

ANNUAL REPORT

CHRISTCHURCH
Ō T A U T A H I

SUMMARY

Table of contents

Council vision	2
Elected Members 2013-16	3
Chief Executive and Executive Leadership Team	3
What is the summary report?	4
Financial results at a glance	4
Message from the Mayor and Chief Executive	5
Our achievements	6
How the Council works	8
Looking forward	9
Our activities at a glance	10
Our performance summary	12
Financial highlights	14
Impact of the rebuild	16
Group structure on 30 June 2015	20
Financial ratios	21
Independent Auditor's Report	22
Financial statements	24

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.

Elected Members 2013-16



Back Row (from left): **Councillor Yani Johanson**, **Councillor Tim Scandrett**, **Councillor Raf Manji** BA Econ (Manchester), Grad Dip Arts (polSci) Dist (Canterbury), MIntLaw & Pols, First Class Hons (Canterbury), **Deputy Mayor Vicki Buck** MA (Hons), **Councillor Paul Lonsdale**, **Councillor Ali Jones**, **Councillor David East** BSc.

Front Row (from left): **Councillor Andrew Turner**, **Councillor Pauline Cotter** Trained Teachers Certificate NZED, **Councillor Phil Clearwater** MA (Hons), **Mayor Lianne Dalziel** LL.B, **Councillor Jamie Gough** CMIInstD, **Councillor Glenn Livingstone** BA, BTh, **Councillor Jimmy Chen** MCom, BSc.

Chief Executive and Executive Leadership Team



Back Row (from left): **Peter Gudsell** Chief Financial Officer, **Mike Theelen** Chief Planning Officer, **Peter Sparrow** Director Building Control and City Rebuild.

Front Row (from left): **Brendan Anstiss** Director Transformation/Chief of Staff, **Jane Parfitt** Chief Operating Officer, **Dr Karleen Edwards** Chief Executive Officer, **David Adamson** Director Council Facilities and Infrastructure, **Mary Richardson** Director Communications & Democracy Services.

Absent: **Anne Columbus** Acting Director Corporate Services

What is the summary report?

This is a summary of the Christchurch City Council's 2015 Annual Report. It shows at a glance what the Christchurch City Council (Council) has been doing for the past financial year. If you would like more information please refer to the full report, copies of which are at city libraries and service centres, and online at <http://www.ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/plans/annual-plans/2015-annual-report/>. You can also ask our call centre for a copy by phoning (03) 941 8999 or for Banks Peninsula residents, 0800 800 169.

The 2015 Annual Report for the financial year July 2014 to June 2015 sets out what the Council did in the past year, why we did it, how much it cost, and how we funded it.

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

The report shows our overall financial position and performance, measured against key financial goals.

In a typical year the Council would expect to receive an unmodified audit report from Audit New Zealand and the Auditor-General. This would mean, amongst other things, that the financial statements meet the accounting standards and fairly reflect the Council's position. However, for the 2015 Annual Report as was the case in 2014, 2013, 2012 and 2011 there are a number of earthquake related issues that prevent the Council from complying fully with accounting standards.

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

While land and buildings and sewerage and roading networks were revalued in 2015, Council has been unable to determine what part of the increase in value relates to prior years. The revaluation of sewerage and roading networks has estimated the impact of the earthquakes of the remaining useful life of the network. In making such an estimate a number of assumptions were necessary and further information is required to provide an accurate value of the impact to the networks as a whole.

The Council has been unable to appropriately categorise its capital work in progress balance to identify completed assets and repair elements.

Lastly the carrying value of insurance receivables recognised in the financial statements is uncertain as the Council continues to negotiate with its insurers.

Consequently, and as in recent years, 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.

More about the damage to the Council's assets, how we have accounted for it and the surrounding uncertainty is in the introductory note to the financial statements, *Impact of the rebuild*.

The Council adopted the Annual Report on 29 October 2015.

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

Financial results at a glance

The Council's total expenditure during the year was \$700.5 million.

While the Council had an accounting surplus of \$307.4 million in the 2014/15 year, this surplus is due to non-cash, accounting items. The Council will still face a future funding shortfall if we do continue with the financial strategy we outlined in our Long Term Plan.

The Council's total comprehensive revenue was \$1.4 billion in 2014/15, again, due to non-cash items. The Council group (including the CCHL group and other subsidiaries) had a surplus for the year of \$364.1 million with total comprehensive revenue of \$1.2 billion.

Message from the Mayor and Chief Executive

Much of our focus over the past 12 months has been on preparing the Christchurch City Council to provide leadership in terms of our city's rebuild while at the same time addressing our significant financial challenges.

A major step was to adopt the Long Term Plan 2015-25, our first audited budget since the earthquakes. This Plan is the stable platform from which the city will once again return to self-determination. It describes our new direction, one that places the community to the fore, and allows the Council to retain control of its strategic assets while reducing proposed rates increases.

To successfully move into our future, we need an organisation that is customer-focused, strong and efficient. During the past financial year, we announced plans to restructure the council organisation so it would be more community oriented and better placed to lead the city's regeneration.

Meanwhile, the Government announced details of the impending transition of responsibility from the Canterbury Earthquake Recovery Authority (CERA) back to the Council and other agencies. We welcomed the Government's intention to partner with us in setting up the agency that will deliver the city's regeneration - signalling the step-change from recovery that people are looking for. The new joint authority - tentatively titled "Regenerate Christchurch" - signals a new era of collaborative partnership between central and local government.

There is no doubt that our city continues to face significant challenges ahead, but we are confident that the Long Term Plan and planned organisational changes will put us in a strong position to resume responsibility for Christchurch's long-term recovery and regeneration.

As an organisation, we can take pride in a number of milestones. After a great deal of work we regained IANZ Accreditation in December 2014, restoring our authority to issue building consents. This is another key step towards the city assuming full responsibility for its future.

Every year, we ask our residents to tell us how we're doing across a range of activities and services through our annual Residents' Survey. We were pleased to see that more of the public understand how we as a Council make decisions, and more are satisfied that those decisions are in the city's best interests. In line with our drive to make the Council more community focused, we found that more residents felt they could take part in and contribute to our decision-making, however we still have a way to go to ensure our community is fully engaged in the democratic process. The Representation Review, delegations to community boards and the work developing a new partnership model with local communities will enable a new form of participatory democracy to emerge.

We have remained committed to the rebuild, the strengthening of our communities and the restoration of their facilities. Our award-winning Hagley Oval was ready in time to host the opening match of the ICC Cricket World Cup 2015 and we prepared four world class pitches to host the FIFA U20 World Cup 2015, both events attracting world-wide attention.

We upgraded and opened three outdoor pools in Waltham, Lyttelton and Scarborough, and progressed pre-construction on the New Central Library. Repairs on the Christchurch Art Gallery continued, with the opening due in December 2015.

In our infrastructure repairs we completed most water main renewals and many reservoir repairs, and opened the Akaroa Water Treatment Plant. Following the severe floods of the previous year, we installed the Tay Street Drain Pump station to benefit the Flockton area, and consulted the public on options for the downstream Dudley Creek flood prevention measures.

We have been mindful of our commitment to engage more closely with the public on the issues that are close to them. All our major infrastructure and rebuild works have benefitted from better communication and engagement with the community during the planning and execution phases. The District Plan Review is another large, ongoing project where we have engaged with the public.

Strong Christchurch Infrastructure Rebuild Team (SCIRT), the financial partnership between the Council, CERA and the New Zealand Transport Agency (NZTA), is now 75 per cent through its total repair programme to modernise the city's wastewater, fresh water and storm water system. The multi-billion dollar programme, aimed at making the city more resilient than it was before the earthquakes, is due to be completed by December 2016.

It's clear that we have made a lot of progress in the past year but there still remains a lot of work ahead. We've put in some solid groundwork over the past year to ensure we are ready to regain leadership of the city and face the challenges ahead - there are plenty of issues ahead and we are ready to address them as a community.



Lianne Dalziel
Mayor of Christchurch
29 October 2015



Dr Karleen Edwards
Chief Executive
29 October 2015

Our achievements

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

Water supply

We completed most water main renewals and many of the reservoir repairs. We are repairing the last leaks on public assets.

We opened the Akaroa Water Treatment Plant in March 2015 and started demolishing the old plants. This has improved water quality and supply to Akaroa and Takamatua townships.

We also started on the Little River water treatment plant, which is on track to open in August 2015.

Stormwater and flood protection

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

We continued investigating the Avon, Styx and Heathcote Rivers and their tributaries, including the Dudley Creek catchment. We also monitored and maintained the temporary stop-banks and are protecting against tidal events.

We built the Tay Street Drain Pump station to benefit the Flockton area and consulted the public on downstream Dudley Creek options for flood prevention.

Sewerage collection, treatment and disposal

SCIRT continued their work in repairing and replacing the sewerage network with around 64 per cent of the total network repaired to date. New pressure and vacuum sewer systems were installed in parts of the city. We started work on new pressure mains for two pump stations and repaired another pump station, while installing smaller pump stations and pressure mains.

We returned the Bromley Waste Water Treatment Plant to operation, having completed most of the major repairs, and we started a number of significant renewal works across the network.

We also started designing the project to convey raw waste water from Lyttelton, Diamond Harbour and Governor's Bay to the Bromley Waste Water Treatment plant. This will divert all treated waste water from Lyttelton Harbour by 2022.

Refuse minimisation and disposal

The Burwood Resource Recovery Park sorted 192,524 tonnes of construction and demolition waste over the year, a significant increase over the previous year.

We joined other councils across the country in the national 'Love Food, Hate Waste' campaign. In addition, we have 112 business projects taking part in Target Sustainability, aimed at using their resources efficiently.

Art gallery and museums

Repairs on Christchurch Art Gallery continued, with the opening due in December 2015. The Outer Spaces programme staged 11 exhibitions and the public programmes attracted over 3,500 people. Over 7,000 children took lessons in the schools programme. Akaroa Museum had over 25,000 visitors while strengthening work continued on the buildings.

Libraries

Pre-construction on the New Central Library got under way with building due to start early 2016. Planning continued on the new and replacement libraries.

Te Hapua: Halswell Centre will combine library, customer services, community spaces and an outdoor pool, with building started and the opening due in November 2015. In addition, concept design work continued for the Sumner and Bishopdale libraries.

Parks and open spaces

The Christchurch Botanic Gardens continues to be one of the top visitor destinations in the city, with 1.11 million visits over the year.

Our environment education and volunteer engagement programme contributed significantly to restoring the natural environment, particularly in the regional parks. We set up and maintained 30 ecological restoration projects during the year.

Community support

The Strengthening Communities and Creative Communities funds distributed over \$7.5 million to 1,083 projects, up on the previous year.

Demand for council social housing stayed strong and we housed 313 new households.

We built eight new housing units during the year and repaired and reopened 39 units.

Recreation and leisure

The award-winning development of the Hagley Oval was completed in time to host the opening match of the ICC Cricket World Cup 2015 New Zealand. We also prepared four world class sports pitches to host the FIFA U20 World Cup 2015.

Other notable events we hosted were Te Matatini, NZ Ice Fest and New Zealand Cup and Show week.

Waltham, Lyttelton and Scarborough outdoor pools opened after upgrades and were among the recreation and sport centres that hosted 3.77 million visits in the year.

International relations

The Mayor attended the first New Zealand/China Mayoral Forum in late 2014, and four Mayors of major Chinese cities visited Christchurch, another first. In March the Mayor led a delegation from the business, education, tourism and trade representatives to ten cities across China.

We held a special commemoration for the centenary of the Gallipoli Landings and the First World War before ANZAC Day 2015.

In May HRH Prince Henry of Wales visited the city. We coordinated the visit with central Government and local organisations, and showcased the legacy of the Student Volunteer Army and the community engagement work the University of Canterbury is developing.

Economic development

Christchurch and Canterbury Tourism (CCT) briefed and trained over 800 international travel sellers on the recovery and the message that the city is open for business.

CCT also ran the 'Pockets of Awesome' campaign for domestic visitors which had more than 103,000 video views.

It boosted the city's share of the national conference market from six to nine percent, bringing more than 80,000 delegate days into Christchurch.

Canterbury Development Corporation revised three sector strategies and set up three new business support programmes including the Employers Toolkit and Lean Office.

Roads and footpaths

Despite significant disruption from repairs to the road network, there has been only a slight fall in the proportion of active travel trips such as cycling.

Significantly more residents perceive Christchurch as a cycle friendly city, with this expected to rise as the Major Cycleways project progresses. Resident satisfaction with both footpaths and road quality has also increased since last year.

City planning and development

We supported the development of the Major Cycleways programme and business case and contributed to key aspects of An Accessible City.

These included the Central City Parking Plan and the First Phase Transport Projects at Hospital Corner, Hagley/Moorhouse, Tuam, Lichfield and Colombo streets.

We publicly notified the Stage 1 proposals of the proposed Replacement District Plan and started hearing public submissions. Stage 2 proposals were also notified.

We developed an early engagement strategy for natural hazards, which include land instability, flooding and coastal hazards. The analysis from them has informed the Replacement District Plan.

We finished the last three of the nine suburban centre Masterplans, namely New Brighton, Main Road and Ferry Road.

We continued our rolling review of bylaws with three approved, four out for consultation and another four started. We are also developing a new bylaw for Freedom Camping.

The Council extended the Smokefree Policy during the year, adopted the Psychoactive Products Retail Locations Policy, introduced a Significance and Engagement Policy and reviewed the Development Contributions Policy.

Regulatory services

The Council regained its accreditation as a Building Consent Authority in December 2014, after losing it in June 2013. Crown management of the building consent functions ceased in December 2014.

During the year we granted 8,552 residential consents and 1,149 commercial consents at a total value of \$3.09 billion, up 19 per cent on the \$2.5 billion in the previous year.

We processed a record number of resource consents at 2,385 land use and 482 subdivision consents.

The Animal Management staff ran 'Dogsmart', a dog bite prevention programme, at 67 schools and it is now to be used in North Island schools.

Democracy and governance

The proportion of residents who felt the Council made decisions in the best interest of the city rose this year, along with those that felt they had some influence on Council decisions. Further, more residents understood how the Council makes decisions, which was a key area of focus.

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.

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 Three Year Plan, which was adopted following the 2010-2011 earthquake sequence. The Plan expires at the end of the 2014/15 financial year and will be replaced by the Long Term Plan 2015-2025, which the Council consulted on then adopted in June 2015.

In the Three Year Plan operative for the 2014/15 year, 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 the Annual 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, because of its diversity and size, is represented by one Councillor and two Community Boards – Akaroa/Wairewa and Lyttelton/Mt Herbert, each comprising five Community Board Members.

The Council organisation

The Council employs the Chief Executive, who is 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 two focus areas – day-to-day operations and rebuild and recovery. There are four Groups within each:

Day-to-day operations Groups

- Operations
- Transformation Directorate
- Corporate Services
- Community and Democracy Services

Rebuild and recovery operations Groups

- Financial and Commercial
- Strategy and Planning
- Council Facilities and Infrastructure Rebuild
- Building Control and City Rebuild

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 14 Council Activities and Services. Find out more about these groups in the sections: Our activities at a glance, or for an in-depth view, the Council activities and services section of the 2015 Annual Report.

Looking forward

The major focus of the Council in 2016 will be the Council's capital programme and delivering the levels of service to the community as described in year one of the Long Term Plan. We will also keep working on the city rebuild. We will continue the infrastructure rebuild with SCIRT, following its programme of works. While SCIRT is responsible for the rebuild and repair of the horizontal infrastructure networks we will maintain existing assets to meet the community's immediate needs.

Major capital works planned for the year to June 2016 include the following:

- The ongoing facilities rebuild.
- The ongoing Social Housing repair and replacement programme.
- The repair of the Art Gallery along with the rebuild of the New Central and Halswell libraries. The Art Gallery is due to reopen in December 2015.
- Work will continue on the three-laning of the Causeway and Main Road, the Wigram-Magdala overbridge and developing options to allow the Sumner Road (Evans Pass) to reopen.

We will progress our commitments to building the Metro Sports Facility, a recreation and sport centre in the east, the sporting hub at Nga Puna Wai and the South West Leisure Centre.

Earthquake repairs will continue at the Christchurch Waste Water Treatment Plant with plans for it to be fully repaired by the end of 2015. SCIRT started restoring the Bridge of Remembrance and Triumphal Arch in 2012/13 and are due to finish in late 2015.

We are working to complete the Wigram wastewater pressure main and pump station and the upgrade of the Wairakei diversion wastewater system.

We will continue work on building the major cycleway network throughout the city, encouraging people out of private passenger cars into active travel.

The District Plan Review will continue.

Christchurch will host a range of local, national and international sporting events including the Pioneer (mountain bike race), New Zealand Women's Golf Open and New Zealand Touch Nationals, 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.

Our activities at a glance

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

City planning and development

City planning and development prepares the strategies, plans and policies that guide the future development of Christchurch. It includes the planning and co-ordination of work on post-earthquake recovery for: natural hazards, transport, suburban centres and the central city, protection of our City's heritage, and initiatives to use energy more efficiently.

Earthquake recovery is an imperative, guiding land use through the District Plan, which includes changes to the Banks Peninsula Plan and the City Plan.

Planning and development is guided by the Resource Management Act 1991, the Local Government Act 2002, the Land Transport Management Act 2013, and the Canterbury Earthquake Recovery Act 2011.

Community support

Community support provides:

- social housing
- community facilities
- project funding
- sector co-ordination
- support and advice.

Civil Defence Emergency Management promotes awareness of resilience, understanding of hazards and risks, and 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.

Cultural and learning services

These are the galleries, museums and libraries that give residents access to art, historical and other educational material. We provide accessible and welcoming public buildings, we stage a variety of arts, festivals and events, and we supply books, information and learning programmes.

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

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

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

Democracy and governance

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

Residents are encouraged to take part in the democratic processes of Council at the three-yearly local elections and 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.

Economic development

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

- regional economic development, leadership and coordination
- city promotions
- civic and international relations.

Regionally, we work in economic development, sector and business development and supporting the innovation system.

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.

We build the city's international relationships, and promote more skilled migrants, international students and tourists coming to Christchurch. We organise important commemorations such as 22 February and ANZAC Day, run regular citizenship ceremonies, annual civic awards and special events for our Antarctic Gateway status.

Parks and open spaces

We maintain and manage 1,040 parks and reserves covering nearly 9,000 hectares in Christchurch City and Banks Peninsula. They include the botanic and heritage gardens, urban and regional parks, cemeteries, heritage, and harbour and marine facilities.

Among them are neighbourhood parks and specialised sports grounds that cater for organised sports and other recreational activities.

There are specialist and heritage gardens for residents and visitors, as well as extensive naturalised parks and reserves on the coast, hills and plains, which help protect the region's natural landscape and biodiversity values.

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

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

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

Recreation and leisure

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.

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.

Refuse minimisation and disposal

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

We collect kitchen and garden waste from homes and turn it into compost for resale, and encourage people to set up their own compost bins at home.

We collect and transport this remaining waste to landfill and look after old landfills to make sure they don't harm the environment. We capture methane gas from the old landfill site and use it to power city buildings and parts of the Christchurch Wastewater Treatment Plant.

We help businesses with programmes and services such as Target Sustainability to help them reduce waste and be more energy and water efficient.

Regulatory services

Our regulatory compliance teams protect the health and safety of the city by minimising potential hazards such as dogs and wandering stock, controlling where alcohol can be sold, and carrying out health inspections at food outlets. We ensure that residents and businesses comply with rules for building, parking, and the City Plan and bylaws. We also respond to complaints about noise. We also educate the public about these rules.

The processing and issuing of Building Consents, subsequent inspections and the issuing of Code Compliance Certificates and Compliance Schedules are fundamental to ensuring the ongoing development and rebuild of the city.

Resource consents are required when a development or building does not meet the requirements of the City Plan or Banks Peninsula District Plan.

The Building Policy activity includes services to maintain and administer our Earthquake Prone, Dangerous and Insanitary Buildings Policy, BCA registration and accreditation and responding to Building Act-related claims.

Our Land and Property Information service provides property specific information to ensure building or property development decisions are based on good information.

Roads and footpaths

We plan, build, operate and maintain Christchurch streets, parking and transport systems. We encourage sustainable travel alternatives such as walking and cycling.

We maintain road and related assets, and at the same time make earthquake repairs. The Council, CERA, SCIRT and NZTA are working together to repair and rebuild roads and footpaths in Christchurch.

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.

Sewerage collection, treatment and disposal

We continuously collect and transport the City's wastewater from properties via an underground sewerage network to treatment plants. The main Christchurch plant is at Bromley, plus there are a number of smaller plants in Banks Peninsula.

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 health and environmental standards.

Stormwater and flood protection and control works

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

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.

Water supply

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.

Corporate activities

As with other organisations, we have back office services such as human resources, finance, and information technology which support other Council departments. The cost of these services is charged to the activity that benefits.

In addition, there are also some Council-wide costs and income which cannot be classified as an activity. These items are included as Corporate Activities.

Our performance summary

Council Group of Activity	Activity	Level of service	Targets	Actual result
City planning and development	Strategic Policy and Planning.	Advice is provided on key issues that affect the City.	At least 85% delivery of Three Year Plan activity work programme achieved.	85% of 3 Year Plan activity work achieved - 10.3 of 12 agreed projects were delivered.
Community support	Co-ordinate civil defence readiness, response and recovery.	CDEM plans and procedures covering local response and recovery arrangements and specific contingency plans are in place.	CDEM plans are reviewed annually by 1 October.	All plans reviewed by 1 October. Plans reviewed, however Recovery Plan and Local CDEM Arrangements require further work.
Cultural and learning services	Print and digital collections and content readily available for loan, for use in libraries and via the Library's website.	Library user satisfaction with library service at Metro, Suburban and Neighbourhood libraries.	At least 90% of library users satisfied with the library service.	97% of respondents were satisfied with the service provided by Council Libraries.
Democracy and governance	Effective governance and decision-making by elected members.	% of residents satisfied that the Council makes decisions in the best interests of Christchurch.	At least 48%.	52%.
Economic development	Maintain and develop relationships with Antarctic industry partners - USA, NZ and Italy Antarctic Research programmes.	Maintain and develop relationships with international partners currently using Christchurch as a base for Antarctic programmes.	Maintain three active partnerships within Antarctic Link Community: United States of America, New Zealand and Italy.	Maintained active partnerships within the Antarctic Link Community. United States of America, New Zealand and Italy.
Parks and open spaces	Provide and manage neighbourhood parks.	Neighbourhood parks are maintained to specifications so parks are clean, tidy, safe and functional.	At least 95% of the Urban Parks contract technical specifications pertaining to neighbourhood parks are met.	85%. This score is lower than the previous year's as a result of the introduction of an independent auditing regime. Previous year's results were established via contractor self-auditing.
Recreation and leisure	Facility based recreational and sporting programmes and activities.	Provide well utilised facility- based recreation and sporting programmes and activities.	At least 4.46 visits to aquatic facilities/head of population (subject to maintenance schedules and rebuild priorities).	6.08 visits per head of population.
Refuse minimisation and disposal	Domestic kerbside collection service for recyclable materials.	Kerbside wheelie bins for recyclables emptied by Council services.	At least 99.5% collection achieved when items correctly presented for collection.	99.8%.

Council Group of Activity	Activity	Level of service	Targets	Actual result
Regulatory services	Building consents.	Develop and implement consenting processes to improve the quality of building consent applications to enable faster issue of consents.	The minimum level of service is the statutory requirement to issue 100% of building consents within 20 working days from the date of lodgement (note: once the new processes are in place, new quantitative levels of service will be set with Council).	A total of 9,911 consents were issued. New monitoring processes were implemented during the year which indicate that up to 89% of consents were issued within the statutory timeframe of 20 working days. An accurate figure is not available as the processes were implemented throughout the year.
Roads and Footpaths	Traffic operations.	Congestion: peak travel times over 10km of the arterial road network travelled by private motor vehicles (7.30am to 9.30am and 4.00pm to 6.00pm).	Peak travel times over 10km of the arterial road network travelled by private motor vehicles at no more than 19 minutes 40 seconds.	19 minutes, 27 seconds.
Sewerage collection, treatment and disposal	Wastewater collection.	Provide wastewater collection in a safe, convenient and efficient manner (blockages).	Respond to a percentage of blockages within two hours within urban areas: at least 90%.	99.4%.
Stormwater and flood protection and control works	Flood protection and control works.	Response times to drainage faults and Surface Water Management issues.	Achieve 100% contract compliance re response times specified in the Waterways and Land Drainage Maintenance contract – Emergency Works: Urban 2 hours; Rural 6 hours.	100% compliance with the contract requirements for emergency response times.
Water supply	Water conservation.	Supply continuous potable water to all customers.	Ensure major leaks have a Council representative on-site to assess and confirm repair options within one hour of being reported to Council for urban areas: at least 80%.	98.2%.

Financial highlights

Financial result

Council results - at a glance

Total rates revenue	\$361.9 million
Average weekly cost of rates	\$39.09
Operating surplus	\$307 million
Total operating revenue	\$1 billion
Total operating expenditure	\$701 million
Total comprehensive revenue	\$1.4 billion
Total spending on capital projects	\$536 million
Crown and insurance proceeds	\$276 million
Total net assets	\$9.3 billion
Total liabilities	\$1.6 billion

The Council had an operating surplus of \$307 million for 2014/15 compared to a planned surplus of \$428 million and prior year surplus of \$205 million.

Our comprehensive revenue was a surplus of \$1.4 billion, compared to a planned surplus of \$484 million and a prior year surplus of \$811 million. The improvement was mainly from higher asset and investment values from the revaluations.

The difference between the Council's operating surplus and its final surplus (total comprehensive revenue) lies in statutory reporting items such as increases in the value of subsidiaries (\$199 million) a revaluation of property plant and equipment (\$936 million) and a reversal of impairment on property plant and equipment (\$69 million). These were offset by a fall in the value of derivative hedges (\$87 million).

Sources of operating revenue

Total income for the year ended 30 June 2015 is \$1 billion including vested assets. It was received from the following sources:

Sources of operating revenue	Actual \$million	Plan \$million
Rates revenue	361.9	358.1
Sale of goods / services	73.5	71.2
Rental revenue	32.9	24.8
Interest revenue	23.9	19.4
Dividends	51.4	55.5
Development contributions	33.2	18.8
NZ Transport Agency subsidies (excl earthquake)	29.9	36.5
Earthquake subsidies & revenue	232.7	395.6
Insurance receipts	43.4	83.9
Other revenue	42.2	16.2
Vested assets	82.3	3.7
Total	1,007.3	1,083.7

Categories of operating expenditure

Our total operating expenditure for the year ended 30 June 2015 was \$700.5 million. Key components include:

Sources of operating expenditure	Actual \$million	Plan \$million
Depreciation, amortisation and impairment	138.0	115.9
Finance costs	63.3	60.5
Personnel costs	167.5	166.3
Grants / donations	43.5	34.7
Provision of services and maintenance of assets	170.1	178.5
Consultants and legal fees	40.3	30.5
Other	77.9	71.9
Total	700.5	658.2

Financial Position

The Council's statement of financial position shows a strong position with total assets of \$10.9 billion, total liabilities of \$1.6 billion, including debt of \$1.2 billion, and net assets of \$9.3 billion.

At \$10.9 billion total assets are higher than plan by \$1.4 billion. The increase in assets is primarily the result of:

- the revaluation of :
 - subsidiaries \$199.3 million
 - property plant and equipment \$935.6 million; and
- additional lending to CCHL of \$107.6 million.

Infrastructure work in progress has a balance of \$975 million, \$304 million lower than 2014.

Our total liabilities are \$37 million lower than plan primarily as a result of the delays in the rebuild, meaning the Council has needed to borrow less.

Crown and Insurance Funding

We received \$276 million (2014: \$288 million) in Crown contributions and insurance proceeds. These were payments from insurers and Crown agencies (CERA and NZTA). At year end the Council had a receivable from CERA of \$29 million and \$132 million of insurance recoveries.

The Council continues to negotiate with its insurers and the insurance receivable represents the receivable that we consider can be recognised under accounting standards. However, this is not the total amount of the claims which Council has lodged with its insurers (\$921 million).

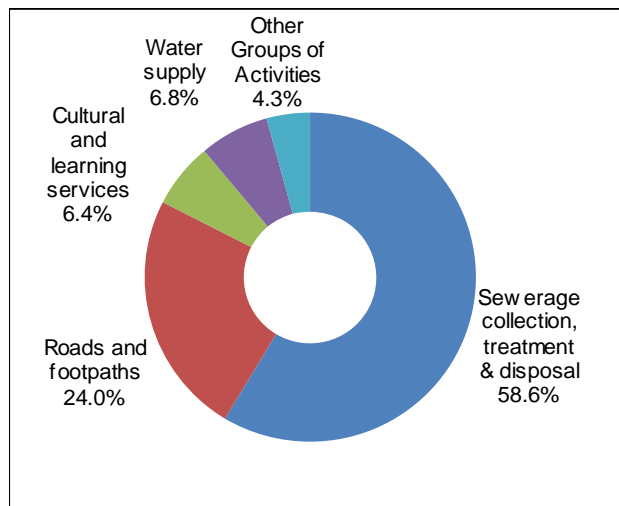
The \$361.9 million of rates collected (including targeted water supply rates) equates to \$39.09 per week for the average residential ratepayer. In 2015 the cost to ratepayers of Council activities and services is as shown below.

Group of Activity	Cents per dollar of Rates	Average Residential Rates/Week k \$
City planning and development	6.1c	2.38
Community support	5.7c	2.23
Cultural and learning services	14.0c	5.47
Democracy and governance	4.3c	1.68
Economic development	3.0c	1.17
Parks and open spaces	10.4c	4.07
Recreation and leisure	5.4c	2.11
Refuse minimisation and disposal	10.2c	3.99
Regulatory services	3.8c	1.49
Stormwater and flood protection and control works	4.7c	1.84
Provision of roads and footpaths	15.3c	5.98
Sewerage collection, treatment and disposal	10.9c	4.26
Water supply	6.2c	2.42
	100c	39.09

Investing in the assets of the city

The Council spent \$536 million on capital projects, compared to the budget of \$1.0 billion. The under-spend arose from delays in the infrastructure and facilities rebuild programme and the Council's other capital projects. A large portion of the capital spend was for the infrastructure rebuilding programme which is funded from insurance recoveries and Crown contributions.

The diagram below shows the highlights, with more detail in the *Council activities and services* pages of the 2015 Annual Report.



The Other Groups of Activities category comprises Parks and open spaces (2.81%), Stormwater and flood protection and control works (10.55%), Refuse Minimisation and Disposal (0.41%), Recreation and Leisure (2.36%), Community Support (1.22%), City Planning and Development (0.25%), Economic Development (0.03%), and Regulatory Services (0.06%), and Corporate activities (-13.45%). Corporate capital investment is negative because SCIRT Work In Progress costs are held in Corporate until the project is

handed across by SCIRT at which point the detail of the project can be determined. The cost is then transferred out of Corporate and into the appropriate activity.

Revaluation

This year we continued the process commenced in 2014 when we revalued the water infrastructure network and undertook the revaluation of land and buildings, sewerage and roading network assets. This resulted in an increase in value of \$936 million. We have now revalued all major assets and all infrastructure other than stormwater.

However, there is still a level of uncertainty regarding:

- the impact of the completion of the SCIRT rebuild programme on the overall value of the networks;
- the value of work in progress; and
- the impact of the earthquakes on the remaining useful life of the networks.

The *Impact of the rebuild* section of the Annual Report 2015 has more detail about impairment provisions.

Modified Audit Opinion

As a result 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 opinion has also been modified in relation to the level of insurance receivables recognised.

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.

Impact of the rebuild

This summarises the progress made to date on earthquake-related repairs and Anchor Projects, and the effect of the earthquakes and the subsequent rebuild on the financial statements.

Rebuild Progress

The rebuild

CERA has estimated recovery construction to be 41 per cent finished by the end of March 2015, with activity expected to begin to ease during 2018. The total recovery construction cost is valued at approximately \$33 billion (2012 dollars).

The value of the Public Sector Rebuild is about \$6.8 billion for 62 major infrastructure projects. By 31 March, 23 of those projects were under construction or finished, against a target of 30.

CERA modelling suggests rebuild work will continue at near current levels for around three years and the higher level of construction jobs is expected to remain over that time. From September 2010 to January 2015 contracts underway in the construction sector grew at over double pre-earthquake levels; this job growth however, appears to have slowed slightly in the nine months to 31 March 2015.

Economic activity

Economic activity information provided by CERA shows that:

- Canterbury is ahead of other major centres in economic growth and employment. The latest economic growth figure is 4.7 per cent at 30 June 2015.
- Regional growth in Canterbury was driven by the construction sector at 13.8 per cent and other underlying sectors such as a hospitality (5.9%) and agriculture, forestry and fishing (4%).
- At 31 March 2015, Canterbury unemployment was 3.3 per cent compared with the national average of 5.9 per cent.

Residential demolition and building

Within the residential rebuild sector the following has been achieved:

- CERA and Civil Defence Emergency Management have managed the full or partial demolitions of around 1,600 buildings in the central city.
- Dwellings on about 7,000 properties in the flat lands Residential Red Zones have been demolished or relocated. A further 167 Crown owned properties have also been demolished in the Port Hills Residential Red Zone.
- 1,010 consents have been issued in the CBD since September 2010 and July 2015, 25 per cent being residential and 75 per cent non-residential.

Infrastructure rebuild

Stronger Christchurch Infrastructure Rebuild Team (SCIRT)

In 2014/15 SCIRT continued its extensive work rebuilding Christchurch's horizontal infrastructure, creating a more resilient network that gives people security and confidence in the city's future. Completed SCIRT projects have already modernised the city's wastewater, fresh water and stormwater system, making it more resilient than it was before the earthquakes.

In August 2014, SCIRT reached the halfway mark of its entire horizontal infrastructure rebuild programme, which is scheduled to end by December 2016. The central city was prioritised, and by June 2015 SCIRT had substantially completed underground infrastructure work within the four avenues, enabling the vertical rebuild to proceed with confidence.

Above ground, repaired bridges emphasised the importance of SCIRT's work to the recovery of the city, reconnecting communities. SCIRT reopened the central city Armagh St bridge to traffic, including Christchurch's iconic trams. Fendalton's Kahu Rd bridge also reopened and Bridge Street bridge in South Brighton reopened to trucks and pedestrians. In April 2015, Associate Minister for Canterbury Earthquake Recovery and Christchurch Central MP Nicky Wagner officially reopened the Antigua St footbridge.

As part of SCIRT's rigorous review process, in October 2014 a comprehensive Morrison Low report found SCIRT's procedures to assess costs and set project budgets to be appropriate, sound and best practice, and recommended no changes be made. Based on new design guidelines, SCIRT reviewed the remaining programme to ensure the best use of the available funds.

By 30 June 2015, SCIRT had completed more than 72% of construction work. After delivery completion in December 2016, SCIRT's legacy will be a stronger, fully functioning, more resilient infrastructure for Christchurch.

SCIRT Progress from 1 July 2014 to 30 June 2015

12% of design was completed
21% construction was completed
32% of central city work was completed
22% of the whole SCIRT programme was completed

Wastewater

92 km of pipe repaired/replaced
29 pump stations repaired/replaced

Storm water

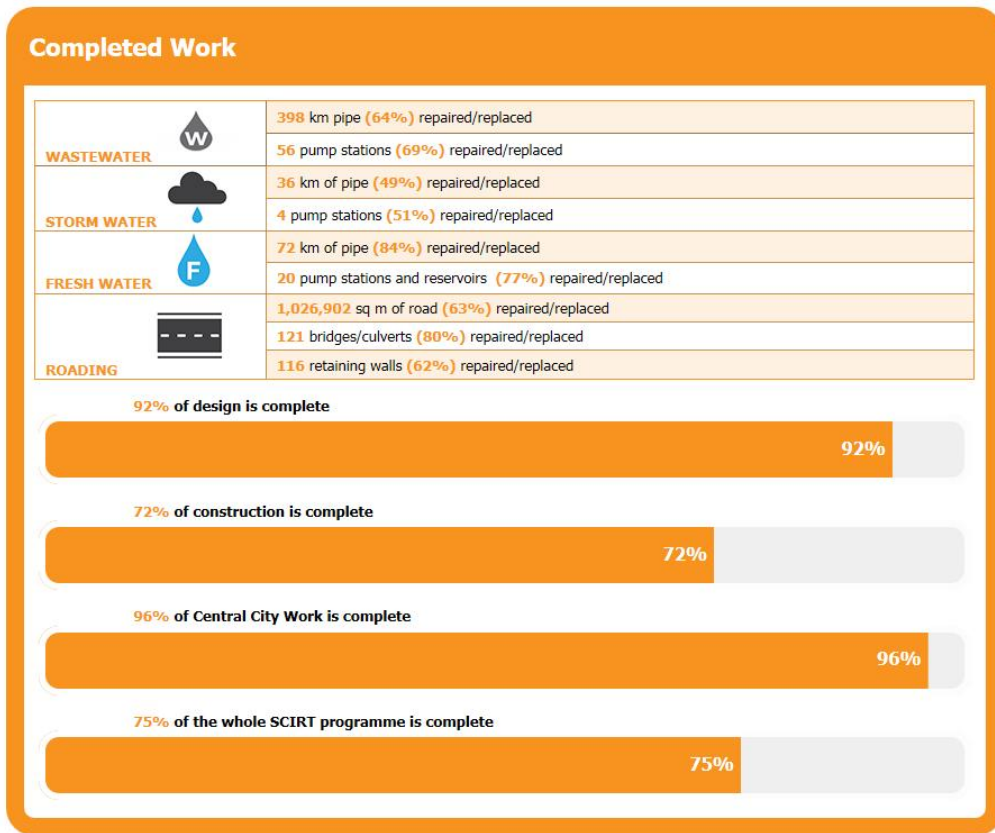
22 km of pipe repaired/replaced
1 pump station repaired/replaced

Fresh water

24 km of pipe repaired/replaced
5 pump stations repaired/replaced

Roading
 470,000 sq m of road repaired/replaced
 30 bridges/culverts repaired/replaced
 76 retaining walls repaired/replaced

SCIRT Progress Statistics to June 2015



Anchor projects

CERA Projects and update

- The \$53 million Bus Interchange is now open to the public. The second and final stage of the project is due to open on 20 August 2015.
- The first section of the Avon River Precinct, Watermark, and the in-river works are finished, and work continues on the Terraces section of the Avon River Precinct.
- Fletcher Residential has been chosen as the preferred developer to work with the Government on the \$800 million North and East Frame residential precinct development, providing around 940 new townhouses and apartments accommodating up to 2,200 residents. Multiple private developments are under way or planned in the Retail and Innovation Precincts, including those by Vodafone, Kathmandu, the Wynyard Group, and retail/office/hospitality developments such as The Crossing, the BNZ Centre, the ANZ Centre and The Terrace.
- The Margaret Mahy Playground, part of a 2.5 hectare block bound by Otakaro/Avon River, and Manchester, Madras and Armagh Streets, is

now under construction. The playground is expected to be open to the public in December 2015.

- The Government confirmed funding arrangements for the Metro Sports Facility. The additional funding approved by Cabinet is on top of the \$70 million already committed by the Government, and \$147 million committed by the Council. CERA will be going out to the market later this year as the project moves into design phase. The intention is to have some of the facility open to the public in 2019, and the remainder in 2020.
- The Convention Centre will attract high-value conference and convention visitors into the heart of Christchurch. CERA is now in a phase called Master Planning and Development with its partners, the preferred developer Plenary Conventions New Zealand and the preferred Convention Centre operator Accor. From that phase, decisions will be made around the design and makeup of the Convention Centre and wider Precinct.
- The Performing Arts Precinct has already seen the restoration of the Isaac Theatre Royal, and the build is now underway for The Piano: Centre for Music and Arts. The Council and CERA are

working together with the performing arts sector to identify opportunities for further organisations to set up in the Precinct.

- The design for the Canterbury Earthquake Memorial has been chosen. Called 'The Memorial Wall', it will be built on the stretch of the Otakaro/Avon River between Montreal Street and Rhododendron Island. It is expected the different elements of the Memorial will be completed in stages before an official dedication on 22 February 2017. Funding of up to \$10 million from the Government, and \$1 million from the Christchurch Earthquake Mayoral Relief Fund, will be used for the development of the Memorial.

Council Projects and update

- In March 2015, the Council approved the design concept for the new Central Library and pre-construction is now underway, with building due to begin in early 2016.
- The Council agreed in June 2015 to go ahead with the full restoration of the Christchurch Town Hall at a cost of \$127.5 million. Restoration is expected to take three years and to be completed in June 2018.
- In June 2015 work began on the new Aranui Community Centre, our first new community centre to be built from scratch since the earthquakes, which is due to open in 2016.
- The new Eastern Recreation and Sport Centre is to be built on QEII Park for \$30.5 million, replacing the demolished facility. The Christchurch Earthquake Appeal Trust has also given \$6.5 million for water attractions at the facility, which is due to open in 2018.
- Building began on the new Te Hapua: Halswell Centre in July 2014 which will house the Halswell library and community centre. This is due to open in November 2015.
- Restoration of the historic Mona Vale Homestead has commenced and is expected to be complete in 2016.
- The Sign of the Takahe restoration commenced during the year and is expected to be complete in 2016.
- The Council has approved the concept design for the Sumner Community Facility and Library.
- Both the Scarborough Paddling Pool and the Norman Kirk Memorial pool reopened during the year.

Financial impacts

Insurance recoveries

The Council's financial statements include revenue from insurance recoveries of \$43 million (2014: \$1 million) and an insurance receivable of \$161.2 million (2014: \$140.7 million). These amounts reflect the costs incurred and recoveries recognised based on information available to 30 June 2015. Insurance recoveries for the year reflect the value of claims for demolished and damaged buildings and facilities.

The Council has lodged claims and pro-forma claims with its insurer for damage to its buildings and facilities and continues to collate supporting evidence. Claims are submitted on an asset by asset basis with the necessary engineering and technical evidence to support each claim. At 30 June 2015 approximately \$920 million of claims had been lodged (2014: \$476 million).

Insurance recoveries are only recognised as income when there is virtual certainty of receiving the recovery.

During the year the Council settled its claim with EQC receiving a further \$20.9 million in addition to the \$38 million which had been received in 2012 and 2014.

Settlement was reached with the insurer on a number of small claims and part payment has been received for these settlements.

The Council continues to negotiate with the insurer to advance a settlement of the balance. At year end Council was unable to reliably measure what the settlement for each asset would be. These have been treated as contingent assets. A note to this effect has been included in the Annual Report note 27 Contingent liabilities and assets in the financial statements.

Cost Share Agreement

The June 2013 Cost Share Agreement between Council and the Crown 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 \$400 million (2014: \$472 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 2015 the Council has received the following from the Crown:

- \$16 million (2014: \$14 million) was claimed for response / recovery costs. A further \$7 million (2014: \$15 million) has been incurred and will be claimed in the 2015/16 year.
- \$200 million (2014: \$286 million) of cost recoveries from NZTA and CERA for SCIRT infrastructure rebuild projects. At 30 June 2015 the Council had as a receivable a further \$22 million (2014: \$6 million).

The Council is recognising Crown funding as income when the amount can be reliably measured and there is virtual certainty of receiving it.

For a number of anchor projects the final ownership structure remains uncertain. Until the Council knows if it will own the completed projects it is unable to recognise the associated Crown funding or liability for the Council's share of the funding. As such, future recoveries of Crown funding have been treated as contingent assets and potential liabilities for the Council funding as contingent liabilities. A note to this effect has been included in the Annual Report note 27 Contingent liabilities and assets in the financial statements.

Group results - at a glance

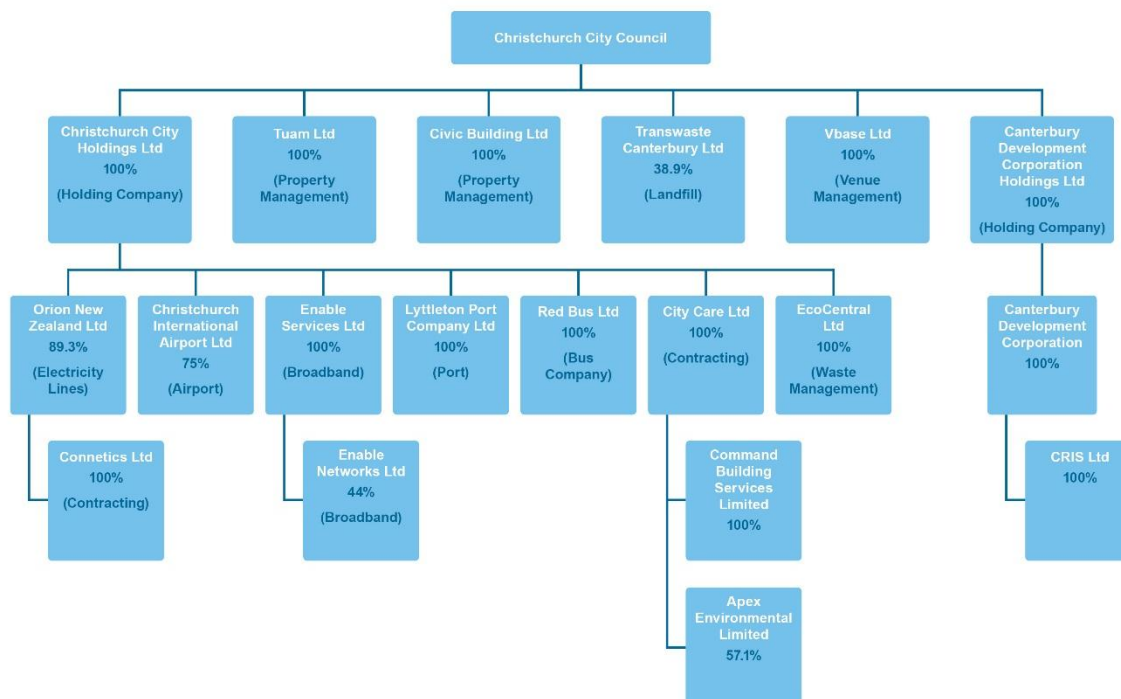
Surplus before tax	\$403 million
Total assets	\$12.2 billion

Group financial result

The Council group had an operating surplus before tax of \$403 million for the year compared to \$556 million in 2014. The decrease is due to some one-off factors in 2014 including the \$438 million of insurance recoveries for Lyttelton Port Company Limited (LPC). It was partly offset by improvements in the Christchurch City Holdings Ltd Group including Christchurch International Airport Limited, Orion New Zealand Limited and LPC.

Total assets rose \$1.7 billion to \$12.2 billion from \$10.5 billion in 2014. This reflected higher asset value arising from the revaluation of the Council infrastructure assets, and as the rebuild continues.

Group structure on 30 June 2015



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

	Income	Net result (after tax and minority interest)	
		2015	2014
	2015	2015	2014
	\$000	\$000	\$000
Christchurch City Holdings Ltd (parent)	97,468	68,815	37,088
Orion New Zealand Ltd	333,088	82,615	50,455
Lyttelton Port Company Ltd	121,298	20,574	343,226
Christchurch International Airport Ltd	177,383	39,274	15,694
City Care Ltd	333,545	10,225	12,892
Enable Services Ltd	76,117	(9,995)	(7,469)
EcoCentral Ltd	38,905	1,969	891
Red Bus Ltd	18,291	18	(616)
Vbase Ltd	28,397	(28,002)	(38,991)
Civic Building Ltd	4,952	(1,168)	(860)
Tuam Ltd	(203)	(304)	13,829
Canterbury Development Corporation Holdings Ltd	7,330	168	331
Riccarton Bush Trust	604	32	(701)
The World Buskers' Festival Trust	1,180	49	(34)
Rod Donald Banks Peninsula Trust	142	(213)	21
Christchurch Agency for Energy Trust	490	429	327
Transwaste Canterbury Ltd	70,596	26,100	20,298

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

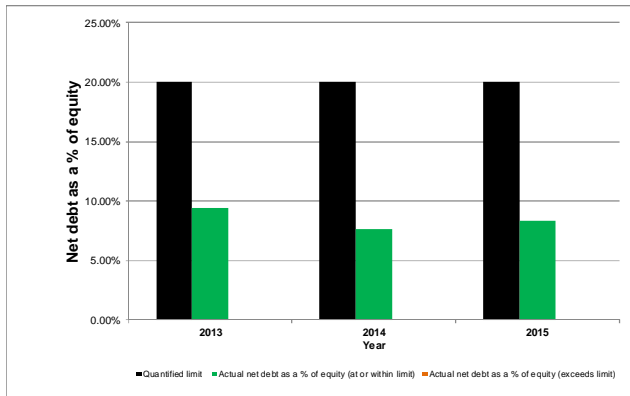
Financial ratios

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

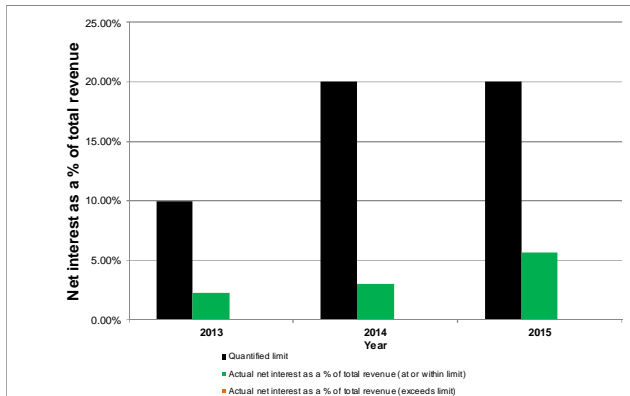
The Council must keep its balance sheet and borrowing ratios within the limits of these ratios. The Three Year Plan process reviewed the limits for several ratios resulting in limits being changed to better reflect our expected future financial constraints.

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

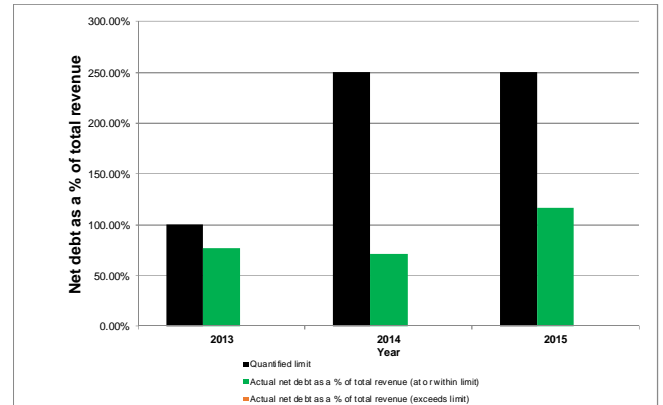
Net debt as a percentage of equity



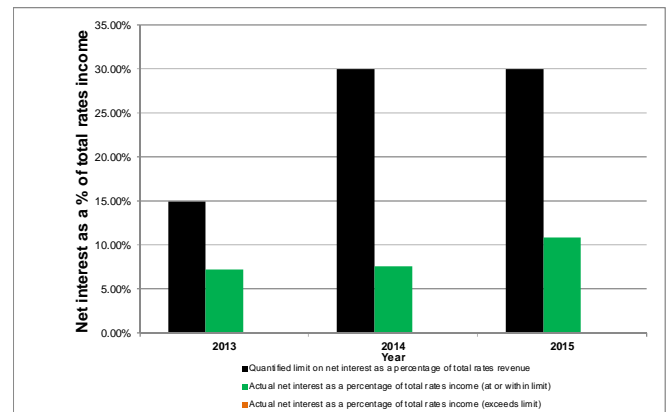
Net interest as a percentage of total revenue



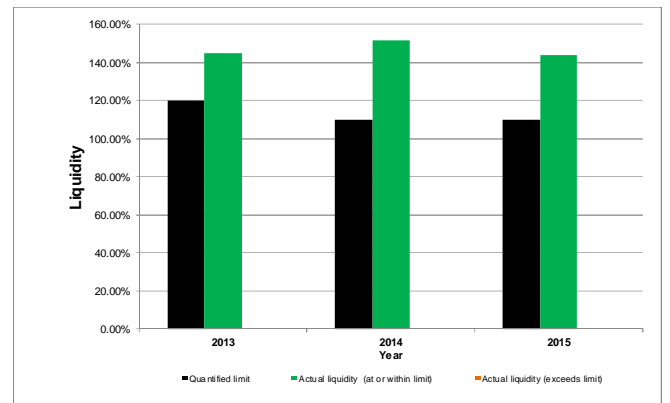
Net debt as a percentage of total revenue



Net interest as a percentage of annual rates revenue



Liquidity



To the readers of Christchurch City Council and group's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of Christchurch City Council (the City Council) and group for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

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

The annual report included the full audited statements, and the summary annual report includes the summary statements. We have audited the following summary statements reported in the summary annual report on pages 10 to 13 and 24 and 26:

- the summary balance sheet as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary performance information of the City Council and group.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

In our report dated 29 October 2015, we expressed a qualified opinion on the City Council and group's full audited statements because our work was limited due to difficulties in determining the full extent of the damage arising from the earthquakes, and due to extensive rebuild activities that are underway to repair the damage. Specifically, we identified the following limitations:

- We were unable to obtain sufficient audit evidence to confirm that the carrying values of the roading network and the sewerage system assets of \$3.737 billion, which were determined based on the

revaluation of these assets as at 30 June 2015, have adequately accounted for the unrepaired earthquake damage to these assets. In addition, the City Council has been unable to revalue its stormwater system assets with a carrying value of \$358 million because of insufficient information on the condition of these assets to prepare a valuation that complies with generally accepted accounting practice.

- As a result of the limitations outlined in the previous paragraph, the City Council was unable to accurately determine the amount of the revaluation increment and the depreciation expense recognised in the 30 June 2015 statement of comprehensive revenue and expenses that should have been recognised in the prior reporting periods for these asset classes.
- We were unable to obtain sufficient audit evidence to confirm the capital work in progress balance of \$804 million for the City Council which related to work completed by the Stronger Christchurch Infrastructure Rebuild Team. This was because the City Council was unable to accurately classify this balance into completed assets, assets still under construction, and operating expenditure.
- We were unable to obtain sufficient audit evidence to confirm the carrying value of insurance receivables of \$131 million for the City Council and \$256 million for the group and associated tax effects for the group. There were no practical audit procedures that could be undertaken to reliably determine the timing and amount of these insurance receivables.
- The matters above also affected the comparative information presented.

Our qualified opinions stated that, except for the possible effects of these limitations, the full audited statements complied with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the City Council and group's financial position as at 30 June 2015 and the results of their operations, cash flows, levels of service and the other information required by legislation for the year ended on that date.

The limitations above apply to an equivalent extent to the summary financial statements presented on pages 24 to 26.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an

appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 29 October 2015 on the full audited statements.

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

Responsibilities of the Council and the Auditor

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

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

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



Julian Tan,
Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
16 November 2015

Financial statements

Summary statement of comprehensive revenue and expense for the year ended 30 June 2015

	30 Jun 15 Actual \$000	30 Jun 15 Plan \$000	Parent 30 Jun 14 Actual \$000	30 Jun 15 Actual \$000	Group 30 Jun 14 Actual \$000
Total Revenue	1,007,346	1,083,685	880,454	1,905,704	2,016,755
Finance costs	63,279	60,482	50,423	100,838	88,331
Other expenses	637,263	597,759	626,420	1,402,257	1,372,365
Total operating expenses	700,542	658,241	676,843	1,503,095	1,460,696
Share of associate's surplus/(deficit)	-	-	-	-	-
Surplus before income tax expense	306,804	425,444	203,611	402,609	556,059
Income tax (credit)/expense	(586)	(2,779)	(1,505)	38,483	38,147
Surplus for the period	307,390	428,223	205,116	364,126	517,912
Other comprehensive revenue and expense					
Property, plant and equipment valuation movement	935,630	55,627	482,723	936,139	673,240
Investment revaluation gain/(loss)	199,341	-	116,790	1,152	(80)
Cash flow hedges (loss)/gain	(86,950)	-	6,317	(102,280)	20,043
Income tax relating to components of other comprehensive revenue and expenses	(586)	-	-	5,375	(48,602)
Transfers and other	5	-	-	4,364	-
Total other comprehensive revenue and expense	1,047,440	55,627	605,830	844,750	644,601
Surplus for the period attributable to:					
Parent entity	307,390	428,223	205,116	345,341	438,516
Non controlling interests	-	-	-	18,785	79,397
	307,390	428,223	205,116	364,126	517,913
Total comprehensive revenue and expenses attributable to:					
Equity holders of the parent	1,354,830	483,850	810,946	1,192,037	1,057,279
Non controlling interests	-	-	-	16,839	105,235
Total comprehensive revenue and expense	1,354,830	483,850	810,946	1,208,876	1,162,514

The significant variances to budget relate to the Council (parent) and are explained in the financial highlights on pages 17-18 and Note 30 in the Annual Report.

Summary balance sheet as at 30 June 2015

	30 Jun 15 Actual \$000	30 Jun 15 Plan \$000	Parent 30 Jun 14 Actual \$000	30 Jun 15 Actual \$000	Group 30 Jun 14 Actual \$000
Assets					
Current assets	427,827	220,145	341,028	900,861	879,886
Non-current assets	10,505,547	9,284,444	8,762,822	11,286,963	9,656,468
Total assets	10,933,374	9,504,589	9,103,850	12,187,824	10,536,354
Equity and liabilities					
Current liabilities	315,811	292,664	220,844	636,060	423,979
Non-current liabilities	1,313,701	1,373,897	933,974	2,128,316	1,809,528
Parent entity equity	9,303,862	7,838,028	7,949,032	9,154,351	7,929,179
Non controlling interest	-	-	-	269,097	373,668
Total equity and liabilities	10,933,374	9,504,589	9,103,850	12,187,824	10,536,354

The significant variances to budget relate to the Council (parent) and are explained in the financial highlights on pages 17-18 and Note 30 of the Annual Report.

Summary statement of changes in equity for the year ended 30 June 2015

	30 Jun 15 Actual \$000	30 Jun 15 Plan \$000	Parent 30 Jun 14 Actual \$000	30 Jun 15 Actual \$000	Group 30 Jun 14 Actual \$000
Opening equity	7,949,032	7,838,028	7,138,086	8,302,847	7,141,651
Total comprehensive revenue and expenses attributable to:					
Parent entity equity	1,354,830	483,850	810,946	1,192,037	1,057,279
Non controlling interest	-	-	-	16,839	105,235
Total comprehensive revenue and expenses for the period, net of tax	1,354,830	483,850	810,946	1,208,876	1,162,514
Dividends	-	-	-	(12,644)	(5,704)
Consolidation of CCOs	-	-	-	-	29
Other items	-	-	-	(75,631)	4,357
Closing equity	9,303,862	8,321,878	7,949,032	9,423,448	8,302,847

	Retained Earnings \$000	Other Reserves \$000	Parent Total Equity \$000	Retained Earnings \$000	Other Reserves \$000	Non Controlling Interests \$000	Group Total Equity \$000
Balance at 30 June 2012	2,129,913	4,951,122	7,081,035	2,855,277	3,951,038	256,564	7,062,879
Balance at 30 June 2013	2,502,479	4,635,607	7,138,086	3,250,732	3,616,327	274,591	7,141,650
Balance at 30 June 2014	2,826,707	5,122,325	7,949,032	3,813,555	4,115,624	373,668	8,302,847
Balance at 30 June 2015	3,163,327	6,140,535	9,303,862	4,230,350	4,924,001	269,098	9,423,448

Summary cash flow statement for the year ended 30 June 2015

	30 Jun 15 Actual \$000	30 Jun 15 Plan \$000	Parent 30 Jun 14 Actual \$000	30 Jun 15 Actual \$000	Group 30 Jun 14 Actual \$000
Net cash provided by/(used in) operating activities	125,324	540,063	110,909	238,240	187,147
Net cash (used in)/provided by investing activities	(477,819)	(989,853)	(155,071)	(711,878)	71,228
Net cash provided by/(used in) financing activities	333,589	453,986	(15,941)	333,572	(94,981)
Net increase in cash and cash equivalents	(18,906)	4,196	(60,103)	(140,066)	163,394
Cash and cash equivalents at beginning of year	86,495	20,204	146,598	325,043	161,646
Cash introduced due to consolidation of CCOs	-	-	-	(301)	-
Cash and cash equivalents at end of year	67,589	24,400	86,495	184,676	325,040

Notes to the summary financial statements for the year ended 30 June 2015

1. Accounting policies

Reporting entity

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

The 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 the purposes of the New Zealand Accounting Standards Framework. The Council is therefore subject to policies and exemptions that may not apply to other entities in the Group. Where PBE treatment of specific issues differs from the usual treatment, this is noted in each policy.

The Council's full financial statements are for the year ended 30 June 2015. We prepared the summary 2015 financial report to offer an overview of our performance. The Council authorised the Chief Financial Officer to produce and publish the summary report on 29 October 2015. The Chief Financial Officer approved the summary 2015 report for issue on 16 November 2015.

The specific disclosures in the summary 2015 financial report have been extracted from the full audited 2015 financial report also dated 29 October 2015.

New accounting standards and interpretations

This is the first set of financial statements of the Council and Group that is presented in accordance with PBE standards. The Council and Group have previously reported in accordance with NZ IFRS (PBE).

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards have a largely immaterial impact. For more information, please refer to Note 35, Statement of significant accounting policies in the 2015 Annual Report.

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. They comply with the PBE Accounting 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:

- PBE IPSAS 17 – Property, Plant and Equipment Assets due for valuation in 2015 were stormwater, water ways and wetlands infrastructure assets. These assets were not revalued in 2015 and therefore their carrying value represents their 2008 fair value less depreciation. Valuations were undertaken of land and buildings, roading and sewerage infrastructure assets and art works at 30 June 2015. Water supply and marine structures assets were revalued in 2014. Further information

about the reasons for this are set out in note 9 of the Annual Report.

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

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

The 2015 summary financial report complies with PBE FRS 43 - Summary Financial Statements. Please note that the information in the summary financial report does not provide as complete an understanding as the full financial report of the financial and service performance, financial position and cash flows of the Council.

For more information see our full 2015 Annual Report on the website:

<http://www.ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/plans/annual-plans/2015-annual-report/>

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

Chief Financial Officer
Christchurch City Council
PO Box 73015
Christchurch

2. Capital commitments

The Group has commitments to the value of \$535 million (2014: \$478 million) on capital works.

3. Contingent liabilities

These liabilities depend on other future events and, for the Group, total \$55 million (2014: \$58 million). In addition, the Group also has contingencies for rebuild costs and insurance and rebuild cost recoveries that cannot be reliably measured.

4. Legislative requirements

Council

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

5. Subsequent events

There are no subsequent events.

Christchurch
City Council

