
| Finance costs  | 2    | 72,396                       | 78,574                     | 63,279                                 | 106,723                      | 100,838                               |
| Personnel costs  | 24.1 | 179,074                      | 177,815                    | 167,479                                | 446,617                      | 434,898                               |
| Other expenses   | 3    | 361,905                      | 308,299                    | 384,718                                | 747,959                      | 780,314                               |
| Net (gains) / losses   | 5    | 478                          | -                          | (52,954)                               | 76,895                       | (55,556)                              |
| <b>Total operating expenses</b>  |      | <b>804,444</b>               | <b>725,854</b>             | <b>700,542</b>                         | <b>1,680,217</b>             | <b>1,503,095</b>                      |
| <b>Surplus before income tax expense</b>                                     |      | <b>426,112</b>               | <b>543,124</b>             | <b>306,804</b>                         | <b>333,847</b>               | <b>402,609</b>                        |
| Income tax expense/(credit)  | 8.1  | 5,638                        | -                          | (586)                                  | (11,935)                     | 38,483                                |
| <b>Surplus for the period</b>  |      | <b>420,474</b>               | <b>543,124</b>             | <b>307,390</b>                         | <b>345,782</b>               | <b>364,126</b>                        |
| <b>Other comprehensive revenue and expense</b>                               |      |                              |                            |  |                              |                                       |
| Property, plant and equipment valuation movement                             | 9    | 77,210                       | 351,536                    | 935,630                                | 103,956                      | 936,139                               |
| Gains/(losses) from:   |      |                              |                            |  |                              |                                       |
| Investment revaluation gain/(loss)   |      | 248,269                      | -                          | 199,341                                | 1,396                        | 1,152                                 |
| Cash flow hedges gain/(loss)   |      | (113,656)                    | -                          | (86,950)                               | (142,971)                    | (102,280)                             |
| Income tax relating to components of other comprehensive revenue and expense | 8.1  | -                            | -                          | (586)                                  | 3,975                        | 5,375                                 |
| Transfers and other  |      | -                            | -                          | 5                                      | -                            | 4,364                                 |
| Total other comprehensive revenue and expense                                |      | 211,823                      | 351,536                    | 1,047,440                              | (33,644)                     | 844,750                               |
| <b>Total comprehensive revenue and expense</b>                               |      | <b>632,297</b>               | <b>894,660</b>             | <b>1,354,830</b>                       | <b>312,138</b>               | <b>1,208,876</b>                      |
| <b>Surplus for the period attributable to:</b>                               |      |                              |                            |  |                              |                                       |
| Parent entity  |      | 420,474                      | 543,124                    | 307,390                                | 329,297                      | 345,341                               |
| Non controlling interests  |      | -                            | -                          | -                                      | 16,485                       | 18,785                                |
|  |      | <b>420,474</b>               | <b>543,124</b>             | <b>307,390</b>                         | <b>345,782</b>               | <b>364,126</b>                        |
| <b>Total comprehensive revenue and expense attributable to:</b>              |      |                              |                            |  |                              |                                       |
| Equity holders of the parent   |      | 632,297                      | 894,660                    | 1,354,830                              | 292,999                      | 1,192,037                             |
| Non controlling interests  |      | -                            | -                          | -                                      | 19,139                       | 16,839                                |
|  |      | <b>632,297</b>               | <b>894,660</b>             | <b>1,354,830</b>                       | <b>312,138</b>               | <b>1,208,876</b>                      |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Statement of changes in net assets/equity

For the year ended 30 June 2016

|   | Asset<br>revaluation<br>reserve<br>\$000 | Available<br>for sale<br>reserve<br>\$000 | Hedging<br>reserve<br>\$000 | Reserve<br>Fund<br>\$000 | Capital<br>reserve<br>\$000 | Accumulated<br>comprehensive<br>revenue and<br>expense<br>\$000 | Attributable<br>to equity<br>holders of<br>parent<br>\$000 | Non<br>Controlling<br>interests<br>\$000 | Total<br>\$000   |
|---|--|---|-----------------------------|--------------------------|-----------------------------|---|--|--|------------------|
| <b>Parent</b>   |  |   |                             |                          |                             |   |  |  |                  |
| Balance as at 1 July 2014                               | 1,710,095                                | 1,483,370                                 | (4,039)                     | 199,046                  | 1,733,853                   | 2,826,707   | 7,949,032  | -  | 7,949,032        |
| Surplus for the period                                  | -  | -   | -                           | -                        | -                           | 307,390   | 307,390  | -  | 307,390          |
| Other comprehensive revenue and expense for year        | 935,635                                  | 199,341                                   | (86,950)                    | -                        | -                           | (586)   | 1,047,440  | -  | 1,047,440        |
| Transfer to/from acc. compr. revenue and expense        | -  | -   | -                           | 186,368                  | -                           | 69,565  | 255,933  | -  | 255,933          |
| Transfer to/from reserves                               | (5,564)                                  | -   | -                           | (210,620)                | -                           | (39,749)  | (255,933)  | -  | (255,933)        |
| <b>Balance as at 30 June 2015</b>                       | <b>2,640,166</b>                         | <b>1,682,711</b>                          | <b>(90,989)</b>             | <b>174,794</b>           | <b>1,733,853</b>            | <b>3,163,327</b>  | <b>9,303,862</b>   | -  | <b>9,303,862</b> |
| Surplus for the period                                  | -  | -   | -                           | -                        | -                           | 420,474   | 420,474  | -  | 420,474          |
| Other comprehensive revenue and expense for year        | 77,210                                   | 248,269                                   | (113,656)                   | -                        | -                           | -   | 211,823  | -  | 211,823          |
| Transfer to/from acc. compr. revenue and expense        | -  | -   | -                           | 174,794                  | -                           | 2,688   | 177,482  | -  | 177,482          |
| Transfer to/from reserves                               | (3,254)                                  | -   | -                           | (174,228)                | -                           | -   | (177,482)  | -  | (177,482)        |
| <b>Balance as at 30 June 2016</b>                       | <b>2,714,122</b>                         | <b>1,930,980</b>                          | <b>(204,645)</b>            | <b>175,360</b>           | <b>1,733,853</b>            | <b>3,586,489</b>  | <b>9,936,159</b>   | -  | <b>9,936,159</b> |
| <b>Group</b>  |  |   |                             |                          |                             |   |  |  |                  |
| Balance as at 1 July 2014                               | 2,190,830                                | (720)                                     | (9,066)                     | 199,646                  | 1,734,934                   | 3,813,555   | 7,929,179  | 373,668                                  | 8,302,847        |
| Surplus for the period                                  | -  | -   | -                           | -                        | -                           | 345,341   | 345,341  | 18,785                                   | 364,126          |
| Other comprehensive revenue and expense for year        | 936,146                                  | 1,152                                     | (94,331)                    | -                        | -                           | 3,729   | 846,696  | (1,946)                                  | 844,750          |
| Transfer to/from acc. compr. revenue and expense        | (3,848)                                  | -   | -                           | 186,368                  | (1,151)                     | 74,339  | 255,708  | -  | 255,708          |
| Transfer to/from reserves                               | (5,564)                                  | -   | -                           | (210,395)                | -                           | (39,749)  | (255,708)  | -  | (255,708)        |
| Other items   | -  | -   | -                           | -                        | -                           | 6,379   | 6,379  | -  | 6,379            |
| Dividends paid or provided for                          | -  | -   | -                           | -                        | -                           | -   | -  | (12,644)                                 | (12,644)         |
| Adjustment to minority interests for share acquisitions | -  | -   | -                           | -                        | -                           | 26,756  | 26,756   | (108,766)                                | (82,010)         |
| <b>Balance as at 30 June 2015</b>                       | <b>3,117,564</b>                         | <b>432</b>                                | <b>(103,397)</b>            | <b>175,619</b>           | <b>1,733,783</b>            | <b>4,230,350</b>  | <b>9,154,351</b>   | <b>269,097</b>                           | <b>9,423,448</b> |
| Surplus for the period                                  | -  | -   | -                           | -                        | -                           | 329,297   | 329,297  | 16,485                                   | 345,782          |
| Other comprehensive revenue and expense for year        | 94,629                                   | 1,396                                     | (132,331)                   | -                        | -                           | 8   | (36,298)   | 2,654                                    | (33,644)         |
| Transfer to/from acc. compr. revenue and expense        | (256)                                    | -   | -                           | 174,794                  | -                           | 2,944   | 177,482  | -  | 177,482          |
| Transfer to/from reserves                               | (3,254)                                  | -   | -                           | (174,228)                | -                           | -   | (177,482)  | -  | (177,482)        |
| Other items   | -  | -   | -                           | -                        | -                           | 6,243   | 6,243  | 492                                      | 6,735            |
| Adjustment for share buy-back                           | -  | -   | -                           | -                        | -                           | -   | -  | (8,044)                                  | (8,044)          |
| Dividends paid or provided for                          | -  | -   | -                           | -                        | -                           | -   | -  | (14,072)                                 | (14,072)         |
| Adjustment to minority interests for share acquisitions | -  | -   | -                           | -                        | -                           | -   | -  | (1,609)                                  | (1,609)          |
| <b>Balance as at 30 June 2016</b>                       | <b>3,208,683</b>                         | <b>1,828</b>                              | <b>(235,728)</b>            | <b>176,185</b>           | <b>1,733,783</b>            | <b>4,568,842</b>  | <b>9,453,593</b>   | <b>265,003</b>                           | <b>9,718,596</b> |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Statement of financial position

As at 30 June 2016

|   | Note | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 16<br>Plan<br>\$000 | Parent<br>30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | Group<br>30 Jun 15<br>Actual<br>\$000 |
|---|------|------------------------------|----------------------------|--|------------------------------|---------------------------------------|
| <b>Current assets</b>                         |      |                              |                            |  |                              |                                       |
| Cash and cash equivalents                     | 15   | 64,031                       | 7,037                      | 67,589                                 | 112,802                      | 184,676                               |
| Recoverables from non-exchange transactions   | 6    | 75,352                       | 53,324                     | 112,394                                | 73,724                       | 113,143                               |
| Receivables from exchange transactions        | 6    | 16,850                       | 20,970                     | 138,449                                | 101,206                      | 356,286                               |
| Investment in CCOs and other similar entities | 16   | 65,000                       | -                          | 18,902                                 | -                            | -                                     |
| Other financial assets                        | 19.1 | 323,094                      | 62,570                     | 79,005                                 | 483,758                      | 197,051                               |
| Inventories                                   | 22   | 3,231                        | 3,236                      | 3,664                                  | 33,551                       | 23,415                                |
| Assets classified as held for sale            | 13   | -                            | -                          | 7,824                                  | 180                          | 26,105                                |
| Other assets                                  |      | -                            | -                          | -                                      | 94                           | 185                                   |
| <b>Total current assets</b>                   |      | <b>547,558</b>               | <b>147,137</b>             | <b>427,827</b>                         | <b>805,315</b>               | <b>900,861</b>                        |
| <b>Non-current assets</b>                     |      |                              |                            |  |                              |                                       |
| Receivables from exchange transactions        | 6    | -                            | -                          | -                                      | 7,619                        | 115,739                               |
| Receivables from exchange transactions        | 17   | 6,196                        | -                          | 6,196                                  | 27,221                       | 59,013                                |
| Investment in CCOs and other similar entities | 16   | 2,633,126                    | 1,842,816                  | 2,265,841                              | 23,356                       | 18,443                                |
| Other financial assets                        | 19.1 | 77,963                       | 96,563                     | 39,156                                 | 109,203                      | 152,023                               |
| Inventories                                   | 22   | -                            | -                          | -                                      | -                            | 879                                   |
| Property, plant and equipment                 | 9    | 8,704,632                    | 10,037,404                 | 8,132,347                              | 11,485,711                   | 10,569,733                            |
| Investment property                           | 14   | -                            | -                          | -                                      | 303,692                      | 246,287                               |
| Intangible assets                             | 10   | 62,402                       | 78,315                     | 57,383                                 | 98,233                       | 99,312                                |
| Deferred tax assets                           | 8.3  | 52                           | -                          | 4,624                                  | 42,503                       | 25,534                                |
| <b>Total non-current assets</b>               |      | <b>11,484,371</b>            | <b>12,055,098</b>          | <b>10,505,547</b>                      | <b>12,097,538</b>            | <b>11,286,963</b>                     |
| <b>Total assets</b>                           |      | <b>12,031,929</b>            | <b>12,202,235</b>          | <b>10,933,374</b>                      | <b>12,902,853</b>            | <b>12,187,824</b>                     |
| <b>Current liabilities</b>                    |      |                              |                            |  |                              |                                       |
| Taxes and transfers payable                   | 7    | 68,618                       | -                          | 62,951                                 | 68,618                       | 66,892                                |
| Payables under exchange transactions          | 7    | 132,253                      | 125,839                    | 112,870                                | 204,198                      | 210,527                               |
| Borrowings and other financial liabilities    | 19.2 | 215,118                      | 94,945                     | 77,752                                 | 192,598                      | 247,310                               |
| Employee entitlements                         | 24.2 | 18,566                       | 15,456                     | 16,313                                 | 52,321                       | 48,091                                |
| Current tax liabilities                       | 8.2  | -                            | -                          | -                                      | 1,433                        | 14,846                                |
| Provisions                                    | 25   | 3,921                        | 2,376                      | 4,041                                  | 3,952                        | 4,041                                 |
| Other liabilities                             | 26   | 41,664                       | -                          | 41,884                                 | 44,081                       | 44,353                                |
| <b>Total current liabilities</b>              |      | <b>480,140</b>               | <b>238,616</b>             | <b>315,811</b>                         | <b>567,201</b>               | <b>636,060</b>                        |
| <b>Non-current liabilities</b>                |      |                              |                            |  |                              |                                       |
| Borrowings and other financial liabilities    | 19.2 | 1,566,854                    | 1,487,945                  | 1,264,631                              | 2,201,429                    | 1,695,822                             |
| Employee entitlements                         | 24.2 | 5,183                        | 6,140                      | 5,637                                  | 7,352                        | 7,829                                 |
| Deferred tax liabilities                      | 8.3  | 5,690                        | 3,982                      | 4,624                                  | 375,713                      | 391,457                               |
| Provisions                                    | 25   | 30,929                       | 19,857                     | 30,889                                 | 30,929                       | 30,889                                |
| Other liabilities                             | 26   | 6,974                        | 6,974                      | 7,920                                  | 1,633                        | 2,319                                 |
| <b>Total non-current liabilities</b>          |      | <b>1,615,630</b>             | <b>1,524,898</b>           | <b>1,313,701</b>                       | <b>2,617,056</b>             | <b>2,128,316</b>                      |
| <b>Total liabilities</b>                      |      | <b>2,095,770</b>             | <b>1,763,514</b>           | <b>1,629,512</b>                       | <b>3,184,257</b>             | <b>2,764,376</b>                      |
| <b>Net assets</b>                             |      | <b>9,936,159</b>             | <b>10,438,721</b>          | <b>9,303,862</b>                       | <b>9,718,596</b>             | <b>9,423,448</b>                      |
| <b>Equity</b>                                 |      |                              |                            |  |                              |                                       |
| Parent entity interest                        |      | 9,936,159                    | 10,438,721                 | 9,303,862                              | 9,453,593                    | 9,154,350                             |
| Non controlling interest                      |      | -                            | -                          | -                                      | 265,003                      | 269,098                               |
| <b>Total equity</b>                           |      | <b>9,936,159</b>             | <b>10,438,721</b>          | <b>9,303,862</b>                       | <b>9,718,596</b>             | <b>9,423,448</b>                      |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Cash flow statement

For the year ended 30 June 2016

|  | Note | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 16<br>Plan<br>\$000 | Parent<br>30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | Group<br>30 Jun 15<br>Actual<br>\$000 |
|--|------|------------------------------|----------------------------|--|------------------------------|---------------------------------------|
| <b>Cash flows from operating activities</b>                |      |                              |                            |  |                              |                                       |
| Receipts from rates revenue                                |      | 395,303                      | 392,762                    | 361,311                                | 386,200                      | 352,994                               |
| Receipts from other revenue                                |      | 197,469                      | 173,151                    | 206,406                                | 971,418                      | 1,103,500                             |
| Interest received  |      | 24,244                       | 22,675                     | 20,932                                 | 10,423                       | 10,333                                |
| Dividends received   |      | 137,868                      | 255,282                    | 51,432                                 | 137,868                      | 5,423                                 |
| Subvention receipts  |      | 14,001                       | 9,000                      | 10,099                                 | -                            | -                                     |
| Earthquake recoveries                                      |      | 59                           | 14,106                     | 20,864                                 | 59                           | 31,740                                |
| Payments to suppliers and employees                        |      | (520,811)                    | (486,451)                  | (493,083)                              | (1,210,849)                  | (1,154,794)                           |
| Interest and other finance costs paid                      |      | (71,406)                     | (78,574)                   | (60,315)                               | (98,369)                     | (88,408)                              |
| Income tax paid  |      | -                            | -                          | -                                      | (38,308)                     | (30,312)                              |
| Net GST movement   |      | 18,060                       | -                          | 7,678                                  | 17,926                       | 7,764                                 |
| Insurance  |      | -                            | -                          | -                                      | 43,940                       | -                                     |
| Other  |      | -                            | -                          | -                                      | 3,621                        | -                                     |
| <b>Net cash provided by/(used in) operating activities</b> | 28   | <b>194,787</b>               | <b>301,951</b>             | <b>125,324</b>                         | <b>223,929</b>               | <b>238,240</b>                        |
| <b>Cash flows from investing activities</b>                |      |                              |                            |  |                              |                                       |
| Proceeds from sale of investment                           |      | 139,270                      | 31,369                     | 95,381                                 | 227,031                      | 187,165                               |
| Proceeds from sale of fixed assets                         |      | 15,369                       | 54,671                     | 935                                    | 20,463                       | 10,851                                |
| Cash acquired in business combinations                     |      | -                            | -                          | -                                      | 1,550                        | -                                     |
| Proceeds from sale of investment properties                |      | -                            | -                          | -                                      | 3,308                        | 5,708                                 |
| Insurance recoveries                                       |      | 401,001                      | 371,249                    | 67,094                                 | 509,319                      | 85,218                                |
| Payment for investment                                     |      | (498,806)                    | -                          | (156,541)                              | (583,653)                    | (280,910)                             |
| Loans made to external parties                             |      | -                            | -                          | -                                      | (801)                        | -                                     |
| Payment for purchase of fixed assets                       |      | (493,218)                    | (965,030)                  | (378,188)                              | (726,342)                    | (679,675)                             |
| Amounts advanced to related parties                        |      | (88,906)                     | -                          | (106,500)                              | -                            | -                                     |
| Payment for investment properties                          |      | -                            | -                          | -                                      | (39,420)                     | (41,536)                              |
| Proceeds from sale of businesses                           |      | -                            | -                          | -                                      | 15,429                       | 1,301                                 |
| Insurance claim cost                                       |      | -                            | -                          | -                                      | (1,666)                      | -                                     |
| Other  |      | -                            | -                          | -                                      | 5,250                        | -                                     |
| <b>Net cash (used in)/provided by investing activities</b> |      | <b>(525,290)</b>             | <b>(507,741)</b>           | <b>(477,819)</b>                       | <b>(569,532)</b>             | <b>(711,878)</b>                      |
| <b>Cash flows from financing activities</b>                |      |                              |                            |  |                              |                                       |
| Proceeds from borrow ing                                   |      | 441,316                      | 483,855                    | 366,000                                | 545,475                      | 401,200                               |
| Repayment of borrow ings                                   |      | (113,409)                    | (277,118)                  | (31,515)                               | (230,812)                    | (54,087)                              |
| Repayment of finance leases                                |      | (962)                        | -                          | (896)                                  | (3,300)                      | (896)                                 |
| Dividends paid - non controlling interests                 |      | -                            | -                          | -                                      | (14,072)                     | (12,644)                              |
| Payment for share buy back                                 |      | -                            | -                          | -                                      | (24,054)                     | -                                     |
| Other  |      | -                            | -                          | -                                      | 492                          | (1)                                   |
| <b>Net cash provided by/(used in) financing activities</b> |      | <b>326,945</b>               | <b>206,737</b>             | <b>333,589</b>                         | <b>273,729</b>               | <b>333,572</b>                        |
| Net increase in cash and cash equivalents                  |      | (3,558)                      | 947                        | (18,906)                               | (71,874)                     | (140,066)                             |
| Cash introduced due to consolidation of CCOs               |      | -                            | -                          | -                                      | -                            | (301)                                 |
| Cash and cash equivalents at beginning of year             |      | 67,589                       | 6,090                      | 86,495                                 | 184,676                      | 325,043                               |
| <b>Cash and cash equivalents at end of year</b>            |      | <b>64,031</b>                | <b>7,037</b>               | <b>67,589</b>                          | <b>112,802</b>               | <b>184,676</b>                        |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Notes to the financial statements

### Reporting entity

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

The primary objective 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 financial reporting purposes. 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 fact is noted in each policy.

The financial statements of the Council are for the year ended 30 June 2016. The financial statements were approved by the Council on 29 September 2016.

### Statement of compliance

The financial statements of the Council 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 (NZ GAAP). They comply with the Public Benefit Entity Accounting Standards (PBE Standards), and other applicable financial reporting standards, as appropriate for Tier 1 Public Sector PBEs for periods beginning on or after 1 July 2014 with the following exceptions:

The sewerage revaluations undertaken in 2015 were revisited to reduce uncertainties identified in the 2015 audit. The additional work has resulted in a reduction in the level of uncertainties and a revaluation that meets the requirements of the PBE Standards.

The 2015 revaluation of the roading network estimated the impact of the earthquake on the remaining useful life of the network. In making such an estimate a number of assumptions were necessary. The valuer has stated that further information is required which is not available at present to provide an accurate impact of how the current condition of the network impacts its remaining useful life and consequently the valuation did not meet the requirements of the PBE Standards.

Stormwater and flood protection assets have not yet been revalued as the asset owners are still to complete their damage assessment. Current book value is \$392 million.

The Council has been unable to appropriately categorise its capital work in progress balance to identify projects that are repairs and should be expensed.

Lastly, the Council has reviewed its treatment of SCIRT indirect costs which were expensed in 2015. It now considers that as SCIRT allocate these costs when they fully cost each project for handover to Council that they should be capitalised. The reversal of the 2015 expense is recognised as vested assets revenue. This treatment is not considered by the Auditor General to meet the requirements of the PBE Standards.

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1. Revenue

1.1 Rates revenue

|  | Parent         |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 30 Jun 16      | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|  | Actual         | Actual         | Actual         | Actual         |
|  | \$000          | \$000          | \$000          | \$000          |
| General rates                              | 269,097        | 242,121        | 262,915        | 236,467        |
| Targeted rates attributable to activities: |                |                |                |                |
| - water                                    | 34,158         | 29,208         | 33,373         | 28,541         |
| - land drainage                            | 18,337         | 18,393         | 17,916         | 17,973         |
| - sewerage                                 | 50,574         | 44,008         | 49,412         | 43,004         |
| - active travel                            | 2,998          | 3,069          | 2,929          | 3,069          |
| - waste minimisation                       | 19,416         | 21,283         | 18,970         | 20,797         |
| - fire service                             | 102            | 81             | 100            | 79             |
| - targeted loan servicing                  | 40             | 41             | 39             | 40             |
| Rates penalties                            | 1,518          | 3,660          | 1,483          | 3,576          |
| <b>Total rates revenue</b>                 | <b>396,240</b> | <b>361,864</b> | <b>387,137</b> | <b>353,546</b> |
| <b>Less remissions</b>                     | <b>(4,677)</b> | <b>(5,041)</b> | <b>(4,677)</b> | <b>(5,041)</b> |
| <b>Rates revenue net of remissions</b>     | <b>391,563</b> | <b>356,823</b> | <b>382,460</b> | <b>348,505</b> |

The annual rates revenue of the Council for the year ended 30 June 2016 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the "Rates revenue net of remissions" shown above.

Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year.

|                                     | 30 Jun 15      | 30 Jun 14      |
|-------------------------------------|----------------|----------------|
|                                     | Actual         | Actual         |
| Number of rating units              | 166,693        | 164,421        |
| Total land value of rating units    | 40,982,410,771 | 40,234,021,579 |
| Total capital value of rating units | 90,680,392,210 | 86,283,108,031 |

1.2 Subsidies and grants

|  | Parent         |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 30 Jun 16      | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|  | Actual         | Actual         | Actual         | Actual         |
|  | \$000          | \$000          | \$000          | \$000          |
| NZ Transport Agency (excl. earthquake) | 39,829         | 29,870         | 39,829         | 29,870         |
| Earthquake subsidies                   | 168,927        | 232,731        | 168,927        | 232,731        |
| Other grants and subsidies             | 1,585          | 2,701          | 1,544          | 7,207          |
| <b>Total subsidies and grants</b>      | <b>210,341</b> | <b>265,302</b> | <b>210,300</b> | <b>269,808</b> |



## 1.3 Other revenue

|  | Parent         |                | Group            |                  |
|--|----------------|----------------|------------------|------------------|
|  | 30 Jun 16      | 30 Jun 15      | 30 Jun 16        | 30 Jun 15        |
|  | Actual         | Actual         | Actual           | Actual           |
|  | \$000          | \$000          | \$000            | \$000            |
| Fees and charges                         | 77,639         | 73,487         | 76,892           | 71,768           |
| Vested assets                            | 90,299         | 82,317         | 90,339           | 82,317           |
| Sale of goods and services               | -              | -              | 602,307          | 599,361          |
| Construction contract revenue            | -              | -              | 212,118          | 241,034          |
| Rental revenue on investment property    | -              | -              | 18,785           | 16,087           |
| Rental revenue                           | 36,359         | 32,944         | 83,546           | 85,336           |
| Dividends                                | 137,868        | 51,432         | 121              | 134              |
| Subvention receipts                      | 14,001         | 10,628         | -                | -                |
| Petroleum tax                            | 3,905          | 3,869          | 3,905            | 3,869            |
| Insurance receipts                       | 179,348        | 43,421         | 209,101          | 72,102           |
| Sundry revenue                           | 25,387         | 24,948         | 60,148           | 43,563           |
| <b>Total operating and other revenue</b> | <b>564,806</b> | <b>323,046</b> | <b>1,357,262</b> | <b>1,215,571</b> |

**Insurance receipts**

Insurance receipts arise from earthquake related material damage and business interruption claims. These receipts have been recognised on settlement of the claim.

**Vested assets**

Included within vested assets revenue is \$55.4 million resulting from the reversal of infrastructure rebuild programme indirect costs which were expensed in 2015. The treatment of these costs has been reversed from last year's as the costs are considered to form part of the capital cost of each project due to SCIRT's accounting treatment.

**Subvention receipts**

The Council has accrued \$2.6 million of subvention receipt revenue for 2016. A further \$11.5 million was recognised relating to 2015 tax losses which were not accrued at 30 June 2015.

## 1.4 Exchange and non-exchange revenue

|   | Parent                  |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 30 Jun 16               | 30 Jun 15               | 30 Jun 16               | 30 Jun 15               |
|   | Actual                  | Actual                  | Actual                  | Actual                  |
|   | \$000                   | \$000                   | \$000                   | \$000                   |
| <b>Revenue from non-exchange transactions</b> |                         |                         |                         |                         |
| <i>Revenue from taxes</i>                     |                         |                         |                         |                         |
| General rates                                 | 269,096                 | 242,121                 | 262,914                 | 236,467                 |
| Targeted rates                                | 127,144                 | 119,743                 | 124,223                 | 117,079                 |
|   | <u>396,240</u>          | <u>361,864</u>          | <u>387,137</u>          | <u>353,546</u>          |
| <i>Revenue from transfers</i>                 |                         |                         |                         |                         |
| Provision of goods and services               | -                       | -                       | 2,344                   | -                       |
| Subsidies and grants                          | 210,341                 | 265,302                 | 210,790                 | 273,096                 |
| Vested assets                                 | 90,299                  | 82,317                  | 90,339                  | 82,331                  |
| Petroleum tax                                 | 3,905                   | 3,869                   | 3,905                   | 3,869                   |
| Other transfer revenue                        | 71,070                  | 65,609                  | 71,147                  | 54,993                  |
|   | <u>375,615</u>          | <u>417,097</u>          | <u>378,525</u>          | <u>414,289</u>          |
| <b>Revenue from exchange transactions</b>     |                         |                         |                         |                         |
| Sale of goods                                 | -                       | -                       | 37,614                  | 36,411                  |
| Rendering of service                          | -                       | -                       | 564,440                 | 810,561                 |
| Development contribution                      | 31,233                  | 33,155                  | 31,233                  | 33,155                  |
| Building consents                             | 30,770                  | 29,970                  | 30,770                  | 29,970                  |
| Social housing                                | 15,725                  | 14,314                  | 15,725                  | 14,314                  |
| Dividends                                     | 137,868                 | 51,432                  | 121                     | 134                     |
| Insurance                                     | 179,348                 | 43,421                  | 209,101                 | 72,102                  |
| Finance revenue                               | 27,936                  | 23,979                  | 23,590                  | 26,271                  |
| Other exchange transactions                   | 35,821                  | 32,114                  | 331,405                 | 107,598                 |
|   | <u>458,701</u>          | <u>228,385</u>          | <u>1,243,999</u>        | <u>1,130,516</u>        |
| <b>Other</b>                                  |                         |                         |                         |                         |
| Share of associates surplus/(deficit)         | -                       | -                       | 4,403                   | 7,353                   |
| <b>Total revenue</b>                          | <u><u>1,230,556</u></u> | <u><u>1,007,346</u></u> | <u><u>2,014,064</u></u> | <u><u>1,905,704</u></u> |

## 2. Finance costs

|                              | Parent               |                      | Group                 |                       |
|------------------------------|----------------------|----------------------|-----------------------|-----------------------|
|                              | 30 Jun 16            | 30 Jun 15            | 30 Jun 16             | 30 Jun 15             |
|                              | Actual               | Actual               | Actual                | Actual                |
|                              | \$000                | \$000                | \$000                 | \$000                 |
| <b>Interest expense</b>      |                      |                      |                       |                       |
| Interest on bank borrowings  | 65,134               | 55,950               | 81,294                | 69,809                |
| Interest on debt instruments | -                    | -                    | 20,249                | 25,371                |
| Interest on finance leases   | 7,256                | 7,323                | 5,105                 | 5,346                 |
| Other interest expense       | 6                    | 6                    | 75                    | 312                   |
| <b>Total finance costs</b>   | <u><u>72,396</u></u> | <u><u>63,279</u></u> | <u><u>106,723</u></u> | <u><u>100,838</u></u> |

3. Other expenses

|   | Parent    |                | Group          |                |                |
|---|-----------|----------------|----------------|----------------|----------------|
|   | 30 Jun 16 | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |                |
|   | Actual    | Actual         | Actual         | Actual         |                |
|   | \$000     | \$000          | \$000          | \$000          |                |
| Audit fees                                      | 4         | 611            | 602            | 1,711          | 1,663          |
| Directors' fees                                 |           | -              | -              | 2,235          | 2,121          |
| Donations and grants                            |           | 37,411         | 43,457         | 32,615         | 42,775         |
| Net foreign exchange (gains) / losses           |           | -              | -              | 10             | -              |
| Minimum lease payments under operating leases   |           | 4,385          | 4,167          | 14,104         | 13,731         |
| Raw materials and consumables used              |           | -              | -              | 57,193         | 57,150         |
| Provision of services and maintenance of assets |           | 160,210        | 170,141        | 185,867        | 186,645        |
| Consultants and legal fees                      |           | 42,116         | 40,265         | 54,746         | 51,114         |
| Other operating expenses                        |           | 117,172        | 126,086        | 399,478        | 425,115        |
| <b>Total other expenses</b>                     |           | <b>361,905</b> | <b>384,718</b> | <b>747,959</b> | <b>780,314</b> |

4. Remuneration of auditors

|  | Parent    |            | Group      |              |              |
|--|-----------|------------|------------|--------------|--------------|
|  | 30 Jun 16 | 30 Jun 15  | 30 Jun 16  | 30 Jun 15    |              |
|  | Actual    | Actual     | Actual     | Actual       |              |
|  | \$000     | \$000      | \$000      | \$000        |              |
| Fees to Audit New Zealand                                |           |            |            |              |              |
| - For audit of financial statements                      |           | 357        | 329        | 1,221        | 1,140        |
| - For other assurance services                           |           | 254        | 273        | 358          | 366          |
| Fees to KPMG   |           |            |            |              |              |
| - For audit of financial statements                      |           | -          | -          | 88           | 92           |
| - For other assurance services                           |           | -          | -          | -            | 15           |
| Fees to Grant Thornton for audit of financial statements |           | -          | -          | 44           | 50           |
| <b>Total</b>   |           | <b>611</b> | <b>602</b> | <b>1,711</b> | <b>1,663</b> |

The auditor of the Council and the rest of the Group, excluding LPC and CDCH is Audit New Zealand. LPC is audited by KPMG and CDCH is audited by Grant Thornton. All are appointed by the Auditor-General.

Other assurance services principally comprised of:

**Audit New Zealand**

Parent:

- audit of the Debenture Trust Deed,
- audit of the LTP and Consultation Document in 2015, and audit of the LTP amendment in 2016.

Group:

Orion New Zealand Limited:

- review of Annual Compliance Statement for Default Price - Quality Path, and
- review of Electricity Distribution Information Disclosure.

Christchurch International Airport Limited:

- audit of the Specified Airport Services Information Disclosure, and
- audit of the company's bond registry.

**KPMG**

Lyttelton Port Limited:

- assessment of City Depot revenue processes and controls.

## 5. Other gains and losses

|   | 30 Jun 16           | Parent<br>30 Jun 15  | 30 Jun 16              | Group<br>30 Jun 15   |
|---|---------------------|----------------------|------------------------|----------------------|
|   | Actual              | Actual               | Actual                 | Actual               |
|   | \$000               | \$000                | \$000                  | \$000                |
| <b>Non-financial instruments</b>  |                     |                      |                        |                      |
| Gains/(losses) on disposal of property, plant and equipment               | (1,838)             | (13,642)             | (2,391)                | (9,752)              |
| Gains/(losses) on disposal of investment                                  | -                   | -                    | 11,838                 | -                    |
| Gains/(losses) on disposal of investment property or held for sale assets | 780                 | -                    | 780                    | 18,086               |
| Gains/(losses) on revaluation of other assets                             | -                   | -                    | 12,489                 | -                    |
| (Impairment)/reversal of impairment on other assets                       | -                   | -                    | (5,978)                | (150)                |
| (Impairment)/reversal of impairment on property, plant and equipment      | -                   | 69,028               | (101,035)              | 73,673               |
|   | <u>(1,058)</u>      | <u>55,386</u>        | <u>(84,297)</u>        | <u>81,857</u>        |
| <b>Financial instruments</b>  |                     |                      |                        |                      |
| Gains/(losses) through ineffectiveness of cash flow hedges                | 1,013               | (1,603)              | 898                    | (1,786)              |
| Transfer from equity for cashflow hedges                                  | -                   | (35)                 | -                      | (35)                 |
| Gains / (Losses) through ineffectiveness of fair value hedges             | -                   | (4)                  | 114                    | 168                  |
| Fair value through income statement financial assets fair value change    | (433)               | (790)                | 6,390                  | (24,648)             |
|   | <u>580</u>          | <u>(2,432)</u>       | <u>7,402</u>           | <u>(26,301)</u>      |
| <b>Net other gains/(losses)</b>   | <b><u>(478)</u></b> | <b><u>52,954</u></b> | <b><u>(76,895)</u></b> | <b><u>55,556</u></b> |

## 6. Receivables and prepayments

|   | Parent        |                | Group          |                |
|---|---------------|----------------|----------------|----------------|
|   | 30 Jun 16     | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|   | Actual        | Actual         | Actual         | Actual         |
|   | \$000         | \$000          | \$000          | \$000          |
| Recoverables from non-exchange transactions |               |                |                |                |
| - Current                                   | 75,352        | 112,394        | 73,724         | 113,143        |
| Receivables from exchange transactions      |               |                |                |                |
| - Current                                   | 16,850        | 138,449        | 101,206        | 356,286        |
| - Non-current                               | -             | -              | 7,619          | 115,739        |
| <b>Total debtors and other receivables</b>  | <b>92,202</b> | <b>250,843</b> | <b>182,549</b> | <b>585,168</b> |
| <i>This comprises of:</i>                   |               |                |                |                |
| Rates receivables                           | 17,440        | 15,770         | 17,440         | 15,770         |
| Non-exchange receivables from user charges  | 1,997         | 4,634          | 22,130         | 4,634          |
| Other trade receivables                     | 34,693        | 58,722         | 82,505         | 129,570        |
| Insurance receivables                       | 3,581         | 161,184        | 3,581          | 286,199        |
| Related party receivables                   | 16,872        | 3,299          | -              | 50,991         |
| Prepayments                                 | 2,888         | 2,755          | 18,609         | 18,019         |
| Chargeable work in progress                 | -             | -              | 15,034         | 65,201         |
| Contract retentions                         | -             | -              | 4,559          | 4,416          |
| GST receivables                             | 7,812         | 2,100          | 6,588          | -              |
| Other                                       | 7,840         | 4,249          | 13,299         | 12,419         |
| Finance lease receivable                    | -             | -              | 155            | 187            |
|   | 93,123        | 252,713        | 183,900        | 587,406        |
| <b>Provision for impairment</b>             |               |                |                |                |
| Individual impairment                       | (297)         | (628)          | (722)          | (996)          |
| Collective impairment                       | (624)         | (1,242)        | (629)          | (1,242)        |
|   | (921)         | (1,870)        | (1,351)        | (2,238)        |
| <b>Total receivables and prepayments</b>    | <b>92,202</b> | <b>250,843</b> | <b>182,549</b> | <b>585,168</b> |

## Movement in provision for impairment of receivables

|                                     |              |                |                |                |
|-------------------------------------|--------------|----------------|----------------|----------------|
| At 1 July                           | (1,870)      | (1,878)        | (2,238)        | (2,250)        |
| Provisions made during year         | (334)        | (927)          | (408)          | (1,105)        |
| Provisions reversed during year     | 1,151        | 935            | 1,159          | 963            |
| Receivables Written off during year | 132          | -              | 136            | 154            |
| <b>At 30 June</b>                   | <b>(921)</b> | <b>(1,870)</b> | <b>(1,351)</b> | <b>(2,238)</b> |

## Credit risks aging of trade receivables

|                        | 2016           |                |                | 2015           |                |                |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                        | Gross          | Impairment     | Net            | Gross          | Impairment     | Net            |
|                        | \$000          | \$000          | \$000          | \$000          | \$000          | \$000          |
| <b>Council</b>         |                |                |                |                |                |                |
| Not past due           | 51,096         | -              | 51,096         | 76,867         | -              | 76,867         |
| Past due 1-60 days     | 9,422          | -              | 9,422          | 2,792          | -              | 2,792          |
| Past due 61-120 days   | 4,192          | (331)          | 3,861          | 1,252          | (671)          | 581            |
| Past due over 120 days | 6,292          | (590)          | 5,702          | 1,514          | (1,199)        | 315            |
| <b>Total</b>           | <b>71,002</b>  | <b>(921)</b>   | <b>70,081</b>  | <b>82,425</b>  | <b>(1,870)</b> | <b>80,555</b>  |
| <b>Group</b>           |                |                |                |                |                |                |
| Not past due           | 88,404         | -              | 88,404         | 185,483        | -              | 185,483        |
| Past due 1-60 days     | 21,412         | -              | 21,412         | 11,566         | -              | 11,566         |
| Past due 61-120 days   | 4,204          | (332)          | 3,872          | 2,384          | (1,035)        | 1,349          |
| Past due over 120 days | 8,055          | (1,019)        | 7,036          | 1,532          | (1,203)        | 329            |
| <b>Total</b>           | <b>122,075</b> | <b>(1,351)</b> | <b>120,724</b> | <b>200,965</b> | <b>(2,238)</b> | <b>198,727</b> |

For the purpose of aging analysis, trade receivables above includes rates receivables, non-exchange receivables from user charges, other trade receivables and related party receivables.

As debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, the carrying value of debtors and other receivables approximates their fair value.

No impairment is provided on rates receivables as the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

An allowance has been made for estimated irrecoverable amounts from trade debtors, determined by reference to past default experience. The balance of

the movement was recognised in net surplus and deficit for the current financial year.

#### Insurance receivable

##### Parent

In 2015, insurance receivables included \$130.8 million due from the Council's insurers for earthquake related material damage claims. These claims were settled in full during 2016.

##### Group

In 2015 the current and non-current insurance receivables included \$256 million due from the Council's insurers. Within this balance was \$21 million of current receivables and \$104 million of non-current receivables.

## 7. Payables

|   | Parent         |                | Group          |                |
|---|----------------|----------------|----------------|----------------|
|   | 30 Jun 16      | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|   | Actual         | Actual         | Actual         | Actual         |
|   | \$000          | \$000          | \$000          | \$000          |
| Taxes and transfers payable                           | 68,618         | 62,951         | 68,618         | 66,892         |
| Payables under exchange transactions                  | 132,253        | 112,870        | 204,198        | 210,527        |
| <b>Total creditors &amp; other payables</b>           | <b>200,871</b> | <b>175,821</b> | <b>272,816</b> | <b>277,419</b> |
| <i>This comprises of:</i>                             |                |                |                |                |
| Trade payables and accrued expenses                   | 162,444        | 142,428        | 237,966        | 243,035        |
| Amounts due to related parties                        | 12,984         | 10,220         | -              | 156            |
| GST payable   | -              | -              | -              | 3,637          |
| Interest payable                                      | 9,118          | 8,128          | 15,154         | 11,816         |
| Deposits held   | -              | -              | 181            | 1,108          |
| Amounts due to customers under construction contracts | -              | -              | 90             | -              |
| Retentions  | 16,325         | 15,045         | 19,425         | 17,667         |
| <b>Total creditors and other payables</b>             | <b>200,871</b> | <b>175,821</b> | <b>272,816</b> | <b>277,419</b> |

## 8. Income taxes

## 8.1 Components of tax expense

|  | Parent       |              | Group           |               |
|--|--------------|--------------|-----------------|---------------|
|  | 30 Jun 16    | 30 Jun 15    | 30 Jun 16       | 30 Jun 15     |
|  | Actual       | Actual       | Actual          | Actual        |
|  | \$000        | \$000        | \$000           | \$000         |
| Current tax expense/(income)   | -            | -            | 30,773          | 43,235        |
| Adjustments to current tax of prior years                            | -            | -            | (4,224)         | (12,628)      |
| Deferred tax expense/(income)  | 5,638        | (586)        | (38,484)        | 7,876         |
| <b>Total tax expense/(income)</b>                                    | <b>5,638</b> | <b>(586)</b> | <b>(11,935)</b> | <b>38,483</b> |
| <b>Reconciliation of prima facie income tax:</b>                     |              |              |                 |               |
| Surplus/(deficit) before tax   | 426,112      | 306,804      | 333,847         | 402,609       |
| Income tax expense at 28% (2015: 28%)                                | 119,311      | 85,905       | 93,477          | 112,731       |
| Non-deductible expenses  | -            | -            | 9,161           | 4,151         |
| Non-assessable income and non-deductible items                       | (95,104)     | (64,817)     | (109,552)       | (81,228)      |
| Deferred tax assets on previously unrecognised and unused tax losses | -            | -            | 2,161           | 4,622         |
| (Over)/under provision of income tax in previous year                | -            | -            | (810)           | (336)         |
| Imputation adjustment  | (18,569)     | (21,674)     | -               | -             |
| Other  | -            | -            | (6,372)         | (1,457)       |
| <b>Total tax expense/(income)</b>                                    | <b>5,638</b> | <b>(586)</b> | <b>(11,935)</b> | <b>38,483</b> |
| <b>Income tax recognised in other comprehensive income</b>           |              |              |                 |               |
| <i>Deferred tax</i>  |              |              |                 |               |
| Asset revaluations   | -            | (586)        | (4,269)         | (619)         |
| Revaluations of financial instruments treated as cash flow hedges    | -            | -            | 8,244           | 5,994         |
|  | -            | <b>(586)</b> | <b>3,975</b>    | <b>5,375</b>  |

The tax rate in the above reconciliation is the corporate tax rate of 28 per cent (2015: 28 per cent) payable by New Zealand companies on taxable profits under New Zealand tax law.

Council has tax losses for the current financial year of \$9.5 million (2015: \$48 million). It is expected that \$9.5 million of the 2016 losses will be transferred to other entities in the Group by way of loss offset and subvention payment. A subvention receipt of \$2.6 million (2015: \$2.8 million) has been accrued.

## 8.2 Current tax assets and liabilities

|                                      | Parent    |           | Group        |               |
|--------------------------------------|-----------|-----------|--------------|---------------|
|                                      | 30 Jun 16 | 30 Jun 15 | 30 Jun 16    | 30 Jun 15     |
|                                      | Actual    | Actual    | Actual       | Actual        |
|                                      | \$000     | \$000     | \$000        | \$000         |
| <b>Current tax assets</b>            |           |           |              |               |
| Tax refund receivable                | -         | -         | -            | -             |
| <b>Total current tax assets</b>      | <b>-</b>  | <b>-</b>  | <b>-</b>     | <b>-</b>      |
| <b>Current tax payables</b>          |           |           |              |               |
| Income tax payable                   | -         | -         | 1,433        | 14,846        |
| <b>Total current tax liabilities</b> | <b>-</b>  | <b>-</b>  | <b>1,433</b> | <b>14,846</b> |

## 8.3 Deferred tax balance

|   | Parent                  |                                  |                 |                 | Group                   |                                  |                                 |                 |                |
|---|-------------------------|----------------------------------|-----------------|-----------------|-------------------------|----------------------------------|---------------------------------|-----------------|----------------|
|   | Charged to:             |                                  |                 | Closing balance | Charged to:             |                                  |                                 | Closing balance |                |
| Opening balance                           | Net surplus and deficit | Other compr. revenue and expense | Opening balance |                 | Net surplus and deficit | Other compr. revenue and expense | Acquired through business comb. |                 |                |
| \$000                                     | \$000                   | \$000                            | \$000           | \$000           | \$000                   | \$000                            | \$000                           |                 |                |
| <b>30 June 2016</b>                       |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| <b>Deferred tax liabilities:</b>          |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| Fair value hedges                         | -                       | -                                | -               | -               | 964                     | -                                | -                               | 3,640           | 4,604          |
| Property, plant and equipment             | 4,624                   | 1,066                            | -               | 5,690           | 343,973                 | (41,702)                         | 4,269                           | 6,156           | 312,696        |
| Intangible assets                         | -                       | -                                | -               | -               | 487                     | (6)                              | -                               | -               | 481            |
| Other                                     | -                       | -                                | -               | -               | 46,033                  | 11,899                           | -                               | -               | 57,932         |
|   | 4,624                   | 1,066                            | -               | 5,690           | 391,457                 | (29,809)                         | 4,269                           | 9,796           | 375,713        |
| <b>Deferred tax assets:</b>               |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| Cashflow hedges                           | -                       | -                                | -               | -               | 7,925                   | 23                               | 8,157                           | -               | 16,105         |
| Fair value hedges                         | -                       | -                                | -               | -               | -                       | 811                              | 87                              | -               | 898            |
| Provisions and employee entitlements      | -                       | -                                | -               | -               | 7,198                   | 205                              | -                               | -               | 7,403          |
| Doubtful debts and impairment losses      | -                       | -                                | -               | -               | 95                      | 30                               | -                               | -               | 125            |
| Tax losses                                | 4,624                   | (4,572)                          | -               | 52              | 8,994                   | (8,782)                          | -                               | -               | 212            |
| Other                                     | -                       | -                                | -               | -               | 1,322                   | 16,388                           | -                               | 50              | 17,760         |
|   | 4,624                   | (4,572)                          | -               | 52              | 25,534                  | 8,675                            | 8,244                           | 50              | 42,503         |
| <b>Net deferred tax liability/(asset)</b> | <b>-</b>                | <b>5,638</b>                     | <b>-</b>        | <b>5,638</b>    | <b>365,923</b>          | <b>(38,484)</b>                  | <b>(3,975)</b>                  | <b>9,746</b>    | <b>333,210</b> |
| <b>30 June 2015</b>                       |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| <b>Deferred tax liabilities:</b>          |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| Fair value hedges                         | -                       | -                                | -               | -               | 1,092                   | (210)                            | 82                              | -               | 964            |
| Property, plant and equipment             | 3,982                   | 56                               | 586             | 4,624           | 347,798                 | (4,444)                          | 619                             | -               | 343,973        |
| Intangible assets                         | -                       | -                                | -               | -               | 969                     | (482)                            | -                               | -               | 487            |
| Other                                     | -                       | -                                | -               | -               | 36,882                  | 9,151                            | -                               | -               | 46,033         |
|   | 3,982                   | 56                               | 586             | 4,624           | 386,741                 | 4,015                            | 701                             | -               | 391,457        |
| <b>Deferred tax assets:</b>               |                         |                                  |                 |                 |                         |                                  |                                 |                 |                |
| Cashflow hedges                           | -                       | -                                | -               | -               | 1,930                   | (81)                             | 6,076                           | -               | 7,925          |
| Provisions and employee entitlements      | -                       | -                                | -               | -               | 5,906                   | 1,292                            | -                               | -               | 7,198          |
| Doubtful debts and impairment losses      | -                       | -                                | -               | -               | 86                      | 9                                | -                               | -               | 95             |
| Tax losses                                | 3,982                   | 642                              | -               | 4,624           | 14,990                  | (5,996)                          | -                               | -               | 8,994          |
| Other                                     | -                       | -                                | -               | -               | 407                     | 915                              | -                               | -               | 1,322          |
|   | 3,982                   | 642                              | -               | 4,624           | 23,319                  | (3,861)                          | 6,076                           | -               | 25,534         |
| <b>Net deferred tax liability/(asset)</b> | <b>-</b>                | <b>(586)</b>                     | <b>586</b>      | <b>-</b>        | <b>363,422</b>          | <b>7,876</b>                     | <b>(5,375)</b>                  | <b>-</b>        | <b>365,923</b> |



8.4 Unrecognised tax losses

|  | Parent    |           | Group     |           |
|--|-----------|-----------|-----------|-----------|
|  | 30 Jun 16 | 30 Jun 15 | 30 Jun 16 | 30 Jun 15 |
|  | Actual    | Actual    | Actual    | Actual    |
|  | \$000     | \$000     | \$000     | \$000     |
| The following tax losses have not been brought to account as assets: |           |           |           |           |
| Tax losses   | -         | 21,870    | -         | -         |
| Tax effect   | -         | 6,124     | -         | -         |

8.5 Imputation credit balances

|  | Parent    |           | Group     |           |
|--|-----------|-----------|-----------|-----------|
|  | 30 Jun 16 | 30 Jun 15 | 30 Jun 16 | 30 Jun 15 |
|  | Actual    | Actual    | Actual    | Actual    |
|  | \$000     | \$000     | \$000     | \$000     |
| Imputation credits available for use in subsequent reporting periods | -         | -         | 34,154    | 61,432    |

## 9. Property, plant &amp; equipment

|                              | Opening balances   |                             |                    | Current year movements |                                 |                                     |                           |                  |                         | Closing balances   |                             |                    |
|------------------------------|--------------------|-----------------------------|--------------------|------------------------|---------------------------------|-------------------------------------|---------------------------|------------------|-------------------------|--------------------|-----------------------------|--------------------|
|                              | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount | Additions              | Net<br>disposals/<br>Transfers* | Impairment<br>charged to<br>surplus | Net<br>movement<br>in WIP | Depreciation     | Revaluation<br>movement | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount |
|                              | \$000              | \$000                       | \$000              | \$000                  | \$000                           | \$000                               | \$000                     | \$000            | \$000                   | \$000              | \$000                       | \$000              |
| <b>Council 2016</b>          |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| <b>Operational assets</b>    |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Freehold land                | 411,141            | (8,844)                     | 402,297            | 35,807                 | (4,123)                         | -                                   | -                         | (1,536)          | -                       | 442,825            | (10,380)                    | 432,445            |
| Buildings                    | 592,021            | (1,659)                     | 590,362            | 77,408                 | (1,010)                         | -                                   | -                         | (21,760)         | 9,846                   | 678,265            | (23,419)                    | 654,846            |
| Plant & equipment            | 160,088            | (118,792)                   | 41,296             | 6,649                  | (36)                            | -                                   | -                         | (9,216)          | -                       | 166,701            | (128,008)                   | 38,693             |
| Work in progress             | 61,277             | -                           | 61,277             | -                      | -                               | -                                   | (27,057)                  | -                | -                       | 34,220             | -                           | 34,220             |
| Landfill at cost             | 8,217              | (8,217)                     | -                  | -                      | -                               | -                                   | -                         | -                | -                       | 8,217              | (8,217)                     | -                  |
| Library books at cost        | 113,077            | (97,445)                    | 15,632             | 3,764                  | -                               | -                                   | -                         | (4,670)          | -                       | 116,841            | (102,115)                   | 14,726             |
|                              | <b>1,345,821</b>   | <b>(234,957)</b>            | <b>1,110,864</b>   | <b>123,628</b>         | <b>(5,169)</b>                  | <b>-</b>                            | <b>(27,057)</b>           | <b>(37,182)</b>  | <b>9,846</b>            | <b>1,447,069</b>   | <b>(272,139)</b>            | <b>1,174,930</b>   |
| <b>Infrastructure assets</b> |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Roading network              | 2,203,773          | -                           | 2,203,773          | 232,123                | (4,987)                         | -                                   | -                         | (59,193)         | -                       | 2,430,909          | (59,193)                    | 2,371,716          |
| Sewerage                     | 1,533,368          | -                           | 1,533,368          | 302,900                | -                               | -                                   | -                         | (47,190)         | 67,268                  | 1,858,297          | (1,951)                     | 1,856,346          |
| Water                        | 1,092,409          | (25,367)                    | 1,067,042          | 42,547                 | -                               | -                                   | -                         | (25,714)         | -                       | 1,134,956          | (51,081)                    | 1,083,875          |
| Stormwater                   | 389,720            | (32,057)                    | 357,663            | 39,878                 | -                               | -                                   | -                         | (5,419)          | -                       | 429,598            | (37,476)                    | 392,122            |
| Work in progress             | 974,934            | -                           | 974,934            | -                      | -                               | -                                   | (70,564)                  | -                | -                       | 904,370            | -                           | 904,370            |
|                              | <b>6,194,204</b>   | <b>(57,424)</b>             | <b>6,136,780</b>   | <b>617,448</b>         | <b>(4,987)</b>                  | <b>-</b>                            | <b>(70,564)</b>           | <b>(137,516)</b> | <b>67,268</b>           | <b>6,758,130</b>   | <b>(149,701)</b>            | <b>6,608,429</b>   |
| <b>Restricted assets</b>     |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Land and buildings           | 798,282            | (29,572)                    | 768,710            | 21,956                 | 1,549                           | -                                   | -                         | (6,363)          | 96                      | 821,883            | (35,935)                    | 785,948            |
| Arts works                   | 69,103             | -                           | 69,103             | 353                    | -                               | -                                   | -                         | (69)             | -                       | 69,456             | (69)                        | 69,387             |
| Heritage assets              | 26,617             | (246)                       | 26,371             | 10,772                 | -                               | -                                   | -                         | (51)             | -                       | 37,389             | (297)                       | 37,092             |
| Library books                | 7,043              | -                           | 7,043              | 245                    | -                               | -                                   | -                         | -                | -                       | 7,288              | -                           | 7,288              |
| Work in progress             | 13,476             | -                           | 13,476             | -                      | -                               | -                                   | 8,082                     | -                | -                       | 21,558             | -                           | 21,558             |
|                              | <b>914,521</b>     | <b>(29,818)</b>             | <b>884,703</b>     | <b>33,326</b>          | <b>1,549</b>                    | <b>-</b>                            | <b>8,082</b>              | <b>(6,483)</b>   | <b>96</b>               | <b>957,574</b>     | <b>(36,301)</b>             | <b>921,273</b>     |
| <b>Total Parent PPE</b>      | <b>8,454,546</b>   | <b>(322,199)</b>            | <b>8,132,347</b>   | <b>774,402</b>         | <b>(8,607)</b>                  | <b>-</b>                            | <b>(89,539)</b>           | <b>(181,181)</b> | <b>77,210</b>           | <b>9,162,773</b>   | <b>(458,141)</b>            | <b>8,704,632</b>   |

\* Disposals in this reconciliation are reported net of accumulated depreciation and include PPE classified as held for sale during the year. Buildings valued at \$112,162,800 (2015: \$113,410,000) have been acquired under finance lease.

|                              | Opening balances   |                             |                    | Current year movements |                                 |                                     |                           |                  |                         | Closing balances   |                             |                    |
|------------------------------|--------------------|-----------------------------|--------------------|------------------------|---------------------------------|-------------------------------------|---------------------------|------------------|-------------------------|--------------------|-----------------------------|--------------------|
|                              | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount | Additions              | Net<br>disposals/<br>Transfers* | Impairment<br>charged to<br>surplus | Net<br>movement<br>in WIP | Depreciation     | Revaluation<br>movement | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount |
|                              | \$000              | \$000                       | \$000              | \$000                  | \$000                           | \$000                               | \$000                     | \$000            | \$000                   | \$000              | \$000                       | \$000              |
| <b>Council 2015</b>          |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| <b>Operational assets</b>    |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Freehold land                | 482,933            | (13,487)                    | 469,446            | 3,884                  | (11,578)                        | -                                   | -                         | (2,575)          | (56,880)                | 411,141            | (8,844)                     | 402,297            |
| Buildings                    | 492,025            | (90,124)                    | 401,901            | 16,591                 | 2,080                           | -                                   | -                         | (11,859)         | 181,649                 | 592,021            | (1,659)                     | 590,362            |
| Plant & equipment            | 154,028            | (109,554)                   | 44,474             | 6,294                  | (234)                           | -                                   | -                         | (9,238)          | -                       | 160,088            | (118,792)                   | 41,296             |
| Work in progress             | 28,597             | -                           | 28,597             | -                      | -                               | -                                   | 32,680                    | -                | -                       | 61,277             | -                           | 61,277             |
| Landfill at cost             | 8,217              | (8,217)                     | -                  | -                      | -                               | -                                   | -                         | -                | -                       | 8,217              | (8,217)                     | -                  |
| Library books at cost        | 108,827            | (92,802)                    | 16,025             | 4,250                  | -                               | -                                   | -                         | (4,643)          | -                       | 113,077            | (97,445)                    | 15,632             |
|                              | <b>1,274,627</b>   | <b>(314,184)</b>            | <b>960,443</b>     | <b>31,019</b>          | <b>(9,732)</b>                  | <b>-</b>                            | <b>32,680</b>             | <b>(28,315)</b>  | <b>124,769</b>          | <b>1,345,821</b>   | <b>(234,957)</b>            | <b>1,110,864</b>   |
| <b>Infrastructure assets</b> |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Roading network              | 1,654,277          | (145,373)                   | 1,508,904          | 176,238                | (1,236)                         | -                                   | -                         | (40,289)         | 560,156                 | 2,203,773          | -                           | 2,203,773          |
| Sewerage                     | 793,819            | (86,278)                    | 707,541            | 511,453                | (1,337)                         | 69,028                              | -                         | (24,269)         | 270,952                 | 1,533,368          | -                           | 1,533,368          |
| Water                        | 1,040,996          | (274)                       | 1,040,722          | 55,870                 | (27)                            | -                                   | -                         | (25,093)         | (4,430)                 | 1,092,409          | (25,367)                    | 1,067,042          |
| Stormwater                   | 351,918            | (27,114)                    | 324,804            | 55,729                 | -                               | -                                   | -                         | (4,943)          | (17,927)                | 389,720            | (32,057)                    | 357,663            |
| Work in progress             | 1,284,396          | (5,252)                     | 1,279,144          | -                      | -                               | -                                   | (304,210)                 | -                | -                       | 974,934            | -                           | 974,934            |
|                              | <b>5,125,406</b>   | <b>(264,291)</b>            | <b>4,861,115</b>   | <b>799,290</b>         | <b>(2,600)</b>                  | <b>69,028</b>                       | <b>(304,210)</b>          | <b>(94,594)</b>  | <b>808,751</b>          | <b>6,194,204</b>   | <b>(57,424)</b>             | <b>6,136,780</b>   |
| <b>Restricted assets</b>     |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Land and buildings           | 756,806            | (24,412)                    | 732,394            | 34,004                 | 2,123                           | -                                   | -                         | (6,745)          | 6,934                   | 798,282            | (29,572)                    | 768,710            |
| Arts works                   | 72,605             | (145)                       | 72,460             | 1,541                  | -                               | -                                   | -                         | (74)             | (4,824)                 | 69,103             | -                           | 69,103             |
| Heritage assets              | 21,119             | (206)                       | 20,913             | 5,498                  | -                               | -                                   | -                         | (40)             | -                       | 26,617             | (246)                       | 26,371             |
| Library books                | 6,826              | -                           | 6,826              | 217                    | -                               | -                                   | -                         | -                | -                       | 7,043              | -                           | 7,043              |
| Work in progress             | 8,941              | -                           | 8,941              | -                      | -                               | -                                   | 4,535                     | -                | -                       | 13,476             | -                           | 13,476             |
|                              | <b>866,297</b>     | <b>(24,763)</b>             | <b>841,534</b>     | <b>41,260</b>          | <b>2,123</b>                    | <b>-</b>                            | <b>4,535</b>              | <b>(6,859)</b>   | <b>2,110</b>            | <b>914,521</b>     | <b>(29,818)</b>             | <b>884,703</b>     |
| <b>Total Parent PPE</b>      | <b>7,266,330</b>   | <b>(603,238)</b>            | <b>6,663,092</b>   | <b>871,569</b>         | <b>(10,209)</b>                 | <b>69,028</b>                       | <b>(266,995)</b>          | <b>(129,768)</b> | <b>935,630</b>          | <b>8,454,546</b>   | <b>(322,199)</b>            | <b>8,132,347</b>   |

|                           | Opening balances   |                             |                    | Current year movements |                                 |                                     |                           |                  |                         | Closing balances   |                             |                    |
|---------------------------|--------------------|-----------------------------|--------------------|------------------------|---------------------------------|-------------------------------------|---------------------------|------------------|-------------------------|--------------------|-----------------------------|--------------------|
|                           | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount | Additions              | Net<br>disposals/<br>Transfers* | Impairment<br>charged to<br>surplus | Net<br>movement<br>in WIP | Depreciation     | Revaluation<br>movement | Cost/<br>valuation | Accumulated<br>depreciation | Carrying<br>amount |
|                           | \$000              | \$000                       | \$000              | \$000                  | \$000                           | \$000                               | \$000                     | \$000            | \$000                   | \$000              | \$000                       | \$000              |
| <b>Group 2016</b>         |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| <b>Operational assets</b> |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Freehold land             | 884,569            | (8,969)                     | 875,600            | 34,690                 | (16,831)                        | (11,116)                            | -                         | (1,542)          | 4,275                   | 906,701            | (21,625)                    | 885,076            |
| Buildings                 | 1,151,994          | (157,635)                   | 994,359            | 84,805                 | (3,621)                         | (3,218)                             | -                         | (47,148)         | 13,481                  | 1,247,971          | (209,313)                   | 1,038,658          |
| Plant & equipment         | 557,769            | (333,971)                   | 223,798            | 27,933                 | 708                             | (30,762)                            | 415                       | (36,600)         | -                       | 570,835            | (385,343)                   | 185,492            |
| Electricity distribution  | 948,518            | (35,483)                    | 913,035            | 112,580                | (1,448)                         | (6,856)                             | -                         | (36,798)         | -                       | 1,058,833          | (78,320)                    | 980,513            |
| Specialised assets **     | 454,801            | (88,015)                    | 366,786            | 362,957                | 21,046                          | (49,083)                            | -                         | (17,886)         | 18,836                  | 835,017            | (132,361)                   | 702,656            |
| Work in progress          | 159,040            | -                           | 159,040            | -                      | -                               | -                                   | (14,022)                  | -                | -                       | 180,503            | (35,485)                    | 145,018            |
| Landfill at cost          | 8,217              | (8,217)                     | -                  | -                      | -                               | -                                   | -                         | -                | -                       | 8,217              | (8,217)                     | -                  |
| Library books at cost     | 113,077            | (97,445)                    | 15,632             | 3,764                  | -                               | -                                   | -                         | (4,670)          | -                       | 116,841            | (102,115)                   | 14,726             |
|                           | <b>4,277,985</b>   | <b>(729,735)</b>            | <b>3,548,250</b>   | <b>626,729</b>         | <b>(146)</b>                    | <b>(101,035)</b>                    | <b>(13,607)</b>           | <b>(144,644)</b> | <b>36,592</b>           | <b>4,924,918</b>   | <b>(972,779)</b>            | <b>3,952,139</b>   |
| Infrastructure assets     | 6,194,204          | (57,424)                    | 6,136,780          | 617,448                | (1,117)                         | -                                   | (70,564)                  | (137,516)        | 67,268                  | 6,762,000          | (149,701)                   | 6,612,299          |
| Restricted assets         | 914,521            | (29,818)                    | 884,703            | 33,326                 | 1,549                           | -                                   | 8,082                     | (6,483)          | 96                      | 957,574            | (36,301)                    | 921,273            |
| <b>Total Group PPE</b>    | <b>11,386,710</b>  | <b>(816,977)</b>            | <b>10,569,733</b>  | <b>1,277,503</b>       | <b>286</b>                      | <b>(101,035)</b>                    | <b>(76,089)</b>           | <b>(288,643)</b> | <b>103,956</b>          | <b>12,644,492</b>  | <b>(1,158,781)</b>          | <b>11,485,711</b>  |
| <b>Group 2015</b>         |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| <b>Operational assets</b> |                    |                             |                    |                        |                                 |                                     |                           |                  |                         |                    |                             |                    |
| Freehold land             | 918,374            | (13,605)                    | 904,769            | 50,547                 | (20,646)                        | -                                   | -                         | (2,583)          | (56,487)                | 884,569            | (8,969)                     | 875,600            |
| Buildings                 | 1,038,700          | (222,533)                   | 816,167            | 21,037                 | 6,065                           | 4,645                               | -                         | (35,204)         | 181,649                 | 1,151,994          | (157,635)                   | 994,359            |
| Plant & equipment         | 531,106            | (301,751)                   | 229,355            | 28,813                 | 1,745                           | -                                   | -                         | (36,115)         | -                       | 557,769            | (333,971)                   | 223,798            |
| Electricity distribution  | 903,975            | (4)                         | 903,971            | 45,632                 | (1,155)                         | -                                   | -                         | (35,529)         | 116                     | 948,518            | (35,483)                    | 913,035            |
| Specialised assets **     | 404,250            | (74,695)                    | 329,555            | 44,660                 | 7,152                           | -                                   | -                         | (14,581)         | -                       | 454,801            | (88,015)                    | 366,786            |
| Work in progress          | 100,696            | -                           | 100,696            | -                      | -                               | -                                   | 58,344                    | -                | -                       | 159,040            | -                           | 159,040            |
| Landfill at cost          | 8,217              | (8,217)                     | -                  | -                      | -                               | -                                   | -                         | -                | -                       | 8,217              | (8,217)                     | -                  |
| Library books at cost     | 108,827            | (92,802)                    | 16,025             | 4,250                  | -                               | -                                   | -                         | (4,643)          | -                       | 113,077            | (97,445)                    | 15,632             |
|                           | <b>4,014,145</b>   | <b>(713,607)</b>            | <b>3,300,538</b>   | <b>194,939</b>         | <b>(6,839)</b>                  | <b>4,645</b>                        | <b>58,344</b>             | <b>(128,655)</b> | <b>125,278</b>          | <b>4,277,985</b>   | <b>(729,735)</b>            | <b>3,548,250</b>   |
| Infrastructure assets     | 5,125,406          | (264,291)                   | 4,861,115          | 799,290                | (2,600)                         | 69,028                              | (304,210)                 | (94,594)         | 808,751                 | 6,194,204          | (57,424)                    | 6,136,780          |
| Restricted assets         | 866,297            | (24,763)                    | 841,534            | 41,260                 | 2,123                           | -                                   | 4,535                     | (6,859)          | 2,110                   | 914,521            | (29,818)                    | 884,703            |
| <b>Total Group PPE</b>    | <b>10,005,848</b>  | <b>(1,002,661)</b>          | <b>9,003,187</b>   | <b>1,035,489</b>       | <b>(7,316)</b>                  | <b>73,673</b>                       | <b>(241,331)</b>          | <b>(230,108)</b> | <b>936,139</b>          | <b>11,386,710</b>  | <b>(816,977)</b>            | <b>10,569,733</b>  |

\*\* Specialised assets include finance lease assets, airport sealed surfaces, harbour structures and other specialised assets.

## 9.1 Work in progress

Property, plant, and equipment under construction by class of asset is detailed below:

|                               | <b>2016</b>           | <b>Council</b>          |
|-------------------------------|-----------------------|-------------------------|
|                               | <b>\$000</b>          | <b>2015</b>             |
|                               |                       | <b>\$000</b>            |
| Wastewater                    | 556,411               | 679,713                 |
| Water                         | 36,757                | 40,433                  |
| Stormwater                    | 98,742                | 56,945                  |
| Roading                       | 212,460               | 197,843                 |
| Total infrastructural         | <u>904,370</u>        | <u>974,934</u>          |
| Intangibles                   | 7,442                 | 9,610                   |
| Building                      | 55,778                | 74,753                  |
| <b>Total work in progress</b> | <b><u>967,590</u></b> | <b><u>1,059,297</u></b> |

## 9.2 Core Assets

Included within the infrastructure assets above are the following core Council assets.

|   | <b>Closing</b>          | <b>Assets</b>         | <b>Assets</b>        | <b>Replacement</b>      |
|---|-------------------------|-----------------------|----------------------|-------------------------|
|   | <b>Book Value</b>       | <b>constructed</b>    | <b>transferred</b>   | <b>Cost as at</b>       |
|   | <b>\$000</b>            | <b>for the year</b>   | <b>for the year</b>  | <b>year end</b>         |
|   |                         | <b>\$000</b>          | <b>\$000</b>         | <b>\$000</b>            |
| <b>2016</b>                               |                         |                       |                      |                         |
| Treatment Plants                          | 12,737                  | 4,669                 | -                    | 11,948                  |
| Reticulation                              | 1,071,138               | 35,232                | 2,646                | 1,860,503               |
| <b>Water Supply</b>                       | <b><u>1,083,875</u></b> | <b><u>39,901</u></b>  | <b><u>2,646</u></b>  | <b><u>1,872,451</u></b> |
| Treatment Plants                          | 296,101                 | 7,361                 | -                    | 534,497                 |
| Reticulation                              | 1,560,245               | 290,004               | 5,535                | 3,015,454               |
| <b>Sewerage</b>                           | <b><u>1,856,346</u></b> | <b><u>297,365</u></b> | <b><u>5,535</u></b>  | <b><u>3,549,951</u></b> |
| <b>Stormwater Drainage</b>                | <b>350,993</b>          | <b>30,420</b>         | <b>5,653</b>         | <b>567,212</b>          |
| <b>Flood Protection and Control Works</b> | <b>41,129</b>           | <b>3,805</b>          | <b>-</b>             | <b>31,545</b>           |
| <b>Roads and Footpaths</b>                | <b>2,371,716</b>        | <b>220,757</b>        | <b>11,366</b>        | <b>3,518,345</b>        |
| <b>2015</b>                               |                         |                       |                      |                         |
| Treatment Plants                          | 3,597                   | -                     | -                    | 7,279                   |
| Reticulation                              | 1,063,445               | 50,510                | 5,360                | 1,766,755               |
| <b>Water Supply</b>                       | <b><u>1,067,042</u></b> | <b><u>50,510</u></b>  | <b><u>5,360</u></b>  | <b><u>1,774,034</u></b> |
| Treatment Plants                          | 332,424                 | 5,244                 | -                    | 515,162                 |
| Reticulation                              | 1,200,944               | 495,345               | 10,864               | 2,925,163               |
| <b>Sewerage</b>                           | <b><u>1,533,368</u></b> | <b><u>500,589</u></b> | <b><u>10,864</u></b> | <b><u>3,440,325</u></b> |
| <b>Stormwater Drainage</b>                | <b>357,663</b>          | <b>42,431</b>         | <b>13,298</b>        | <b>453,175</b>          |
| <b>Flood Protection and Control Works</b> | <b>-</b>                | <b>-</b>              | <b>-</b>             | <b>-</b>                |
| <b>Roads and Footpaths</b>                | <b>2,203,773</b>        | <b>146,337</b>        | <b>29,901</b>        | <b>3,290,011</b>        |

The assets for flood protection and control works are included in stormwater for 2015.

The Council completed the construction of \$592.2 million (2015: \$739.9 million) of assets relating to its core infrastructure assets and received a further \$24.1 million (2015: \$59.4 million) of assets. These assets are carried at their net book value using their respective historical costs or deemed costs as revalued.

The replacement cost is based on the replacement cost estimate at the last valuation of the asset class, water supply (2014), sewerage (2016), stormwater drainage including flood protection and control works (2008) and roads and footpaths (2015), plus assets constructed and transferred since the last revaluation date.

### 9.3 Revaluations and review for impairment

#### Revaluations

Sewerage assets were valued as at 30 June 2015 and 2016 by GHD. The fair value of sewerage infrastructure assets was determined using the depreciated replacement cost method in accordance with PBE IPSAS 17. Depreciated replacement cost was calculated using the following assumptions:

- Replacement costs have been calculated based on the cost of modern equivalent assets. Cost data is based on standard rates and reviewed by quantity surveyors with local knowledge.
- Allowance has been made for spare capacity of the assets, in particular assets in the red zone.
- The remaining useful life is based on standard economic life for each element type with adjustments for the age and condition of each element. The remaining useful life of pipes laid before September 2010 have been adjusted to reflect an expected reduced useful life as a result of the earthquakes.

In 2015, the fair value of sewerage assets was revalued to \$1.9 billion before impairment. The valuation was reviewed in 2016 reducing the valuation uncertainties from the 2015 valuation and the level of impairment. This resulted in a fair value before impairment of sewerage assets of \$1.9 billion.

The most recent valuations in these financial statements were as follows:

Land and buildings were valued at 30 June 2015 by Quotable Value (QV). The fair value of the land was determined in accordance with PBE IPSAS 17 using market based evidence with adjustments to reflect the designation of the land.

Residential and commercial buildings were valued using market based evidence while specialised buildings such as libraries, swimming pools and heritage assets were valued using depreciated replacement cost in accordance with PBE IPSAS 17. Quantity surveyors were engaged to determine the replacement cost of material assets. The fair value of all land and buildings is \$1.7 billion.

Roading assets were revalued by GHD at 30 June 2015. The fair value of the roading assets was determined using the depreciated replacement cost method in accordance with PBE IPSAS 17. The roading class of assets includes \$421 million of land under roads which has not been revalued. Council's policy is not to revalue land under roads. Depreciated replacement cost was calculated using the following assumptions:

- Useful lives of assets were reviewed using accepted national standards and comparison to other councils. Current asset condition data was used to adjust useful lives.
- Unit costs were calculated with reference to the unit rates to reproduce the assets. The unit rates include all incidental costs such as project costs including reinstatement costs. These have been reviewed for the local market.

- Red Zone assets have been valued as a subset of the other assets given the uncertainty of the future use of the assets. The value of these assets has been assessed at \$0.9 million.

The fair value of roading assets was revalued to \$1.8 billion excluding land under roads.

Works of art have been valued as at 30 June 2015 by Art + Object Limited. The fair value of the art works is assessed at the estimated market value. The market value has been assessed at \$69.1 million.

Water supply infrastructure assets were revalued by Beca Projects NZ Limited (Beca) at 30 June 2014 to a fair value of \$1.0 billion using depreciated replacement cost method. Depreciated replacement cost was calculated using the following assumptions:

- Construction costs were calculated with reference to the unit rates to reproduce the assets with modern equivalents. The unit rates include all incidental costs such as project costs including reinstatement costs. These have been reviewed for the local market.
- Useful lives of assets are determined from information provided in the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines 2006 and the Council's current estimates of service life.
- Assets in the red zone areas of the City and not being used to supply water to the surrounding green zone areas were removed from the valuation.

Marine structure assets were revalued by Beca at 30 June 2014 to a fair value of \$16.9 million using depreciated replacement cost method.

Heritage and public art assets were valued by Plant & Machinery Valuers Limited and Dunbar Sloane Limited with a value of \$20.4 million as at 30 June 2009. Heritage assets were valued at a depreciated reproduction cost, with public art being valued at fair value.

Stormwater, Waterways and Wetlands infrastructure assets were revalued by GHD Limited at 30 June 2008 to a fair value of \$336.9 million using the depreciated replacement cost method.

Stormwater, water ways and wetlands infrastructure assets were due to be revalued in 2015 but were not, due to insufficient information being available to valuers. This is also the position in 2016. This is the result of continuing uncertainties around the extent of damage and the cost of replacement.

#### Accounting for earthquake damage

Accounting standards require that when an asset has been destroyed it should be de-recognised, or written off. 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). As the Council revalues its assets it, technically, does not have impairment but rather a revaluation that reduces the value of asset. Given the general understanding of the

term, impairment continues to be used in these financial statements. It is clear from the Council's work to date that:

- some of Council's infrastructural and building assets have been damaged beyond repair, and PBE IPSAS 17 – Property, Plant and Equipment requires Council to write off those assets. The write off is expensed in the net surplus or deficit in the Statement of Comprehensive Revenue and Expense for the year, and
- much of Council's infrastructural and building assets have been impaired. The impairment is recognised in other comprehensive revenue and expense against revaluation reserves for each class of asset. Any excess of impairment above the revaluation reserve is expensed in the net surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Council has been able to write off a number of individual assets where they are damaged beyond repair and have been demolished or sold to the Crown.

Recognition of impaired assets in these financial statements

The table below details the impairment that has been taken against property plant and equipment since the earthquakes.

|                               | 2016             | 2015             | 2014           | 2013           | 2012           | Total          |
|-------------------------------|------------------|------------------|----------------|----------------|----------------|----------------|
|                               | \$000            | \$000            | \$000          | \$000          | \$000          | \$000          |
| Buildings/ facilities         | (9,942)          | (44,351)         | 100,269        | 29,973         | 11,792         | 87,741         |
|                               | <b>(9,942)</b>   | <b>(44,351)</b>  | <b>100,269</b> | <b>29,973</b>  | <b>11,792</b>  | <b>87,741</b>  |
| <b>Infrastructural assets</b> |                  |                  |                |                |                |                |
| Roading                       | -                | (263,213)        | (10)           | 243,813        | 19,410         | -              |
| Sewerage                      | (342,155)        | 138,096          | 38,795         | 80,220         | 121,154        | 36,110         |
| Water                         | -                | (3,838)          | (2,124)        | -              | 15,194         | 9,232          |
| Storm water                   | -                | 16,529           | (64)           | -              | 35,451         | 51,916         |
|                               | <b>(342,155)</b> | <b>(112,426)</b> | <b>36,597</b>  | <b>324,033</b> | <b>191,209</b> | <b>97,258</b>  |
|                               | <b>(352,097)</b> | <b>(156,777)</b> | <b>136,866</b> | <b>354,006</b> | <b>203,001</b> | <b>184,999</b> |

The negative amounts in 2016 to 2014 relate to reversals of previous impairments or disposals of properties for which an impairment was recognised in prior years.

*Infrastructure*

The infrastructure assets of Council have been impaired since 30 June 2012 with the impairment provision being reviewed annually. The basis of the provision is an estimate of the percentage of each infrastructure network that will be replaced or repaired by SCIRT. The impairment of each network is detailed above.

The valuers for the sewerage and roading network assets took the current condition of these assets into account, and included an assessment of earthquake damage in their valuations. As a result the majority of the impairment provision previously taken for sewerage has been reversed. The sewerage impairment at 30 June 2016 reflects the remaining earthquake repairs at the CWTP.

As SCIRT replaces the infrastructure assets and delivers them to Council the impaired assets will be written off in the financial statements and the new assets added.

*Buildings / Facilities*

The Council has impaired buildings and facilities in the following situations:

- it is possible to estimate of value of damage incurred but not yet repaired; and
- insurance recoveries have been received.

The impairment of the affected buildings was recognised by reducing the value of the assets in the Council's financial statements and by reducing the value of the Council's asset revaluation reserves by an equal amount.

The impairment will be reversed when the buildings are revalued or if repairs are expensed. As such \$87.7 million of impairment remains at 30 June 2016.

**Group**

**Orion New Zealand Limited**

Electricity distribution network and substation buildings (the network)

The network was revalued to fair value of \$904 million as at 31 March 2014 by Ernst & Young Transaction Advisory Services Limited (the valuer). The valuer used a discounted cash flow methodology and based their forecast cash flows on Orion's forecasts. Including capital work in progress this resulted in a total network valuation of \$939 million.

Land and non-substation buildings

Orion's land and non-substation buildings were revalued by CBRE Limited, to fair value as at 31 March 2014. The valuer selected a representative sample of Orion's substation sites and revalued the land at those sites using sales comparisons and unit metre frontage methodology to develop standard site multipliers which were applied to the rateable land values for approximately 2,200 substation sites.

Land at the two largest substation sites were valued using discounted cashflow and/or sales comparison approaches.

The head office land and buildings were valued using a market rental assessment and capitalisation rate of 7.75 per cent. The valuer confirmed the fair value of the land and buildings was their carrying value.

The valuer reviewed these values at 31 March 2015 and 31 March 2016 using similar methodology and concluded that there were no indicators that carrying value was materially different to fair value.

#### **Christchurch International Airport Limited**

Car parking assets, land and commercial building assets were revalued by Independent Valuers, Crighton Anderson Property and Infrastructure Limited as at 30 June 2016. Terminal and specialised facilities, sealed surfaces and infrastructure assets were valued by Opus International Limited as at 30 June 2016. The revaluation of these assets resulted in an increase in value of \$24.4 million. The terminal was last valued by Opus International Limited at 30 June 2016. No adjustment for impairment was deemed necessary for these assets.

#### **Lyttelton Port Company Limited**

The carrying amount of the Port Company's assets exceeded their recoverable amount at 30 June 2016, on the basis of an assessment of the Port Company's expected future cash flows. The impairment has arisen because the return generated by replacing destroyed assets, and some of the capital expenditure that the Directors of the Port Company consider is necessary for the future of the Port, does not meet the investment return established by the Directors of the Port Company.

LPC have considered the value in use of its assets to be lower than the net book value of the assets. An impairment charge of \$99.5 million has been made (2015: Nil).

#### **Enable Services Limited**

Assets were valued at \$300 million reflecting the acquisition of the net assets of Enable Networks Limited. The assets include the original fibre optic network and the subsequent cost of deploying the UFB network. The valuation was undertaken by independent valuers EY using a discounted cashflow methodology.

#### **Vbase Limited**

The Horncastle Arena was revalued in 2015 on an optimised depreciated replacement value for the purposes of group reporting. The valuation was undertaken by QV with quantity surveyors engaged to provide a replacement cost estimate. The revaluation resulted in a decrease in value of \$4.6 million from 2014.



## 10. Intangible assets

|                                  | Opening balances   |                             |                    | Current year movements |   |                                 |                           |                                     |                 | Closing balances   |                             |                    |
|----------------------------------|--------------------|-----------------------------|--------------------|------------------------|---|---------------------------------|---------------------------|-------------------------------------|-----------------|--------------------|-----------------------------|--------------------|
|                                  | Cost/<br>valuation | Accumulated<br>amortisation | Carrying<br>amount | Additions              | Additions<br>from internal<br>development | Net<br>disposals/<br>Transfers* | Net<br>movement<br>in WIP | Impairment<br>charged to<br>Surplus | Amortisation    | Cost/<br>valuation | Accumulated<br>amortisation | Carrying<br>amount |
|                                  | \$000              | \$000                       | \$000              | \$000                  | \$000                                     | \$000                           | \$000                     | \$000                               | \$000           | \$000              | \$000                       | \$000              |
| <b>Council 2016</b>              |                    |                             |                    |                        |   |                                 |                           |                                     |                 |                    |                             |                    |
| <b>Goodwill</b>                  | -                  | -                           | -                  | -                      | -   | -                               | -                         | -                                   | -               | -                  | -                           | -                  |
| <b>Other intangible assets</b>   |                    |                             |                    |                        |   |                                 |                           |                                     |                 |                    |                             |                    |
| Software                         | 83,371             | (38,103)                    | 45,268             | 15,978                 | -   | (3,705)                         | -                         | -                                   | (5,854)         | 95,644             | (43,957)                    | 51,687             |
| Work in progress                 | 9,610              | -                           | 9,610              | -                      | -   | -                               | (2,168)                   | -                                   | -               | 7,442              | -                           | 7,442              |
| Trademarks                       | 3,304              | (3,299)                     | 5                  | -                      | -   | -                               | -                         | -                                   | -               | 3,304              | (3,299)                     | 5                  |
| Other                            | 4,314              | (1,814)                     | 2,500              | 615                    | -   | 3,709                           | -                         | -                                   | (3,556)         | 8,638              | (5,370)                     | 3,268              |
|                                  | <b>100,599</b>     | <b>(43,216)</b>             | <b>57,383</b>      | <b>16,593</b>          | -   | <b>4</b>                        | <b>(2,168)</b>            | -                                   | <b>(9,410)</b>  | <b>115,028</b>     | <b>(52,626)</b>             | <b>62,402</b>      |
| <b>Total Parent intangibles</b>  | <b>100,599</b>     | <b>(43,216)</b>             | <b>57,383</b>      | <b>16,593</b>          | -   | <b>4</b>                        | <b>(2,168)</b>            | -                                   | <b>(9,410)</b>  | <b>115,028</b>     | <b>(52,626)</b>             | <b>62,402</b>      |
| <b>Group 2016</b>                |                    |                             |                    |                        |   |                                 |                           |                                     |                 |                    |                             |                    |
| <b>Goodwill</b>                  | 28,754             | (6,724)                     | 22,030             | 2,128                  | -   | (3,391)                         | -                         | (553)                               | -               | 27,491             | (7,277)                     | 20,214             |
| <b>Other intangible assets</b>   |                    |                             |                    |                        |   |                                 |                           |                                     |                 |                    |                             |                    |
| Easements & resource<br>consents | 9,415              | (1,025)                     | 8,390              | 2,853                  | -   | (270)                           | -                         | (5,823)                             | (58)            | 11,118             | (6,026)                     | 5,092              |
| Software                         | 129,174            | (72,417)                    | 56,757             | 17,807                 | -   | (4,637)                         | -                         | (14)                                | (9,738)         | 141,529            | (81,354)                    | 60,175             |
| Work in progress                 | 9,611              | -                           | 9,611              | 1,514                  | -   | 71                              | (2,168)                   | -                                   | -               | 9,028              | -                           | 9,028              |
| Trademarks                       | 3,304              | (3,299)                     | 5                  | -                      | -   | (1)                             | -                         | -                                   | -               | 3,304              | (3,300)                     | 4                  |
| Other                            | 4,337              | (1,818)                     | 2,519              | 679                    | -   | 4,106                           | -                         | -                                   | (3,584)         | 10,002             | (6,282)                     | 3,720              |
|                                  | <b>155,841</b>     | <b>(78,559)</b>             | <b>77,282</b>      | <b>22,853</b>          | -   | <b>(731)</b>                    | <b>(2,168)</b>            | <b>(5,837)</b>                      | <b>(13,380)</b> | <b>174,981</b>     | <b>(96,962)</b>             | <b>78,019</b>      |
| <b>Total Group intangibles</b>   | <b>184,595</b>     | <b>(85,283)</b>             | <b>99,312</b>      | <b>24,981</b>          | -   | <b>(4,122)</b>                  | <b>(2,168)</b>            | <b>(6,390)</b>                      | <b>(13,380)</b> | <b>202,472</b>     | <b>(104,239)</b>            | <b>98,233</b>      |

|                                 | Opening balances   |                             |                    | Current year movements |   |                                 |                           |   | Closing balances |                    |                             |                    |
|---------------------------------|--------------------|-----------------------------|--------------------|------------------------|---|---------------------------------|---------------------------|---|------------------|--------------------|-----------------------------|--------------------|
|                                 | Cost/<br>valuation | Accumulated<br>amortisation | Carrying<br>amount | Additions              | Additions<br>from internal<br>development | Net<br>disposals/<br>Transfers* | Net<br>movement<br>in WIP | Net Impairment<br>charged to<br>Surplus | Amortisation     | Cost/<br>valuation | Accumulated<br>amortisation | Carrying<br>amount |
|                                 | \$000              | \$000                       | \$000              | \$000                  | \$000                                     | \$000                           | \$000                     | \$000                                   | \$000            | \$000              | \$000                       | \$000              |
| <b>Council 2015</b>             |                    |                             |                    |                        |   |                                 |                           |   |                  |                    |                             |                    |
| <b>Goodwill</b>                 | -                  | -                           | -                  | -                      | -   | -                               | -                         | -                                       | -                | -                  | -                           | -                  |
| <b>Other intangible assets</b>  |                    |                             |                    |                        |   |                                 |                           |   |                  |                    |                             |                    |
| Software                        | 75,251             | (31,396)                    | 43,855             | 8,120                  | -   | -                               | -                         | -                                       | (6,707)          | 83,371             | (38,103)                    | 45,268             |
| Work in progress                | 5,895              | (1,173)                     | 4,722              | -                      | -   | -                               | 4,888                     | -                                       | -                | 9,610              | -                           | 9,610              |
| Trademarks                      | 3,304              | (3,299)                     | 5                  | -                      | -   | -                               | -                         | -                                       | -                | 3,304              | (3,299)                     | 5                  |
| Other                           | 742                | (269)                       | 473                | 3,572                  | -   | -                               | -                         | -                                       | (1,545)          | 4,314              | (1,814)                     | 2,500              |
|                                 | <b>85,192</b>      | <b>(36,137)</b>             | <b>49,055</b>      | <b>11,692</b>          | -   | -                               | <b>4,888</b>              | -                                       | <b>(8,252)</b>   | <b>100,599</b>     | <b>(43,216)</b>             | <b>57,383</b>      |
| <b>Total Parent intangibles</b> | <b>85,192</b>      | <b>(36,137)</b>             | <b>49,055</b>      | <b>11,692</b>          | -   | -                               | <b>4,888</b>              | -                                       | <b>(8,252)</b>   | <b>100,599</b>     | <b>(43,216)</b>             | <b>57,383</b>      |
| <b>Group 2015</b>               |                    |                             |                    |                        |   |                                 |                           |   |                  |                    |                             |                    |
| <b>Goodwill</b>                 | 28,201             | (6,724)                     | 21,477             | 553                    | -   | -                               | -                         | -                                       | -                | 28,754             | (6,724)                     | 22,030             |
| <b>Other intangible assets</b>  |                    |                             |                    |                        |   |                                 |                           |   |                  |                    |                             |                    |
| Easements & resource consents   | 1,062              | (87)                        | 975                | 7,473                  | -   | -                               | -                         | -                                       | (58)             | 9,415              | (1,025)                     | 8,390              |
| Software                        | 113,681            | (57,308)                    | 56,373             | 14,436                 | 308                                       | 1                               | -                         | (3,474)                                 | (10,887)         | 129,174            | (72,417)                    | 56,757             |
| Trademarks                      | 6,624              | (1,173)                     | 5,451              | -                      | -   | -                               | 4,160                     | -                                       | -                | 9,611              | -                           | 9,611              |
| Work in progress                | 3,304              | (3,303)                     | 1                  | -                      | 4   | -                               | -                         | -                                       | -                | 3,304              | (3,299)                     | 5                  |
| Other                           | 5,124              | (3,280)                     | 1,844              | 3,572                  | -   | (1,349)                         | -                         | -                                       | (1,548)          | 4,337              | (1,818)                     | 2,519              |
|                                 | <b>129,795</b>     | <b>(65,151)</b>             | <b>64,644</b>      | <b>25,481</b>          | <b>312</b>                                | <b>(1,348)</b>                  | <b>4,160</b>              | <b>(3,474)</b>                          | <b>(12,493)</b>  | <b>155,841</b>     | <b>(78,559)</b>             | <b>77,282</b>      |
| <b>Total Group intangibles</b>  | <b>157,996</b>     | <b>(71,875)</b>             | <b>86,121</b>      | <b>26,034</b>          | <b>312</b>                                | <b>(1,348)</b>                  | <b>4,160</b>              | <b>(3,474)</b>                          | <b>(12,493)</b>  | <b>184,595</b>     | <b>(85,283)</b>             | <b>99,312</b>      |

## 10.1 Goodwill

The carrying amount of goodwill allocated to cash-generating units for the purposes of goodwill impairment testing is as follows:

|                                | Parent    |           | Group         |               |
|--------------------------------|-----------|-----------|---------------|---------------|
|                                | 30 Jun 16 | 30 Jun 15 | 30 Jun 16     | 30 Jun 15     |
|                                | Actual    | Actual    | Actual        | Actual        |
|                                | \$000     | \$000     | \$000         | \$000         |
| Christchurch City Holdings Ltd | -         | -         | 20,214        | 22,030        |
|                                | -         | -         | <b>20,214</b> | <b>22,030</b> |

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

No impairment losses were determined to be required for the 2016 financial year (2015: Nil).

## 10.2 Other intangible assets

In 2014 the Council recognised an impairment charge of \$1.99 million against intangible assets relating to the Ellerslie International Flower Show. The continued losses suffered by the event and the fact that no show has been held since 2014 provide a clear indication that

CCHL goodwill decreased by \$1.8 million this was the result of:

- increase of \$1.6 million (2015: \$0.55 million) as a result of acquisitions by City Care; offset by
- recovery of \$3.4 million when CIAL sold its interest in the International Antarctic Centre.

the intangible asset is impaired. Currently no show is expected to be held in 2016 and the level of impairment is still appropriate.

## 11. Service concession arrangements

|   | Parent       |              | Group     |           |
|---|--------------|--------------|-----------|-----------|
|   | 30 Jun 16    | 30 Jun 15    | 30 Jun 16 | 30 Jun 15 |
|   | Actual       | Actual       | Actual    | Actual    |
|   | \$000        | \$000        | \$000     | \$000     |
| <b>Service concession asset</b>                               |              |              |           |           |
| Fair value of service concession asset on initial recognition | 11,037       | 11,037       | -         | -         |
| Accumulated depreciation to date                              | (3,802)      | (3,290)      | -         | -         |
| Net book value  | <b>7,235</b> | <b>7,747</b> | -         | -         |
| <b>Service concession liability</b>                           |              |              |           |           |
| Opening balance   | 6,316        | 7,051        | -         | -         |
| Service concession revenue recognised                         | (736)        | (735)        | -         | -         |
| Closing balance   | <b>5,580</b> | <b>6,316</b> | -         | -         |

On 16 May 2008 the Council (as grantor) entered into an arrangement with Meta Processing Limited (Meta) (as operator) to construct the Material Recovery Facility (MRF) located at 21 Parkhouse Road. The arrangement required the operator to build, own and operate the service concession assets (composing of building and plant & machinery) for a period of 15 years. After 15 years, the ownership of the service concession assets will be transferred to the Council at no cost.

During the 15 year period, the operator will earn revenue from operating the MRF while the Council continues to control the use of the service concession assets as specified in the agreement.

There have been no changes in the service concession arrangement during the current period.

### Service concession asset

The service concession assets were completed in February 2009 and were recognised at fair value by the Council as part of its property, plant and equipment (see Note 9). The building and plant & machinery had an estimated useful life of 30 years and 20 years, respectively, and are depreciated on a straight-line basis.

### Service concession liability

The Council also recognised \$11.0 million of liability in relation to the service concession arrangement at the same time it recognised the service concession assets. This liability is reversed as a revenue equally over the term of the arrangement consistent with the Grant of a right to the operator model under PBE IPSAS 32. The service concession liability is included in the Council's *Other liabilities* under Note 26.

## 12. Capital commitments and operating leases

|  | 30 Jun 16<br>Actual<br>\$000 | Parent<br>30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | Group<br>30 Jun 15<br>Actual<br>\$000 |
|--|------------------------------|--|------------------------------|---------------------------------------|
| <b>(a) Capital and other operating commitments</b>       |                              |  |                              |                                       |
| <b>Capital commitments</b>                               |                              |  |                              |                                       |
| Property, plant and equipment                            | 532,624                      | 230,750                                | 598,267                      | 261,004                               |
| Electricity distribution network                         | -                            | -                                      | 7,458                        | 26,047                                |
| Intangible assets  | 29,119                       | 534                                    | 29,119                       | 534                                   |
| Ultra-Fast Broadband Network                             | -                            | -                                      | 239,918                      | 247,000                               |
| <b>Total capital commitments</b>                         | <b>561,743</b>               | <b>231,284</b>                         | <b>874,762</b>               | <b>534,585</b>                        |
| <b>Other operating commitments</b>                       |                              |  |                              |                                       |
| Other operating commitments                              | 34,995                       | 52,202                                 | 35,137                       | 52,218                                |
| <b>(b) Non cancellable operating lease liabilities</b>   |                              |  |                              |                                       |
| No later than one year                                   | 3,232                        | 3,448                                  | 7,129                        | 9,363                                 |
| Later than one year and not later than five years        | 5,443                        | 7,051                                  | 13,164                       | 15,917                                |
| Later than five years                                    | 6,764                        | 5,187                                  | 8,931                        | 17,693                                |
| <b>Total non-cancellable operating lease liabilities</b> | <b>15,439</b>                | <b>15,686</b>                          | <b>29,224</b>                | <b>42,973</b>                         |
| <b>(c) Non cancellable operating lease receivables</b>   |                              |  |                              |                                       |
| No later than one year                                   | 9,031                        | 5,938                                  | 67,704                       | 57,854                                |
| Later than one year and not later than five years        | 32,352                       | 20,755                                 | 183,016                      | 172,885                               |
| Later than five years                                    | 101,717                      | 96,484                                 | 185,969                      | 189,887                               |
| <b>Total non-cancellable operating lease receivables</b> | <b>143,100</b>               | <b>123,177</b>                         | <b>436,689</b>               | <b>420,626</b>                        |

## Capital commitments

**Rebuild**

The Council as a party to the Cost Sharing Agreement with the Crown has made commitments to fund anchor projects and the repair of the Council's horizontal infrastructure networks. Included within this balance are the commitment to SCIRT for infrastructure rebuild projects (\$167.2 million), the Metro Sports Centre anchor project (\$147 million), the Bus Interchange anchor project (\$22.9 million) and car parking replacements (\$60 million).

Given the ongoing uncertainty regarding the final ownership of the Multi-Use Arena this has been disclosed as a contingency in Note 27 of the financial statements rather than as a capital commitment.

**Ultra-Fast Broadband Network**

The estimated cost of the communal network build programme over the remainder of the contract (till 31 December 2019) is \$97 million. The estimated cost of connections through to June 2022 is \$128 million.

**Other**

Council has a capital commitment with Hawkins Construction to perform a full restoration and repair of the Town Hall. Council is undertaking this on Vbase's behalf.

## Non-cancellable operating lease liabilities

**Parent**

The Council leases computer equipment, property, and a number of car parks across the City. These leases have terms of renewal, but no purchase options and escalation clauses. There are no restrictions placed upon the Council by entering into these leases.

## Non-cancellable operating lease receivables

**Parent**

The Council leases properties to various parties.

**Group**

CIAL and LPC lease properties to various parties. The terms of the leases vary and the majority are renewable.

13. Assets held for sale

|                                    | Parent          |                 | Group           |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                    | 30 Jun 16       | 30 Jun 15       | 30 Jun 16       | 30 Jun 15       |
|                                    | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 |
| Land and buildings held for sale   | -               | 7,824           | 180             | 26,105          |
| <b>Total amounts held for sale</b> | <b>-</b>        | <b>7,824</b>    | <b>180</b>      | <b>26,105</b>   |

Parent

In 2015, a number of properties were transferred to assets held for sale including the Electrolux site (\$5.0 million), and Sydenham Square (\$2.8 million). These resulted in a closing balance of assets held for sale of \$7.8 million.

All these properties were sold during 2016.

14. Investment property

|   | Parent          |                 | Group           |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 30 Jun 16       | 30 Jun 15       | 30 Jun 16       | 30 Jun 15       |
|   | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 |
| Balance at beginning of financial year        | -               | -               | 246,287         | 184,370         |
| Net transfer from property, plant & equipment | -               | -               | 28,502          | 14,754          |
| Additional capitalised expenditure            | -               | -               | 19,722          | 31,261          |
| Disposal                                      | -               | -               | (3,308)         | (2,184)         |
| Net gain/(loss) from fair value adjustments   | -               | -               | 12,489          | 18,086          |
| <b>Balance at end of financial year</b>       | <b>-</b>        | <b>-</b>        | <b>303,692</b>  | <b>246,287</b>  |

Group

**Christchurch International Airport Limited**

The valuation as at 30 June 2016 was completed by Crighton Anderson Property and Infrastructure Limited. The basis of valuation is fair value, being the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental revenue using market

comparison of capitalisation rates, supported by a discounted cash flow approach. The valuation methodologies are consistent with the prior year.

Included in the amount above is \$12.4 million (2015: \$26.8 million) relating to investment properties under construction but sufficiently advanced to enable a fair value to be assessed. These properties are carried at fair value on completion less estimated costs to complete.

15. Cash and cash equivalents

|  | Parent          |                 | Group           |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 30 Jun 16       | 30 Jun 15       | 30 Jun 16       | 30 Jun 15       |
|  | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 |
| Cash and cash equivalents              | 64,031          | 67,589          | 112,857         | 184,553         |
| Cash and cash equivalents (USD)        | -               | -               | 61              | 8               |
| Cash and cash equivalents (EUR)        | -               | -               | 1               | 110             |
| Cash and cash equivalents (AUD)        | -               | -               | 1               | 1               |
| Overdraft                              | -               | -               | (116)           | -               |
| Other                                  | -               | -               | (2)             | 4               |
| <b>Total cash and cash equivalents</b> | <b>64,031</b>   | <b>67,589</b>   | <b>112,802</b>  | <b>184,676</b>  |

## 16. Investment in CCOs

|                               | Parent                  |                         | Group                |                      |
|-------------------------------|-------------------------|-------------------------|----------------------|----------------------|
|                               | 30 Jun 16               | 30 Jun 15               | 30 Jun 16            | 30 Jun 15            |
|                               | Actual                  | Actual                  | Actual               | Actual               |
|                               | \$000                   | \$000                   | \$000                | \$000                |
| <b>Current</b>                |                         |                         |                      |                      |
| Loans advanced                | 65,000                  | 18,902                  | -                    | -                    |
|                               | <u>65,000</u>           | <u>18,902</u>           | <u>-</u>             | <u>-</u>             |
| <b>Non-current</b>            |                         |                         |                      |                      |
| Loans advanced                | 396,873                 | 281,373                 | -                    | -                    |
| Investment in debt securities | 18,424                  | 14,920                  | 18,424               | 14,919               |
| Share Investment in CCOs      | 2,212,897               | 1,966,024               | -                    | -                    |
| Unlisted shares               | 4,932                   | 3,524                   | 4,932                | 3,524                |
|                               | <u>2,633,126</u>        | <u>2,265,841</u>        | <u>23,356</u>        | <u>18,443</u>        |
| Total investment in CCO       | <b><u>2,698,126</u></b> | <b><u>2,284,743</u></b> | <b><u>23,356</u></b> | <b><u>18,443</u></b> |

## Fair value

**Loans advanced**

The fair value of the Council's loans to related parties is \$508 million (2015: \$320 million). Fair value has been determined using cash flows discounted at a rate based on the borrowing rates ranging from 2.50 per cent -9.83 per cent (2015: 3.50 per cent - 9.83 per cent). The average effective interest rate on the loans to related parties is 4.77 per cent (2015: 6.28 per cent).

**Share investment in CCOs**

The fair value of the Council's investments in its subsidiary companies was assessed by independent valuers, Ernst and Young, as at 30 June 2016.

It is important to note that the value of the Council's investment in its subsidiaries is the value based on financial accounting standards and may not reflect what the value would be in a sale process.

The Council's investment in CCHL increased in the year by \$237 million (2015: \$262 million) to \$2 billion, as a result of the Ernst and Young review which was on a sum of the parts approach.

Vbase was assessed as at 30 June 2016 by Ernst and Young. It was considered that the value of the investment had reduced \$16.3 million to \$109 million (2015: \$125.3 million) on a net asset value basis. This reduction was due to the change in net asset value as a result of settling its insurance claims.

The value of the Council's investment in CDCH was reviewed as at 30 June 2016 by Ernst and Young. This review concluded that there were no significant indicators of value change. There has been no change in the value of the investment in 2016 (2015: nil).

The value of the investment in Tuam was reviewed by Ernst and Young at 30 June 2016. This review concluded that there were significant indicators of value change. There has been an increase in the value of the investment in 2016 of \$26.5 million (2015: nil).

The value of the investment in CBL was reviewed by Ernst and Young as at 30 June 2015. CBL owns 50 per cent of the joint venture between CBL and Ngāi Tahu Property Limited (NTPL) - see note 18. Although the current net book value of CBL is negative, the review concluded that there were no significant indicators of value change. Council has decided not to revalue its investment as CBL's major source of revenue is rental on the Civic Building, and since the Council is the tenant, there is no reason to consider this to be in doubt. Based on modelling carried out for the Council, it is believed that when the loan is due for repayment, CBL will be able to repay the loan.

**Investment in debt securities**

Investment in debt securities includes LGFA borrower notes.

**Unlisted shares**

Unlisted shares in CCOs include \$1.7 million (2015: \$1.7 million) in New Zealand Local Government Insurance Corporation (NZLGIC) and \$3.3 million (2015: \$1.9 million) in LGFA.

Due to the size and nature of the Council's investment in LGFA, the Council has estimated the fair value of this investment based on their net asset backing as at 30 June.

The fair value of unlisted shares of NZLGIC has been determined by using the asset valuation from their latest published accounts.

## 17. Investments in associates

|   | Parent          |                 | Group           |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 30 Jun 16       | 30 Jun 15       | 30 Jun 16       | 30 Jun 15       |
|   | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 | Actual<br>\$000 |
| Balance at start of year                        | 6,196           | 6,196           | 59,013          | 50,149          |
| Acquisitions                                    | -               | -               | 7,398           | 6,800           |
| Share of total recognised revenues and expenses | -               | -               | 4,403           | 7,353           |
| Dividends from associates                       | -               | -               | (5,756)         | (5,289)         |
| Share of revaluations                           | -               | -               | 11,838          | -               |
| Disposal  | -               | -               | (49,675)        | -               |
| Balance at end of year                          | <b>6,196</b>    | <b>6,196</b>    | <b>27,221</b>   | <b>59,013</b>   |

There is no goodwill included in the carrying value of associates (2015: Nil).

The following entities are equity accounted by the Group:

| Name of entity  | Country of<br>Incorporation | Effective<br>Ownership Interest    |           |
|---|-----------------------------|------------------------------------|-----------|
|   |                             | 30 Jun 16                          | 30 Jun 15 |
|   |                             | Transwaste Canterbury Ltd - Parent | NZ        |
| Enable Networks Ltd   | NZ                          | 100%                               | 44%       |
| City Care Limited John Fillmore Contracting Limited Joint Venture | Not Incorporated            | 50%                                | 50%       |
| Powerhouse Ventures Limited                                       | NZ                          | 37%                                | 48%       |
| New Zealand Food Innovation (South Island) Limited                | NZ                          | 50%                                | 50%       |

No public price quotations exist for these investments.

**Transwaste Canterbury Limited**

The Council has a 39 per cent ownership interest in Transwaste. Transwaste was incorporated on 31 March 1999 to select, consent, develop, own and operate a non-hazardous regional landfill in Canterbury. The landfill opened in June 2005.

With a 39 per cent interest the Council has significant influence but cannot control the operations therefore accounts for it as an associate.

**Enable Networks Limited**

During the year ESL, ENL, Crown Fibre Holdings Limited (CFH), together with CCHL entered into discussions to restructure the existing arrangements with a view to streamlining the structure established under the UFB contract. As a result on 29 June 2016 ESL purchased all of the shares held by CFH in ENL for \$1 per share.

On 29 June 2016 ENL ceased being an associate and became a 100 per cent subsidiary of ESL. As a result of this transaction the group statement of comprehensive revenue and expense and cash flows for the year reflect the results of ESL and its share of ENL while the statement of financial position reflects the consolidated assets, liabilities and equity of both.

The following information relates to the period up to 29 June 2016 when ENL was still an associate.

ESL entered into an agreement with CFH and ENL on 31 May 2011 relating to the construction, deployment and operation of the UFB network for the greater Christchurch area.

Although ESL holds the substantial majority of total shares issued in ENL, it held less than a majority of the

voting shares and did not control ENL. It was deemed to hold significant influence over ENL through its holding of A and B shares and therefore accounts for ENL as an associate.

Funding arrangements are summarised as follows:

**A Shares**

A shares have voting rights but do not receive dividends. ESL funds approximately 33 per cent of the cost of the Communal Infrastructure in return for A shares in ENL as a non-cash transaction. The remaining 67 per cent is funded by CFH to ENL in cash.

**B Shares**

B shares have dividend rights but do not have voting rights. Where free cash flow in ENL is insufficient to purchase UFB network, ENL is funded by ESL using a hierarchy of specified equity, then debt through note instruments and if required through B shares. All A shares and B shares in ENL convert to ordinary shares in 2021.

**City Care Limited**

In December 2014 City Care entered into an unincorporated joint venture – City Care Limited John Fillmore Contracting Limited Joint Venture. The joint venture is a 50:50 strategic partnership to tender for a specific contract. There are no commitments or contingent liabilities in respect of the joint venture.

**Canterbury Development Corporation Holdings Limited****Power House Ventures Limited (PVL)**

At 30 June 2016 CRIS held a 36.65 per cent interest in PVL (2015: 47.8 per cent). In 2016 CRIS has equity accounted for its share of the earnings of PVL. In order to reflect the fair value of the investment CRIS has

impaired its investment in PVL to reflect its fair value (\$1.14 per share) as outlined in the initial public offering prospectus lodged with the Australian Stock Exchange.

*New Zealand Food Innovation South Island.*  
On the 26 March 2015 49.9 per cent of the shares of FoodSouth were transferred from CRIS Ltd to Callaghan Innovation Ltd under a Shareholders Agreement. As a result of this transaction FoodSouth became a jointly controlled entity with CRIS Ltd equity accounting its share of the results from 26 March 2015.

### Summarised financial statements of associates

|                       | Parent    |           | Group     |           |
|-----------------------|-----------|-----------|-----------|-----------|
|                       | 30 Jun 16 | 30 Jun 15 | 30 Jun 16 | 30 Jun 15 |
|                       | Actual    | Actual    | Actual    | Actual    |
|                       | \$000     | \$000     | \$000     | \$000     |
| Assets                | 110,516   | 105,370   | 29,971    | 267,540   |
| Liabilities           | 60,000    | 56,143    | 138,383   | 157,062   |
| Revenue               | 57,099    | 70,596    | 104,604   | 83,839    |
| Net surplus/(deficit) | 16,731    | 26,742    | 82,853    | 20,244    |

### 18. Joint venture

|                     | Parent    |           | Group     |           |
|---------------------|-----------|-----------|-----------|-----------|
|                     | 30 Jun 16 | 30 Jun 15 | 30 Jun 16 | 30 Jun 15 |
|                     | Actual    | Actual    | Actual    | Actual    |
|                     | \$000     | \$000     | \$000     | \$000     |
| Current assets      | -         | -         | 264       | 197       |
| Non-current assets  | -         | -         | 69,034    | 62,025    |
| Current liabilities | -         | -         | 27,353    | 31,871    |
| Revenue             | -         | -         | 5,024     | 5,060     |
| Expenses            | -         | -         | 9         | 5         |

CBL is in a joint venture partnership with NTPL. The amount above represents the 50 per cent share of CBL in the joint venture.

### 19 Financial instruments

#### 19.1 Other financial assets

|   | Parent         |                | Group          |                |
|---|----------------|----------------|----------------|----------------|
|   | 30 Jun 16      | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|   | Actual         | Actual         | Actual         | Actual         |
|   | \$000          | \$000          | \$000          | \$000          |
| Loans and advances (excl CCOs)              | 8,830          | 7,032          | 36,202         | 69,112         |
| Investment in debt securities               | 391,801        | 110,057        | 552,305        | 269,059        |
| Investment in equity securities (excl CCOs) | 426            | 1,072          | 2,575          | 9,239          |
| Derivative instruments - Asset              | -              | -              | 429            | 1,664          |
| <b>Total other financial assets</b>         | <b>401,057</b> | <b>118,161</b> | <b>591,511</b> | <b>349,074</b> |
| Total current other financial assets        | 323,094        | 79,005         | 483,758        | 197,051        |
| Total non-current other financial assets    | 77,963         | 39,156         | 109,203        | 152,023        |
|   | <b>401,057</b> | <b>118,161</b> | <b>591,511</b> | <b>349,074</b> |

#### Loans and advances

Loans and advances disclosed above relate to community, special funds and other loans made by the Council to various community groups and entities to fund specific activities or purposes. This includes non-interest bearing loans with a face value of \$6.4 million (2015: \$7.3 million) which are discounted over the term of the loan using the Council's effective borrowing cost. These loans include the loans made to the Theatre

Royal Charitable Foundation, the Christchurch Stadium Trust and the Piano Centre for Music and Arts.

These are classified as *Loans and receivables* in the financial statements and carried at amortised cost.



**Investment in debt securities**

Investment in debt securities include the following:

*Term deposits*

These include bank term deposits with original terms of more than three months and are classified as *Loans and receivables*. The face value of term deposits approximates their fair value.

The Council's term deposits amounted to \$320 million (2015: \$69 million). The increase is due to the investment of material damage insurance settlement monies received. Group's term deposits amounted to \$320 million (2015: \$228 million).

*Local authority stock*

The face value of local authority stock amounted to nil (2015: \$5 million) and are classified as *Loans and receivables*. These represents interest-bearing debt securities issued by other local authorities.

*Stocks and bonds*

These represent interest bearing debt securities issued by other entities. The carrying value of stocks and bonds held by the Council amounted to \$31 million (2015: \$36 million) and are classified as *Loans and receivables*.

The Group's balance include \$26.6 million (2015: \$25.7 million) of loans advanced by CCHL to Christchurch Engine Centre which is carried at fair value and contracted in USD. This investment is classified as a *financial asset through surplus or deficit*.

**Investment in equity securities**

This relates to equity investments in other entities which are held by the Council for trading purposes. This is classified as *financial asset through surplus or deficit* in the financial statements and are carried at their fair value.

**Derivative financial instruments**

This includes interest rate swaps and forward foreign exchange contracts. These are discussed in detail under note 19.3.

**19.2 Borrowings and other financial liabilities**

|  | Parent                       |                              | Group                        |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 15<br>Actual<br>\$000 |
| Borrowings from external parties                             | 1,356,375                    | 1,126,066                    | 2,065,715                    | 1,754,944                    |
| Borrowings from group entities                               | 117,085                      | 19,487                       | -                            | -                            |
| Finance lease liabilities                                    | 21                           | 101,092                      | 102,054                      | 65,461                       |
| Total borrowings   | 1,574,552                    | 1,247,607                    | 2,131,176                    | 1,821,625                    |
| Derivative instruments - Liability                           | 207,420                      | 94,776                       | 262,851                      | 121,507                      |
| <b>Total borrowings and other financial liabilities</b>      | <b>1,781,972</b>             | <b>1,342,383</b>             | <b>2,394,027</b>             | <b>1,943,132</b>             |
| Total current borrowings                                     | 214,639                      | 77,161                       | 190,236                      | 245,976                      |
| Total non-current borrowings                                 | 1,359,913                    | 1,170,446                    | 1,940,940                    | 1,575,649                    |
|  | <b>1,574,552</b>             | <b>1,247,607</b>             | <b>2,131,176</b>             | <b>1,821,625</b>             |
| Total current borrowings and other financial liabilities     | 215,118                      | 77,752                       | 192,598                      | 247,310                      |
| Total non-current borrowings and other financial liabilities | 1,566,854                    | 1,264,631                    | 2,201,429                    | 1,695,822                    |
|  | <b>1,781,972</b>             | <b>1,342,383</b>             | <b>2,394,027</b>             | <b>1,943,132</b>             |

**Parent**

During the year, the Council issued \$284 million (2015: \$366 million) of debt instruments primarily to advance to subsidiaries, finance the rebuild, and refinance debt maturities. A total of \$68 million (2015: \$30 million) of debts were repaid during the year.

**Borrowings**

The Council's external borrowings are comprised of bonds and bank loan advances issued at either fixed or floating interest rates. These borrowings mature at different intervals ranging from 2016-2027.

The Council's related party borrowings from Vbase and Tuam will be repaid in the next four years.

Total fixed rate borrowings (excluding finance leases) of \$377 million (2015: \$196.8 million) have an average interest rate of 4.68 per cent (2015: 6.22 per cent).

Total floating rate borrowings amounted to \$1,096 million (2015: \$948.7 million). The underlying interest rates are based on three-month bank bill reference rate (BKBM) plus a margin. The margin averaged 71 basis points (2015: 75 basis points) over BKBM.

Council also has an undrawn \$100 million standby bank facility which will mature in December 2016.

Council has entered into interest rate swap (IRS) contracts to hedge its exposure to interest rate risk. The Council's risk management strategy is discussed further in note 19.5 below.

**Security**

The Council's debts are secured over either special or general rates of the City.

### Internal borrowings

Council has borrowed a total of \$69 million (2015: \$54 million) from its Capital Endowment Fund with terms ranging between 1 - 9 years. Interest of \$2.5 million (2015: \$1.8 million) was charged by the Fund. These borrowings and any associated interest charges all relate to the Corporate activity within Council's groups of activities as they are used to fund earthquake related costs. These are eliminated on consolidation of activities in the Council's financial statements.

### Group

#### Christchurch City Holdings Limited

CCHL's borrowings comprised:

- Bonds and floating rate notes of \$115 million (2015: \$215 million) in six tranches ranging from \$10 - \$35 million maturing at various intervals until February 2020. Interest on floating rate bonds is based on BKBM plus a margin. The weighted average borrowing cost at balance date is 3.83 per cent (2015: 4.51 per cent). CCHL also has an undrawn \$100 million (2015: \$100 million) standby facility. This matures in December 2016.
- In June 2016 CCHL entered into a loan facility agreement with CFH as part of the reorganisation of ESL and ENL. The initial face value of the loan was \$84 million. The loan is interest free and is secured over the assets of the Enable group. The loan is repayable on 31 May 2021. The loan has been fair valued over the life of the loan at \$76 million.

In 2015 it also had commercial paper of \$65 million with a 90 day rollover period based on prevailing BKBM rate.

The borrowings have been put in place under a \$650 million debt issuance programme. The borrowings are unsecured, but the loan documentation imposes certain covenants and restrictions on CCHL.

CCHL has entered into IRS contracts to hedge its exposure to interest rate fluctuations.

#### Orion New Zealand Limited

Orion's bank debt of \$213 million (2015: \$70 million) is unsecured. However, a deed of negative pledge and guarantee requires Orion to comply with certain covenants. The underlying rate on the facility is based on BKBM rates plus a margin. Orion has entered into IRS contracts to hedge its exposure to interest rate fluctuations. Daily commitment fees are also payable on the facilities.

#### Christchurch International Airport Limited

CIAL has a \$235 million (2015: \$235 million) funding facility with its banks, a subordinated loan of \$25 million (2015: \$25 million) from CCHL to fund the ongoing business and future property and commercial development and an overdraft facility of \$1 million (2015: \$1 million). Total bond funding is \$125 million (2015: \$125 million) \$75 million is held at fair value on the statement of financial position as it is subject to a fair value hedge relationship.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. Interest rates paid during the year, including offsetting interest rate swaps, ranged from 5.6 per cent to 6.3 per cent (2015: 6.2 per cent to 6.5 per cent).

#### City Care Limited

Bank loans of \$6.5 million (2015: \$8.6 million) are secured by a debenture over the assets and undertakings of City Care. The loans were made under a committed cash advance facility of \$50 million (2015: \$50 million) structured as a two year rolling facility maturing on 28 February 2018. Interest rates on the floating rate debt are based on BKBM plus a margin and averaged 3.71 per cent for the year (2015: 4.35 per cent).

#### Lyttelton Port Company Limited, Enable Services Limited, Red Bus Limited, EcoCentral Limited, Development Christchurch Limited, Vbase Limited, Civic Building Limited and Tuam Limited

These companies have no external debt at 30 June 2016 (2015: Nil). ESL and EcoCentral are party to borrowing arrangements with CCHL and Vbase and CBL have borrowing arrangements with Council.

## 19.3 Hedging activities and derivatives

|   | Parent           |                 | Group            |                  |
|---|------------------|-----------------|------------------|------------------|
|   | 30 Jun 16        | 30 Jun 15       | 30 Jun 16        | 30 Jun 15        |
|   | Actual           | Actual          | Actual           | Actual           |
|   | \$000            | \$000           | \$000            | \$000            |
| Derivatives designated as hedging instruments                   |                  |                 |                  |                  |
| Interest rate sw aps  | -                | -               | 429              | 1,568            |
| Forward exchange rate contracts                                 | -                | -               | -                | 96               |
| <b>Total derivative financial instrument assets</b>             | <b>-</b>         | <b>-</b>        | <b>429</b>       | <b>1,664</b>     |
| Derivatives not designated as hedging instruments               | -                | (2,980)         | (3,741)          | (3,825)          |
| Derivatives designated as hedging instruments                   |                  |                 |                  |                  |
| Interest rate sw aps  | (207,420)        | (91,796)        | (259,110)        | (117,682)        |
| <b>Total derivative financial instrument liabilities</b>        | <b>(207,420)</b> | <b>(94,776)</b> | <b>(262,851)</b> | <b>(121,507)</b> |
| <b>Net derivative financial instrument assets (liabilities)</b> | <b>(207,420)</b> | <b>(94,776)</b> | <b>(262,422)</b> | <b>(119,843)</b> |
| Total current derivative assets                                 | -                | -               | -                | 96               |
| Total non-current derivative assets                             | -                | -               | 429              | 1,568            |
| Total current derivative liabilities                            | (479)            | (354)           | (2,362)          | (1,097)          |
| Total non-current derivative liabilities                        | (206,941)        | (94,422)        | (260,489)        | (120,410)        |

The notional values of interest rate swaps are summarised below:

|                            | Parent           |                  | Group            |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | 30 Jun 16        | 30 Jun 15        | 30 Jun 16        | 30 Jun 15        |
|                            | Actual           | Actual           | Actual           | Actual           |
|                            | \$000            | \$000            | \$000            | \$000            |
| <b>Interest rate swaps</b> |                  |                  |                  |                  |
| Less than 1 year           | 61,500           | 36,000           | 173,500          | 136,000          |
| 1 to 2 years               | 92,000           | 61,500           | 326,000          | 243,500          |
| 2 to 5 years               | 245,200          | 92,000           | 756,200          | 481,000          |
| More than 5 years          | 1,046,200        | 1,291,400        | 1,403,925        | 1,632,125        |
|                            | <b>1,444,900</b> | <b>1,480,900</b> | <b>2,659,625</b> | <b>2,492,625</b> |

Derivative financial instruments are carried at fair value based on the prevailing market rates as at valuation date. Any changes in the value of derivative instruments from inception date are included in either the net surplus or deficit (for fair value hedges, ineffective portion of cash flow hedges and any derivative instruments not designated in a hedging relationship) or in net asset / equity (for effective portion of cash flow hedges).

Derivative contracts are primarily entered into to hedge against any exposure to underlying risks associated with the hedged item. The risk management strategy of the Council and Group are discussed in note 19.5 of the financial statements.

Council and Group derivative financial instruments include the following:

**Interest rate swaps**

Council and Group enter into interest rate swap contracts to hedge their interest rate exposure on outstanding borrowings. The interest rate fluctuation impacts the fair value (for fixed-rated) and cash flow settlement (for floating) relating to the underlying hedged item.

Interest rate swaps contracts are carried at their fair value based on prevailing market interest rates at valuation date.

**Forward exchange rate contracts**

Forward exchange rate contracts are intended to hedge exposure to changes in foreign exchange rates on underlying foreign-currency denominated assets and liabilities.

These contracts are carried at their fair value based on prevailing market foreign exchange rates at valuation date.

## 19.4 Classification and fair value of financial instruments

The table below summarises the classification of financial assets and liabilities as to their respective categories including their relevant carrying and fair values:

|   | Fair value level | Measurement basis | Carrying amount    |                    | Parent Fair value  |                    | Carrying amount    |                    | Group Fair value   |                    |
|---|------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |                  |                   | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 |
| <b>Loans and receivables</b>                                |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Cash and cash equivalents                                   |                  | Amortised cost    | 64,031             | 67,589             | 64,031             | 67,589             | 112,802            | 184,676            | 112,802            | 184,676            |
| Debtors and other receivables                               |                  | Amortised cost    | 92,202             | 250,843            | 92,202             | 250,843            | 182,549            | 585,166            | 182,549            | 585,166            |
| Loans and advances  |                  | Amortised cost    | 462,936            | 287,326            | 508,080            | 287,326            | 28,435             | 49,129             | 73,579             | 49,118             |
| Investment in debt securities                               |                  | Amortised cost    | 410,150            | 124,890            | 410,150            | 124,890            | 570,654            | 283,892            | 570,654            | 149,071            |
|   |                  |                   | <b>1,029,319</b>   | <b>730,648</b>     | <b>1,074,463</b>   | <b>730,648</b>     | <b>894,440</b>     | <b>1,102,863</b>   | <b>939,584</b>     | <b>968,031</b>     |
| <b>Financial assets through surplus or deficit</b>          |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| <i>Held for trading:</i>                                    |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Derivative assets not designated as hedging instrument      | 2                | Fair value        | -                  | -                  | -                  | -                  | -                  | 1,568              | -                  | 1,568              |
| Loans and advances  | 2                | Fair value        | 7,767              | 19,981             | 7,767              | 19,981             | 7,767              | 19,981             | 7,767              | 19,981             |
| Investment in debt securities                               | 2                | Fair value        | 75                 | 87                 | 75                 | 87                 | 75                 | 87                 | 75                 | 87                 |
| Investment in equity securities                             | 2                | Fair value        | 426                | 1,073              | 426                | 1,073              | 575                | 1,073              | 575                | 1,073              |
| <i>Not held for trading:</i>                                |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Derivative assets designated as hedging instrument          | 2                | Fair value        | -                  | -                  | -                  | -                  | 429                | 96                 | 429                | 96                 |
|   |                  |                   | <b>8,268</b>       | <b>21,141</b>      | <b>8,268</b>       | <b>21,141</b>      | <b>8,846</b>       | <b>22,805</b>      | <b>8,846</b>       | <b>22,805</b>      |
| <b>Available for sale</b>                                   |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Share investment in subsidiary CCOs                         | 3                | Fair value        | 2,212,897          | 1,966,024          | 2,212,897          | 1,966,024          | -                  | -                  | -                  | -                  |
| Unlisted shares   | 3                | Fair value        | 4,932              | 3,524              | 4,932              | 3,524              | 6,932              | 3,528              | 6,932              | 3,528              |
|   |                  |                   | <b>2,217,829</b>   | <b>1,969,548</b>   | <b>2,217,829</b>   | <b>1,969,548</b>   | <b>6,932</b>       | <b>3,528</b>       | <b>6,932</b>       | <b>3,528</b>       |
| <b>Financial liabilities through surplus or deficit</b>     |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| <i>Held for trading:</i>                                    |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Derivative liabilities not designated as hedging instrument | 2                | Fair value        | -                  | 2,980              | -                  | 2,980              | 3,741              | 3,825              | 3,741              | 3,825              |
| Borrowings  | 2                | Fair value        | -                  | -                  | -                  | -                  | 77,212             | -                  | 77,212             | -                  |
| <i>Not held for trading:</i>                                |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Derivative liabilities designated as hedging instrument     | 2                | Fair value        | 207,420            | 91,796             | 207,420            | 91,796             | 259,110            | 117,682            | 259,110            | 117,682            |
| Borrowings  | 2                | Fair value        | -                  | -                  | -                  | -                  | -                  | 74,499             | -                  | 74,499             |
|   |                  |                   | <b>207,420</b>     | <b>94,776</b>      | <b>207,420</b>     | <b>94,776</b>      | <b>340,063</b>     | <b>196,006</b>     | <b>340,063</b>     | <b>196,006</b>     |
| <b>Financial liabilities carried at amortised cost</b>      |                  |                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Creditors and other payables                                |                  | Amortised cost    | 200,871            | 175,821            | 200,872            | 175,821            | 272,816            | 276,367            | 272,817            | 292,346            |
| Borrowings  |                  | Amortised cost    | 1,574,552          | 1,247,607          | 1,553,104          | 1,190,682          | 2,053,964          | 1,747,126          | 2,065,664          | 2,022,214          |
|   |                  |                   | <b>1,775,423</b>   | <b>1,423,428</b>   | <b>1,753,976</b>   | <b>1,366,503</b>   | <b>2,326,780</b>   | <b>2,023,493</b>   | <b>2,338,481</b>   | <b>2,314,560</b>   |

**Categories of financial assets and liabilities**

Financial instruments are classified into one of the following categories:

- Loans and receivable financial assets,
- Financial assets and liabilities through surplus and deficit,
- Fair value through equity, and
- Financial liabilities carried at amortised cost.

The classification into each category depends on the nature and management's intention over the financial instruments.

There were no transfers between categories during the year (2015: nil).

**Fair value of financial instruments**

Financial instruments carried at fair value in the financial statements are categorised within the fair value hierarchy described below:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The following methods and assumptions were used to estimate fair value for each class of financial instrument for which it is practicable to estimate such value:

*Interest bearing financial assets and liabilities*

Fixed rated instruments with quoted market prices are based on the quoted market price as of valuation date (Level 1) and for non-quoted securities, fair values were determined using discounted cash flow based on market observable rates (Level 2).

Instruments with floating interest rates approximate fair value because of recent and regular repricing based on market conditions (Level 2).

The fair values of non-interest bearing debt securities and loans are determined using discounted cash flow based on Council's effective cost of borrowing for the year (calculated based on applicable market rate plus Council's credit spread) (Level 2).

Foreign-currency denominated debt instruments are valued based on discounted future cash flows using the prevailing foreign exchange rate at valuation date (Level 2).

*Derivative financial instruments*

The fair values were computed as the present value of estimated future cash flows using market interest rates as at valuation date. The valuation techniques consider various inputs including the credit quality of counterparties (Level 2).

The fair value forward exchange rate contracts are determined based on the discounted future cash flow using the market currency exchange and interest rates between the New Zealand dollar and relevant foreign currency at valuation date.

*Investments in equity instruments*

Available-for-sale financial investments consist of equity investments in subsidiaries, associates and other entities. Fair value of equity instruments with quoted market prices were determined using the quoted prices (Level 1).

Where there is no active market, investments are revalued based on available market inputs observable and unobservable entity specific information affecting the assets being revalued less any accumulated impairment losses. These investments primarily include investments in subsidiary entities where Council and Group have involved external valuers to perform the valuation. These investments are classified as Level 3 financial instruments for purposes of fair value determination.

The table below summarises the reconciliation of movements in the Level 3 financial instruments:

|                                 | 30 Jun 16        | 30 Jun 15        |
|---------------------------------|------------------|------------------|
|                                 | \$000            | \$000            |
| <b>Parent</b>                   |                  |                  |
| Opening carrying value          | 1,969,548        | 1,771,360        |
| Valuation movements             | 248,281          | 198,188          |
| Closing carrying value          | <u>2,217,829</u> | <u>1,969,548</u> |
|                                 | 30 Jun 16        | 30 Jun 15        |
|                                 | \$000            | \$000            |
| <b>Group</b>                    |                  |                  |
| Opening carrying value          | 3,528            | 3,539            |
| Shares acquired during the year | 2,000            | -                |
| Valuation movements             | 1,404            | (11)             |
| Closing carrying value          | <u>6,932</u>     | <u>3,528</u>     |

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable, accrued expenses and other current liabilities and dividends payable approximate their carrying values as at the end of the reporting period.

## 19.5 Financial risk management

### Financial risk management objectives

The Council and Group have a series of policies to manage the risk associated with financial instruments.

The Council and Group do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives.

### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 35 to the financial statements.

### Financial risks

The risks associated with the financial assets and liabilities of the Council and Group include market risk, liquidity risk and credit risk.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

#### *Interest rate risk*

Interest rate risk relates to the risk that the fair value of a fixed debt instruments or future cash flows of a floating debt instrument will fluctuate due to changes in the underlying market interest rate.

The Council and the Group are exposed to interest rate risk as they borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts.

#### *Currency risk*

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council has little exposure to foreign currency risk and under normal circumstances has no exposure to hedge.

The Group is exposed to currency risk as a result of transactions that are denominated in a currency other than New Zealand dollars. These currencies are primarily Australian dollars, US dollars and Euros. The Group's policy is to hedge any material foreign currency exposure, usually with forward exchange contracts.

Group enter into forward foreign exchange contracts or currency swap contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on Group's results and cash flows.

The Group has assessed that a reasonably possible change in foreign exchange rates (a 10 per cent variance either way) would not have a significant impact on surplus or equity.

#### *Other price risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## 19.5(a) Interest rate risk management

The following tables summarise the Council's and Group's interest rate re-pricing analysis with respect to its financial assets and liabilities subject to interest rate risk:

|                                       | Parent           |                  |                 |                  |                    | Group              |                  |                 |                  |                    |
|---------------------------------------|------------------|------------------|-----------------|------------------|--------------------|--------------------|------------------|-----------------|------------------|--------------------|
|                                       | Carrying amount  | Less than 1 year | 1 to 2 years    | 2 to 5 years     | 5+ years           | Carrying amount    | Less than 1 year | 1 to 2 years    | 2 to 5 years     | 5+ years           |
|                                       | \$000            | \$000            | \$000           | \$000            | \$000              | \$000              | \$000            | \$000           | \$000            | \$000              |
| <b>30 Jun 16</b>                      |                  |                  |                 |                  |                    |                    |                  |                 |                  |                    |
| Cash and cash equivalents             | 64,031           | 64,031           | -               | -                | -                  | 112,802            | 112,802          | -               | -                | -                  |
| Loans and advances - CCOs             | 461,873          | 184,000          | 20,427          | 152,961          | 104,485            | -                  | -                | -               | -                | -                  |
| Loans and advances                    | 8,830            | -                | -               | 47               | 8,783              | 36,202             | 766              | -               | 47               | 35,389             |
| Investment in debt securities         | 410,225          | 358,329          | 44,644          | 5,811            | 1,441              | 570,729            | 488,980          | 69,237          | 11,071           | 1,441              |
| Borrowings                            | (1,473,460)      | 110,032          | (115,300)       | (331,244)        | (1,136,948)        | (2,065,715)        | (139,243)        | (122,000)       | (617,710)        | (1,186,762)        |
| Finance lease liability (net settled) | (101,092)        | (8,270)          | (7,734)         | (27,660)         | (57,428)           | (65,461)           | (19,044)         | (3,867)         | (13,836)         | (28,714)           |
|                                       | <b>(629,593)</b> | <b>708,122</b>   | <b>(57,963)</b> | <b>(200,085)</b> | <b>(1,079,667)</b> | <b>(1,411,443)</b> | <b>444,261</b>   | <b>(56,630)</b> | <b>(620,428)</b> | <b>(1,178,646)</b> |
| <b>30 Jun 15</b>                      |                  |                  |                 |                  |                    |                    |                  |                 |                  |                    |
| Cash and cash equivalents             | 67,589           | 67,589           | -               | -                | -                  | 184,676            | 184,676          | -               | -                | -                  |
| Loans and advances - CCOs             | 300,275          | 82,902           | -               | 58,888           | 158,485            | -                  | -                | -               | -                | -                  |
| Loans and advances                    | 7,032            | 6                | -               | 67               | 6,959              | 69,112             | 10,367           | -               | 67               | 58,678             |
| Investment in debt securities         | 124,977          | 111,127          | -               | 11,546           | 2,304              | 283,979            | 230,129          | 40,000          | 11,546           | 2,304              |
| Borrowings                            | (1,145,553)      | (353,789)        | (55,423)        | (401,000)        | (335,341)          | (1,754,944)        | (718,902)        | (114,908)       | (550,499)        | (370,635)          |
| Finance lease liability (net settled) | (102,054)        | (7,909)          | (17,372)        | (17,372)         | (59,401)           | (66,681)           | (19,608)         | (8,686)         | (8,686)          | (29,701)           |
|                                       | <b>(747,734)</b> | <b>(100,074)</b> | <b>(72,795)</b> | <b>(347,871)</b> | <b>(226,994)</b>   | <b>(1,283,858)</b> | <b>(313,338)</b> | <b>(83,594)</b> | <b>(547,572)</b> | <b>(339,354)</b>   |

Council and Group have entered into interest rate swap contracts to hedge against the risk due to interest rate fluctuations. The notional amount and maturities of interest rate swap contracts are presented in note 19.3 of the financial statements.

## Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's surplus before tax is affected through the impact on floating rate borrowings, as follows:

|                           | Parent                       |                              |                              |                              | Group                        |                              |                              |                              |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                           | 30 Jun 16                    | 30 Jun 15                    | 30 Jun 16                    | 30 Jun 15                    | 30 Jun 16                    | 30 Jun 15                    | 30 Jun 16                    | 30 Jun 15                    |
|                           | Surplus or deficit (pre-tax) | Net asset / equity (pre-tax) | Surplus or deficit (pre-tax) | Net asset / equity (pre-tax) | Surplus or deficit (pre-tax) | Net asset / equity (pre-tax) | Surplus or deficit (pre-tax) | Net asset / equity (pre-tax) |
| 100 basis points increase | 5,655                        | 87,620                       | 7,742                        | 81,257                       | 5,629                        | 101,387                      | 9,272                        | 90,898                       |
| 100 basis points decrease | (6,848)                      | (96,208)                     | (7,822)                      | (90,851)                     | (7,002)                      | (111,251)                    | (9,380)                      | (101,489)                    |

### 19.5(b) Currency risk management

The Group's exposure to foreign currency transactions is stated in note 15.

#### Foreign currency sensitivity analysis

CCHL is a party to a US\$17 million loan agreement with the Christchurch Engine Centre. The loan agreement is fully hedged with a cross currency interest rate swap.

and CCHL has no exposure to foreign exchange fluctuations.

The impact of a reasonably possible change in foreign exchange rates (a 10 percent variance either way) would not have a significant impact on comprehensive revenue and expense or equity.

### 19.5(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

In meeting its liquidity requirements, the Group manages its investments and borrowings in accordance with its written investment policies. In general the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding arrangements in place to cover potential shortfalls.

The Council and Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

#### LGFA Guarantee

The Council is exposed to liquidity risk as a guarantor of all of LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. The exposure relating to the guarantee is classified as a contingent liability by the Council and is explained further in note 27.

The table below summarises the maturity profile of the Group's financial assets and liabilities based on contractual undiscounted payments.

|   | Carrying amount  | Contractual cash flows | Less than      |                  |                  |                  | Parent |
|---|------------------|------------------------|----------------|------------------|------------------|------------------|--------|
|   |                  |                        | 1 year         | 1 to 2 years     | 2 to 5 years     | 5+ years         |        |
|   | \$000            | \$000                  | \$000          | \$000            | \$000            | \$000            |        |
| <b>30 Jun 16</b>                            |                  |                        |                |                  |                  |                  |        |
| Cash and cash equivalents                   | 64,031           | 64,031                 | 64,031         | -                | -                | -                |        |
| Debtors and other receivables               | 92,202           | 92,201                 | 92,201         | -                | -                | -                |        |
| Loans and advances - CCOs                   | 461,873          | 586,658                | 86,791         | 42,345           | 240,205          | 217,317          |        |
| Loans and advances                          | 8,830            | 9,256                  | 20             | 20               | 8                | 9,208            |        |
| Investment in debt securities               | 410,225          | 465,608                | 393,615        | 66,565           | 5,272            | 156              |        |
| Creditors and other payables                | (200,871)        | (200,871)              | (200,871)      | -                | -                | -                |        |
| Borrowings - external                       | (1,356,375)      | (1,624,267)            | (121,929)      | (236,246)        | (850,332)        | (415,760)        |        |
| Borrowings - related parties                | (117,085)        | (120,451)              | (90,598)       | (24,593)         | (5,260)          | -                |        |
| Finance lease liability (net settled)       | (101,092)        | (206,191)              | (9,410)        | (9,410)          | (40,381)         | (146,990)        |        |
| Derivative financial instrument             | (207,420)        | (135,080)              | (16,966)       | (16,221)         | (45,999)         | (55,894)         |        |
| <b>Net contractual inflows / (outflows)</b> | <b>(945,682)</b> | <b>(1,069,106)</b>     | <b>196,884</b> | <b>(177,540)</b> | <b>(696,487)</b> | <b>(391,963)</b> |        |
| <b>30 Jun 15</b>                            |                  |                        |                |                  |                  |                  |        |
| Cash and cash equivalents                   | 67,589           | 67,589                 | 67,589         | -                | -                | -                |        |
| Debtors and other receivables               | 250,843          | 250,843                | 250,843        | -                | -                | -                |        |
| Loans and advances - CCOs                   | 300,275          | 390,108                | 21,493         | 16,946           | 122,466          | 229,203          |        |
| Loans and advances                          | 7,032            | 8,107                  | 26             | 20               | 28               | 8,033            |        |
| Investment in debt securities               | 124,977          | 116,070                | 82,682         | 1,621            | 31,607           | 160              |        |
| Creditors and other payables                | (175,821)        | (175,821)              | (175,821)      | -                | -                | -                |        |
| Borrowings - external                       | (1,126,066)      | (1,398,009)            | (49,896)       | (99,960)         | (662,225)        | (585,928)        |        |
| Borrowings - related parties                | (19,487)         | (19,487)               | (19,487)       | -                | -                | -                |        |
| Finance lease liability (net settled)       | (102,054)        | (224,185)              | (8,997)        | (8,997)          | (48,877)         | (157,314)        |        |
| Derivative financial instruments            | (94,776)         | (142,945)              | (12,510)       | (15,381)         | (46,328)         | (68,726)         |        |
| <b>Net contractual inflows / (outflows)</b> | <b>(767,488)</b> | <b>(1,127,730)</b>     | <b>155,922</b> | <b>(105,751)</b> | <b>(603,329)</b> | <b>(574,572)</b> |        |



## Group

| 30 Jun 16                                   | Carrying           | Contractual        | Less than      |                  |                    | 5+ years         |
|---|--------------------|--------------------|----------------|------------------|--------------------|------------------|
|   | amount             | cash flows         | 1 year         | 1 to 2 years     | 2 to 5 years       |                  |
|   | \$000              | \$000              | \$000          | \$000            | \$000              | \$000            |
| Cash and cash equivalents                   | 112,802            | 113,014            | 113,014        | -                | -                  | -                |
| Debtors and other receivables               | 182,549            | 166,260            | 174,782        | (391)            | (6,481)            | (1,650)          |
| Other assets                                | 94                 | 251                | 251            | -                | -                  | -                |
| Loans and advances                          | 36,202             | 40,406             | 1,445          | 791              | 6,128              | 32,042           |
| Investment in debt securities               | 570,729            | 619,723            | 547,730        | 66,565           | 5,272              | 156              |
| Creditors and other payables                | (272,816)          | (272,843)          | (272,843)      | -                | -                  | -                |
| Borrowings -external                        | (2,065,715)        | (2,399,630)        | (205,753)      | (404,862)        | (1,321,692)        | (467,323)        |
| Finance lease liability (net settled)       | (65,461)           | (136,597)          | (7,074)        | (7,028)          | (26,847)           | (95,648)         |
| Derivative financial instruments            | (262,422)          | (174,258)          | (26,382)       | (28,511)         | (54,770)           | (64,595)         |
| <b>Net contractual inflows / (outflows)</b> | <b>(1,764,038)</b> | <b>(2,043,674)</b> | <b>325,170</b> | <b>(373,436)</b> | <b>(1,398,390)</b> | <b>(597,018)</b> |
| <b>30 Jun 15</b>                            |                    |                    |                |                  |                    |                  |
| Cash and cash equivalents                   | 184,676            | 184,676            | 184,676        | -                | -                  | -                |
| Debtors and other receivables               | 302,967            | 303,105            | 303,105        | -                | -                  | -                |
| Insurance receivables and other assets      | 285,092            | 343,874            | 185,743        | 31,018           | -                  | 127,113          |
| Loans and advances                          | 69,112             | 96,723             | 6,845          | 2,969            | 17,891             | 69,018           |
| Investment in debt securities               | 283,979            | 275,392            | 242,004        | 1,621            | 31,607             | 160              |
| Creditors and other payables                | (277,419)          | (277,419)          | (277,326)      | (61)             | (32)               | -                |
| Borrowings -external                        | (1,754,944)        | (2,007,225)        | (265,447)      | (269,838)        | (831,324)          | (640,616)        |
| Finance lease liability (net settled)       | (66,681)           | (151,240)          | (9,355)        | (6,745)          | (30,648)           | (104,492)        |
| Derivative financial instruments            | (119,843)          | (154,010)          | (18,582)       | (25,098)         | (38,814)           | (71,516)         |
| <b>Net contractual inflows / (outflows)</b> | <b>(1,093,061)</b> | <b>(1,386,124)</b> | <b>351,663</b> | <b>(266,134)</b> | <b>(851,320)</b>   | <b>(620,333)</b> |

## 19.5(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short-term investments, trade receivables, loans and interest rate swaps. The Council and Group places its cash and short-term investments with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with the treasury policies of the respective members of the Group.

The Council's investment policy includes parameters for investing in financial institutions and other organisations which, where applicable, have the required Standard and Poor's credit ratings.

The carrying value is the maximum exposure to credit risk for bank balances, accounts receivable and interest rate swaps. No collateral is held in respect of these financial assets.

The Group has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due to avoid a possible past due status other than trade receivables.

**Debtors and other trade receivables**

The Council's receivables mainly arise from statutory functions. Procedures are in place to monitor the credit quality of debtors and other receivables with reference to internal or external credit ratings and where appropriate security must be provided to secure credit terms.

The Council has no significant concentrations of credit risk in relation to these receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

Council's trade debtors and other receivables amounted to \$77.2 million (2015: \$86.7 million).

Orion has a concentration of credit risk with regard to its trade receivables, as it has only a small number of electricity retailer customers. CIAL also has a concentration of credit risk on a small number of customers, with 91 per cent (2015: 86 per cent) of trade receivables due from 10 customers.

LPC's credit risk is reflective of its customer base. No more than 15 per cent of its operating revenue results from transactions from any one customer.

City Care has a concentration of credit risk in respect of its transactions with its ultimate shareholder the Council, with 25 per cent (2015: 26 per cent) of its revenue derived from this source (including transactions with SCIRT).

Red Bus has a concentration of credit risk with ECan, which provides 84 per cent (2015: 84 per cent) of its revenue. Notwithstanding this concentration of credit risk, all of these major customers are considered to be of high credit quality.

The Group manages its exposure to credit risk arising from trade receivables by performing credit evaluations on all significant customers requiring credit, wherever practicable, and continuously monitors the outstanding credit exposure to individual customers. The Group

does not generally require collateral security from its customers.

The Group's trade debtors and other receivables amounted to \$135.2 million (2015: \$213.4 million).

**Insurance receivables**

In 2015 the Group had a concentration of credit risk with respect to its insurance receivables as it had a relatively small number of counterparties from which such receivables are claimed. Nevertheless, the Group did not consider that such concentration of risk affected the recoverability or collectability of its insurance claims as the reinsurers backing the claims had credit ratings of AA to A-.

Council's insurance receivables amounted to \$3.6 million (2015: \$161.2 million) while the Group's insurance receivables amounted to \$3.6 million (2015: \$286.2 million).

The following table summarises the Council and Group's counterparty credit risks:

|  | Credit rating   | Parent             |                    | Group              |                    |
|--|-----------------|--------------------|--------------------|--------------------|--------------------|
|  |                 | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 | 30 Jun 16<br>\$000 | 30 Jun 15<br>\$000 |
| Cash and cash equivalents              |                 |                    |                    |                    |                    |
|  | AA              | 30,031             | 67,589             | 76,148             | 183,196            |
|  | A               | 34,000             | -                  | 34,035             | 1,480              |
|  | < BBB / unrated | -                  | -                  | 2,619              | -                  |
| Loans and advances                     |                 |                    |                    |                    |                    |
|  | AA              | -                  | -                  | -                  | 11                 |
|  | A               | 323,500            | 208,000            | -                  | -                  |
|  | BBB             | -                  | -                  | 25,000             | -                  |
|  | < BBB / unrated | 147,203            | 99,307             | 11,202             | 98,069             |
| Investment in debt securities          |                 |                    |                    |                    |                    |
|  | AA              | 384,360            | 101,933            | 541,264            | 256,533            |
|  | A               | 24,740             | 20,494             | 28,340             | 21,174             |
|  | BBB             | -                  | -                  | -                  | 50                 |
|  | < BBB / unrated | 1,125              | 2,550              | 1,125              | 2,550              |
| Derivative financial instrument assets |                 |                    |                    |                    |                    |
|  | AA              | -                  | -                  | 429                | 1,568              |
|  |                 | <b>944,959</b>     | <b>499,873</b>     | <b>720,162</b>     | <b>564,631</b>     |

## 20. Finance lease receivables

|  | Parent    |           | Group        |              |
|--|-----------|-----------|--------------|--------------|
|  | 30 Jun 16 | 30 Jun 15 | 30 Jun 16    | 30 Jun 15    |
|  | Actual    | Actual    | Actual       | Actual       |
|  | \$000     | \$000     | \$000        | \$000        |
| No later than one year                                   | -         | -         | 165          | 180          |
| Later than one year and not later than five years        | -         | -         | 692          | 765          |
| Later than five years                                    | -         | -         | 966          | 1,288        |
| <b>Minimum lease receivables</b>                         | -         | -         | <b>1,823</b> | <b>2,233</b> |
| Less future finance charges                              | -         | -         | (1,668)      | (2,045)      |
| <b>Present value of minimum lease receivables</b>        | -         | -         | <b>155</b>   | <b>188</b>   |
| <b>Present value of future minimum lease receivables</b> |           |           |              |              |
| No later than one year                                   | -         | -         | 3            | 25           |
| Later than one year and not later than five years        | -         | -         | 48           | 49           |
| Later than five years                                    | -         | -         | 104          | 114          |
| <b>Present value of future minimum lease receivables</b> | -         | -         | <b>155</b>   | <b>188</b>   |
| <b>Represented by</b>                                    |           |           |              |              |
| Current portion  | -         | -         | 3            | 25           |
| Non-current portion                                      | -         | -         | 152          | 163          |
| <b>Total</b>   | -         | -         | <b>155</b>   | <b>188</b>   |

## 21. Finance lease liabilities

|  | Parent         |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 30 Jun 16      | 30 Jun 15      | 30 Jun 16      | 30 Jun 15      |
|  | Actual         | Actual         | Actual         | Actual         |
|  | \$000          | \$000          | \$000          | \$000          |
| No later than one year                               | 9,410          | 8,997          | 7,059          | 9,354          |
| Later than one year and not later than five years    | 49,791         | 48,877         | 33,893         | 32,893         |
| Later than five years                                | 146,989        | 157,314        | 95,647         | 104,492        |
| <b>Minimum lease payments *</b>                      | <b>206,190</b> | <b>215,188</b> | <b>136,599</b> | <b>146,739</b> |
| Less: future finance charges                         | (105,098)      | (113,134)      | (71,138)       | (80,058)       |
| <b>Present value of minimum lease payments</b>       | <b>101,092</b> | <b>102,054</b> | <b>65,461</b>  | <b>66,681</b>  |
| <b>Minimum future lease payments</b>                 |                |                |                |                |
| No later than one year                               | 8,270          | 7,909          | 5,113          | 5,974          |
| Later than one year and not later than five years    | 35,394         | 34,743         | 22,428         | 21,004         |
| Later than five years                                | 57,428         | 59,402         | 37,920         | 39,703         |
| <b>Total present value of minimum lease payments</b> | <b>101,092</b> | <b>102,054</b> | <b>65,461</b>  | <b>66,681</b>  |
| <b>Represented by:</b>                               |                |                |                |                |
| Current portion                                      | 8,270          | 7,909          | 5,113          | 5,974          |
| Non-current portion                                  | 92,822         | 94,145         | 60,348         | 60,707         |
| <b>Total finance leases</b>                          | <b>101,092</b> | <b>102,054</b> | <b>65,461</b>  | <b>66,681</b>  |

\* Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

## Parent

Council leased the Civic Building in Worcester Boulevard from the NTPL and CBL Joint Venture (CCBJV) in August 2010. CBL is a wholly owned Council subsidiary which owns a 50 per cent interest in the unincorporated joint venture with NTPL. The lease has an initial term of 24 years with three rights of renewal of 24 years and the note above includes only the first lease term. The annual lease payment is \$9 million plus GST.

## Group

The finance lease liability above primarily relates to agreements between Orion and Transpower New Zealand Limited (Transpower) for Transpower to install new assets at or near its local grid exit points. The agreements have remaining terms of between less than one and 32 years. Orion does not own the assets at the end of the lease term and there is no residual value. There is no security provided for the arrangements. The monthly payment amounts are reviewed annually by Transpower based on prevailing interest rates and agreed margins.

22. Inventories

|   | Parent              |                     | Group                |                      |
|---|---------------------|---------------------|----------------------|----------------------|
|   | 30 Jun 16           | 30 Jun 15           | 30 Jun 16            | 30 Jun 15            |
|   | Actual              | Actual              | Actual               | Actual               |
|   | \$000               | \$000               | \$000                | \$000                |
| <b>(a) Current inventories</b>                  |                     |                     |                      |                      |
| Inventory - raw materials and maintenance items | -                   | -                   | 15,042               | 15,742               |
| Inventory - work in progress                    | -                   | -                   | 10,609               | -                    |
| Inventory - finished goods                      | 3,231               | 3,664               | 8,122                | 8,132                |
|   | <u>3,231</u>        | <u>3,664</u>        | <u>33,773</u>        | <u>23,874</u>        |
| Inventory - allowance for impairment            | -                   | -                   | (222)                | (459)                |
| <b>Total current inventories</b>                | <b><u>3,231</u></b> | <b><u>3,664</u></b> | <b><u>33,551</u></b> | <b><u>23,415</u></b> |
| <b>(b) Non current inventories</b>              |                     |                     |                      |                      |
| Inventory - work in progress                    | -                   | -                   | -                    | 879                  |
|   | <u>-</u>            | <u>-</u>            | <u>-</u>             | <u>879</u>           |
| Inventory - allowance for impairment            | -                   | -                   | -                    | -                    |
| <b>Total Non current inventories</b>            | <b><u>-</u></b>     | <b><u>-</u></b>     | <b><u>-</u></b>      | <b><u>879</u></b>    |

Certain inventories are subject to security interests created by retention of title clauses.

23. Construction contracts

|  | Parent    |           | Group     |           |
|--|-----------|-----------|-----------|-----------|
|  | 30 Jun 16 | 30 Jun 15 | 30 Jun 16 | 30 Jun 15 |
|  | Actual    | Actual    | Actual    | Actual    |
|  | \$000     | \$000     | \$000     | \$000     |
| Contract costs incurred                  | -         | -         | 218,092   | 483,450   |
| Progress billings                        | -         | -         | 205,378   | 388,954   |
| Gross amounts due from customers         | -         | -         | 15,072    | 16,778    |
| Gross amounts due to customers           | -         | -         | 90        | 64        |
| Retentions included in progress billings | -         | -         | -         | -         |

24. Employee benefits

24.1 Personnel cost

|  | Parent                |                       | Group                 |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 30 Jun 16             | 30 Jun 15             | 30 Jun 16             | 30 Jun 15             |
|  | Actual                | Actual                | Actual                | Actual                |
|  | \$000                 | \$000                 | \$000                 | \$000                 |
| Salaries and wages                                       | 173,758               | 163,470               | 433,756               | 423,417               |
| Defined contribution plan employer contributions         | 3,516                 | 3,272                 | 6,428                 | 6,295                 |
| Defined benefit plan employer contributions              | -                     | -                     | 141                   | -                     |
| Increase/(decrease) in employee entitlements/liabilities | 1,800                 | 737                   | 4,906                 | 3,322                 |
| Other personnel costs                                    | -                     | -                     | 1,386                 | 1,864                 |
| <b>Total personnel costs</b>                             | <b><u>179,074</u></b> | <b><u>167,479</u></b> | <b><u>446,617</u></b> | <b><u>434,898</u></b> |

## 24.2 Employee entitlements

|                                    | Parent               |                      | Group                |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | 30 Jun 16            | 30 Jun 15            | 30 Jun 16            | 30 Jun 15            |
|                                    | Actual               | Actual               | Actual               | Actual               |
|                                    | \$000                | \$000                | \$000                | \$000                |
| <b>Current portion</b>             |                      |                      |                      |                      |
| Accrued pay                        | 4,536                | 3,039                | 10,911               | 9,223                |
| Annual leave                       | 12,540               | 11,923               | 33,866               | 31,569               |
| Sick leave                         | 256                  | 256                  | 513                  | 451                  |
| Retirement and long service leave  | 1,234                | 1,095                | 3,150                | 2,943                |
| Bonuses and other                  | -                    | -                    | 3,881                | 3,905                |
|                                    | <u>18,566</u>        | <u>16,313</u>        | <u>52,321</u>        | <u>48,091</u>        |
| <b>Non-current portion</b>         |                      |                      |                      |                      |
| Retirement and long service leave  | 5,183                | 5,637                | 6,891                | 7,351                |
| Bonuses and other                  | -                    | -                    | 461                  | 478                  |
|                                    | <u>5,183</u>         | <u>5,637</u>         | <u>7,352</u>         | <u>7,829</u>         |
| <b>Total employee entitlements</b> | <b><u>23,749</u></b> | <b><u>21,950</u></b> | <b><u>59,673</u></b> | <b><u>55,920</u></b> |

### Employee benefits

The provision for long service leave is an assessment of entitlements that may become due to employees in the future. The provision is affected by a number of estimates, including the expected length of service of

employees and the timing of benefits being taken. Most of the liability is expected to be incurred over the next five to ten years.

## 25. Provisions

|                                   | Parent               |                      | Group                |                      |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                   | 30 Jun 16            | 30 Jun 15            | 30 Jun 16            | 30 Jun 15            |
|                                   | Actual               | Actual               | Actual               | Actual               |
|                                   | \$000                | \$000                | \$000                | \$000                |
| <b>(a) Current provisions</b>     |                      |                      |                      |                      |
| Landfill aftercare provision      | 1,699                | 1,819                | 1,699                | 1,819                |
| Building related claims provision | 2,222                | 2,222                | 2,222                | 2,222                |
| Other                             | -                    | -                    | 31                   | -                    |
|                                   | <u>3,921</u>         | <u>4,041</u>         | <u>3,952</u>         | <u>4,041</u>         |
| <b>(b) Non-current provisions</b> |                      |                      |                      |                      |
| Landfill aftercare provision      | 15,898               | 14,938               | 15,898               | 14,938               |
| Building related claims provision | 15,031               | 15,951               | 15,031               | 15,951               |
|                                   | <u>30,929</u>        | <u>30,889</u>        | <u>30,929</u>        | <u>30,889</u>        |
| <b>Total provisions</b>           | <b><u>34,850</u></b> | <b><u>34,930</u></b> | <b><u>34,881</u></b> | <b><u>34,930</u></b> |

### Landfill aftercare

As operator of several closed landfill sites, including Burwood, the Council has a legal obligation to provide ongoing maintenance and monitoring services at these sites after closure. These include:

#### Closure responsibilities:

- final cover application and vegetation;
- incremental drainage control features;
- completing facilities for leachate collection and monitoring;
- completing facilities for water quality monitoring; and
- completing facilities for monitoring and recovery of gas.

#### Post-closure responsibilities:

- treatment and monitoring of leachate;
- ground monitoring and surface monitoring;
- implementation of remedial measures needed for cover and control systems; and
- ongoing site maintenance for drainage systems, final cover and vegetation.

#### Closed landfills

The liability has been estimated, based on a monitoring period of 35 years. The estimated cost for all closed landfills, including the Burwood landfill is \$17.6 million (2015: \$16.8 million). The discount rate used to calculate this provision is 5.2 per cent (2015: 5.5 per cent).

The Council participates in the regional waste disposal joint venture run by Transwaste through its Kate Valley landfill site. This site has been granted resource

consent for 35 years from the opening date of 8 June 2005. The Council's ownership share of Transwaste is 38.9 per cent.

### Calculation method

The provision is calculated based on:

- the estimated amount required by the Council to meet its obligations for all equipment, facilities and services. The estimated amounts are based on costs of closure of similar landfills by other local authorities with an allowance for inflation.
- the estimated costs have been discounted to their present value using a discount rate of 5.2 per cent (2015: 5.72 per cent).
- the estimated length of time needed for post-closure care is 35 years.
- the Council's legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for closure and post-closure treatment.

### Building related claims

A provision has been recognised for the estimated cost of known weathertight and other building related claims currently outstanding. This includes those claims that are being actively managed by the Council as well as claims lodged with Council, WHRS and the High Court, but not yet being actively managed.

The Council engaged Melville Jessup Weaver in 2015 to conduct an independent actuarial calculation of their liability for weathertight and other building related claims not yet lodged. The provision has been determined on the basis of that advice and is net of any third party contributions including insurance, where applicable.

The provision is calculated based on:

- the number of known claims.
- the average actual settlement costs.
- the average actual claims settled per year.

|                                | Parent                         |  |                | Group                          |  |                |                |
|--------------------------------|--------------------------------|--|----------------|--------------------------------|--|----------------|----------------|
|                                | Landfill<br>aftercare<br>\$000 | Building<br>related<br>claims<br>\$000 | Total<br>\$000 | Landfill<br>aftercare<br>\$000 | Building<br>related<br>claims<br>\$000 | Other<br>\$000 | Total<br>\$000 |
| Balance at 1 July 2014         | 16,759                         | 6,162                                  | 22,921         | 16,759                         | 6,162                                  | -              | 22,921         |
| Additional provisions made     | 45                             | 12,647                                 | 12,692         | 45                             | 12,647                                 | -              | 12,692         |
| Amounts used                   | (47)                           | (636)                                  | (683)          | (47)                           | (636)                                  | -              | (683)          |
| <b>Balance at 30 June 2015</b> | <b>16,757</b>                  | <b>18,173</b>                          | <b>34,930</b>  | <b>16,757</b>                  | <b>18,173</b>                          | <b>-</b>       | <b>34,930</b>  |
| Additional provisions made     | 960                            | -                                      | 960            | 960                            | -                                      | 31             | 991            |
| Amounts used                   | (120)                          | (920)                                  | (1,040)        | (120)                          | (920)                                  | -              | (1,040)        |
| <b>Balance at 30 June 2016</b> | <b>17,597</b>                  | <b>17,253</b>                          | <b>34,850</b>  | <b>17,597</b>                  | <b>17,253</b>                          | <b>31</b>      | <b>34,881</b>  |

## 26. Other liabilities

|  | Parent                       |                              | Group                        |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 15<br>Actual<br>\$000 | 30 Jun 16<br>Actual<br>\$000 | 30 Jun 15<br>Actual<br>\$000 |
| <b>(a) Other current liabilities</b>     |                              |                              |                              |                              |
| Income in advance                        | 40,928                       | 41,148                       | 44,081                       | 44,353                       |
| Service concession agreement             | 11 736                       | 736                          | -                            | -                            |
|  | <b>41,664</b>                | <b>41,884</b>                | <b>44,081</b>                | <b>44,353</b>                |
| <b>(b) Other Non-current liabilities</b> |                              |                              |                              |                              |
| Income in advance                        | 2,130                        | 2,340                        | 1,633                        | 2,319                        |
| Service concession agreement             | 11 4,844                     | 5,580                        | -                            | -                            |
|  | <b>6,974</b>                 | <b>7,920</b>                 | <b>1,633</b>                 | <b>2,319</b>                 |
| <b>Total other liabilities</b>           | <b>48,638</b>                | <b>49,804</b>                | <b>45,714</b>                | <b>46,672</b>                |

**Income in advance**

Income in advance from non-exchange transactions:

Grants and other revenue subject to condition

Advanced receipts

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 182           | 310           | 182           | 413           |
|  | 30,097        | 30,957        | 30,609        | 30,957        |
|  | 30,279        | 31,267        | 30,791        | 31,370        |
| Income in advance from exchange transactions | 12,779        | 12,221        | 14,923        | 15,302        |
| <b>Total income in advance</b>               | <b>43,058</b> | <b>43,488</b> | <b>45,714</b> | <b>46,672</b> |

**Income in advance****Parent**

The Council's revenue in advance includes prepaid building inspections of \$11 million (2015: \$10 million) and advanced Crown funding of \$16 million (2015: \$24 million).

**Group**

The Group's revenue in advance includes prepayments from Solid Energy New Zealand Limited provided to LPC for coal handling.

**Service concession liability**

The Council's service concession arrangement relates to the Material Recovery Facility. Refer to note 11 for the details of the arrangement including the amount of service concession assets and liabilities recognised by the Council.

**27. Contingent liabilities and assets**

|  | Parent           |                | Group          |               |
|--|------------------|----------------|----------------|---------------|
|  | 30 Jun 16        | 30 Jun 15      | 30 Jun 16      | 30 Jun 15     |
|  | Actual           | Actual         | Actual         | Actual        |
|  | \$000            | \$000          | \$000          | \$000         |
| <b>Contingent liabilities</b>                      |                  |                |                |               |
| Performance bonds                                  | -                | -              | 47,802         | 49,375        |
| Lyttelton Port Company Ltd - Port noise mitigation | -                | -              | -              | 1,200         |
| Uncalled capital in LGFA                           | 1,880            | 1,880          | 1,880          | 1,880         |
| Uncalled capital in CCHL                           | 850,138          | 650,138        | -              | -             |
| Uncalled capital in Tuam Ltd                       | 7,000            | 7,000          | -              | -             |
| Uncalled capital in Civic Building Ltd             | 10,000           | 10,000         | -              | -             |
| Uncalled capital in Transwaste Canterbury Ltd      | 1,556            | 1,556          | 1,556          | 1,556         |
| Christchurch Symphony Orchestra guarantee          | 200              | 200            | 200            | 200           |
| Rebuild costs                                      | 253,000          | -              | 253,000        | -             |
| Legal disputes                                     | 600              | 870            | 600            | 870           |
| <b>Total contingent liabilities</b>                | <b>1,124,374</b> | <b>671,644</b> | <b>305,038</b> | <b>55,081</b> |
| <b>Contingent assets</b>                           |                  |                |                |               |
| Other  | -                | 75             | -              | 75            |
| <b>Total contingent assets</b>                     | <b>-</b>         | <b>75</b>      | <b>-</b>       | <b>75</b>     |

**Parent****Contingencies****New Zealand Local Government Funding Agency**

The Council is a shareholder of LGFA. LGFA was incorporated in December 2011 for the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard and Poor's of AA.

The Council is one of 30 local government shareholders of LGFA (2015: 30). In that regard, it has uncalled capital of \$1.88 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also together with the other shareholders, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2016, LGFA had borrowings totalling \$6,220 million (2015: \$5,359 million).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Associate contingencies

The Council's share of the contingencies of associates is \$5.1 million (2015: \$5.1 million). The contingencies relate to bonds with Transwaste's bankers in terms of resource consents granted to Transwaste. It is anticipated that no material liabilities will arise.

### Current legal proceedings

There are current legal proceedings against the Council for six specific issues and the potential for claims in eight others. The amounts claimed in some proceedings and issues raised in respect of Council decisions in other proceedings are disputed.

Included in Council's current legal proceedings are proceedings on a number of building related matters. These matters span a variety of buildings and situations including earthquake related circumstances.

While every effort is made to calibrate Council response to the situation, the Council may have further liability which it has not yet been made aware of. For further detail on the Council's provisioning for Building related matters see note 25.

### Rebuild costs, recoveries and insurance revenue

The Council is committed to expenditure under the cost sharing agreement. Rebuild and recovery costs will in part be met from Crown contributions. The balance will be funded by the Council and is a future liability.

The final ownership structure and the extent and timing of any Council control of the Multi-Use Arena project is still to be determined. As a result the Council's contribution of \$253 million has been treated as a contingent liability. The Crown contribution is equally uncertain and is considered a contingent asset.

The Council's settlement of its material damage insurance claims in February 2016 has meant that at 30 June 2016 it no longer has a contingent asset for these recoveries.

The Council has agreed the rebuild cost sharing arrangements for the horizontal infrastructure rebuild and anchor projects with the Crown. Accounting standards require that revenue, including funding contributions, can only be recognised where there is virtual certainty of receiving the payment. While the Council considers this hurdle has been met, the quantum of the funding remains uncertain as does the final ownership of a small number of anchor projects. There may also be potential liability associated with the cost sharing agreement. The quantum of this liability also remains uncertain.

The Council has a contingent asset in relation to its cost sharing agreement recoveries from the Crown. The final contribution for the horizontal infrastructure rebuild, and Metro Sports Centre is still to be determined and this has been treated as a contingent asset.

### Suspensory loan

In 2006 the Council entered into an agreement with the Housing New Zealand Corporation (HNZ) to borrow \$2.4 million from HNZ's Local Government Housing Fund. The loan is for a term of 20 years at 0 per cent interest from the date of drawdown (2008) and will cease to be repayable at the end of the term. The loan

has a number of conditions which if not met require it to be repaid.

The Council considers that it will continue to meet the conditions of the loan and as such has not recognised a liability. Should Council fail to continue to meet the conditions of the loan it will need to repay the \$2.4 million plus interest for the remaining term.

### Christchurch Symphony Orchestra Guarantee

In March 1998 the Council guaranteed a \$0.1 million bank overdraft for the Christchurch Symphony Orchestra. It was subsequently amended by Council in August 2004 to allow for a further \$0.1 million to be guaranteed, if required. A guarantee for the additional \$0.1 million was activated in June 2009.

## Group

### Contingent liabilities

#### Performance bonds

The following contingent liabilities exist in respect of contract performance bonds:

- CCHL \$35 million (2015: \$40 million);
- City Care \$6.4 million (2015: \$8.0 million);
- Red Bus \$0.9 million (2015: \$0.9 million); and
- Orion \$0.4 million (2015: \$0.5 million)

CCHL entered into a \$50 million performance bond with ANZ bank in June 2011 in support of ESL's obligation under the UFB initiative. The amount of the bond decreases annually and terminates in 2022.

None of the above companies expect to have these contingent liabilities called upon by external parties and hence no provision has been made.

#### National Provident Fund's Defined Benefit Plan Contributors Scheme

Some members of the Group are participating employers in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit superannuation scheme. In the unlikely event that the other participating employers ceased to participate in the scheme, the Group could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Group could be responsible for an increased share of the deficit.

The Fund has advised that insufficient information is available to use defined benefit accounting.

#### Enable Services Limited

As part of the reorganisation of ESL and ENL the Enable group has provided a guarantee of CFH's loan to CCHL. At 30 June 2016 this amounted to \$83.9 million.

### Contingent assets

#### Lyttelton Port Company Limited

On 29 June 2015, LPC filed a statement of claim against Aon Limited in the High Court. The claim centres on Aon's responsibilities in relation to LPC's insurance policies during the Canterbury earthquakes. Aon filed its Statement of Defence, which refutes LPC's claims, on 4 August 2015. The LPC board is confident



of its case, but is unable to estimate the company's chance of success or the final amount which may be awarded.

#### Enable Services Limited

Broadspectrum (formerly Transfield Services Limited) has lodged a \$45 million performance bond with ESL under the Network Delivery Alliance agreement (2014: \$22.5 million).

#### Vbase Limited

At 30 June 2015 Vbase had a contingent asset in relation to its business interruption insurance claims for the recovery of lost revenues for a maximum 24 month period from the date of an event adversely affecting one or more of its venues. This claim was settled in February 2016 and Vbase no longer has any contingent assets.

#### Tuam Limited

Tuam had a contingent asset in relation to its material damage insurance claim at 30 June 2015. This claim was settled in February 2016 and Tuam no longer has any contingent assets.

### 28. Reconciliation of surplus for the period to net cash flows from operating activities

|  | Parent           |                  | Group            |                 |
|--|------------------|------------------|------------------|-----------------|
|  | 30 Jun 16        | 30 Jun 15        | 30 Jun 16        | 30 Jun 15       |
|  | Actual           | Actual           | Actual           | Actual          |
|  | \$000            | \$000            | \$000            | \$000           |
| Surplus for the period   | 420,474          | 307,390          | 345,782          | 364,126         |
| <b>Add/(less) non-cash items</b>   |                  |                  |                  |                 |
| Depreciation and amortisation  | 190,591          | 138,020          | 302,023          | 242,601         |
| Vested assets  | (90,299)         | (82,317)         | (90,299)         | (82,317)        |
| Impairment (gains)/losses  | -                | (69,028)         | 107,013          | (73,520)        |
| (Gains)/losses in fair value of investment property and assets held for sale | -                | -                | (12,489)         | (18,086)        |
| (Gains)/losses in fair value of derivative financial instruments             | (1,013)          | 1,642            | (1,012)          | 1,653           |
| Share of associates' (surplus)/deficit (less dividends)                      | -                | -                | 1,353            | (7,353)         |
| Net foreign exchange (gains)/losses  | -                | -                | 10               | (361)           |
| Deferred tax charged/(credited) to surplus                                   | 5,638            | (586)            | (38,484)         | 7,876           |
| (Gains)/losses in fair value of Investments                                  | 433              | 790              | (6,390)          | 24,648          |
| Shares received as consideration for UFB build                               | -                | -                | (28,567)         | (16,421)        |
| Non-cash asset acquisition   | (112,589)        | (153,992)        | (112,589)        | (153,992)       |
| Revaluation of ENL prior to acquisition                                      | -                | -                | (11,838)         | -               |
| Share of non-controlling interest profit/loss                                | -                | -                | -                | -               |
| Other non cash movements   | (454)            | (1,172)          | 861              | 981             |
| <b>Net changes in non-cash items</b>   | <b>(7,693)</b>   | <b>(166,643)</b> | <b>109,592</b>   | <b>(74,291)</b> |
| <b>Add/(less) items classified as investing or financing activities</b>      |                  |                  |                  |                 |
| (Gain)/loss on disposal of non-current assets                                | 1,058            | 13,642           | 1,611            | 9,752           |
| Movement in capital creditors  | (3,181)          | (6,651)          | (5,671)          | (5,191)         |
| Recognition of service concession arrangement                                | (736)            | (736)            | (736)            | -               |
| Insurance proceeds classified as investing activities                        | (401,001)        | (67,094)         | (401,001)        | (85,218)        |
| Vbase insurance advance held as investing                                    | -                | -                | (108,318)        | -               |
| Other  | -                | -                | 3,046            | 3               |
| <b>Net changes in investing/financing activities</b>                         | <b>(403,860)</b> | <b>(60,839)</b>  | <b>(511,069)</b> | <b>(80,654)</b> |
| <b>Add/(less) movement in working capital items</b>                          |                  |                  |                  |                 |
| Receivable and prepayment  | 158,642          | (24,482)         | 283,463          | (57,526)        |
| Inventories  | 433              | (428)            | (7,895)          | (1,416)         |
| Other assets   | -                | -                | 2,012            | (122)           |
| Payables   | 25,048           | 65,307           | 11,596           | 83,137          |
| Provisions and employee entitlements   | 2,173            | 13,022           | 2,958            | 16,273          |
| Income tax receivable/(payable)  | -                | -                | (12,071)         | (2,618)         |
| Other liabilities  | (430)            | (8,003)          | (439)            | (8,669)         |
| <b>Net changes in net assets and liabilities</b>                             | <b>185,866</b>   | <b>45,416</b>    | <b>279,624</b>   | <b>29,059</b>   |
| <b>Net cash from operating activities</b>                                    | <b>194,787</b>   | <b>125,324</b>   | <b>223,929</b>   | <b>238,240</b>  |

29. Related parties

Council is the ultimate parent of the Group. Details of subsidiaries and associates over which Council has significant influence, are set out on in the *Group structure and Council Controlled Organisations* section of the Annual Report.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

The Council provides grants and operational funding to a number of group entities and entities or organisations where the Mayor, Councillors or Executive Leadership Team are members of the organisations or their governing bodies. Such funding is agreed by Council on the same basis as other organisations with no such direct links.

[Related Party Transactions required to be disclosed:](#)

**Provision of accounting/administration services**

The Council provided accounting, administrative and IT services to the group entities outlined below. The Council does not provide such services to non-group entities.

| Group entity | 2016        |                   | 2015        |                   |
|--------------|-------------|-------------------|-------------|-------------------|
|              | Transaction | Balance at 30 Jun | Transaction | Balance at 30 Jun |
|              | \$000       | \$000             | \$000       | \$000             |
| CCHL         | 918         | 98                | 779         | 120               |
| CBL          | 20          | -                 | 20          | -                 |
| CAfE         | 6           | 3                 | 25          | -                 |
| RBT          | 43          | 8                 | 30          | 4                 |
| RDBPT        | -           | -                 | 6           | -                 |
| Tuam         | 75          | -                 | 72          | 85                |
| Vbase        | 1,513       | 383               | 751         | 244               |
| WBFT         | 23          | 23                | 25          | 25                |

**Grants**

The Council has provided a number of grants/subsidies to the group entities, and some of these are considered non-arm's length transactions. These grants are outlined in the table below.

| Group entity                     | 2016 \$000 | 2015 \$000 | Reason for non-arm's length               |
|----------------------------------|------------|------------|---|
| CAfE                             | -          | 420        | Under appointers' agreement               |
| RBT                              | 310        | 297        | In accordance with the Riccarton Bush Act |
| WBFT                             | 195        | 195        | Non-contestable funding                   |
| Ōtautahi Community Housing Trust | 49         | -          | Non-contestable funding                   |

No balances were outstanding at year end (2015: nil).

**SCIRT**

The Council is a party to the SCIRT alliance. The alliance was developed to provide a single delivery unit for the rebuild of the Council's horizontal infrastructure. City Care which is a Group company is one of the five delivery partners. The contract to SCIRT was not tendered.

In 2015/16 the Council paid \$250.8 million (2015: \$247 million) to SCIRT and at year end \$27.1 million (2015: \$23 million) was outstanding.

**Other commercial contracts**

The Council has a contract with EcoCentral for waste collection and management. This contract was not tendered. In 2015/16 the Council paid \$8 million (2015: \$7.8 million) to EcoCentral and at year end \$0.7 million (2015: \$0.7 million) was outstanding.

**Subventions**

The Council expects to transfer losses of \$9.5 million to other members of the Council group (2015: \$9.9 million) by way of subvention payment of \$2.6 million (2015: \$2.8 million). The final council group tax position for the 2015 tax year resulted in Council transferring losses of \$21.8 million (2015: \$14.6 million) and receiving a payment of \$14.2 million (2015: \$10.1 million). The total amount of losses transferred was \$36 million (2015: \$24.7 million).

## 30. Major budget variations

## Comprehensive revenue and expense

Total revenues are \$38.4 million less than budget.

- Vested assets are \$193 million less than budget. The Margaret Mahy playground and Avon River precinct projects were planned to be handed over to Council ownership in 2016 but these have been delayed until early 2017.
- Dividend revenue is \$117 million less than budget due to lower dividends received from CCHL and Transwaste.
- Subsidies and grants are \$17 million less than budget mainly as a result of SCIRT rebuild and roading projects running behind schedule. The corresponding funding has therefore been delayed.

Offset by:

- Insurance recoveries are \$234 million higher than budget due to the material damage insurance settlement.
- Development and financial contributions are \$14 million higher than budget due to increased subdivision volume.
- \$8 million of revenue from Vbase on-charges was not planned for. The same amount of expenses are included within other expenses.
- Actual subvention receipts are \$5 million higher than budget due to group taxable revenue being higher than expected.
- Finance revenues were \$5 million higher than budget as a result of the Council having more interest earning investments on hand following the material damage insurance settlement and higher on lending to CCHL.
- Rates revenue was \$3.5 million higher than planned due to higher than expected rating growth during the year from rebuild work.

Total expenses are \$78.6 million higher than budget.

- Depreciation and amortisation costs are \$29 million higher than budget as a result of the 2015 infrastructure and building asset revaluations.
- Finance costs are \$6 million less than budget due to lower than planned borrowing reflecting an under-delivery in the capital programme.
- Other expenses are \$54 million higher than budget due to the following reasons:
  - \$34.8 million higher costs for the Christchurch Art Gallery due to the expensing of building repairs that were originally planned to be capital in nature,
  - Internal Service Provider expense was \$11.5 million higher than planned largely due to the unbudgeted cost of providing management services to Vbase,
  - \$11 million of waterway utilities repair work budgeted as capital but expensed in the year,
  - \$5.1 million increase in district planning cost due to increased level of legal and expert witness resources required and an unplanned share of the Independent Hearing Panel Costs.

- Offset by decreases in:
  - Housing maintenance cost is \$12 million lower than budget due to delays in earthquake repair works.
  - \$5.3 million less spending in flood protection due to cancelled tidal barrier feasibility study and delayed work from lack of capacity.
  - Property and other costs were \$5.4 million lower than planned due to lower rock fall costs.
- Net gains/losses of \$0.5 million were not budgeted relating to loss on disposal of PPE and assets held for sale, and fair value adjustments for financial instruments.

Total other comprehensive revenue and expenses are \$140 million less than budget.

- Actual valuation gains are \$274 million less than budget as only the sewerage network was revalued in 2016 compared to the planned revaluation of the sewerage, roading and stormwater networks.
- Other items included in other comprehensive revenue and expenses are not budgeted for. These include gains/losses on investment revaluation and cashflow hedges.

## Financial position

Total assets are \$170 million lower than budget.

- Property, plant and equipment is \$1,333 million lower than budget mainly due to delays in the rebuild programme.
- Investments and other financial assets are \$1,097 million higher than budget due to a combination of revaluation increases, a delay in the payment of capital release programme dividends from CCHL and additional investments made during the year.
- Actual year end cash and cash equivalents are \$57 million higher than budget.
- Accounts receivables are \$24 million higher than budget mainly due to timing of invoicing and payment.

Total liabilities are \$332 million higher than budget.

- Borrowings are \$16 million higher than budget largely due to unplanned borrowing from group entities. External borrowings are below budget reflecting an under-delivery in the capital programme offset by additional unplanned borrowing by CCHL and the non-receipt of capital release dividends from CCHL.
- Derivative liabilities are \$183 million higher than budget due to market movement on interest rates.
- Payables are \$75 million higher than budget.
- Other liabilities are \$41 million higher than budget mainly due to unbudgeted income in advance.
- Provisions are \$12.6 million higher than budget due to an increase in the landfill aftercare provision.

## 31. Remuneration

### 31.1 Chief Executive

The Chief Executive Officer of the Council is appointed in accordance with section 42 of the Local Government Act 2002.

Dr Karleen Edwards was appointed as the Chief Executive of the Council on 15 June 2014.

The total cost to the Council of the remuneration package paid or payable to the Chief Executive for the year to 30 June 2016 was \$403,397 (2015: \$395,000)

### 31.2 Cost of severance payments

In accordance with Schedule 10, section 19 of the Local Government Act 2002, the Council is required to disclose the number of employees who received severance payments during the year, and the amount of each severance payment made as defined under the legislation.

For the year ended 30 June 2016 the Council made five severance payments - \$26,000, \$12,400, \$8,600, \$5,000 and \$2,200. This compares with the year ended 30 June 2015 when the Council made six severance payments - \$20,000, \$15,000, \$7,200, \$6,500, \$5,250 and \$5,000.

### 31.3 Key management personnel

|  | 30 Jun 16    | 30 Jun 15    |
|--|--------------|--------------|
|  | Actual       | Actual       |
|  | \$000        | \$000        |
| <b>KMP compensation</b>                |              |              |
| Salaries and other short term benefits | 4,516        | 4,020        |
| <b>Total</b>                           | <b>4,516</b> | <b>4,020</b> |

\$1.5 million (2015: \$1.5 million) and the Chief Executive and Executive Team \$3 million (2015: \$2.6 million).

Termination benefits include severance payments and other payments made to key management personnel when ceasing employment.

The remuneration details of the Chief Executive, Mayor and Councillors are set out in notes 31.1 and 31.4.

Total key management personnel remuneration includes that of the Mayor, Councillors, Executive Leadership Team of the Council and Mayor's Chief of Staff. The total key management compensation of \$4.5 million includes the Mayor and Councillors

Key management personnel represent 24 full time equivalents.

### 31.4 Elected members

|                     | Jun 16           | Jun 16        | Jun 16           | Jun 15           | Jun 15        | Jun 15           |
|---------------------|------------------|---------------|------------------|------------------|---------------|------------------|
|                     | Council          | Directors     | Total            | Council          | Directors     | Total            |
|                     | Remuneration     | Fees          | Total            | Remuneration     | Fees          | Total            |
|                     | \$               | \$            | \$               | \$               | \$            | \$               |
| Alison (Ali) Jones  | 99,200           | 15,000        | 114,200          | 95,300           | 17,385        | 112,685          |
| Andrew Turner       | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| David East          | 99,200           | 25,427        | 124,627          | 95,300           | 25,427        | 120,727          |
| Glenn Livingstone   | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| James (Jamie) Gough | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Jimmy Chen          | 99,200           | 15,000        | 114,200          | 95,300           | 17,385        | 112,685          |
| Lianne Dalziel      | 184,300          | -             | 184,300          | 179,350          | -             | 179,350          |
| Paul Lonsdale       | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Pauline Cotter      | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Phil Clearwater     | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Raf Manji           | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Tim Scandrett       | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
| Vicki Buck          | 114,525          | -             | 114,525          | 109,900          | -             | 109,900          |
| Yani Johanson       | 99,200           | -             | 99,200           | 95,300           | -             | 95,300           |
|                     | <u>1,489,225</u> | <u>55,427</u> | <u>1,544,652</u> | <u>1,432,850</u> | <u>60,197</u> | <u>1,493,047</u> |

See note 29 Related Parties for detail on transactions between Council and elected members and key management personnel that were not at arm's length. Councillors who are directors of CCHL do not receive directors' fees. Councillor Chen donated his directors'

fees to the Mayor's Welfare Fund in 2016. In 2015, Councillors Jones and Chen donated their directors' fees to Mayor's Welfare Fund.

### 31.5 Council employees

At balance date, the Council employed 3,236 (2015: 2,995) staff members. These comprised 1,734 (2015: 1,638) full time employees with the balance of employees representing 330 (2015: 300) full-time equivalent employees. An employee is a full-time employee if they normally work more than 37.5 hours per working week.

The tables below provide the total annual remuneration by band for employees at 30 June. Total remuneration also includes non-financial benefits such as superannuation benefits provided to employees.

|                        | 30 Jun 16<br>Actual |                        | 30 Jun 15<br>Actual |
|------------------------|---------------------|------------------------|---------------------|
| Less than \$60,000     | 1,882               | Less than \$60,000     | 1,852               |
| \$60,000 - \$79,999    | 555                 | \$60,000 - \$79,999    | 492                 |
| \$80,000 - \$99,999    | 397                 | \$80,000 - \$99,999    | 324                 |
| \$100,000 - \$119,999  | 213                 | \$100,000 - \$119,999  | 178                 |
| \$120,000 - \$139,999  | 114                 | \$120,000 - \$139,999  | 86                  |
| \$140,000 - \$159,999  | 35                  | \$140,000 - \$159,999  | 32                  |
| \$160,000 - \$179,999  | 16                  | \$160,000 - \$179,999  | 15                  |
| \$180,000 - \$199,999  | 9                   | \$180,000 - \$219,999  | 7                   |
| \$200,000 - \$219,999  | 7                   | \$220,000 - \$299,999  | 6                   |
| \$220,000 - \$279,999  | 6                   | \$300,000 - \$399,999  | 3                   |
| \$280,000 - \$419,999  | 2                   | <b>Total employees</b> | <b>2,995</b>        |
| <b>Total employees</b> | <b>3,236</b>        |                        |                     |

### 32. Capital management

The Council's capital (equity or ratepayer's funds), comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

#### Intergenerational equity

The Council's objective is to manage the balance between rating (for funds) and borrowing to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them

to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for the renewal and maintenance programmes of major classes of assets to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its LTP/ Three Year Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and level of funding are set out in the funding and financial policies of the Long Term Plan.

### 33. Legislative requirements

#### Council Controlled Organisations

The Local Government Act 2002 requires CCOs to submit their half year accounts and an SOI to their Boards and to their shareholders within specified timeframes. For the 2015/16 financial year all CCOs submitted half year accounts within the specified timeframes as set out in the legislation.

### 34. Subsequent events

On 1 July 2016, CDCH received 100 per cent of the shares in Christchurch and Canterbury Marketing Limited trading as CCT, under the terms of a Vesting Deed between CDCH, Council and the Destination Christchurch, Canterbury, New Zealand Trust.

In October 2015 the Council requested CCHL to put City Care (a wholly owned group company) into a sale process, to fund a component of the Council's capital release programme. After a rigorous sales process the decision to retain City Care was made by Council in July 2016. At 30 June 2016 it was not considered highly probable that a sale would be completed. As such, City Care was not considered to be held for sale at year end.

Tuam Limited declared and paid a dividend of \$46 million to Council on 29 July 2016.

On 25 August 2016 the Council entered into a lease arrangement with the Ōtautahi Community Housing Trust for the Trust to lease and operate the Council's operable social housing units. On 8 September 2016 the Council agreed to capitalise the Trust by transferring up to \$50 million of property. This transfer is intended to take place over a period of time. Property with a value of \$0.89 million was approved for transfer on 8 September 2016.

## 35. Statement of significant accounting policies

### Basis of preparation

#### Measurement base

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 and Group is New Zealand dollars.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. The accrual basis of accounting has been used unless otherwise stated.

The Canterbury Earthquakes of 2010 and 2011 have impacted the Council's ability to account for its property, plant and equipment and insurance receivables in accordance with PBE Standards. Details of these departures are outlined on page 8.

Except where specified, the accounting policies set out below have been applied consistently to all periods presented in these financial statements. Further information about these exceptions are set out in the Rebuild note in pages 149 to 151 and note 9 to the financial statements.

### New accounting standards and interpretations

#### Changes in accounting policy and disclosures

There have been no new standards, interpretations and amendments adopted for 2016.

#### Accounting standards and interpretations issued but not yet effective

The following new standards, interpretations and amendments have been issued but not yet effective as at 30 June 2016. Council has not early adopted these standards and interpretations.

- Amendments to PBE IPSAS 1 – disclosure initiative*

The amendments clarify existing PBE IPSAS 1 requirements that relate to materiality, order of the notes, subtotals, accounting policies and disaggregation. The revised PBE standards are effective from 1 January 2016. These are not expected to have significant impact on the Group.

### Principles of consolidation

#### Subsidiaries

Subsidiaries include special purpose entities and those entities where the Council has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. The potential to exercise or convert voting rights are considered when assessing whether the Council controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Council and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Council. This includes the application of PBE accounting standards for those entities reporting under NZ IFRS.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive revenue and expense and the statement of financial position.

#### Associates

Associates are entities over which the Council has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Investments in associates are accounted for in the parent's financial statements using the cost method and in the consolidated financial statements using the equity method, after initially being recognised at cost. The Council's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Council's share of its associates' post acquisition profits or losses is recognised in the surplus or deficit, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent's surplus or deficit, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Council does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Council and its associates are eliminated to the extent of the Council's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Council.

#### Joint ventures

Joint ventures are those over whose activities the Group has joint control and established by contractual agreement. The Group's share of the assets, liabilities, revenues and expenses of any joint venture is incorporated into the Group's financial statements on a line-by-line basis using the proportionate method.

## Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

### Revenue from exchange transactions

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

### Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which Council provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Council's revenue will be categorised non-exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Group satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Specific accounting policies for the major categories of revenue are outlined below:

### **Rates**

Rates are set annually by a resolution from Council and revenue is recognised through surplus or deficit at the time of invoicing.

### **Goods sold and services rendered**

Revenue from the sale of goods is recognised through surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised through surplus or deficit in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods.

### **Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised through surplus or deficit in proportion to

the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed.

An expected loss on a contract is recognised immediately through surplus or deficit.

### **Finance revenue**

Finance revenue comprises interest receivable on funds invested and on loans advanced. Finance revenue, is recognised through surplus or deficit as it accrues, using the effective interest rate method.

### **Rental revenue**

Rental revenue from investment and other property is recognised through surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Rental revenue is classified as exchange revenue where it is considered to reflect a market/arm's length rental.

### **Grants revenue (including government grants)**

Grant revenue is recognised on receipt, except to the extent that a liability is also recognised in respect of the same inflow. A liability is recognised when the resources received are subject to a condition such as an obligation to return those resources received in the event that the conditions attached are breached. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount is recognised as revenue.

Grant revenue is categorised as non-exchange revenue.

### **Dividend revenue**

Dividend revenue is classified as exchange revenue and is recognised when the shareholder's right to receive payment is established.

### **Finance lease revenue**

Finance lease revenue is classified as exchange revenue and is allocated over the lease term on a systematic basis. This revenue allocation is based on a pattern reflecting a constant periodic return on the Council's net investment in the finance lease.

### **Development contributions**

Development contributions are classified as exchange revenue and recognised as revenue in the year in which they are received.

### **Other gains**

Other gains include gains from the sale of property, plant and equipment and investments and gains arising from derivative financial instruments (see Hedging Policy).

### **Earthquake subsidies, recoveries, and insurance receipts**

Earthquake subsidies and recoveries include payments from Government agencies, Ministries and Departments as well as payments from Council's insurers. Earthquake subsidies and recoveries are recognised in the financial statements when received or when it is probable or virtually certain that they will be received under the insurance contracts in place.



The classification of earthquake subsidies and recoveries as exchange or non-exchange is dependent on the nature of the subsidy or recovery.

### Vested assets

Where a physical asset is received for no or minimal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council and goods donated are recognised as revenue when control over the asset is obtained. Vested assets and donated goods are categorised as non-exchange revenue.

### Expenses

Specific accounting policies for the major categories of expenditure are outlined below:

#### Operating lease payments

Payments made under operating leases are recognised through surplus or deficit proportionally over the term of the lease. Lease incentives received are recognised through surplus or deficit as an integral part of the total lease expense.

#### Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised through surplus or deficit using the effective interest rate method. Interest payable on borrowings is recognised as an expense through surplus or deficit as it accrues.

#### Other losses

Other losses include revaluation decrements relating to investment properties (see Investment Property Policy), losses on the sale of property, plant and equipment and investments and losses arising from derivative financial instruments (see Hedging Policy).

#### Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant and any grant criteria are met.

### Income tax

Income tax on the surplus or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or

substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 10 years.

### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to NZ dollars at rates ruling at the dates the fair value was determined.

Translation differences on equities held at fair value through surplus or deficit are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

## Derivative financial instruments

The Council uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective Group entities, the Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially and subsequently at fair value. Changes in fair value are recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging Policy).

## Property, plant and equipment

The following assets are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation:

|                                    |
|------------------------------------|
| Land (other than land under roads) |
| Buildings                          |
| Electricity distribution network   |
| Airport sealed surfaces            |
| Infrastructure assets              |
| Heritage assets                    |
| Works of art                       |

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

Where the Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases in the carrying amounts arising on revaluation of a class of assets are credited directly to equity under the heading revaluation reserve. However, the net revaluation increase shall be recognised in surplus or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in surplus or deficit.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

|                                    | <b>Estimated Useful Life</b> |
|------------------------------------|------------------------------|
| <b>Operational assets:</b>         |                              |
| Buildings                          | 1-100 yrs                    |
| Office and computer equipment      | 1-10 yrs                     |
| Mobile plant including vehicles    | 2-30 yrs                     |
| Buses                              | 17-26 yrs                    |
| Sealed surfaces (other than roads) | 9-100 yrs                    |
| Container cranes                   | 30 yrs                       |
| Harbour structures                 | 3-50 yrs                     |
| Seawalls                           | 100 yrs                      |
| Telecommunications infrastructure  | 12-50 yrs                    |
| Electricity distribution system    | 60 yrs                       |
| Electricity load control equipment | 60 yrs                       |
| Leasehold land improvements        | 5-100 yrs                    |
| Library books                      | 3-8 yrs                      |
| Vessels                            | 5-25 yrs                     |
| Resource consents and easements    | 5-10 yrs                     |

### Infrastructure assets:

|                                      |                 |
|--------------------------------------|-----------------|
| Formation                            | Not depreciated |
| Pavement sub-base                    | Not depreciated |
| Basecourse                           | 40-120 yrs      |
| Footpaths and cycleways              | 20-80 yrs       |
| Surface                              | 1-25 yrs        |
| Streetlights and signs               | 15-40 yrs       |
| Kerb, channel, sumps and berms       | 80 yrs          |
| Landscape/medians                    | 8-80 yrs        |
| Drain pipes/culverts/retaining walls | 20-100 yrs      |
| Bridges                              | 70-100 yrs      |
| Bus shelters and furniture           | 15-30 yrs       |
| Water supply                         | 55-130 yrs      |
| Water meters                         | 20-25 yrs       |
| Stormwater                           | 20-150 yrs      |
| Waterways                            | 15-120 yrs      |
| Sewer                                | 50-150 yrs      |
| Treatment plant                      | 15-100 yrs      |
| Pump stations                        | 10-100 yrs      |

### Restricted assets:

|                         |            |
|-------------------------|------------|
| Planted areas           | 5-110 yrs  |
| Reserves – sealed areas | 10-40 yrs  |
| Reserves – structures   | 25-150 yrs |
| Historic buildings      | 100 yrs    |
| Art works               | 1000 yrs   |
| Heritage assets         | 1000 yrs   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date in accordance with the requirements of PBE IPSAS 17 – Property, Plant and Equipment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the requirements of PBE IPSAS 21 – Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 - Impairment of Cash-Generating Assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

## Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Group.

### Non current assets (or disposal groups) held for sale

Non current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of de-recognition.

Non current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Those assets and liabilities shall not be offset and presented as a single amount.

## Intangible assets

### Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs) and is tested annually for impairment (see Impairment Policy). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in surplus or deficit.

### Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are capitalised and recognised as intangible assets. Capitalised costs include the software development employee direct costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

### Other intangible assets

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment Policy).

### Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

### Amortisation

An intangible asset with a finite useful life is amortised on a straight-line basis over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Estimated useful lives are:

|                                  |           |
|----------------------------------|-----------|
| Software                         | 1-10 yrs  |
| Resource consents and easements  | 5-10 yrs  |
| Patents, trademarks and licenses | 10-20 yrs |

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.

## Hedging

The method of recognising movements in the fair value of derivatives depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Council designates certain derivatives as either; fair value hedges (hedges of the fair value of recognised assets or liabilities or a firm commitment); or cash flow hedges (hedges of highly probable forecast transactions).

### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the surplus or deficit together with any changes in the fair value of the hedged asset or liability.

### Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are

recorded in other comprehensive revenue and expense in the hedging reserve.

When the derivative is no longer an effective hedge or is sold or cancelled the cumulative gain or loss recognised to date on the derivative is recognised in surplus or deficit.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the surplus or deficit.

Derivatives that do not qualify for hedge accounting  
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the surplus or deficit.

## Investments

The Council classifies its investments in the following categories:

### Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

### Financial assets at fair value through equity

Financial assets at fair value through equity are non-derivatives that are either designated in this category or not classified in any of the other categories. This category also includes available-for-sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

### Parent company investment in subsidiaries

For the purposes of the parent company financial statements, the Council's equity investments in its subsidiaries are designated as financial assets at fair value through equity. They are measured at fair value, with valuations performed by an independent, external valuer with sufficient regularity to ensure no investments are included at a valuation that is materially different from fair value. The valuation changes are held in a revaluation reserve until the subsidiary is sold.

### Investments in debt and equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised through surplus or deficit.

General and community loans are designated as loans and receivables. They are measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses.

Financial instruments classified as held-for-trading or fair value through equity investments are recognised/derecognised by the Council on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/derecognised on the day they are transferred to/by the Council.

### Investment property

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity.

Properties leased to third parties under operating leases are generally classified as investment property unless:

- the occupants provide services that are integral to the operation of the Council's business and/or these services could not be provided efficiently and effectively by the lessee in another location.
- the property is being held for future delivery of services.
- the lessee uses services of the Council and those services are integral to the reasons for the lessee's occupancy of the property.

Properties that are held for a currently undetermined future use, or that are vacant but held to be leased out under one or more operating leases, are classified as investment properties.

Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised through surplus or deficit.

Rental revenue from investment property is accounted for as described in the Revenue Policy.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately before transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal, the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in surplus or deficit.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair

value at the date of reclassification becomes its cost for subsequent recording. When the Council begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model, and is not reclassified as property, plant and equipment during the re-development.

### Trade and other receivables

#### Construction work in progress

Construction work in progress is stated at cost plus profit recognised to date (see Revenue Policy) less a provision for foreseeable losses and less progress billings. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in contract activities based on normal operating capacity.

#### Other trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (see Impairment Policy).

### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of other inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

### Impairment

For the purpose of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as either cash-generating or non-cash-generating assets. The Group classifies a non-financial asset as a cash-generating asset if its primary objective is to generate a commercial return. All other assets are classified as non-cash-generating assets.

Property, plant and equipment assets, measured at fair value are not required to be reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The carrying amounts of the Council's other assets, other than investment property (see Investments Policy) and deferred tax assets (see Income Tax Policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount.

Impairment losses are recognised through surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

For goodwill, other intangible assets that have an indefinite useful life, and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in surplus or deficit even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in surplus or deficit is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit.

#### Calculation of recoverable amount

The recoverable amount of the Council's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their market value less cost to sell and value in use.

As a PBE, Council uses depreciated replacement cost to assess value in use where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Council would, if deprived of the asset, replace its remaining future economic benefits or service potential. For the Group, where an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

The value in use for cash-generating assets is the present value of expected future cash flows. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset.

#### Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through surplus or deficit. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was

recognised in surplus or deficit, the impairment loss shall be reversed, with the amount of the reversal recognised in surplus or deficit.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the balance sheet.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised through surplus or deficit over the period of the borrowings on an effective interest basis.

### Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### Employee entitlements

The Group's employee compensation policy is based on total cash remuneration: a single cash payment in compensation for work, where the employee is responsible for and able to individually decide how best to use their remuneration to meet their needs over time in the mix and type of benefits purchased. Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

### Short-term entitlements

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately before the balance sheet date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave) are measured as the amount of unused entitlement accumulated at the pay period ending immediately before the balance sheet date, that the entity anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

### Long-term entitlements

The retiring gratuity and long-service leave liabilities are assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Superannuation is provided as a percentage of remuneration.

### Leases

#### As lessee

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

#### As lessor

Leases in which substantially all of the risks and rewards of ownership transfer to the lessor are classified as finance leases. Amounts due from lessees under finance leases are recorded as receivables. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### Equity

Equity is the community and rate payers' interest in the Council. It is measured as the difference between total assets and total liabilities. Equity includes the following components:

- Asset revaluation reserve.
- Fair value through equity reserve.
- Hedging reserve.
- Reserve funds.

- Capital reserves.
- Retained earnings.

### Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the balance sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

### Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

### Donated goods and services

Council receives the benefit of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms and for this reason, are not included in the financial statements, as their value from an accounting point of view is considered immaterial in relation to total expenditure.

### Cost allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the recipient of an internal service can be identified, the cost recovery is made by way of a direct charge. Where this is not practical or the linkage is indirect, the costs are allocated by way of corporate overhead.

Two primary drivers for allocating corporate overhead are used. Services related to people are reallocated based on employee costs, and those related to finance are reallocated based on external service activity gross cost.

### Plan values disclosed

The plan values shown in the financial statements represent the 2015/16 budget included in the 2015-25 Long Term Plan.

### Critical judgements, estimates and assumptions in applying Council's accounting policies

Preparing financial statements to conform with PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities,

revenue and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements:

- The valuation of the Council's investments in subsidiary and associated companies at fair value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. Independent valuers are commissioned to perform these valuations on a periodic basis, at intervals sufficient to ensure that the fair value of these investments does not differ materially from their carrying value.
- The valuation of the Council's facilities and infrastructural assets at depreciated replacement value involves a significant amount of judgement in estimating the replacement unit cost, asset condition (for underground assets) and the remaining useful life of the assets. Independent valuers were commissioned to perform the valuation and valuations of these asset classes will continue on a regular basis to ensure that the depreciated replacement value does not differ materially from their carrying value.
- The determination of the impairment of the water supply and stormwater networks required the Council to estimate the proportion of the networks that need replacing and to exercise judgement when considering the uncertainty in the estimate of damage and the impairment determination.
- The determination of the impairment of facilities required the Council to estimate the expected repair cost of earthquake damage.
- Management are required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance and should be expensed in the current year or capital expenditure. In making this assessment they make judgements about the expected length of service potential of the asset, betterment and the likelihood of it becoming obsolete as a result of other more permanent repairs.
- The non-current provisions note discloses an analysis of Council's exposure in relation to estimates and uncertainties surrounding the landfill aftercare and building related claims provisions.

- Management are required to exercise judgement in calculating provisions for doubtful debts, assessing the level of unrecoverable work in progress and calculating provisions for employee benefits.
- Management of subsidiary companies determine useful lives for particular assets. In making this assessment, they make judgements about the expected length of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the company ceasing to use the asset in its business operations.
- Management of the subsidiary companies assess whether individual assets or groupings of related assets (which generate cash flows co-dependently) are impaired by estimating the future cash flows that those assets are expected to generate. Assumptions such as rates of expected revenue growth or decline, expected future margins and the selection of an appropriate discount rate for discounting future cash flows are required.
- Management of most of the subsidiary companies use independent valuers to determine the fair value of certain assets. The valuation process requires the use of assumptions and estimates which are based on market conditions at the time. Any changes in market conditions subsequent to balance date will impact future valuations. A movement in fair value of an asset is subsequently recorded within the Statement of Comprehensive Revenue and Expense or other comprehensive revenue and expense depending on asset classification.

In addition to the above factors, the following areas specific to individual companies within the Group require critical judgement estimates and assumptions.

CIAL use judgement in identifying which components of property, plant and equipment are to be reclassified as investment property. A key factor for this classification is whether the property is used for aircraft-related activities. The classification has implications as to whether revaluation gains and losses are recognised through net surplus or deficit or through other comprehensive revenue and expense.

LPC has identified areas of estimation uncertainty in relation to the carrying value of land, buildings and harbour structures; and the calculation of the impairment of assets.

ESL is contracted to build the UFB network over a build programme concluding by December 2019. A project of this nature has a number of up-front costs, including initial design, resourcing of staff, and investment in total project infrastructure. These costs are required to be recovered throughout the build programme. ESL has exercised its judgement as to whether these costs will be recoverable through the life of the project.

Vbase has assumed that Lancaster Park stadium is uneconomic to repair. Treating the asset as uneconomic to repair means the excess insurance proceeds received over and above its tax book value could potentially be taxable in the future. This assumption has significant implications to Vbase's current and deferred tax balances.



# Group structure and Council Controlled Organisations

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In order to achieve the Council's objectives it has established or invested in a number of companies and trusts. These organisations are managed independently to deliver significant services including the operation of infrastructure assets or to enable administrative efficiencies to be achieved.

Through its wholly owned investment arm CCHL, the Council has invested in a number of infrastructure assets which are considered strategic assets for the City.

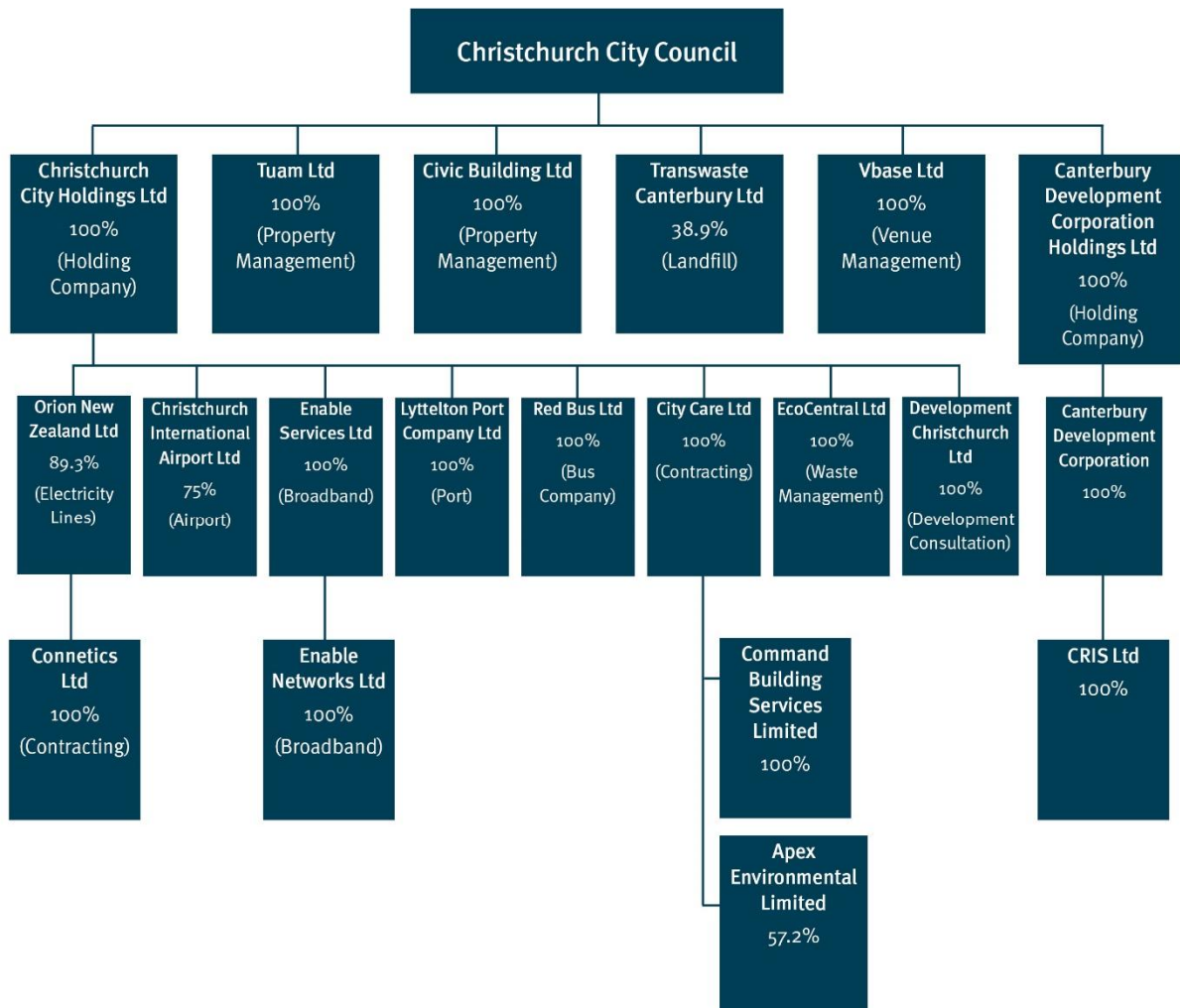
The Council also has invested directly in other CCTOs; Vbase, Tuam, CBL and CDCH to enable administrative efficiencies to be achieved.

In addition to these trading organisations the Council has interests in a number of trusts which were set up to deliver specific services, events, facilities or benefits to the city.

This section explains what the organisations do, how their performance is measured and how they performed during 2015/16.

Group structure and Council Controlled Organisations  
Group structure

as at 30 June 2016



## Group structure and Council Controlled Organisations Summary financial table

For more detail refer to individual company reports.

|  | Income        | Net result (after tax and minority interest) |               |
|--|---------------|--|---------------|
|  | 2016<br>\$000 | 2016<br>\$000                                | 2015<br>\$000 |
| Christchurch City Holdings Ltd (parent)            | 110,829       | 82,308                                       | 68,815        |
| Orion New Zealand Ltd                              | 307,295       | 53,446                                       | 82,615        |
| Lyttelton Port Company Ltd                         | 113,950       | (59,805)                                     | 20,574        |
| Christchurch International Airport Ltd             | 182,657       | 43,056                                       | 39,274        |
| City Care Ltd                                      | 306,812       | 6,833  | 10,225        |
| Enable Services Ltd                                | 78,019        | 3,311  | (9,995)       |
| EcoCentral Ltd                                     | 37,634        | 1,588  | 1,969         |
| Red Bus Ltd  | 19,105        | 93   | 18            |
| Development Christchurch Ltd                       | 280           | (1,229)                                      | -             |
| Vbase Ltd  | 27,400        | (36,817)                                     | (28,002)      |
| Civic Building Ltd                                 | 4,869         | (886)  | (1,168)       |
| Tuam Ltd   | 27,315        | 27,028                                       | (304)         |
| Canterbury Development Corporation<br>Holdings Ltd | 7,286         | (65)   | 168           |
| Riccarton Bush Trust                               | 783           | 93   | (31)          |
| The World Buskers' Festival Trust                  | 1,160         | (115)  | 49            |
| Rod Donald Banks Peninsula Trust                   | 175           | (106)  | (213)         |
| Christchurch Agency for Energy Trust               | 56            | 40   | 429           |
| Transwaste Canterbury Ltd                          | 57,099        | 16,698                                       | 26,100        |
| Gardens Event Trust                                | -             | -  | -             |
| Central Plains Water Trust                         | 56            | -  | -             |

## Group structure and Council Controlled Organisations Christchurch City Holdings Ltd

[www.cchl.co.nz](http://www.cchl.co.nz)



CCHL is the wholly owned investment arm of Council, holding shares in various trading companies and monitoring other trading companies and their subsidiaries on the Council's behalf.

### Subsidiary companies

- Orion New Zealand Ltd
- Christchurch International Airport Ltd
- Lyttelton Port Company Ltd
- Enable Services Ltd
- City Care Ltd
- Red Bus Ltd
- EcoCentral Ltd
- Development Christchurch Ltd

CCHL also monitors the Canterbury Development Corporation on behalf of Council.

### Nature and scope of activities

CCHL's key purpose is to invest in and promote the establishment of key infrastructure, and this now extends to assisting the Council to finance the rebuild

### Key performance targets

CCHL financial and distribution performance meets the shareholder's expectations.

#### 2016 Target

CCHL pays a dividend for the 2016 financial year that meets or exceeds budget, and achieves the other budgeted key performance measures.

CCHL will work to release capital funds to the shareholder in a financially efficient manner to meet it's needs for funding under the LTP.

CCHL's capital structure is appropriate for the nature of its business.

CCHL will monitor the level and composition of its debt facilities to ensure it remains appropriate in the context of its funding commitments (in particular ESL).

CCHL's investments provide an appropriate return in relation to their business risk, and against external benchmarks.

CCHL will periodically review the performance of subsidiary companies and other investments against external benchmarks, and assess the value of the investment in the individual company in relation to its inherent business risk and community benefits.

CCHL's treasury management policies and practices are consistent with best practice.

CCHL's treasury management policy will be reviewed in the 2016 calendar year.

#### 2016 Actual

Achieved – CCHL paid a budgeted ordinary dividend of \$46.0 million, less a deduction of \$4.0 million agreed with the Council in relation to subvention receipts voluntarily foregone by CCHL.

In addition a special dividend of \$90 million was paid as part of the capital release programme.

Funding structures are reviewed on an ongoing basis. CCHL has secured further longer term funding from Council to assist with funding the Enable broadband rollout.

The performance of the major infrastructure companies was benchmarked against their Australasian peers in August 2015. The results of the review noted gearing levels of our main companies are lower than their industry peers. This will be further reviewed as part of the capital structure reviews.

The treasury policy was reviewed by the Audit and Risk Committee in February 2016.

and redevelopment of Christchurch following the Canterbury earthquakes.

CCHL's strategic approach is to identify those of Christchurch's infrastructural needs that are not filled by the private sector or existing Council operations, and take a role in helping to meet them through joint ventures, public-private partnerships, establishing new entities or acting as a catalyst for private sector providers.

CCHL also encourages and, if necessary facilitates, appropriate investment by its trading companies when significant upgrades are required to existing infrastructural assets.

### Policies and objectives relating to ownership and control

This company was established to group the Council's interests in its trading activities under one umbrella, and to provide an interface between the Council and the commercial activities of its CCTOs.

### Financial summary – Parent

In line with financial reporting changes, CCHL have reported only on the Group position this year. The parent company's net profit for the year of \$82.3 million is ahead of its statement of intent target of \$46 million as a result of higher dividends from CIAL and Orion.

CCHL paid dividends to the Council of \$131.9 million which included a special dividend of \$90 million towards the capital release programme.

## Group structure and Council Controlled Organisations Orion New Zealand Ltd

[www.oriongroup.co.nz](http://www.oriongroup.co.nz)



Orion is an energy network management company in which Council has an 89.3 per cent shareholding through CCHL.

### Subsidiary companies

- Connetics Ltd – Orion owns 100 per cent of the electrical contracting business Connetics Ltd. Connetics is a contracting service provider to utility network operators, local authorities, developers and commercial/industrial customers.

### Nature and scope of activities

Orion owns and operates one of the largest electricity distribution networks in New Zealand. The network covers 8,000 square kilometres in central Canterbury between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.

### Key performance targets

#### Network reliability targets

Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI).

Overall network - Number of supply interruptions per year per connected customer (SAIFI).

SAIDI and SAIFI measures are international industry standards which enable assessment of network performance.

Orion's network delivers electricity to around 195,000 homes and businesses. This number has reduced from pre-earthquake levels because of earthquake-related demolitions.

### Policies and objectives relating to ownership and control

Orion is considered a regional strategic asset, operating in a commercial manner and in a way that benefits the region as a whole.

Through the SOI, the Council establishes broad parameters reflecting the public nature of Orion without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

|  | 2016<br>Target | 2016<br>Actual |
|--|----------------|----------------|
| Overall network - Duration of supply interruptions in minutes per year per connected customer (SAIDI). | 95.            | 113 (gross).   |
| Overall network - Number of supply interruptions per year per connected customer (SAIFI).              | 1.2.           | 1.2 (gross).   |

The targets are consistent with the Commission's network reliability limits for Orion for the year, pursuant to Orion's customised price-quality path (CPP). The actual results are stated gross before normalising for major events using the Commission's methodology. After applying the Commission's normalisation methodology, Orion achieved the overall SAIDI and SAIFI targets above in 2016.

### Financial summary

#### Statement of financial performance for the year ended 31 March 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 307,295                 | 334,072                 |
| Operating and other expenses       | 233,051                 | 224,027                 |
| <b>Operating profit before tax</b> | <b>74,244</b>           | <b>110,045</b>          |
| Tax expense                        | 20,798                  | 27,430                  |
| <b>Net profit for the year</b>     | <b>53,446</b>           | <b>82,615</b>           |

Revenue has reduced by \$26.8 million as last year's numbers included \$24 million of insurance proceeds.

Expenses have increased by \$9 million, this is principally due to a \$5 million impairment expense and a \$2.8 million increase in borrowing costs.

The impairment expense recognises that capital contribution revenues received reduce Orion's regulatory asset base, which in turn reduces Orion's future regulatory price resets.

Borrowing costs were higher due to the additional borrowing required to fund the \$90 million share buy-back paid to shareholders, and the capital expenditure programme.

Orion made total distributions of \$153 million to shareholders this year.

## Group structure and Council Controlled Organisations Lyttelton Port Company Ltd

[www.lpc.co.nz](http://www.lpc.co.nz)



LPC was established under the Port Companies Act 1988 operating the Port of Lyttelton. Council has a 100 per cent shareholding through CCHL.

LPC is the South Island's largest Port and Container Terminal, managing 80 per cent of the area's container trade imports and more than half its exports.

### Nature and scope of activities

LPC is involved in providing land, facilities, plant and labour for the receiving, delivery, stockpiling, stacking and shipping of a wide range of products; the ownership of land and facilities necessary to maintain LPC's commercial assets; and the provision of facilities associated with the repair and servicing of vessels.

### Key performance targets

|   | 2016<br>Target | 2016<br>Actual  |
|---|----------------|---|
| <b>Health and Safety</b>  |                |   |
| Total recordable injury rate (per 200,000 hours).<br>Serious harm incidents.      | 10.1.<br>0.    | 7.68.<br>0.   |
| <b>Operational</b>  |                |   |
| Crane Rate (containers per hour per crane).<br>Ship rate (TEU per hour per ship). | 30.0.<br>60.0. | 31.4.<br>59.8.  |
| <b>Customer</b>   |                |   |
| Truck turnaround time (% less than 30 minutes).                                   | 90%.           | 86%.  |
| <b>Environmental</b>  |                |   |
| Number of breaches – lagging  | 0.             | 1<br>The environmental breach was due to LPC receiving a non-compliance within an ECan audit report for dust management. No fine or abatement notice was issued and dust management procedures have since improved. |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 113,950                 | 121,271                 |
| Operating and other expenses       | 196,182                 | 91,796                  |
| <b>Operating profit before tax</b> | <b>(82,232)</b>         | <b>29,475</b>           |
| Tax expense                        | (22,427)                | 8,901                   |
| <b>Net profit for the year</b>     | <b>(59,805)</b>         | <b>20,574</b>           |

Revenue has reduced by \$7.3 million as a result of lower container volumes in the first half of the year from a decrease in dairy prices, which impacted on imports, and lower exports.

Net profit after tax is \$80.4 million lower than in 2015; a significant change. This is mostly due to a one-off asset impairment expense of \$78.5 million (net of deferred tax) in 2016.

### Policies and objectives relating to ownership and control

LPC is considered a regional strategic asset and as such the Council's policy is for it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through an SOI process, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

The LPC net asset position increased significantly in 2014 when insurance proceeds of \$358 million were received as compensation for assets destroyed and damaged in the 2010 and 2011 earthquakes. LPC invested significant capital to increase the resilience of the company's infrastructure, although that investment did not, in isolation, increase operating earnings. The resulting discrepancy between earnings and net assets gave rise to the impairment.

In 2016 the Board of LPC assessed the "value in use" of the company to be significantly lower than its net asset position.

LPC paid a dividend of \$2.6 million in 2016.

## Group structure and Council Controlled Organisations

## Christchurch International Airport Ltd

[www.christchurch-airport.co.nz](http://www.christchurch-airport.co.nz)

CIAL operates the Christchurch International airport for the benefit of commercial and non-commercial aviation users, and in accordance with its aerodrome licence which defines standards and conditions laid down by the Ministry of Transport.

The company is jointly owned by CCHL (75 per cent) and the Crown (25 per cent). The provision of airport facilities and services to airline and airport users is the predominate business of CIAL.

### Nature and scope of activities

In addition to its primary business of serving the aviation industry and its customers, the company actively markets Christchurch, Canterbury and the South Island as a major destination for overseas visitors.

The company arranges for the design, provision and maintenance of runways, taxiways, turnouts and aprons in co-operation with the Airways Corporation of New Zealand and other airport users. It also seeks to earn revenue by providing services and facilities meeting the needs of air travellers.

### Key performance targets

|   | 2016<br>Target   | 2016<br>Actual |
|---|--|----------------|
| Domestic passengers.  | 4,633,116.   | 4,756,731.     |
| International passengers.   | 1,486,402.   | 1,548,986.     |
| Lost time injury frequency rate (LTI / million hours worked).   | Better than industry standards (10.45), with ultimate target of nil. | 6.69.          |
| Investigate and implement cost-effective ways in which to reduce the amount of solid waste arising from airport activities being disposed of to landfill through the development of waste minimisation and recovery measures. | Increase over last year (37.71%).                                    | 39.36%.        |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 182,657                 | 179,530                 |
| Operating and other expenses       | 125,147                 | 129,325                 |
| <b>Operating profit before tax</b> | <b>57,510</b>           | <b>50,205</b>           |
| Tax expense                        | 14,454                  | 10,931                  |
| <b>Net profit for the year</b>     | <b>43,056</b>           | <b>39,274</b>           |

CIAL is actively developing airport land for retail, commercial and freight logistics' businesses. This includes retail at Spitfire Square and the development of a 200-room hotel and backpacker accommodation.

### Policies and objectives relating to ownership and control

CIAL is considered a regional strategic asset, and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Through an SOI process, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management.

Total revenue includes unrealised gains on investment property of \$12.5 million compared to \$18.1 million in 2015. Operating revenue has increased by \$8.7 million, due in large part to higher landing and terminal charges and rental and lease income.

The airport recorded 6.3 million passengers this year, an all-time record for the airport. This was helped by increased trans-tasman flights and as well as a new direct long haul service to China by China Southern Airlines.

The CIAL Board lifted its dividend payout ratio to 90 per cent of NPAT resulting in distributions to shareholders of \$29.3 million in 2016.

Group structure and Council Controlled Organisations

City Care Ltd

[www.citycare.co.nz](http://www.citycare.co.nz)



City Care is a CCTO, 100 per cent owned by Council through CCHL.

Subsidiary and associate entities

Command Building Services Ltd – a heating, ventilation and air conditioning installation and servicing business, acquired in November 2014. City Care owns 100 per cent of Command Building Services Ltd

Apex Environmental Ltd – designing, building, installing and commissioning water and wastewater treatment plants for the food and beverage, dairy, textiles, winery and municipal sectors. City Care owns 57.16 per cent of Apex Environment Ltd.

City Care Limited John Fillmore Contracting Limited Joint Venture - an unincorporated joint venture formed to undertake civil construction and landscaping projects specifically for CERA and Otakaro Ltd. City Care has a 50 per cent interest in the joint venture.

Nature and scope of activities

City Care is in the business of constructing, maintaining and managing infrastructure and property assets. The company's main service offerings are as follows:

- Constructing and maintaining property buildings and facilities for central and local government and for private asset owners and developers.
- Maintaining parks infrastructure, predominantly for local authorities.

Key performance targets

Health & Safety

Total recordable injury rate  
NZ4801 Health and Safety management

Environmental, Social and Innovation

Client Satisfaction  
ISO14001 Environment Management

- Constructing and maintaining road networks and associated civil assets for both central and local authorities and for private asset owners and developers.
- Constructing and maintaining water and wastewater infrastructure predominantly for local authorities

Major achievements for the year include:

- Completion of the Margaret Mahy Family Playground and the Avon River Precinct – Advanced Works, as part of the joint venture with John Fillmore Contracting Limited.
- Gaining new contracts including parks maintenance in Dunedin, open spaces maintenance for Waikato District Council; and an extension to the facilities management contract with Wellington City Council.
- Completing building construction projects for the Ministry of Education, Cholmondeley Children's Centre and Wellington Museum.

Policies and objectives relating to ownership and control

The Council, through CCHL, is the sole shareholder of this company. The company has an important role in the City as a contractor servicing assets of a public nature. Through the negotiation of an annual SOI, the Council establishes broad parameters for City Care's scope and nature of operations without inhibiting its commercial management.

|                                     | 2016 Target             | 2016 Actual    |
|-------------------------------------|-------------------------|----------------|
| Total recordable injury rate        | 5% reduction.           | 50% reduction. |
| NZ4801 Health and Safety management | Maintain accreditation. | Maintained.    |
| Client Satisfaction                 | Maintain current level. | Maintained.    |
| ISO14001 Environment Management     | Maintain accreditation. | Maintained.    |

Financial summary

Statement of financial performance for the year ended 30 June 2016

|                                    | 2016 Actual \$000 | 2015 Actual \$000 |
|------------------------------------|-------------------|-------------------|
| Operating revenue                  | 306,812           | 333,545           |
| Operating and other expenses       | 297,087           | 319,289           |
| <b>Operating profit before tax</b> | <b>9,725</b>      | <b>14,256</b>     |
| Tax expense                        | 2,892             | 4,031             |
| <b>Net profit for the year</b>     | <b>6,833</b>      | <b>10,225</b>     |

Net profit after tax in 2016 was lower than in 2015 by \$3.4 million as a result of:

- an increasingly competitive market leading to tighter margins.
- sale process impacting management time and focus.
- recently acquired Command HVAC business performing below expectations.

Revenue and expenses decreased by \$26.7 million and \$22.2 million respectively. The impact was spread equally across both the rendering of services and construction contracts.

Strong operating cash flows have been used to reduce debt and in the payment of a dividend of \$4.1 million to shareholders.



## Group structure and Council Controlled Organisations

## Enable Services Ltd

[www.enablenetworks.co.nz](http://www.enablenetworks.co.nz)

This company is a CCTO, 100 per cent owned by CCHL and trades as Enable Networks.

Subsidiary companies:  
Enable Networks Limited

## Nature and scope of activities

ESL and its subsidiary Enable Networks Ltd (Enable Group) are building and connecting local homes and businesses to a world-class fibre network as part of the Government ultra-fast broadband (UFB) initiative.

Enable owns the critical fibre infrastructure and provides wholesale fibre broadband services to 38 retail providers.

The ESL UFB network reaches 117,988 potential customers in Christchurch, Rangiora, Kaiapoi, Woodend, Rolleston and Lincoln.

## Key performance targets

|   | 2016<br>Target | 2016<br>Actual |
|---|----------------|----------------|
| Number of premises passed (cumulative)        | 84,533.        | 88,410.        |
| Number of connections (cumulative)            | 23,514.        | 25,817.        |
| Operational service level agreement achieved  | >=85%.         | >91%.          |
| <b>Health and Safety</b>                      |                |                |
| Lost time injuries/million hours              | 3.0.           | 5.2.           |
| Serious Harm                                  | 0.             | 1.             |
| Site audits and safety observations conducted | 1,000.         | 3,015.         |

## Financial summary

## Statement of financial performance for the year ended 30 June 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 78,019                  | 76,117                  |
| Operating and other expenses       | 76,929                  | 88,729                  |
| <b>Operating (loss) before tax</b> | <b>1,090</b>            | <b>(12,612)</b>         |
| Tax (benefit) expense              | (2,221)                 | (2,617)                 |
| <b>Net (loss) for the year</b>     | <b>3,311</b>            | <b>(9,995)</b>          |

In June 2016 Enable Services Ltd took full ownership of Enable Networks Ltd after buying out the Crown share.

## Policies and objectives relating to ownership and control

ESL is considered a regional asset and as such the Council wants it to be operated in a commercial manner, but also in a way that benefits the region as a whole.

Through an SOI, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Revenue includes an \$11.8 million gain arising from the increased value of ESL's historical investment in ENL as an associate.

The ESL group result recorded a profit after tax of \$3.3 million. This is largely the result of the effects of the reorganisation, operating results and interest costs associated with funding the network build and operations. The business expects to sustain small operating losses within the next three years before a net profit after tax position becomes the norm.

Group structure and Council Controlled Organisations

EcoCentral Ltd

[www.ecocentral.co.nz](http://www.ecocentral.co.nz)



EcoCentral is a CCTO, 100 per cent owned by CCHL.

EcoCentral oversees the processing of household and commercial refuse and the automated sorting of recycling throughout the Canterbury region.

The company is committed to reducing the amount of waste going to landfill and finding ways to ensure Christchurch is a leader in recycling.

Nature and scope of Activities

EcoCentral manages:

- EcoSort, a large facility that receives all the 'Yellow Bin' recycling from Christchurch and surrounding areas where it is automatically sorted, baled and sold as reclaimed material. Material is sold as reclaimed material in New Zealand or overseas.
- EcoDrop, three transfer stations that manage the City's recycling and refuse for both domestic and

commercial waste. Each station has a recycling centre, household hazardous waste drop off area and a refuse area for general waste, green waste and hardfill.

- EcoShop, on Blenheim Road, is the retail outlet for the recycled goods rescued from the EcoDrop transfer stations, thereby diverting material from landfill.

Policies and objectives relating to ownership and control

The company has an important role in the city as a quality handler and processor of recycled material. Through the negotiation of an annual SOI, the Council, via its 100 per cent ownership of CCHL, establishes broad parameters for this company without inhibiting proper commercial management.

Key performance targets

Operational

EcoSort - Residual waste.

2016 Target

9% of total waste received.

2016 Actual

10.34%.

Eco Drop – Recovered tonnes for resale.

7,000 tonnes.

8,086 tonnes.

EcoShop – number of customer sales.

160,000 per annum.

141,996 per annum.

Lost Time injuries per 200,000 hours worked

<10.

7.19.

Financial summary

Statement of financial performance for the year ended 30 June 2016

|                                       | 2016 Actual \$000 | 2015 Actual \$000 |
|---------------------------------------|-------------------|-------------------|
| Operating revenue                     | 37,634            | 38,905            |
| Operating and other expenses          | 35,573            | 36,017            |
| <b>Operating profit (loss)</b>        | <b>2,061</b>      | <b>2,888</b>      |
| Tax expense (benefit)                 | 473               | 919               |
| <b>Net profit (loss) for the year</b> | <b>1,588</b>      | <b>1,969</b>      |

Operating Revenue has reduced by \$1.3 million as the post-earthquake activity begins to diminish. In addition a dramatic drop in plastic prices has had a negative impact, fortunately offset to a degree by effective foreign exchange trading.

The positive net profit after tax position has allowed a further reduction in the company's debt level.

EcoCentral paid a dividend of \$250,000 in 2016.

## Group structure and Council Controlled Organisations

## Red Bus Ltd

[www.redbus.co.nz](http://www.redbus.co.nz)

Red Bus is a CCTO, 100 per cent owned by the Council through CCHL. Red Bus operates a large passenger transport business serving Canterbury and the South Island.

It specialises in passenger transport and ancillary services, via urban public passenger transport (predominantly operated under contract to Ecan), and travel and tour operator services.

**Nature and scope of activities**

Red Bus provides scheduled urban public passenger transport services in Christchurch. The Company also delivers a broad base of charter and coach services and operates some commercial urban services.

**Key performance targets****Objective and Strategy**

|   | <b>2016<br/>Target</b>                                 | <b>2016<br/>Actual</b> |
|---|--|------------------------|
| Number of urban passengers.   | At least 3.5 million.                                  | 3.8 million.           |
| Percentage of service trips starting on time.                             | At least 97%.  | 98%.                   |
| Percentage of bus fleet with Euro 2 or higher emission compliant engines. | 85%.   | 94%.                   |
| Lost time injury (LTI) experience (per million worked hours)              | Fewer than 15 LTIs.                                    | 28.                    |
| Customer service (urban)  | Achieve at least 82% in annual mystery shopper survey. | 86%.                   |

**Highlights**

A key highlight for the year was the introduction of a Mercedes mid-sized urban bus onto one of the existing urban routes. The smaller bus provides an effective way to match customer demand and reduce costs. Following the success of the trial a further seven will be added to the fleet in 2016.

**Financial summary****Statement of financial performance for the year ended 30 June 2016**

|   | <b>2016<br/>Actual<br/>\$000</b> | <b>2015<br/>Actual<br/>\$000</b> |
|---|----------------------------------|----------------------------------|
| Operating revenue                         | 19,105                           | 18,291                           |
| Operating and other expenses              | 18,973                           | 18,266                           |
| <b>Operating (loss) profit before tax</b> | <b>132</b>                       | <b>25</b>                        |
| Tax (benefit)                             | 39                               | 7                                |
| <b>Net (loss) profit for the year</b>     | <b>93</b>                        | <b>18</b>                        |

Red Bus made an after tax profit of \$93,000 from urban passenger services in Canterbury. Revenue increased by almost \$1 million in 2016 as a result of strong growth from Red Travel (coach services), depot leasing and ECan school contracts from January 2016.

Overall profit was \$2.4 million as a result of a property revaluation gain of \$2.3 million.

Red Bus paid a dividend of \$1.35 million in 2016.

Group structure and Council Controlled Organisations  
 Development Christchurch Ltd  
[www.dcl.org.nz](http://www.dcl.org.nz)



DCL is a CCTO, 100 per cent owned by the Council through CCHL.

**Nature and scope of activities**

DCL was established in July 2015 to provide the Council with the increased strategic capacity that arises from its commercial focus and commitment to engage effectively with the developers, investors, businesses and other stakeholders.

During 2016 DCL were charged with providing three key services to the Council:

- Development management services.
- Investor relations.
- Strategic Advice.

**Key performance targets**

**2016**

**Target**

Appointment of Chief Executive.

Adoption of plans and strategies that are consistent with the Council's requirements for CCTOs.

Develop a commercial strategy to support the implementation plan for New Brighton's commercial core.

Submit a development agreement for Peterborough Quarter to Council.

Deliver commercial advice around the Lichfield St car park.

Priority projects included:

- Development of commercial strategy for revitalisation of New Brighton commercial core.
- Lead a Development Management process that seeks a development partner for Council land in the Peterborough Quarter.
- Commercial advice on delivery options for Lichfield Street car park.
- Work with Council and CDC in developing an "Investor Ready City".

**Policies and objectives relating to ownership and control**

The Council, through CCHL, is the sole shareholder of DCL. Through the negotiation of an annual SOI, the Council establishes broad parameters for the company's operations without inhibiting proper commercial management.

**2016**

**Actual**

Achieved, with commencement date 30 May 2016.

Achieved.

DCL continues to advance the Promenade feasibility project and New Brighton legacy project. DCL is developing a High Level Implementation Plan which will drive DCL's activities around New Brighton.

An MOU is being developed between DCL and the preferred purchaser. Development agreement is scheduled for completion December 2016.

Achieved.

**Financial summary**

**Statement of financial performance for the year ended 30 June 2016**

|                                    | <b>2016</b>    | <b>2015</b>   |
|------------------------------------|----------------|---------------|
|                                    | <b>Actual</b>  | <b>Actual</b> |
|                                    | <b>\$000</b>   | <b>\$000</b>  |
| Operating revenue                  | 280            | -             |
| Operating and other expenses       | 1,509          | -             |
| <b>Operating (loss) before tax</b> | <b>(1,229)</b> | <b>-</b>      |
| Tax (benefit)                      | -              | -             |
| <b>Net (loss) for the year</b>     | <b>(1,229)</b> | <b>-</b>      |

In the first year of operation, DCL was provided with operating funding of \$280,000 by the Council for services in relation to the New Brighton Master Plan implementation.

During the year DCL invested \$2 million into the Christchurch Adventure Park project for Council.

## Group structure and Council Controlled Organisations

## Vbase Ltd

[www.vbase.co.nz](http://www.vbase.co.nz)

Vbase is a 100 per cent owned CCTO subsidiary of the Council operating under direct Council governance and management.

The 2010/11 earthquakes led to the loss of several key entertainment venues owned by Vbase — Lancaster Park (formerly AMI Stadium), Christchurch Town Hall and the Christchurch Convention Centre. The insurance claims for these assets have been settled and a business plan is being developed to return Vbase to a viable and sustainable trading entity.

## Nature and scope of activities

While the earthquakes have led to the demolition and or closure of all Vbase owned venues except Horncastle Arena, the company has secured various management agreements to operate alternative/temporary sporting, event space and convention venues.

## Key performance targets

## Objective and Strategy

High utilisation of Horncastle Arena.

Attract events at AMI Stadium outside of the standard Super 15 and provincial rugby features.

Secure events that will encourage high usage of the venues.  
Facilitate access to the venues for local community and charitable organisations.  
Continue to improve health and safety processes.

## 2016

## Target

At least 90 events are delivered at Horncastle Arena.

At least 1 major event is delivered at AMI Stadium.

Visitors to venues exceed 400,000.

Total venue discounts equal \$300,000.

Annual health and safety audit completed.

## 2016

## Actual

Target not achieved.

81 events were delivered during the year. There were events held at the venue during the year that held multiple showings over a consecutive number of days. These multiple shows are classified as a single event for this measure.

Target exceeded. A Wellington Phoenix v Central Coast Mariners A League game held in January and a Penrith Panthers v Warriors NRL game was held during May. 638,203.

\$353,795 in discounts provided.

Target achieved. Full venue health and safety audit is complete and a new health and safety manual has been published.

## Financial summary

## Statement of financial performance for the year ended 30 June 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 27,400                  | 28,397                  |
| Operating and other expenses       | 85,972                  | 57,490                  |
| <b>Operating (loss) before tax</b> | <b>(58,572)</b>         | <b>(29,093)</b>         |
| Tax (benefit) expense              | (21,755)                | (1,091)                 |
| <b>Net (loss) for the period</b>   | <b>(36,817)</b>         | <b>(28,002)</b>         |

Revenue has decreased \$1 million from 2015. This is principally due to the Cricket World Cup in 2015 which significantly increased revenues. 2016 revenue includes \$2.8 million in business interruption insurance that was received during the year as part of the insurance settlement.

Operating and other expenses have increased \$25.5 million from 2015. 2016 expenses include a \$38.6 million property, plant and equipment impairment charge (2015: \$3.3 million) and a \$16.3 million expense adjustment resulting from the final settlement of the material damage insurance claim during the year.

2015 expenses includes a \$23.1 million fair value adjustment which was calculated on the material damage insurance receivable that was held on the statement of financial position at 30 June 2015.

The main contributing items to the significant increase in tax benefit is the tax impact on the property, plant and equipment impairment in addition to the tax impact resulting from the final settlement of the material damage insurance claim.

## Group structure and Council Controlled Organisations Civic Building Ltd

CBL is a CCTO, 100 per cent owned by the Council.

### Nature and scope of activities

CBL owns a 50 per cent interest of the Christchurch Civic Building Joint Venture with Ngāi Tahu Property (CCC-JV) Limited. The joint venture owns the civic building in Hereford Street.

### Key performance targets

|   | 2016<br>Target   | 2016<br>Actual                                   |
|---|--|--|
| Meet the financial targets contained within the SOI.  | Budgeted key performance indicators are met or exceeded.   | All performance indicators were met or exceeded. |
| Manage the investment in a commercially astute and prudent manner.  | Ensure the civic building is managed in accordance with the management agreement.                  | Achieved.  |
| The civic building was designed to achieve a high standard in terms of environmental and energy sustainability. | Ensure the civic building operates in a manner that preserves 6 Green Star accreditation features. | Achieved.  |

### Policies and objectives relating to ownership and control

Through a SOI, the Council established broad parameters around the design and refurbishment milestones, and management of the financial targets.

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                    | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|------------------------------------|-------------------------|-------------------------|
| Operating revenue                  | 4,869                   | 4,952                   |
| Operating and other expenses       | 6,100                   | 6,399                   |
| <b>Operating (loss) before tax</b> | <b>(1,231)</b>          | <b>(1,447)</b>          |
| Tax (benefit)                      | (345)                   | (279)                   |
| <b>Net (loss) for the year</b>     | <b>(886)</b>            | <b>(1,168)</b>          |

The net loss after tax is \$282,000 lower in 2016 than 2015 primarily as a result of a one-off loss of \$255,000 on revaluation of land in 2015. The land was revalued in 2016 and the value was unchanged.

## Group structure and Council Controlled Organisations Tuam Ltd

Tuam is a CCTO, 100 per cent owned by the Council.

### Nature and scope of activities

Tuam Ltd formerly owned the old civic building and related Tuam Street properties which were sold to the Crown in 2014. Tuam is now reviewing its long term strategies which will be consistent with Council's strategies and plans.

### Policies and objectives relating to ownership and control

Through an SOI, the Council established broad parameters reflecting the public nature of this company without inhibiting commercial management. To continue to do this the Council maintains a controlling interest in this company.

### Key performance targets

|  | <b>2016<br/>Target</b>   | <b>2016<br/>Actual</b>  |
|--|--|---|
| The company will distribute capital to Council.                          | The company will maximise its capital distribution to Council.     | Not achieved. No dividends or returns of capital took place. A dividend was paid on 29 July 2016. |
| The company meets all relevant legislative and contractual requirements. | No breach of legislative or contractual requirements are recorded. | Achieved.   |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|   | <b>2016<br/>Actual<br/>\$000</b> | <b>2015<br/>Actual<br/>\$000</b> |
|---|----------------------------------|----------------------------------|
| Operating revenue                         | 27,315                           | (203)                            |
| Operating and other expenses              | 133                              | 108                              |
| <b>Operating profit/(loss) before tax</b> | <b>27,182</b>                    | <b>(311)</b>                     |
| Tax expense/(benefit)                     | 154                              | (7)                              |
| <b>Net profit for the year</b>            | <b>27,028</b>                    | <b>(304)</b>                     |

Revenue in 2016 reflects the receipt of \$26.6 million of material damage insurance recoveries for its previously owned buildings.

Tuam paid a dividend of \$46 million to Council on 29 July 2016.

## Group structure and Council Controlled Organisations Canterbury Development Corporation Holdings Ltd

[www.cdc.org.nz](http://www.cdc.org.nz)

CDCH is 100 per cent owned by Council. It acts as the holding company for the Council's investment in the Canterbury Development Corporation (CDC). CDCH owns 100 per cent of the shares in CDC.

### Subsidiary and associate entities

CDC operates to drive prosperity in Christchurch through sustainable economic growth and innovation. As part of delivering against its service targets CDC is the sole shareholder of CRIS Limited (CRIS) which holds the assets and long term contractual arrangements for innovation assets in the region. New Zealand Food Innovation (SI) Limited is a joint venture between CRIS and Callaghan Innovation and forms part of a national network that attracts significant external funding.

CDC is also a joint venture partner with the Canterbury Employers' Chamber of Commerce in Canterbury Regional Business Partner Limited, a regional vehicle funded by the MBIE to drive increased capability in the small to medium entity sector.

### Key Performance Targets

| Outcome   | Activity   | 2016 Target | 2016 Actual  |
|---|--|-------------|--|
| Influence the rebuild and environment for economic growth in Christchurch | CEDS is re-endorsed by Council and key partner agencies as the guiding document for all economic development activity in Christchurch. | Achieved    | In progress. Draft strategic framework complete. Scheduled for endorsement by Council post-election. |
|   | Information is published on economic updates and key economic development achievements.  | 6 articles  | Achieved.  |
| Support businesses to accelerate their growth                             | Local businesses receive targeted support  | 250         | 293  |

### Financial Summary

#### Statement of financial performance for the year ended 30 June 2016

|   | 2016 Actual<br>\$000 | 2015 Actual<br>\$000 |
|---|----------------------|----------------------|
| Operating revenue                         | 7,286                | 7,330                |
| Operating and other expenses              | 7,398                | 7,186                |
| <b>Operating (loss)/profit before tax</b> | (112)                | 144                  |
| Tax expense                               | (47)                 | (24)                 |
| <b>Net (loss)/profit for the year</b>     | <b>(65)</b>          | <b>168</b>           |

### Nature and scope of activities

- Economic development leadership for Christchurch.
- Maintains Centres of Expertise in economic research, workforce and infrastructure.
- Initiates and/or implements priority economic development projects identified by the Christchurch Economic Development Strategy (CEDS).
- Leads the Regional Innovation System.
- Facilitates the development of cross cutting economic enablers to achieve national and local government growth agendas.
- CDC works to optimise the long term benefits of the significant investment in the central city rebuild.

### Policies and objectives relating to ownership and control

The Council is the sole shareholder of CDCH. CDCH has an important role in the city by being responsible for the development and stewardship of the CEDS. Through the negotiation of an annual SOI, the Council establishes broad parameters for CDCH without inhibiting proper commercial management.

Net profit after tax has reduced by \$233,000 to a loss of \$65,000.

The reduction in profitability was largely due to depreciation charges (\$100k), incurred during the year. Revenue was recognised in 2015 to cover these costs.



## Group structure and Council Controlled Organisations

## Riccarton Bush Trust

[www.riccartonhouse.co.nz](http://www.riccartonhouse.co.nz)

Riccarton Bush Trust manages a 6.4 hectare native bush remnant gifted to the people of Canterbury in 1914. The Trust manages Riccarton House and its 5.4 hectares of grounds including Deans Cottage, the first house built on the Canterbury Plains.

Incorporated under a 1914 Act of Parliament, a series of amendments, the most recent being the Riccarton Bush Amendment Act 2012 give the Riccarton Bush Trust the power to negotiate with the Council for funding which contributes towards the maintenance and

operation of Riccarton Bush, Riccarton House and its grounds. The Council appoints five of the eight members on the Trust Board.

### Nature and scope of activities

The Trust maintains and operates Riccarton Bush, Riccarton House and its grounds.

### Key performance targets

| Performance measures  | Target 2016   | Actual 2016   |
|---|---|---|
| Management Plan for Riccarton House and Bush as required by the 2012 amendment to the Riccarton Bush Act.   | Final Management Plan adopted by the Board by March 2016 following public consultation commencing in May 2015.  | Target achieved, the final management plan was adopted by the Board on 2 December 2015.   |
| Oversee earthquake repairs to Deans Cottage and the Ranger's House.   | Continue repairs to Deans Cottage Chimney with work completed by December 2015.<br><br>Subject to EQ Insurance payouts, manage the repair/replacement process to the Rangers House by June 2016 | Not achieved. Repair work on Deans Cottage chimney was completed in April 2016.<br><br>Target not achieved. The Trust received the material damage insurance settlement in respect of the Ranger's House in May 2016 and the Ranger's House Working Party is currently investigating rebuild options. |
| Review catering licence outcomes mid-term.  | Catering licence reviewed by December 2015.   | Target achieved.  |
| That the Trust use its best endeavours to work with the Council to facilitate the implementation of the agreed Uni Cycle Route through the Riccarton Bush site. | Uni Cycle Route through the Riccarton Bush site, implemented fully by June 2016.  | Target not achieved. A Memorandum of Understanding between the Trust and the Council was signed on 8 July 2015.<br><br>The initial design was rejected due to heritage issues over the proposed Cycleway Route.   |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|   | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|---|-------------------------|-------------------------|
| Operating revenue                         | 783                     | 582                     |
| Operating and other expenses              | 691                     | 613                     |
| <b>Operating profit/(loss) before tax</b> | <b>92</b>               | <b>(31)</b>             |
| <b>Net profit/(loss) for the year</b>     | <b>92</b>               | <b>(31)</b>             |

The increase in revenue of \$200,000 in 2016 is due to material damage insurance recoveries (\$180,000), additional grant and donation funding (\$24,000) and an increase in revenue from operations (\$12,000) offset by a reduction in employee subsidies from WINZ (\$16,000).

Expenditure increased by \$78,000, most of which was for earthquake repairs (\$109,000) and increased maintenance and operating costs (\$27,000) offset by reduced employee costs (19,000), a decrease in depreciation and impairment (\$39,000).

## Group structure and Council Controlled Organisations The World Buskers' Festival Trust

[www.worldbuskersfestival.com](http://www.worldbuskersfestival.com)

The World Buskers' Festival Trust is a charitable trust established by the Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

### Nature and scope of activities

The Trust is established for charitable objectives that include the following:

- Holding an annual buskers festival in Christchurch.
- Fostering the growth of street theatre as a performing art in New Zealand.

### Key performance targets

|                        | <b>2016<br/>Target</b>  | <b>2016<br/>Actual</b>   |
|------------------------|---|--|
| Visitor attendance.    | Attract at least 250,000 visits.  | Not achieved. 150,000 visits. Busker Park was closed due to rain for five days including the first weekend which had a significant impact on visitor numbers.                  |
| Customer satisfaction. | 90% of visitors are satisfied with the festival;<br>90% of visitors would return to the festival;                               | Independent research is completed on a three year cycle. The next survey will be at the 2018 festival. The last measure of visitor satisfaction was 96 % at the 2015 festival. |
| Staffing               | 100% of staff complete health and safety and customer service training.   | Achieved.  |
| Festival development.  | To develop festival to complement and evolve with CCC events strategy with the view of developing WBF into an iconic CCC event. | Achieved. Festival has been designed to engage a significant portion of the Christchurch population and to complement other events and activities throughout the city.         |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                       | <b>2016<br/>Actual<br/>\$000</b> | <b>2015<br/>Actual<br/>\$000</b> |
|---------------------------------------|----------------------------------|----------------------------------|
| Operating revenue                     | 1,160                            | 1,180                            |
| Operating and other expenses          | 1,275                            | 1,131                            |
| <b>Operating (loss)/profit</b>        | <b>(115)</b>                     | <b>49</b>                        |
| <b>Net (loss)/profit for the year</b> | <b>(115)</b>                     | <b>49</b>                        |

WBFT made a loss of \$115,000 in 2016 as a result of poor weather over the first week of the January 2016 Festival. This had a negative impact on demand for ticketed shows in the evenings.

Expenses increased mostly due to the need to provide venues in Hagley Park for many of the evening shows as the Christ's College venues were no longer available.

## Group structure and Council Controlled Organisations

## Rod Donald Banks Peninsula Trust

[www.rodtonaldtrust.co.nz](http://www.rodtonaldtrust.co.nz)

The Rod Donald Banks Peninsula Trust is a charitable trust created by the Council in July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region. The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pātaka o Rākaihautū – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula.

## Nature and scope of activities

The Trust recognises the community as being of critical importance to the achievement of its charitable objects and focuses its efforts on engaging with groups and projects which have similar aims. The Trust acts as a facilitator, conduit and connector to assist these groups and projects in the pursuit of their common goals. The Trust's hallmark is entrepreneurship and practical achievement, values important to Rod Donald, and it uses its funds to assist individual groups and projects to achieve goals that they cannot otherwise achieve on their own.

## Key performance targets

## 2016 Target

## 2016 Actual

Inform the public and relevant interest groups about on-going activities and progress of the Trust

Send a newsletter at least once per year to people who have registered on the Trust website.

Achieved.

The Trust uses a number of options to keep the public informed including its website, a new Facebook page, Storehouse Stories (annual newsletter) and one-off media articles.

Provide tangible support for the key projects and leadership building the Access pillar

Enable public walking and cycling access to support the objectives of the Trust's Walking strategy through continual review of potentially strategic property to secure long term public access – both on existing tracks and new projects emerging from the community.

Achieved.

Properties under review supported the Te Ara Pātaka and Purple Peak Curry Reserve projects.

Progress the Te Ara Pātaka project (formerly called Spine of the Lizard) according to Phase 1 project plan.

Achieved.

Trust work has prioritised the health and safety needs of recreational users through taking a lead role and supporting the Department of Conservation.

## Financial summary

## Statement of financial performance for the year ended 30 June 2016

|                                       | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|---------------------------------------|-------------------------|-------------------------|
| Operating revenue                     | 175                     | 142                     |
| Operating and other expenses          | 281                     | 355                     |
| <b>Operating (loss) profit</b>        | <b>(106)</b>            | <b>(213)</b>            |
| <b>Net (loss) profit for the year</b> | <b>(106)</b>            | <b>(213)</b>            |

New expenditure was incurred in 2016 of \$93,000 for strategic operational projects and \$6,000 for the development of walking products (maps and brochures).

Operating revenue increased by \$33,000 from 2015. This was largely due to track work on Te Ara Pātaka (formerly called Spine of the Lizard) that was unexpectedly funded by third parties. A decrease in interest income (as capital is expended) of \$8,000 has been offset with an increase in sales revenue of the same amount (hut usage and walking products).

Expenses were lower in 2016 by \$107,000. The main contributors to this decrease were related to timing differences – offsetting the increase in operating costs from 2015 over 2014 of \$198,000.

## Group structure and Council Controlled Organisations Christchurch Agency for Energy Trust



CAfE is a charitable trust established by the Council on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

### Nature and scope of activities

In order to pursue its charitable objects CAfE has committed to support the uptake of renewable energy and enhanced energy-efficiency in rebuild projects.

It is currently providing the Christchurch Energy Grant Scheme, which aligns with the Climate Smart and Sustainable Energy Strategies of Council. The scheme provides a grant for plant purchase and installation for renewable energy initiatives, district energy scheme and energy efficiency measures that go well beyond the building code minimum in new and/or renovated buildings. To be eligible projects must be located in the Central City and have a combined floor area greater than 1,000m<sup>2</sup>.

### Key performance targets

|                                    | <b>2016 Target</b>   | <b>2016 Actual</b>   |
|------------------------------------|--|--|
| Christchurch Energy Grants Scheme. | Allocation of the remaining balance of incentive grants for initiatives within the central city through the Christchurch Energy Grants Scheme. | Not achieved. At 30 June, there is a balance of \$753,200 unallocated. |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                | <b>2016<br/>Actual<br/>\$000</b> | <b>2015<br/>Actual<br/>\$000</b> |
|--------------------------------|----------------------------------|----------------------------------|
| Operating revenue              | 56                               | 490                              |
| Operating and other expenses   | 16                               | 61                               |
| <b>Operating profit</b>        | <b>40</b>                        | <b>429</b>                       |
| <b>Net profit for the year</b> | <b>40</b>                        | <b>429</b>                       |

The significant reduction in net profit from 2015 is due to the cessation of funding from the Council and the Trust's appointer organisations ceasing in 2015. Activity is now limited to the administration and distribution of grant monies held.

## Group structure and Council Controlled Organisations Transwaste Canterbury Ltd



Transwaste was incorporated in March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. The landfill was opened in June 2005. Transwaste is a joint venture between local authorities in the region and Waste Management NZ Limited, with Council owning 38.9 per cent.

### Nature and scope of activities

Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities.

Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents.

### Key performance targets

|   | <b>2016<br/>Target</b>   | <b>2016<br/>Actual</b> |
|---|--|------------------------|
| No proven breaches of Resource Management Act consents. | Nil established consent breaches.  | Achieved.              |
| Reliability of access to the Kate Valley landfill.      | Landfill is available to waste transporters for more than 99% of normal annual transport access hours.           | Achieved.              |
| Reliability of access to the BRRP facilities.           | BRRP is available to demolition contract transporters for more than 99% of normal annual transport access hours. | Achieved.              |

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                    | <b>2016<br/>Actual<br/>\$000</b> | <b>2015<br/>Actual<br/>\$000</b> |
|------------------------------------|----------------------------------|----------------------------------|
| Operating revenue                  | 57,099                           | 70,596                           |
| Operating and other expenses       | 33,907                           | 34,346                           |
| <b>Operating profit before tax</b> | <b>23,192</b>                    | <b>36,250</b>                    |
| Tax expense                        | 6,494                            | 10,150                           |
| <b>Net profit for the year</b>     | <b>16,698</b>                    | <b>26,100</b>                    |

Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost effective.

### Policies and objectives relating to ownership and control

It is critical that waste management achieves not only commercial requirements, but also wider social and economic objectives. Therefore Council has a policy of maintaining, together with other local authorities in the region, an equal interest in residual waste disposal activities.

Net profit after tax decreased by \$9.4 million in 2016. Reduced levels of waste were received by both the Kate Valley landfill and the BRRP facilities. In addition, processing at BRRP was suspended for eight months following a fire in the wood stockpile in August 2015. Together these factors led to \$13 million lower revenue.

Although there is a sizeable reduction in revenue, expenses in 2016 are of a similar quantum to expenses in 2015 due to the largely fixed nature of operating costs over the short term.

Offsetting the reduction in revenue is a lower tax expense of \$3.6 million.

## Group structure and Council Controlled Organisations Gardens Event Trust

The Gardens Event Trust is a Charitable Trust established by the Council on 18 December 2008. The primary purpose of the Trust is to raise the community's awareness of the benefits of good horticultural, floricultural and landscape construction and design practices and encourage active participation in these practices across all cultures and age groups.

The Trust has been dormant since 2014 and has no retained earnings.

### Nature and scope of activities:

In order to pursue its Charitable Objects the Trust focuses on the following activities:

- Fostering, promoting and increasing the knowledge of the public as to horticulture, floriculture, landscape construction, landscape design and cuisine.
- Providing support for schools of learning and establishing scholarships and prizes in areas of horticulture, floriculture, landscape design and construction.
- Promoting gardening as a leisure activity across all cultures, genders and age groups in New Zealand.
- Promoting and maintaining the health and safety of the public or any section of the public.

### Financial summary

#### Statement of financial performance for the year ended 30 June 2016

|                                       | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|---------------------------------------|-------------------------|-------------------------|
| Operating revenue                     | -                       | -                       |
| Operating and other expenses          | -                       | -                       |
| <b>Operating profit (loss)</b>        | <b>-</b>                | <b>-</b>                |
| <b>Net profit (loss) for the year</b> | <b>-</b>                | <b>-</b>                |

## Group structure and Council Controlled Organisations

### Central Plains Water Trust

[www.cpw.org.nz](http://www.cpw.org.nz)



The Central Plains Water Trust (CPWT) was established by the Christchurch City and Selwyn District Councils (the Settlers) to facilitate sustainable development of central Canterbury's water resource.

Resource consents were issued by the Environment Court on 25 July 2012 which allow water to be taken from the Rakaia and Waimakariri rivers for the Central Plains Water Enhancement Scheme operated by Central Plains Water Limited (CPWL).

In April 2014 the construction of Stage 1 of the scheme commenced.

#### Nature and scope of activities

To seek resource consents for the proposed Canterbury Plains Water Enhancement Scheme (now finalised and issued), and to hold these consents for the use of Central Plains Water Limited.

CPWT is actively involved in assisting with stage 1 of the Scheme, undertakes monitoring of CPWL's activities to ensure compliance with the resource consent conditions, operates a public complaints procedure, and administer the Environmental Management Fund that receives annual contributions from CPWL.

#### Policies and objectives relating to ownership and control

The Council recognises a major regional economic benefit in managing the water resource in the central Canterbury Plains, including significant employment creation. The Council, as a 50 per cent Settlor of the CPWT, hopes to mitigate the adverse effects of any proposed scheme on its own water supply.

#### Key performance targets

##### 2016 Target

Develop methods to effectively monitor the performance of CPWL in constructing, commissioning and operating the Scheme, and communicate the results to the public.

To consult, and develop scheme recreational opportunities for the headrace canal and its margins and establish and support the Environmental Management Fund (EMF).

To establish and support the Community Liaison Group in its ongoing functions.

##### 2016 Actual

Achieved.

Plans for the use of the headrace canal and its margin for recreational use have been investigated during the year.

Two EMFs are included in the resource consent conditions, as a result of the settlement agreement with Ngāi Tahu. The Trust established a committee required for the wider area, which decides how the Fund is spent.

Achieved.

#### Financial summary

##### Statement of financial performance for the year ended 30 June 2016

|   | 2016<br>Actual<br>\$000 | 2015<br>Actual<br>\$000 |
|---|-------------------------|-------------------------|
| Operating revenue                         | 56                      | 53                      |
| Operating and other expenses              | 56                      | 53                      |
| <b>Operating profit (loss) before tax</b> | -                       | -                       |
| Tax expense (benefit)                     | -                       | -                       |
| <b>Net profit (loss) for the year</b>     | -                       | -                       |

Both revenue and expenses are slightly increased from 2015. The main contributor of these movements was an increase in legal expenses. The costs are fully funded by CPWL and consequently there is no impact on CPWT's net financial position.

## Group structure and Council Controlled Organisations Canterbury Economic Development Co. Ltd

Canterbury Economic Development Co. Ltd (CED Co) was formed in October 2008 by the ten Canterbury local and regional authorities. The core purpose and mission of the company is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to co-ordinate strategic economic development initiatives.

### Nature and scope of activities

CED Co will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury. Its objectives are to:

- Receive, review and select the most appropriate projects for funding application for the Regional Strategy Fund.
- Act as the clearing house of correspondence between projects and the Ministry of Economic Development (MED) and New Zealand Trade and Enterprise (NZTE).

- Provide feedback regarding project proposals.
- Communicate shifts and changes in MED/NZTE policy to the regional economic development role players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Drive the review of the CREDS.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

CED Co remained dormant throughout the financial year to 30 June 2016. Participating councils have been formally asked to provide their opinions on how best to use the company going forward. In addition discussions will be held at upcoming council Chief Executives' forums on the possibility of utilising the company as a possible shared service mechanism for the Canterbury area.



# Monitoring

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This section contains information about the Council's reserve and trust funds including the capital endowment fund and includes a directors listing for subsidiary companies.

## Monitoring Reserves and Trust Funds

The Council maintains a number of special reserves and trust funds which have a specific purpose.

The table below shows the movement in the funds for the year to 30 June 2016:

| Reserve                                 | Activities to which the reserve relates to  | Balance<br>1 July 2015<br>\$000 | Transfers<br>into fund<br>\$000 | Transfers<br>out of fund<br>\$000 | Balance<br>30 June 2016<br>\$000 |
|---|---|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| <b>Trusts and bequests</b>              |   |                                 |                                 |                                   |                                  |
| ChCh Earthquake Mayoral Relief Fund     | Bequests made for Mayoral Earthquake Relief Fund.   | 724                             | 14                              | (410)                             | 328                              |
| Housing Trusts & bequests               | Bequests made for the provision of social housing.  | 433                             | 9                               | (351)                             | 91                               |
| Cemetery bequests                       | Various bequests made for the maintenance of cemeteries.  | 64                              | 2                               | -                                 | 66                               |
| CS Thomas Trust - Mona Vale             | Funds set aside for restoration work at Mona Vale.  | 36                              | 1                               | -                                 | 37                               |
| Woolston Park Amateur Swim Club (WPASC) | Scholarship programme including an Annual Talented Swimmer Scholarship and an Annual Potential Swimmer Scholarship utilising the former Woolston Park Amateur Swimming Club monies gifted to the Council. | 22                              | 1                               | (5)                               | 18                               |
| Parklands Tennis Club                   | Residual funds passed to the Council from the windup of the Parklands Tennis Club.  | 19                              | -                               | -                                 | 19                               |
| 19th Battalion Bequest                  | Funds passed to the Council by the 19th Battalion and Armoured Regiment to help fund the maintenance of the 19th Battalion and Armoured Regiment Memorial area.   | 7                               | 9                               | -                                 | 16                               |
| Yaldhurst Hall Crawford Memorial        | Funds left by Mr Crawford for capital improvements to the Hall.   | 10                              | -                               | -                                 | 10                               |
| Sign of Kiwi Restoration Fund           | Funds set aside for restoration work at the Sign of the Kiwi.   | 4                               | -                               | -                                 | 4                                |
| Fendalton Library Equipment Bequest     | Bequest made to fund equipment at the Fendalton Library.  | 3                               | -                               | -                                 | 3                                |
| Art Gallery Trusts & Bequests           | Bill Sutton expressed a desire that any proceeds and benefits from any copyright fees that might be charged and accrued be utilised for the acquisition and advancement of Canterbury Art.                | 1                               | -                               | -                                 | 1                                |
| Mayor's Welfare Fund                    | Bequests made for Mayor's Welfare Fund intended to provide assistance to families and individuals in the community who are in extreme financial distress.   | 1,009                           | -                               | (125)                             | 884                              |
|   |   | 2,332                           | 36                              | (891)                             | 1,477                            |

| Reserve   | Activities to which the reserve relates to  | Balance<br>1 July 2015<br>\$000 | Transfers<br>into fund<br>\$000 | Transfers<br>out of fund<br>\$000 | Balance<br>30 June 2016<br>\$000 |
|---|---|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| <b>Special Funds &amp; Reserves</b>                           |   |                                 |                                 |                                   |                                  |
| Capital Endowment Fund  | An inflation protected fund that generates an ongoing income stream which is applied to economic development and civic and community projects.  | 101,132                         | 4,394                           | (4,380)                           | 101,146                          |
| Capital Endowment Fund 2                                      | Invested in the Endeavour I-Cap Fund to fulfil the requirements of the main Capital Endowment fund that a proportion of that fund be invested locally.  | 1,090                           | 1,645                           | (60)                              | 2,675                            |
| Housing Development Fund                                      | A fund used for funding the Council's Social Housing activity.  | 47,964                          | 3,516                           | (8,997)                           | 42,483                           |
| Wairewa Reserve 3185  | To enable drainage works relative to Lake Forsyth.  | 299                             | 8                               | -                                 | 307                              |
| Wairewa Reserve 3586  | To enable letting out Lake Forsyth into the sea in times of flood.  | 88                              | 56                              | (43)                              | 101                              |
| Development & Financial Contributions - Reserves              | Development and financial contributions held for growth related capital expenditure.  | 10,741                          | 4,445                           | (1,136)                           | 14,050                           |
| Development & Financial Contributions - Leisure               | Development and financial contributions held for growth related capital expenditure.  | -                               | 530                             | (530)                             | -                                |
| Development & Financial Contributions - Rooding               | Development and financial contributions held for growth related capital expenditure.  | 24                              | 4,934                           | (4,441)                           | 517                              |
| Development & Financial Contributions - Water supply          | Development and financial contributions held for capital expenditure.   | -                               | 4,153                           | (4,153)                           | -                                |
| Development & Financial Contributions - Waste water           | Development and financial contributions held for capital expenditure.   | -                               | 12,405                          | (12,405)                          | -                                |
| Development & Financial Contributions - Storm water           | Development and financial contributions held for capital expenditure.   | 2,325                           | 2,309                           | (452)                             | 4,182                            |
| Development & Financial Contributions - Libraries             | Development and financial contributions held for capital expenditure.   | 368                             | 269                             | (269)                             | 368                              |
| Development & Financial Contributions - Cemeteries            | Development and financial contributions held for capital expenditure.   | -                               | 26                              | (25)                              | 1                                |
| Development & Financial Contributions - Flood Protection Fund | Development and financial contributions held for capital expenditure.   | -                               | 253                             | -                                 | 253                              |
| Historic Buildings Fund                                       | To provide for the purchase by Council of listed heritage buildings threatened with demolition, with the intention of reselling the building with a heritage covenant attached.                 | 1,189                           | 20                              | -                                 | 1,209                            |
| Community Loans Fund  | Fund used to help community organisations carry out capital projects by lending funds at low interest rates.  | 2,864                           | 55                              | -                                 | 2,919                            |
| Dog Control Account   | Statutory requirement to set aside any Dog Control surpluses.   | 952                             | 2,044                           | (2,888)                           | 108                              |
| Non Conforming Uses Fund                                      | To enable Council to purchase properties containing non-conforming uses causing nuisance to surrounding residential areas and inhibiting investment and redevelopment for residential purposes. | 1,722                           | 45                              | -                                 | 1,767                            |

| Reserve   | Activities to which the reserve relates to   | Balance<br>1 July 2015<br>\$000 | Transfers<br>into fund<br>\$000 | Transfers<br>out of fund<br>\$000 | Balance<br>30 June 2016<br>\$000 |
|---|--|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|
| <b>Special Funds &amp; Reserves (continued)</b> |  |                                 |                                 |                                   |                                  |
| Income Equalisation Fund                        | To hold funding for approved operational projects that have been delayed.  | -                               | -                               | -                                 | -                                |
| Conferences Bridging Loan Fund                  | To provide bridging finance to organisers to allow them to promote, market and prepare initial requirements for major events and conferences, repaid by first call on registrations. | 510                             | -                               | -                                 | 510                              |
| Cash in Lieu of parking                         | To hold contributions from property developers in lieu of providing parking spaces. Used to develop parking facilities.  | 591                             | 15                              | -                                 | 606                              |
| Loan Repayment Reserve                          | Fund used for facilitating repayment of rate funded loans.   | -                               | 23,716                          | (23,716)                          | -                                |
| Sandilands Contaminated Sites Remediation       | Fund used for remediation work at Social Housing sites.  | 254                             | -                               | -                                 | 254                              |
| Businesscare - Commercial Waste Minimisation    | Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.   | 68                              | -                               | -                                 | 68                               |
| Burwood Landfill Cell A Remediation             | Fund used for investments in initiatives that assist in the achievement of the Council's goal of zero waste to landfill by 2020.   | 209                             | 77                              | -                                 | 286                              |
| Bertelsman Prize                                | Fund for the provision of in-house training programmes for elected members and staff which have an emphasis on improving excellence within the Council.                              | 20                              | -                               | -                                 | 20                               |
| WD Community Awards Fund                        | To provide an annual income for assisting in the study, research, or skill development of residents of the former Waimairi District (within criteria related to the Award).          | 22                              | 1                               | -                                 | 23                               |
| Miscellaneous reserves                          | Minor or obsolete reserves.  | 30                              | -                               | -                                 | 30                               |
|   |  | 172,462                         | 64,916                          | (63,495)                          | 173,883                          |
| <b>TOTAL RESERVE FUNDS</b>                      |  | <b>174,794</b>                  | <b>64,952</b>                   | <b>(64,386)</b>                   | <b>175,360</b>                   |

## Monitoring The capital endowment fund

The Council established this fund to provide an ongoing income stream to be used for economic development and innovation, community, and environment projects.

during the year other than a small venture capital investment. This approach was consistent with the objectives outlined in Council's Investment Policy.

The investment objectives of the fund were met during 2015/16. All funds were held as cash investments

|  | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|
|  | <b>Actual</b>  | <b>Actual</b>  |
|  | <b>\$000</b>   | <b>\$000</b>   |
| <b>Fund capital at 1 July</b>                          | 100,171        | 100,101        |
| Plus inflation protection                              | 1,660          | 1,602          |
| Less distributed                                       | (1,108)        | (1,532)        |
| <b>Fund capital at 30 June</b>                         | <b>100,723</b> | <b>100,171</b> |
| <b>Unallocated funds at 1 July</b>                     | 961            | 4,806          |
| Plus income received by the fund                       | 4,394          | 5,061          |
| Less inflation protection to capital of the fund       | (1,660)        | (1,602)        |
| Less distributed                                       | (3,272)        | (7,304)        |
| <b>Unallocated income at 30 June</b>                   | <b>423</b>     | <b>961</b>     |
| <b>Total Capital Endowment Fund balance at 30 June</b> | <b>101,146</b> | <b>101,132</b> |
| <b>Distribution details</b>                            |                |                |
| <b>Capital distributions</b>                           |                |                |
| One off Community projects scheme                      | -              | 1,003          |
| Smart Cities and participatory democracy               | 235            | -              |
| Suburban Masterplans debt servicing                    | 873            | 529            |
|  | <b>1,108</b>   | <b>1,532</b>   |
| <b>Income distributions</b>                            |                |                |
| Economic development projects                          | 977            | 1,000          |
| Events and Festivals                                   | 870            | 1,585          |
| Marketing initiatives                                  | 977            | 1,000          |
| Community projects                                     | 448            | 3,719          |
|  | <b>3,272</b>   | <b>7,304</b>   |

## Monitoring Subsidiary and associate companies

Listed below are the trading enterprises in which the Council has an interest, together with the directors of the trading enterprises, for the period ended 30 June 2016.

### Christchurch City Holdings Ltd (100% owned)

|                             |                          |
|-----------------------------|--------------------------|
| Bruce Irvine                | Sarah Smith              |
| William (Bill) Dwyer        | Andrew Pearce            |
| Vicki Buck (Cr)             | Yani Johanson (Cr)       |
| Raf Manji (Cr) <sup>i</sup> | James (Jamie) Gough (Cr) |

### Enable Services Ltd (100% owned)

|                     |                  |
|---------------------|------------------|
| William (Bill) Luff | Mark Bowman      |
| Brett Gamble        | Charlotte Walshe |
| Owen Scott          | Chris Birkett    |

### Christchurch International Airport Ltd (75% owned)

|                 |                       |
|-----------------|-----------------------|
| David MacKenzie | Catherine Drayton     |
| André Lovatt    | Laura Palomino Forbes |
| Justin Murray   | Christopher Paulsen   |

### City Care Ltd (100% owned)

|             |                 |
|-------------|-----------------|
| Hugh Martyn | Margaret Devlin |
| Craig Price | Mark Todd       |
| Gary Leech  | Jen Rolfe       |

### Lyttelton Port Company Ltd (100% owned)

|                               |               |
|-------------------------------|---------------|
| Trevor Burt                   | Roderick Carr |
| William (Bill) Dwyer          | Brian Wood    |
| Karl Smith                    | Jim Quinn     |
| Grant Gilfillan <sup>ii</sup> |               |

### Orion New Zealand Ltd (89.3% owned)

|              |                    |
|--------------|--------------------|
| Jeremy Smith | Paul Munro         |
| Bob Simpson  | Dr Nicola Crauford |
| Geoff Vazey  | John Austin        |

### Red Bus Ltd (100% owned)

|                  |                      |
|------------------|----------------------|
| Paul Kieranowski | Tony Mountford       |
| Tim Keenan       | Robert (Bob) Lineham |

### Development Christchurch Ltd (100% owned)

|                                     |                             |
|-------------------------------------|-----------------------------|
| William (Bill) Dwyer <sup>iii</sup> | Dr Jane Gregg <sup>iv</sup> |
| Peter Houghton <sup>iv</sup>        | Fiona Mules <sup>iv</sup>   |
| Darren Wright <sup>iv</sup>         | Bruce Irvine <sup>v</sup>   |
| Robert (Bob) Lineham <sup>v</sup>   |                             |

### Canterbury Development Corporation Holdings Ltd (100% owned)

|                    |                                  |
|--------------------|----------------------------------|
| Garth Carnaby      | Peter Barrowclough <sup>vi</sup> |
| Grant Ryan         | Louise Edwards                   |
| Paul Lonsdale (Cr) | David East (Cr)                  |
| Andrew Turner (Cr) |                                  |

### Vbase Ltd (100% owned)

|                                 |   |
|---------------------------------|---|
| Tim Scandrett (Cr)              | James (Jamie) Gough (Cr) <sup>vii</sup> |
| Paul Lonsdale (Cr)              | Dr Karleen Edwards                      |
| Mary Richardson <sup>viii</sup> |   |

### Tuam Ltd (100% owned)

|                    |               |
|--------------------|---------------|
| Dr Karleen Edwards | Peter Gudsell |
|--------------------|---------------|

### Civic Building Ltd (100% owned)

|                          |                    |
|--------------------------|--------------------|
| James (Jamie) Gough (Cr) |                    |
| Paul Lonsdale (Cr)       | Tim Scandrett (Cr) |

### EcoCentral Ltd (100% owned)

|                            |                             |
|----------------------------|-----------------------------|
| David Kerr                 | Paul Anderson <sup>ix</sup> |
| Sarah Smith                | Gregory Campbell            |
| Sinead Horgan <sup>x</sup> |                             |

### Transwaste Canterbury Ltd (38.9% owned)

|                 |                 |
|-----------------|-----------------|
| W. Gill Cox     | Gareth James    |
| Thomas Nickels  | Robert McKenzie |
| Richard Davison | Ian Kennedy     |
| David East (Cr) | Trevor McIntyre |

<sup>i</sup> Resigned 11 January 2016

<sup>ii</sup> Appointed 3 February 2016

<sup>iii</sup> Appointed 1 July 2015

<sup>iv</sup> Appointed 13 June 2016

<sup>v</sup> Resigned 13 June 2016

<sup>vi</sup> Resigned 22 June 2016

<sup>vii</sup> Resigned 28 January 2016

<sup>viii</sup> Appointed 28 January 2016

<sup>ix</sup> Resigned 29 October 2015

<sup>x</sup> Appointed 29 October 2015

## Glossary

|                   |  |
|-------------------|--|
| BCA               | Building Consent Authority   |
| BRRP              | Burwood Resource Recovery Park   |
| CAfE              | Christchurch Agency for Energy Trust   |
| CBD               | Central Business District  |
| CBL               | Civic Building Limited   |
| CCBJV             | Christchurch Civic Building Joint Venture  |
| CCDU              | Christchurch Central Development Unit  |
| CCHL              | Christchurch City Holdings Limited   |
| CCOs              | Council Controlled Organisations   |
| CCT               | Christchurch and Canterbury Tourism  |
| CCTOs             | Council Controlled Trading Organisations   |
| CDC               | Canterbury Development Corporation   |
| CDCH              | Canterbury Development Corporation Holdings Limited  |
| CDEM              | Civil Defence Emergency Management   |
| CEDS              | Christchurch Economic Development Strategy   |
| Central City Plan | a recovery plan for the Central City   |
| CERA              | Canterbury Earthquake Recovery Authority   |
| CFH               | Crown Fibre Holdings Limited   |
| CGU               | Cash Generating Unit   |
| CIAL              | Christchurch International Airport Limited   |
| City Care         | City Care Limited  |
| Council           | Christchurch City Council  |
| Cr                | Councillor   |
| CRIS              | Canterbury Regional Innovation System  |
| CTOC              | Christchurch Transport Operations Centre   |
| CWTP              | Christchurch Wastewater Treatment Plant  |
| DEE               | detailed engineering evaluations   |
| ECE               | early childhood education  |
| EcoCentral        | EcoCentral Limited   |
| ELC               | early learning centres   |
| ENL               | Enable Networks Limited  |
| EOC               | emergency operations centre  |
| EQ                | earthquake   |
| EQC               | Earthquake Commission  |
| ESL               | Enable Services Limited  |
| Exchange revenue  | Revenue from providing goods and services to another entity and directly receiving approximately equal value in exchange |
| FAP               | financial assistance package   |
| FIT               | Free Independent Traveler  |
| FDA               | financial delegation authority   |
| Group             | as outlined in Group Structure section of the Annual Report  |
| IM&CT             | Information Management and Communications Technology   |
| IPSAS             | International Public Sector Accounting Standards   |
| ISP               | internal service providers   |
| LGFA              | New Zealand Local Government Funding Agency Limited  |
| Three Year Plan   | Christchurch City Three Year Plan 2013-16  |
| LDRP              | Land Drainage Recovery Programme   |
| LIMs              | Land Information Memorandums   |
| LIU               | Libraries and Information Unit   |
| LOS               | level of service   |
| LFC               | Local Fibre Company  |
| LPC               | Lyttelton Port Company Limited   |
| LTP               | Long Term Plan   |
| LURP              | Land Use Recovery Plan   |
| MBIE              | Ministry of Business, Innovation and Employment  |

## Glossary

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|                      |  |
|----------------------|--|
| MKT                  | Mahaanui Kurataiao Limited   |
| Minister CER         | Minister for Canterbury Earthquake Recovery                            |
| MOU                  | memorandum of understanding  |
| NABERSNZ             | National Australian Built Environment Rating System New Zealand        |
| NBS                  | new building standard  |
| Non exchange revenue | Revenue from transactions that are not exchange transactions           |
| NPS                  | national policy statement  |
| NRFA                 | National Rural Fire Authority  |
| NTPL                 | Ngāi Tahu Property Limited   |
| NZFS                 | New Zealand Fire Service   |
| NZ GAAP              | general accepted accounting practice in New Zealand                    |
| NZ IAS               | New Zealand equivalent to International Accounting Standard            |
| NZ IFRS              | New Zealand equivalents to International Financial Reporting Standards |
| NZLGIC               | New Zealand Local Government Insurance Corporation                     |
| NZTA                 | New Zealand Transport Agency   |
| NZTE                 | New Zealand Trade and Enterprise                                       |
| NZX                  | New Zealand Stock Exchange   |
| OIC                  | Order in Council   |
| Orion                | Orion New Zealand Limited  |
| PBE                  | public benefit entity  |
| PIM                  | Project Information Memorandum   |
| PRFO                 | Principal Rural Fire Officer   |
| PVL                  | Powerhouse Ventures Limited  |
| Red Bus              | Red Bus Limited  |
| RFID                 | radio frequency identification   |
| SAIDI                | System Average Interruption Duration Index                             |
| SAIFI                | System Average Interruption Frequency Index                            |
| SCIIRT               | Stronger Christchurch Infrastructure Rebuild Team                      |
| SOI                  | Statement of Intent  |
| Transpower           | Transpower New Zealand Limited   |
| Transwaste           | Transwaste Canterbury Limited  |
| Tuam                 | Tuam Limited   |
| UDS                  | Urban Development Strategy   |
| UFB                  | ultra-fast broadband   |
| Vbase                | Vbase Limited  |
| Vested assets        | Assets received by Council for no consideration                        |
| WHRS                 | Weathertight Homes Resolution Services                                 |
| WIP                  | work in progress   |
| WINZ                 | Water Information New Zealand  |

### Definition of Terms used for the Financial Prudence Benchmarks<sup>1</sup>

|                     |  |
|---------------------|--|
| Net debt            | Total financial liabilities less financial assets (excluding trade and other receivables).                         |
| Total revenue       | Total cash operating revenue excluding development contributions and non government capital contributions.         |
| Annual rates income | Total rates income (including targeted water supply rates) less rates remissions.                                  |
| Net interest        | The difference between interest income and interest expense recognised by the Council in its financial statements. |
| Quantified limit    | The limit on rates, rates increases, or borrowing for a year that is included in Council's financial strategy.     |

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<sup>1</sup> The definition set-out in this section and as used in the relevant sections of this Annual Report is based on the Local Government (Financial Reporting and Prudence) Regulations 2014.





