CORPORATE AND FINANCIAL COMMITTEE AGENDA

FRIDAY 2 NOVEMBER 2012

AT 9AM

IN THE COMMITTEE ROOM 1, CIVIC OFFICES

Committee: Councillor Helen Broughton (Chairperson),
Councillors Ngaire Button, Tim Carter, Jimmy Chen, Jamie Gough and Yani Johanson

Principal Adviser
Paul Anderson
Telephone: 941-8528

Committee Adviser
Rachael Brown
Telephone: 941-5249

PART A - MATTERS REQUIRING A COUNCIL DECISION
PART B - REPORTS FOR INFORMATION
PART C - DELEGATED DECISIONS

INDEX

1. APOLOGIES

Nil.

2. DEPUTATIONS BY APPOINTMENT

Nil.

3. ELECTED MEMBER ALLOWANCES AND EXPENSES

General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8462
Officer responsible:	Democracy Services Manager
Author:	Lisa Goodman

PURPOSE OF REPORT

1. To enable the Council to recommend changes to the Remuneration Authority on three elements (vehicle mileage, travel time and communications) of its schedule of expenses and allowances for elected members.

EXECUTIVE SUMMARY

2. In early September 2012 the Remuneration Authority issued its 2012 determination for the remuneration, allowances and fees to be paid to the elected members of most local authorities around New Zealand. That Determination retained previous provisions around communications allowances, but modified previous provisions around mileage and travel time that will provide greater benefit to elected members. A number of Councils have since sought and received guidance on the application of those provisions.

3. This report proposes an addition to the wording of communications provisions in the Council's schedule of elected member allowances and expenses, to reflect new and emerging technology available to elected members. Also proposed are amendments to the vehicle mileage and travel time provisions to reflect the contents of the new Determination. These amendments are highlighted on pages 2-3 and 8 of **Attachment 1** – the draft Schedule of Elected Member Allowances and Expenses for 1 July 2012 to 30 June 2013. No other changes are proposed to the Schedule, as the rest of its contents reflect previous discussions with and approvals by the Remuneration Authority.

FINANCIAL IMPLICATIONS

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

4. Sufficient provision will be included in the 2013/2022 Long Term Plan for all elected member expenses and allowances to be paid as proposed. For this current year (2012/13) there is provision in the Annual Plan for a lower level of mileage and travel time to be paid, but the relatively insignificant increased level can be absorbed within current budgets.

LEGAL CONSIDERATIONS

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

5. The principal statutory provisions which apply in this instance are the Seventh Schedule of the Local Government Act 2002 and the Remuneration Authority Act 1977. No legal implications arise from this report's recommendations.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

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

6. Page 156 of the LTCCP – level of service under Democracy and Governance refers.

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

7. Not applicable.

3 Cont'd

CONSULTATION FULFILMENT

8. This report has not gone to the Community Boards for input, given:

   (a) the amendments proposed are not significant and are more favourable than previous provisions, and

   (b) the late timing of the Authority's Determination (i.e. September rather than its usual July date), and that some elected members will want to start claiming for the more favourable mileage and travel time provisions as soon as possible.

STAFF RECOMMENDATION

That the Corporate and Financial Committee recommend to the Council that it approve the proposed amendments set out in Attachment 1 to:

(a) section 5 - the provisions on vehicle mileage and travel time allowances (pages 2-3), and

(b) the communications technology provided in section 8.1 (page 8).

BACKGROUND (THE ISSUES)

9. The Council may reimburse expenses and/or pay allowances to elected members, in accordance with a schedule of rules approved by the Remuneration Authority. The Council is required to seek the Remuneration Authority's approval for any amendments to rules previously approved. In doing so, the Council must take into account the Authority's Determination issued each year for elected member remuneration. This Determination is a legal ruling with the same effect as a statutory regulation, which all councils (except Auckland, which has its own Determination) are required to follow.

10. The 2012/13 Determination includes amended provisions relating to mileage and travel time; this requires the Council to adopt amended provisions on those topics to align with the provisions of the Determination.

Vehicle Mileage and Travel Time Allowances

11. The vehicle mileage and travel time allowances are more favourable in the 2012/13 Determination than in the previous one. **Attachment 2** – a letter from the Remuneration Authority dated 26 September 2012 – expands on many of the points below:

Vehicle Mileage Allowance

12. The Determination provides for a change to the threshold distance that applies each day before mileage becomes payable. While the threshold distance was previously a uniform 30 kilometres, and was intended for an elected member "when on the local authority's business" without any clarification of the latter, clause 9 of the 2012/13 Determination includes the following:

    On the local authority's business *includes –*

    (a) on the business of any community board of the local authority; and
    (b) travel to and from a member's residence to an office of the local authority or a community board.

    Threshold distance *means the shorter of the following distances:*

    (a) the distance equivalent to a round trip between the member's residence and the nearest office of the local authority by the most direct route that is reasonable in the circumstances; and

3 Cont'd

(b) 30 kilometres, if the distance equivalent to a round trip between the member's residence and the nearest office of the local authority is greater than 30 kilometres by the most direct route that is reasonable in the circumstances.

13. The clause above is designed to allow the concept of "travel from home to the Council" to be applied with more flexibility. The effect of this clause is to allow for reimbursement to be made for mileage where the distance travelled is less than 30 kilometres, and reflect travel to a recognised place of work. For example:

    (a) A Councillor's return trip from home to Civic Offices might be 14 kilometres. That would be their threshold before they could start to claim for any travel on other Council business. If that Councillor attended meetings during the day that involved 58 kilometres, the reimbursable distance would be 44 kilometres.

    (b) A Community Board member's return trip from home to a service centre might be 45 kilometres. Their threshold would be 30 kilometres before they could claim for mileage.

14. The Authority has advised that an *"office of the local authority or a community board" includes the main council office or a local service centre. The Authority states that "the expectation is that these premises would be recognised locally as a permanent venue for district authority activity, and members would have an expectation that this would be their "place of work" for some or all council activity. Temporary areas where meetings might occur, such as local halls, libraries or hotels would not be recognised by this definition".*

15. Staff have contacted the Authority to explain the current situation in Christchurch; that many regular meeting venues of the Community Boards are currently closed and that temporary meeting venues are being used. The Authority has confirmed the acceptability of such venues being taken into account for mileage and travel time.

Travel Time Allowance

16. The Determination provides for a change to the threshold travel time that must be incurred before the travel time allowance becomes payable. While the threshold travel time was previously two hours, clause 10 of the Determination reduces the threshold to one hour:

    (1) A local authority may pay a member of a member of a community board a travel time allowance if the office of the member cannot be properly regarded as a full-time position.

    (2) An allowance may be paid to a member under subclause (1) for each day within the period of this determination that:

    (a) the member is travelling:

    (i) on the local authority's business; and
    (ii) by the quickest form of transport reasonable in the circumstances; and

    (b) the travel time of the member exceeds one hour.

17. It is proposed that amendments to the Council's current schedule of expenses and allowances are made to reflect the vehicle mileage and travel time provisions of the Determination. These are set out in pages 2-3 of Attachment 1. This would only apply to Community Board members, as travel time allowance can only be paid to elected members who are not effectively full time.

3 Cont'd

Communications Allowance

18. On pages 7-8 of Attachment 1, current provisions regarding communications allowances are set out. A minor change is proposed to Section 8.1 on page 7 to reflect new and emerging technology. The inclusion of more options including tablet technology (such as an IPAD) will provide greater flexibility in terms of options for Councillors who wish to have technology supplied by the Council.

Christchurch City Council

CHRISTCHURCH CITY COUNCIL

SCHEDULE OF ELECTED MEMBER ALLOWANCES AND EXPENSES RULES (1 July 2012 to 30 June 2013)

SECTION 1 - NAME OF LOCAL AUTHORITY: CHRISTCHURCH CITY COUNCIL
(Schedule prepared 10 May 2012)

***Contact person for enquiries**:*

Name: Clare Sullivan   Designation: Council Secretary

Email: lisa.goodman@ccc.govt.nz   Telephone: 03 941 8533

SECTION 2 - DOCUMENTATION OF POLICIES

List the local authority's policy documents which set out the policies, rules and procedures relating to the expenses and allowances payable to elected members.

Document name	**Date**
Schedule of elected member allowances and expenses	Adopted by Council on 22/11/2012

SECTION 3 - AUTHENTICATION OF EXPENSE REIMBURSEMENTS AND ALLOWANCES

Summarise the principles and processes under which the local authority ensures that expense reimbursements and allowances payable in lieu of expense reimbursements, -

- *are in line with council policies*
- *have a justified business purpose*
- *are payable under clear rules communicated to all claimants*
- *have senior management oversight*
- *are approved by a person able to exercise independent judgement*
- *are adequately documented*
- *are reasonable and conservative in line with public sector norms*
- *are, in respect of allowances, a reasonable approximation of expenses incurred on behalf of the local authority by the elected member*
- *are subject to internal audit oversight.*

1. Comprehensive schedule approved by the Council. Basis is "actual and reasonable" expenses only.

2. Expenditure must relate to the items listed in this schedule.

3. Expense claims are approved by the Council Secretary. Full receipts are required.

4. The policies set by the Council reflect public sector norms of reasonableness and conservatism.

5. Internal audit work programme includes sampling expense claims and allowances paid to elected members and staff.

SECTION 4 - VEHICLE PROVIDED

Are any elected members provided with use of a vehicle, other than a vehicle provided to the Mayor or Chair and disclosed in the remuneration information provided to the Remuneration Authority?

No.

SECTION 5 – TRAVEL TIME AND MILEAGE ALLOWANCES

~~1. For all elected members, reimbursement at $0.74 per kilometre for car running associated with attendance at Council/Community Board related meetings or events, with:~~

~~a) a minimum threshold of distance travelled being 30 kilometres for travel undertaken on any one day, with only distance in excess of this threshold qualifying for payment; and~~

~~b) a maximum threshold of 5,000 kilometres at $0.74 per kilometre that can be claimed by any one elected member in any twelve month period;~~

~~c) payment of mileage at $0.35 per kilometre for travel in excess of 5,000 kilometres~~

~~provided that the elected member travels:~~

~~i) in his or her own vehicle; and~~

~~ii) by the most direct route reasonable in the circumstances.~~

1. Elected members, excluding the Mayor, are entitled to a mileage allowance when using their own vehicle for Council business. The rate payable is subject to the following:

a) The initial threshold distance travelled each day is not eligible for the mileage allowance, with the threshold distance being either:

i) the distance equivalent to a round trip between the member's residence and the nearest office of the Council by the most direct route that is reasonable in the circumstances; or

ii) 30 kilometres, if the distance equivalent to a round trip between the member's residence and the nearest office of the Council is greater than 30 kilometres by the most direct route that is reasonable in the circumstances.

b) The first 5,000 kilometres of eligible mileage claimed by an elected member in any financial year shall be subject to an allowance of $0.74 per kilometre.

c) Any eligible mileage over 5,000 kilometres claimed by an elected member in any financial year shall be subject to an allowance of $0.35 per kilometre.

2. Mileage may include travel to and from the member's residence, if the travel is:

a) in the member's own vehicle; and

b) to attend a Council or Community Board related meeting or event (excluding events when the primary focus is on social activity)

c) by the most direct route reasonable in the circumstances.

~~2~~3. For Community Board members only, reimbursement at $15 per hour for travel time (including travel to and from the member's residence) for travel undertaken on any one day to attend a Council/ Community Board related meeting or event with a minimum threshold of ~~2~~ 1 hour~~s~~ of time travelled, with only time in excess of this threshold qualifying for payment and if the travel is by the quickest form of transport reasonable in the circumstances.

SECTION 6 - TRAVEL AND ACCOMMODATION

6.1 Taxis and other transport

Are the costs of taxis or other transport reimbursed or an allowance paid?

Yes. For all elected members, costs for using public transport, e.g. bus and ferry, are reimbursed when the travel relates to attending Council or Community Board related meetings or events.

All elected members are entitled to the reimbursement of taxi fares when on Council business, instead of private vehicle or public transport, for the following reasons:

a) safety/security reasons, such as returning home from late meetings,

b) when travelling outside Christchurch on Council business, if a taxi is the most appropriate form of transport.

6.2 Carparks
Are carparks provided?

Yes. Mayor, Deputy Mayor and Councillors are provided with carparks for use whilst on Council business.

6.3 Use of Rental cars
Are rental cars ever provided?

Yes. The Mayor, Deputy Mayor and Councillors are occasionally provided with rental cars when attending conferences in other centres, where this is the most cost effective travel option (although rental cars are not provided for travel to and from Christchurch when attending such events).

6.4 Travel and Attendance at Conferences/Courses/Seminars

General

All travel and accommodation arrangements for elected members are to be made by Democracy Services staff with the Council's preferred travel agents at the most economic cost available (when possible) at the time of booking, unless all travel costs are being met privately or by an outside party.

Domestic Air Travel
Summarise the rules for domestic air travel.

All elected members are entitled to utilise domestic air travel for Council related travel, where travel by air is the most cost effective travel option.

International Air Travel
Summarise the rules for international air travel (including economy class, business class, stopovers).

As a general policy all elected member international air travel is by way of economy class, where all or part of the costs of the fares are to be met by the Council. Exceptions require the approval of the Council where business class air travel is desirable for health or other compelling reasons.

Attendance at Conferences, Courses, Seminars and Training Programmes

All elected members are entitled to payment of actual and reasonable registration, travel, accommodation, meal and related incidental expenses (including travel insurance) incurred in attendance at conferences, courses, seminars and training programmes etc, held both within New Zealand and overseas, subject to related expenditure being accommodated within existing budgets.

Mayor

In the case of the Mayor, the following rules apply provided the cost of travel and related expenses can be met within the relevant budget provision:

1. Travel on official Council business within New Zealand for attendance at conferences, courses, training events and seminars, or for other purposes associated with his position as Mayor requires the prior approval of the Chief Executive.

2. The prior approval of the Council is required for:

a) any fact-finding travel by the Mayor outside New Zealand for the purpose of inspecting or evaluating initiatives, facilities or operations which may be of benefit to Christchurch City.

b) any travel as part of a Sister City Delegation, where the cost of such travel is not wholly covered by the host city.

c) the associated travel, accommodation and incidental costs for the Mayoress to enable her to accompany the Mayor on overseas trips.

3. The exception to Council approval being required for 2a) to c) above is where all of the costs of travel are being met privately or by another party.

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Councillors

1. All Councillors are provided with a discretionary allocation of $4,000 per annum from the relevant travel and conference budgets, to be used for conferences, courses, seminars and training that they choose to attend.

a) This amount is non-transferable and is to cover course fees, travel, accommodation and meals.

b) The conference, course, seminar or training event selected must contribute to the Councillor's ability to carry out Council business.

c) Councillors wishing to utilise this discretionary funding for attendance at such events are required to obtain the prior written confirmation from both the Mayor (or the Deputy Mayor) and the Chief Executive that the conditions set out above have been met.

2. In the case of Councillors who are Chairs of Council Committees and wish to attend conferences, courses, seminars and training that is directly relevant to the business of their Committees:

a) such expenditure does not fall within the discretionary funding referred to in paragraph 1 above, and costs of up to $2,000 for such attendance will be met from general travel budgets.

b) attendance at such events will require the prior written approval from both the Mayor (or the Deputy Mayor) and the Chief Executive.

3. The prior approval of the Council is required for:

a) Any fact finding travel by Councillors outside Christchurch for the purpose of inspecting or evaluating initiatives, facilities or operations which may be of benefit to Christchurch City.

b) Any travel by Councillors as part of a Sister City Delegation, where the cost of such travel is not wholly covered by the host city.

4. The exception to Council approval being required for 3a) and b) above is where all of the costs of travel are being met privately or by another party.

5. Any unspent funds from Councillor discretionary training/development budgets in any one financial year may be carried over for the next twelve month period, provided that:

a) The purpose is for any one training course that is directly relevant to core governance competencies/skills and that exceeds $4,000.

b) Approval for the course is granted by both the Mayor (or the Deputy Mayor) and the Chief Executive.

c) Approval for the carry-over of funds for attendance at such courses is given by the Mayor (or the Deputy Mayor) and the Chief Executive.

Community Board Members

In the case of Community Board Chairpersons and Community Board members, attendance at conferences, courses, seminars and training programmes etc requires the prior approval of the relevant community board, and is required to fall within budget parameters.

The exception to approval by the relevant community board being required is when a Community Board member is to be the Council's representative at a conference or event. In such cases the approval of the Council is required.

Elected Member Representatives on External Organisations

Where the Council has formally appointed elected members to external organisations (e.g. Zone 5 of Local Government New Zealand) such members may attend conferences or seminars held by the relevant external organisations of their own volition, provided the expenditure involved can be met within the relevant budget provision. (Such expenditure does not fall within the Councillors' discretionary allocation of $4,000.)

6.5 Airline Club/Airpoints/Airdollars

Are subscriptions to airline clubs (such as the Koru Club) paid or reimbursed?

Yes. Mayor only, given frequent travel.

Are airpoints or airdollars earned on travel, accommodation etc paid for by the local authority, available for the private use of members?

Yes.

6.6 Accommodation costs whilst away at conferences, seminars, etc

Summarise the rules on accommodation costs.

1. Actual and reasonable costs reimbursed.

2. All accommodation must be booked through the Democracy Services Unit.

6.7 Meals and sustenance, incidental expenses

Summarise the rules on meals, sustenance and incidental expenses incurred when travelling. (If allowances are payable instead of actual and reasonable reimbursements, state amounts and basis of calculation.)

1. Actual and reasonable meal costs are paid for by the Council.

2. No reimbursement of meals provided by others.

6.8 Private accommodation paid for by local authority

Is private accommodation (for example an apartment) provided to any member by the local authority?

No.

6.9 Private accommodation provided by friends/relatives

Are allowances payable in respect of accommodation provided by friends/relatives when travelling on local authority business?

No.

SECTION 7 - ENTERTAINMENT AND HOSPITALITY

Are any hospitality or entertainment allowances payable or any expenses reimbursed?

No. The Mayor holds a purchasing card to pay directly for any hospitality expenses incurred while carrying out Council business. Costs for such expenses are provided for in operational catering budgets.

SECTION 8 - COMMUNICATIONS AND TECHNOLOGY

8.1 Equipment and technology provided/allowances paid to elected members

Is equipment and technology provided to elected members for use at home on council business?
Are any allowances paid in relation to communications and/or technology provided by the member relating to council business?

For Deputy Mayor, Councillors and Community Board Chairs:

EITHER:

A communications allowance of $750 towards the expenses of all or any of the following:

- Mobile phone
- Computer or ancillary equipment
- An Internet Connection

OR

Provision of :

- PC, or laptop, or netbook, or IPAD or other tablet technology~~Laptop (or PC)~~ , and
- Printer, and
- An Internet connection

And a contribution of $37.50 per month towards the costs of Council related mobile phone calls.

For remaining Community Board Members

A communications allowance of $375 towards the expenses of all or any of the following:

- Mobile phone
- Computer or ancillary equipment
- An Internet Connection

For Mayor

Provision of:

- Mobile telephone
- Computer or ancillary equipment
- An Internet Connection

In addition, the Council pays in full his:

- Home telephone line rental, and associated toll charges
- Monthly cellphone based rental, and all associated call charges

SECTION 9 - PROFESSIONAL DEVELOPMENT, CLUBS AND ASSOCIATIONS
Are any expenses reimbursed or allowances paid in respect of members' attendance at professional development courses, conferences and seminars?

Yes. See section 6 for full details.

Are any expenses reimbursed or allowances paid in respect of subscriptions to clubs or associations?

No.

SECTION 10 - OTHER EXPENSE REIMBURSEMENTS AND ALLOWANCES
Are any other expense reimbursements made or allowances paid?

No.

SECTION 11 - TAXATION OF ALLOWANCES

Are any allowances (as distinct from reimbursements of actual business expenses) paid without deduction of withholding tax?

No.

SECTION 12 - SIGNATURE

I seek approval from the Remuneration Authority, in relation to the period 1 July 2012 to 30 June 2013, of the expense reimbursement rules and payments of allowances applicable to elected members as set out in this document.

The approved document and any attachments will be available for public inspection in accordance with the Remuneration Authority's determination.

L. Goodman.	Democracy Services Manager	10 May 2012
Signature	**Designation**	**Date**

RemunerationAuthority

26 September 2012

To all Regional and Territorial authorities

Elected officials expenses and allowances
Local Government Elected Members (2012/13) (Certain Local Authorities) Determination 2012

The Authority has received a number of requests for clarification of the content and application of clauses 9-11 of the determination.

All three clauses are designed to provide some flexibility to councils to apply based on local circumstance, rather than having a prescribed rule for all councils. All three set maxima for allowances and councils maintain the ability to recommend that their expenses do not include such payments.

This circular represents matters raised to date. If you have further enquiries please contact me via email at info@remauthority.govt.nz.

The Mileage Rate

Additionally the Authority has received enquiries related to the level of mileage reimbursement per kilometre. The Authority is aware of recent changes to the rate allowed by IRD for the purpose of submitting tax returns. The Authority will take this decision, along with any other changes that may occur, into consideration when setting the 2013/2014 determination but will not be adjusting the mileage rate in the 2012/2013 determination.

Vehicle Mileage – Clause 9

> ***9 Vehicle mileage allowance***
> *(1) A local authority may pay a member or a member of a community board a vehicle mileage allowance for travel by the member.*
> *(2) An allowance may be paid to a member under subclause (1) for each day within the period of this determination that—*
> *(a) the member is not provided with a vehicle by the local authority; and*
> *(b) the distance travelled by the member on the day exceeds the threshold distance; and*
> *(c) the member is travelling—*
> *(i) in a private vehicle; and*
> *(ii) on the local authority's business; and*
> *(iii) taking the most direct route that is reasonable in the circumstances.*

Remuneration Authority
PO Box 10084, Morrison Kent House, 105 The Terrace, Wellington, New Zealand
Telephone 04 499 3068 Facsimile 04 499 3065 Email info@remauthority.govt.nz

(3) *The allowance is payable, in relation to each day for which the member qualified under subclause (2),—*
  (a) *in accordance with subclause (4); but*
  (b) *only for the distance travelled on the day that exceeds the threshold distance.*

(4) *The vehicle mileage allowance payable to a member is—*
  (a) *no more than $0.74 per kilometre for the first 5 000 kilometres for which the allowance is payable:*
  (b) *no more than $0.35 per kilometre for any distance over 5 000 kilometres for which the allowance is payable..*

(5) *In this clause,—*
  on the local authority's business *includes—*
  (a) *on the business of any community board of the local authority; and*
  (b) *travel to and from a member's residence to an office of the local authority or a community board*
  threshold distance *means the shorter of the following distances:*
  (a) *the distance equivalent to a round trip between the member's residence and the nearest office of the local authority by the most direct route that is reasonable in the circumstances; and*
  (b) *30 kilometres, if the distance equivalent to a round trip between the member's residence and the nearest office of the local authority is greater than 30 kilometres by the most direct route that is reasonable in the circumstances.*

The amendments to this allowance clause are designed to allow the concept of 'travel from home to the council' to be applied with more flexibility. The effect is to allow for reimbursement to be made for mileage where the distance travelled is less than 30 kilometres and genuinely reflects travel to a recognised place of work.

Interpretation issues raised have been around:-

9(5)(b) *travel to and from a member's residence to an office of the local authority or community board*

This includes the main council office, a local hub to which councillors routinely travel to attend meetings or meet with staff over issues, the home base of a rural or suburban community board which it would be a reasonable expectation of a member that they will visit for business purposes. The expectation is that these premises would be well recognised locally as a permanent venue for district authority activity, and members would have an expectation that this be their 'place of work' for some or all council activity. Temporary areas where meetings might occur, such as local halls, libraries or hotels would not be recognised by this definition.

An example of the correct calculation of threshold distance is attached as Appendix 1.

Travel time allowance- Clause 10

10 Travel Time Allowance

(1) A local authority may pay a member or a member of a community board a travel time allowance if the office of the member cannot be properly regarded as a full-time position.

(2) An allowance may be paid to a member under subclause (1) for each day within the period of this determination that—

(a) the member is travelling—

(i) on the local authority's business; and

(ii) by the quickest form of transport reasonable in the circumstances; and

(b) the travel time of the member exceeds 1 hour.

(3) The allowance is payable, in relation to each day for which the member qualifies under subclause (2),—

(a) at no more than $15 per hour; but

(b) only in respect of the travel for that day that exceeds 1 hour.

(4) In this clause, ***on the local authority's business*** *includes—*

(a) on the business of any community board of the local authority; and

(b) travel to and from a member's residence to an office of the local authority or a community board.

This change recognises submissions made to the Authority that 2 hours as a threshold unreasonably penalised rural councillors and did not adequately reflect the distance that might be travelled by members to meetings.

Interpretation issues raised have been around:-

10(1) A local authority may pay a member or a member of a community board a travel time allowance if the office of the member cannot be properly regarded as a full-time position.

As you are aware members are self-employed, not employees, and the issue of hours of work is to a great extent driven by matters within the control of the council and the individual. Currently the Authority does not deem any councillor or local or community board positions as full-time. A number of mayoral positions are deemed to be full-time and if there are queries regarding whether your mayor/chair is deemed to be full-time these should be directed to this office. The expectation around hours of work may vary in the future and if this should occur it is likely that the Authority would explicitly identify this expectation to councils and communities.

Communications Allowance- Clause 11

11 Communications allowance

(1) A local authority may pay a communications allowance to members and members of its community boards for expenses relating to 1 or more of the following:

(a) a mobile telephone:

(b) a computer or ancillary equipment:

(c) an Internet connection.

(2) The maximum amount of the allowance is $750 for each member for the period of this determination.

(3) However, the allowance is not payable to a member to the extent that the local authority provides him or her with 1 or more of the following:

(a) the use of a mobile telephone:

(b) the use of a computer and ancillary equipment:

(c) an Internet connection.

This clause was initially introduced to provide guidance to councils who wished to reduce administrative costs in reimbursing councillors who chose to utilise personal equipment in undertaking council business by paying an allowance, rather than reimbursing costs on an invoice basis.

The allowance is designed to cover the **additional** costs that councillors meet because of the duties they undertake as councillors. It is not designed to fully cover all costs members may meet.

The Authority and councils are confronted with an ever-changing suite of technology that can be used to maintain contact with council and constituents. Over the past decade usage of some technologies has become normalised (for example cell phone and broadband) whilst other technologies are no longer as prevalent (for example fax machines and land lines). The basis for the allowance needs to be adjusted accordingly.

Currently an increasing number of councils are considering, or have introduced, use of iPads or tablets for council papers and meetings. We are now receiving enquiries on the effect of that provision on the communication allowance.

The Authority believes that the suite of technologies available and required for council work, and the current cost of purchasing such services or equipment, requires careful assessment when determining the extent of any allowance that is made to councillors.

Generally, the Authority believes that at least 50% of the cost of the access to broadband and mobile networks is a normal cost against the councillor's personal income and the allowance should reimburse no more than the balance of those costs.

A question to be considered in providing, for example, an iPad or tablet to a member is whether other equipment or services are still needed by the member for council related business. If all council business is conducted through the new technology the council should no longer be providing or subsidising a personal computer.

It is the whole suite of services, reimbursements and costs that should be considered in relation to the allowance, together with any personal benefit the member gains by the provision of the equipment.

Since the cost of equipment provided and services accessed varies widely there is not one answer the Authority can provide. If you wish to verify the communication calculation with the Authority, this can be done as part of the approval process for your expenses policy.

Angela Foulkes
Deputy Chair

Appendix 1

A councillor lives 7 kilometres from the local council office in his/her ward, and 20 kilometres away from the main council office.

For the purposes of this calculation the distance to the nearest council office is 7 kilometres and the round trip 14 kilometres, the threshold travel distance is the shorter of 2x7 kilometres and 30 kilometres.

If the councillor attends meetings during the day that involve 58 kilometres of travel the reimbursable distance is 44 kilometres.

If a councillor only travels to the office no reimbursement is payable.

Had there not been a local office, the threshold of 30 kilometres would apply, and the councillor would be reimbursed 10 kilometres for a round trip to the council office and 28 kilometres if meetings during the day require 58 kilometres of travel.

4. PERFORMANCE REPORT FOR THE THREE MONTHS TO 30 SEPTEMBER 2012

General Manager responsible:	General Manager, Corporate Services, DDI: 941-8528
Officer responsible:	Corporate Finance Manager Corporate Performance Manager
Author:	Paul Anderson – General Manager, Corporate Services

PURPOSE OF REPORT

1. The purpose of this report is to update the Corporate and Financial Committee on service delivery, financial, and capital works programme performance results for the three months to 30 September 2012. The budgets and targets in this paper are based on those approved by Council in the 2009-19 Long Term Council Community Plan (LTCCP) and/or 2012-13 Annual Plan.

2. The report includes an updated overview on the overall financial impact of the earthquake on the Council for the three months to 30 September 2012.

EXECUTIVE SUMMARY

3. Attached are appendices showing summaries of:

   - levels of service graph as at 30 September 2012 (**Appendix 1**)
   - levels of service forecast to fail to meet targets as at 30 September 2012 (**Appendix 1a**)
   - levels of service where intervention is required to meet targets (**Appendix 1b**)
   - levels of service not reported (**Appendix 1c**)
   - levels of service change requests (**Appendix 1d**)
   - Financial performance as at 30 September 2012 (**Appendix 2**)
   - Significant capital projects (>$250,000) as at 30 September 2012 (**Appendix 3**)
   - Housing development fund and Christchurch Earthquake Mayoral Relief fund as at 30 September 2012 (**Appendix 4**).

Levels of Service

4. The Council is meeting the majority of its level of service targets (86.9 per cent) in the first quarter. Of the remainder, some are the result of facility closures affecting patronage targets (i.e. Akaroa Museum). Others (primarily in consenting) are against very stringent targets meaning that the failure of a single consent by a single day compromises the target for the year.

5. Appendix 1a lists those levels of service where the target is forecast to not be achieved, along with staff commentary.

6. Appendix 1b lists those levels of service where intervention is required to meet targets along with staff commentary and remedial actions.

7. Appendix 1c lists those levels of service where a forecast was not reported. The accountable officers will be contacted to ensure that this does not reoccur.

8. Appendix 1d lists a small number of levels of service change requests. There are three types of changes recommended:

   - The first is a change due to a Council resolution regarding the Civic and International Relations activity. It is recommended that this level of service is changed to be consistent with Council's resolution of 23 August 2012 to establish a working party and report back to Council by 28 February 2013.
   - The second set of proposed changes relate to unit cost levels of service for which targets were not set in the Annual Plan 2012/13 because budgets had not been finalised. This group of levels of service also includes a proposed change to the level of service for Public Participation in Democratic Processes to be consistent with the Communications Audit.
   - The final proposed change to levels of service is to reflect an error to a Canterbury Development Corporation (CDC) level of service, which was accidentally carried through from 2011/12 rather than being deleted.

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9. There is a second group which are not target changes but which require confirmation. These are targets that were set in the Annual Plan 2012/13 on the proviso that Council would be informed of the final calculation once the budget was confirmed (this is a necessary step where the budget is a numerator for the calculation, as is the case in efficiency targets).

Financial Performance

10. The key financials for the 2012/13 year are summarised in the table below. An expanded view of the Council's financial results is provided in Appendix 2.

	Year to Date Results			Forecast Year End Results			Forecast Carry Forward	
$000's	**Actual**	**Plan**	**Variance**	**Forecast**	**Plan**	**Variance**	**Carry Fwd**	**Result**
Council Activities								
Operational Expenditure	94,093	104,112	10,019	415,533	425,281	9,748		9,748
Operational Funding	79,111	83,808	-4,697	377,428	389,391	-11,963		-11,963
Ratepayer cash operating deficit	14,982	20,304	5,322	38,105	35,890	-2,215		-2,215
Earthquake Response								
Operational Expenditure	23,652	12,899	-10,753	70,430	50,835	-19,595		-19,595
Operational Funding/recoveries	17,941	6,849	11,092	46,279	24,734	21,545		21,545
Earthquake response borrowing required	5,712	6,050	339	24,151	26,102	1,951		1,951
Capital Works Programme	17,677	42,401	24,725	250,651	267,685	17,034	16,861	173
Works Programme Funding	14,880	14,902	-22	65,974	117,060	-51,086	50,000	-1,086
Works Programme Borrowing Requirement	2,797	27,499	24,702	184,677	150,625	-34,052	-33,139	-913
Earthquake Rebuild	112,665	133,484	20,819	651,114	661,057	9,942		9,942

11. The ratepayer cash operating deficit is currently $5.3 million better than budget, but is forecast to be $2.2 million over budget at year end. See points 13-16 for explanations.

12. Net earthquake emergency and response costs are forecast to be $1.9 million lower than budget. Forecast costs of $70.4 million are $19.6 million higher than budget, and mainly consist of building assessment and repairs $10.9 million ($2.8 million heritage properties; $2.8 million commercial properties; $1.8 million community centres; $1.2 million libraries) and other response costs $8.7 million higher. This largely comprises infrastructure (wastewater, water supply etc.) $5.5 million, and Geotech costs $3.2 million.

13. The capital works programme is forecast to be on budget after net carry forwards of $16.8 million currently identified are taken into account.

14. The infrastructure rebuild is forecast to be $9.9 million below budget this year. This is due to a forecast under-spend in the water supply ($39.6 million), Roading ($19.7 million) and pump station ($1.2 million) areas, partially offset by forecast over-spends in wastewater ($48.1 million) and stormwater ($2.5 million). These are all timing variances in the multi-year programme.

Operational Expenditure

15. Operating expenditure for Council activities is currently $10.0 million below budget. This is largely due to lower personnel costs as a result of existing vacancies, particularly in the building policy, building consenting and inspections, and resource consenting areas as a result of a lower than expected level of rebuild activity occurring to date. Grants costs are also significantly below budget due to a number of grants not yet paid out (most notably the Arts Centre, Heritage Incentive and Canterbury Hockey Association grants) however, these are forecast to be paid out by year-end. Maintenance costs are also below budget which is also largely a timing issue due to delays in some contracts getting underway.

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16. Operating expenditure is forecast to be $9.7 million below budget at year-end, which, similar to the year-to-date variance, is driven by lower personnel costs due to vacancies. Despite some catch-up, maintenance costs are forecast to remain below budget at year-end, mainly due to cost savings on streetscape maintenance for the Cathedral Square and other CBD pedestrian areas as a result of the CBD being closed to the public for longer than originally anticipated. Operating costs are also forecast to be below budget, mainly due to the closure of the art gallery and Hospital car parks. Partially offsetting this however, are forecast higher interest costs due to additional interim borrowing required while earthquake recoveries are awaited. The Council is seeking reimbursement for those additional costs from the Crown.

17. Park and the street garden contract maintenance budgets included in the 2012/13 Annual Plan were based on existing contract pricing, because new pricing was unavailable. New pricing from July has involved changes across the various park types and street gardens. To align budgets for meaningful reporting, it is requested that the Council approve the transfer of $377,000 from the road network activity (street gardens) to the sports parks activity. The new prices do not look to change the level of service, or request additional funding.

Operational Funding

18. Operational funding for the Council activities is $4.7 million lower than budget. This is mainly due to significantly lower volume based revenue in the building consents/inspections and resource consents areas as a result of a lower than budgeted level of rebuild activity occurring. Revenue targets were set very high this year with the expectation that the rebuild would have gained significant momentum by this stage of the year.

19. Further deterioration of building consents/inspections and resource consents revenue is forecast by year-end, and contributes to the majority of the forecast shortfall. Also contributing to the unfavourable forecast variance are lower than budgeted New Zealand Transport Authority (NZTA) operational subsidies on the streets programme (due to lower than planned spend), and lower revenue from art gallery shop sales. Partially offsetting this is higher subscriptions revenue in the recreation and sports area (such as multi-memberships), and higher than budget dividend revenue from Transwaste Canterbury Limited.

Capital Works Programme

20. The capital works programme is $24.7 million below budget for the year to date. The largest variances are in the wastewater collection and treatment ($10.6 million below budget), parks and open spaces ($4.3 million), water supply ($4.0 million) and corporate ($2.5 million) areas. The wastewater collection and treatment variance is mainly due to delays on various projects, including the Wigram pressure main and pump station 105 ($1.7 million), major trunk expansion ($1.3 million), Fendalton duplication ($1.1 million), Wainui sewer reticulation and treatment plant ($0.8 million) and Western Interceptor Future Stages ($0.7 million). The parks and open spaces variance is due to a large number of underspends across the whole programme, with the largest single underspend relating to waterways and wetlands and neighbourhood reserves purchases ($0.5 million). The water supply variance is also due to a number of underspends, the most notable being the Headworks Pump Replacement ($0.6 million), Cashmere Road water mains ($0.4 million) and Little River increased supply ($0.4 million). The majority of the corporate variance relates to strategic land acquisitions.

21. The capital works programme is forecast to be on budget after net carry forwards of $16.8 million are taken into account.

22. As part of the 2012/13 Annual Plan, the Council approved a budget for information technology improvements of $5.783 million for the 2012/13 financial year. Projects underway include graffiti tracking, digital imaging, asset management, regulatory process improvements and a range of smaller projects targeting improvements to various other Council systems. Councillors were briefed on these projects in a workshop on 10 July 2012. The 2012/13 budget is fully allocated to these projects.

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23. Consents and Customer is the project that targets improvements to Council's regulatory processes (for example, building consent processing, resource consent processing, liquor licensing). This was planned as a five-year programme of work costing $16.6 million. Given the significance of the consenting process to the city recovery it is recommended to accelerate the delivery of this project. A replanning exercise has been completed and staff are confident that this project could be substantially delivered this financial year, with some final milestones early in the following year (completion by December 2013). This would mean the project would be delivered for $3.0 million less than originally budgeted and two years earlier. This would require the Council to commit a further $3.657 million to the project in this financial year rather than delaying the implementation to future years.

24. It is recommended that Council approves an increase in the budget for the Consents and Customer project of $3.657 million in 2012/13, which will mean that this budget would not be required for the project in future years. It would also ensure that the Council and our customers receive the benefits from this project earlier including:

- reduction in the average number of processing days required to process a consent application resulting in increased customer satisfaction across the Building Consent, Resource Consent and Building Inspection Services
- improvements to information collection and accessibility for both staff, customers and contractors
- improved billing processes including better break down of costs on consent invoices
- the ability to decommission Council's legacy information technology systems
- a reduction in building inspection administration costs and better revenue collection processes for development contributions.

25. Financial details of significant capital projects, including proposed carry-forwards and bring-backs, are shown in Appendix 3.

Capital Funding

26. Development contributions revenue able to be allocated to fund completed work is forecast to be slightly higher than budget ($0.7 million) at year-end, as shown in Appendix 2.

27. NZTA capital subsidies on the Streets programme are forecast to be $1.5 million lower than budget at year-end.

Operational Activities

28. The City and Community Long Term Policy and Planning Year to date variance is due to ongoing vacancies, and lower consultants fees, mainly in the central city development area.

29. The heritage protection year to date variance is due mainly to a timing issue with the payment of the Art Centre and Heritage Incentive Grants (forecast to be paid out at year-end).

30. City planning and development capital revenues forecast variance reflects earthquake Heritage capital recoveries and relates to forecast earthquake expenditure on the Victoria Clock Tower.

31. Social housing is under budget by $0.7 million due to lower insurance and maintenance costs ($0.4 million and $0.3 million respectively). The end of year forecast is also impacted by the lower insurance cost ($1.6 million).

32. The art gallery and museums are below budget mainly due to staff vacancies, however operating costs are also below budget due to the temporary closure of the art gallery shop while it was being relocated to a new site, and a decline in exhibitions and public programmes.

33. The libraries are forecast to be $0.6 million under budget due to library closures reducing staff costs.

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34. The cultural and learning services capital revenues year to date variance is due to earthquake capital recoveries being lower than budget (Art Gallery $5.9 million and Libraries $1.2 million) due to very little facilities rebuild expenditure having yet occurred.

35. Regional parks are forecast to be $2.2 million over budget at year-end, due to the Port Hills slope stability project (Geotech).

36. The parks and open spaces capital revenues variance is mainly due to earthquake rebuild recoveries being lower than budget (Stormwater $2.1 million and parks $1.7 million), in line with current rebuild expenditure. Parks development contributions revenue is also lower than budget ($0.4 million) but is offset by waterways and wetlands development contributions which are higher than budget by the same amount. The forecast variance reflects earthquake capital recoveries lower than budget (Parks $3.4 million and Stormwater $2.7 million), and total development contributions revenue of $0.4 million lower.

37. The recreation and sports services activity year to date variance is mainly a timing issue around the payment of the Canterbury Hockey Association grant ($0.6 million), budgeted to occur in August but which will now be paid in October. The year end forecast variance is due to higher revenue from pool programmes.

38. Recreation and leisure capital revenues are forecast to be $1.7 million higher than budget due to higher earthquake capital recoveries ($1.4 million due to insurance recoveries under budgeted in the Annual Plan) and development contributions revenue ($0.3 million).

39. The building consenting and inspections month, year to date and forecast variances reflect significantly lower revenue than was budgeted (mainly in the building consents and Project Information Memorandums (PIMS), building inspections, and code compliance areas) due to a lower than expected level of rebuild activity occurring.

40. The building policy year to date and forecast variances are due to costs associated with the Earthquake Royal Commission and weather tight homes.

41. The road network activity is $3.9 million below budget year to date, with $2.2 million of the variance due largely to timing around maintenance costs (Council activities). This is forecast to reduce to $0.4 million below budget by year-end. The balance of the year to date variance ($1.7 million) is due to net earthquake related costs (forecast to reduce slightly to be $1.5 million below budget at year-end).

42. The active travel variance reflects lower than budgeted amenity maintenance costs now forecast for Cathedral Square and other CBD pedestrian mall areas, as these areas are expected to be opened later than was originally anticipated.

43. The parking activity forecast variance reflects lower operating costs ($0.8 million), as a result of the hospital and art gallery carparks now not expected to be open in this financial year. The revenue loss is largely offset with that from other temporary locations.

44. Streets and transport capital revenues remain significantly below budget ($12.0 million), despite insurance settlement proceeds for the Farmers carpark ($10.8 million). This is largely due to earthquake recoveries being $22.2 million lower (rebuild timing), in addition to non-earthquake NZTA capital subsidies being $0.8 million lower. Partially offsetting this are streets development contributions, which are slightly higher than budget ($0.2 million). The forecast variance of $2.5 million higher than budget reflects the $10.8 million insurance settlement, partially offset by lower earthquake roading capital recoveries ($7.1 million) and streets NZTA capital subsidies ($1.2 million).

45. The wastewater collection year to date variance is the result of increased staff costs due to more time being spent on sustaining the pump station network.

46. The wastewater treatment and disposal activity year to date variance is due to lower staff costs and higher revenue from tankered waste ($0.4 million) and an under-spend on maintenance costs. The favourable forecast variance relates mainly to higher tankered waste revenues ($1.4 million).

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47. The wastewater collection and treatment capital revenues year to date variance is due to earthquake capital recoveries which are $13.5 million lower than budget. The year-end forecast reflects significantly higher than budgeted earthquake capital recoveries in the wastewater ($32.0 million) and Christchurch Wastewater Treatment Plant (CWTP) ($14.5 million), partially offset by pump station capital recoveries, which are forecast to be $10.6 million lower than budget.

48. The water supply forecast variance relates mainly to earthquake related maintenance costs which are significantly less than budget as a result of less ongoing damage and breaks to the network than what was anticipated previously.

49. The water supply capital revenues year to date and forecast variances are all due to earthquake capital recoveries being lower than budget, in line with the infrastructure rebuild spend. Included within the variances is $0.7 million of indemnity proceeds received in September relating to the Huntsbury Reservoir.

50. The corporate revenues and expenses year to date variance of $34.6 million higher than budget is largely due to accrued earthquake capital recoveries from the Crown and NZTA (both $22.1 million respectively) relating to unallocated Stronger Christchurch Infrastructure Rebuild Team (SCIRT) setup/overhead costs (which are $73.7 million year to date). This is partially offset by insurance Local Authority Protection Programme (Facilities (LAPP (F)) capital recoveries $8.9 million lower than budget due to very little rebuild expenditure having yet occurred this year. The forecast variance reflects lower earthquake capital recoveries and higher interest expense ($2.1 million and $1.5 million respectively), partially offset by higher dividends revenue ($0.3 million), lower net corporate earthquake costs ($2.4 million) and lower depreciation ($0.3 million).

Earthquake Costs

$ million	2012/13 YTD			Forecast 2012/13				
Actual Results	Cost	Recovery	Net Cost	Cost	Recovery	Net Cost	Plan	Variance
Emergency and Response costs	23.7	17.9	5.7	70.4	46.3	24.2	26.1	(1.9)
Rebuild Costs	114.9	88.8	26.2	652.3	419.9	232.4	265.8	(33.4)
Total	138.6	106.7	**31.9**	722.7	466.2	**256.6**	**291.9**	**(35.3)**

51. Emergency/response costs totalling $23.7 million have been incurred year-to-date ($12.6 million relates to wastewater costs; $2.8 million to heritage properties; $1.3 million Geotech, and $1.0 million stormwater), resulting in a net cost to Council of $5.7 million.

52. Rebuild expenditure of $652.3 million is currently forecast, which is $9.9 million below this year's budget. This is due to a forecast under-spend in the water supply ($39.6 million), Roading ($19.7 million) and pump station ($1.2 million) areas, partially offset by an over-spend in wastewater ($48.1 million) and stormwater ($2.5 million).

53. Of the total forecast expenditure, $435.4 million relates to SCIRT costs (wastewater collection $266.0 million; roading $119.7 million; water supply $26.3 million; and stormwater $23.4 million). The balance relates to non-SCIRT (Council-delivered) works ($94.6 million) and facilities ($118.8 million), in addition to $3.5 million for work carried out and paid for by the Christchurch Earthquake Appeal Trust.

54. Details of forecast costs and recoveries for 2012/13 are:

	2012/13 Forecast ($m)					
	Cost	Accrued Recoveries				Balance
		LAPP (F)	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild:						
Roading	128.0	-	-	95.6	-	32.4
Sewer	241.2	-	147.9	-	-	93.4
Water	42.5	-	25.5	-	-	17.0
Stormwater	25.4	-	8.0	-	-	17.4
SCIRT setup and overhead costs unallocated	0.0	-	(0.0)	(0.0)	-	0.1
Total	**437.1**	**-**	**181.3**	**95.5**	**-**	**160.2**

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Other Assets and Insured Costs:						
Buildings and Facilities	123.9	73.4	-	-	-	50.5
Sewer above-ground assets	53.8	47.0	-	-	-	6.8
Water above-ground assets	18.2	18.9	-	0.0	-	(0.7)
Stormwater above-ground assets	0.2	0.2	-	-	-	0.0
Uninsured Assets (Parks, Stormwater)	19.1	-	-	0.1	3.5	15.6
Total	**215.2**	**139.4**	**-**	**0.1**	**3.5**	**72.2**
Total Infrastructure Rebuild:	**652.3**	**139.4**	**181.3**	**95.6**	**3.5**	**232.4**
Emergency & Response Costs:						
Roading emergency works	0.1	-	(0.9)	2.3	(0.0)	(1.3)
Welfare and other emergency works	0.5	-	0.4	-	-	0.1
Other Response costs	9.7	2.2	4.6	-	0.0	2.9
Roading temp maintenance works	8.5	-	(0.0)	4.6	-	3.9
3 Waters temp maintenance works	32.6	0.3	18.0	-	(0.1)	14.4
Buildings assessment and repair	10.9	10.6	-	-	0.0	0.3
Housing assessment and repair	0.9	-	-	-	0.9	0.0
Parks repairs	1.4	0.1	-	-	-	1.3
Rockfall	4.8	-	0.9	0.0	-	3.9
Increased costs of working	1.1	1.1	-	-	1.3	(1.3)
Total Emergency & Response Costs:	**70.4**	**14.2**	**23.0**	**6.9**	**2.2**	**24.2**
Grand Total	**722.7**	**153.6**	**204.3**	**102.5**	**5.7**	**256.6**

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

55. Yes.

LEGAL CONSIDERATIONS

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

56. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

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

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

58. As above.

ALIGNMENT WITH STRATEGIES

59. Not applicable.

CONSULTATION FULFILMENT

60. Not applicable.

STAFF RECOMMENDATIONS

That the Corporate and Financial Committee recommend that the Council:

(a) Receive the report.

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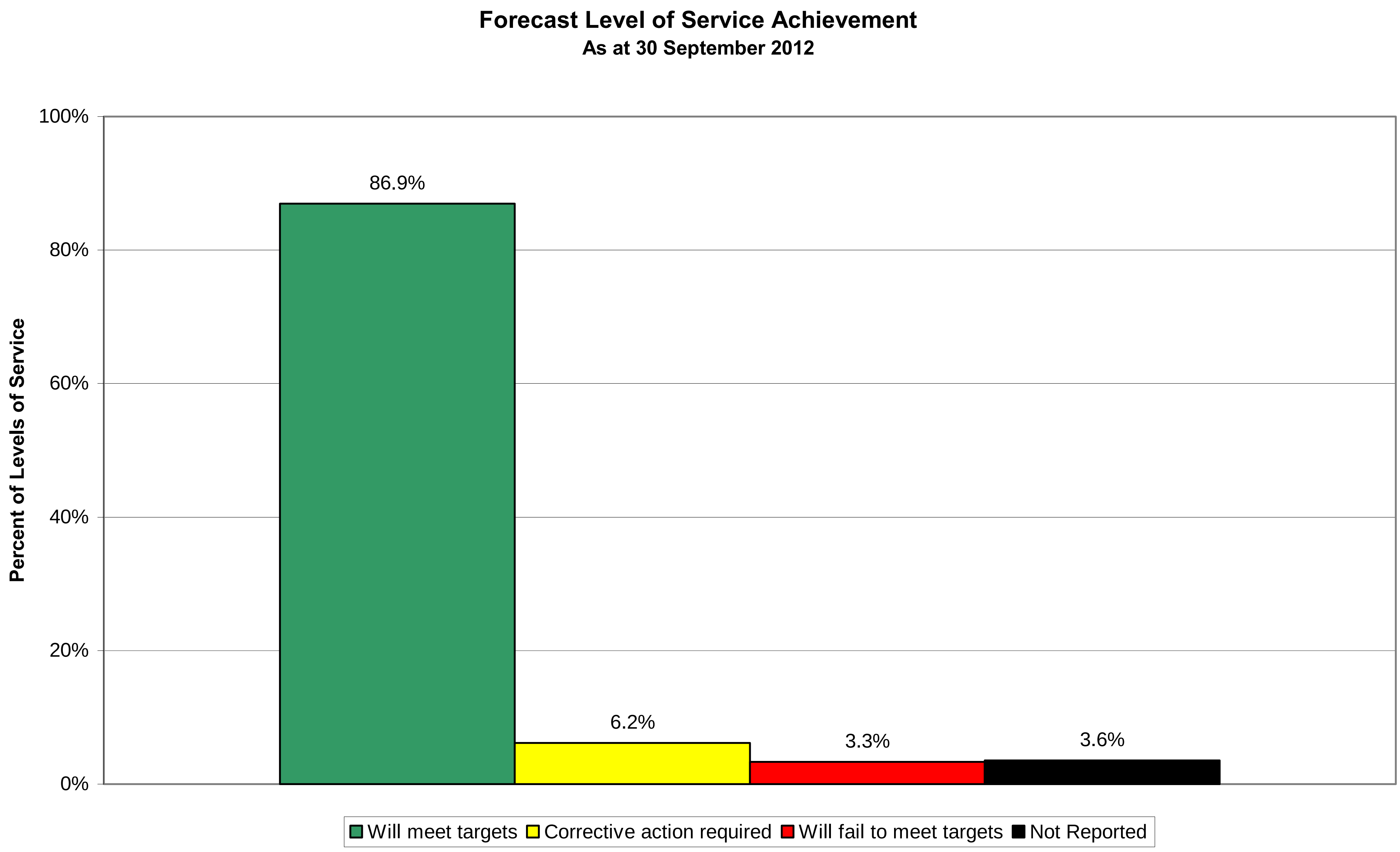
(b) Approve the transfer of $377,000 of budget from the road network activity (street gardens) to the sports parks activity to reflect maintenance contract pricing changes.

(c) Approve an increase in budget of $3.657 million in 2012/13 to the Consents and Customer project to enable it to be completed by December 2013.

(e) Approve the changes to levels of service as outlined in Appendix 1d.

Appendix 1 - Forecast Levels of Service Achievement
(as at 30 September 2012)



Appendix 1a: Levels of service forecast to fail to meet targets

Art Gallery and Museums

Measure: **Akaroa Museum hours of opening.**

Target: **Minimum of 2,093 opening hours pa.**

Results: **0 hours open to the public year to date.**

Comments: **The museum has been closed since 21 June due to Earthquake damage.**

Remedial Action: **A temporary opening for the summer months looks increasingly unlikely. The Museum is on a priority list of 27 community facilities - a decision will be made by December.**

City & Community Long-Term Policy and Planning - incentives (commercial and residential)

Target: To be resolved for September quarter reporting.

Comments: Work programme for the Central City Recovery Plan is still emerging from CCDU.

Remedial Action: Details to be clarified with CCDU.

Libraries

Measure: **Residents have access to a physical library relevant to local community need or profile.**

Target: **Provide for 10 voluntary libraries - rent free facilities including building and maintenance.**

Comments: **Supporting five voluntary libraries that remain open.**

Remedial Action: **Explore alternative accommodation options through the facilities rebuild process.**

Target: **Provide for 10 voluntary libraries - support for collections.**

Comments: **Continue to maintain the five open facilities collections.**

Remedial Action: **Continue to explore accommodation options for these services.**

Building Consenting and Inspections

Measure: **% of all building consent applications processed within statutory timeframes.**

Target: **100% of all building consents granted within 20 working days.**

Comments: **100% is an extremely challenging target. Our focus is on achieving this target for at least three months this year.**

Remedial Action: **Improve individual performance reporting. Continue to improve the processes, get new technology up and running as soon as possible - by end 2012.**

Measure: **% of all build consent applications processed within statutory timeframes.**

Target: **100% of all commercial 3 consents granted within 20 working days.**

Comments: **Note that as with many of the consenting targets set to 100% a single consent missing deadline means that the target fails for the whole year.**

Remedial Action: **Improve process, new technology and individual performance reporting.**

Measure: **Code Compliance Certificate (CCC) applications processed in a timely manner.**
Target: **100% of Code Compliance Certificates completed within 20 working days.**
Remedial Action: **We will continue to focus on better technology to enable better process.**

Measure: Processing of Project Management Office (PMO) earthquake related building consents.
Target: 100 per cent processed within 20 working days.
Remedial Action: Improve process, new technology, individual performance reporting.

Target: For commercial category 1 and 2 consents: 100 per cent processed within 20 working days.
Remedial Action: Improve process, new technology, individual performance reporting.

Target: For commercial category 3 consents: 100 per cent processed within 20 working days.
Remedial Action: Improve process, new technology, individual performance reporting.

Land and Property Information Services

Measure: **Residential property files provided to customers in electronic format.**
Target: **100% within 3 working days of request.**
Results: **Up to 5 day turn around currently experienced.**
Comments: **New service provider is in transition phase of contract and still bedding in procedures.**
Remedial Action: **Resolve issues as they arise. Provide further training in procedures and business processes - discussions are being held.**

Measure: **Commercial property files are retrieved and provided in hard copy for customers.**
Target: **100% of optional requests for scanning of records within 5 working days (charges apply).**
Results: **The occasional request has gone outside of these timeframes.**
Comments: **New service provider is in transition phase of contract and still bedding in procedures.**
Remedial Action: **Resolve issues as they arise. Provide further training in procedures and business processes - discussions are being held.**

Water Supply

Measure: Monitoring the effectiveness of the pipe renewal programme
Target: <=13 breaks / 100 km of water main per year
Results: 25 mains breaks/100km over last three months
Comments: Reliant on rebuild to address issue.
Remedial Action: Ensure rebuild progresses to programme. Targets reset in 2013-22 LTP.

Target: <=71 breaks / 100 km of submain per year
Results: Sub main breaks > 170/100km over the first two months.
Remedial Action: Ensure rebuild progresses to programme. KPI adjusted in 2013-22 LTP.

Resource Consenting

Measure:	**% of complex resource consents processed within statutory timeframes.**
Target:	**100% within the statutory timeframes.**
Results:	**99% of applications were processed within the statutory timeframes.**
Comments:	**The application that went over time was an historic application.**

Measure:	**% of Central City land use consents processed within timeframes.**
Target:	**100% in 14 days (10 working days).**
Results:	**67% (6/9) of applications were processed within 10 working days.**
Comments:	**3 applications went over the 10 day timeframe. It is a challenging timeframe and staff are becoming familiar with a new set of rules.**
Remedial Action:	**A greater focus is being taken on these consents to ensure 10 days is achieved.**

Measure:	**% of Permitted Temporary Accommodation applications processed in timeframes**
Target:	**100% within 3 working days**
Results:	**88% (7/8) of applications were processed within 3 working days.**
Comments:	**One application went over the timeframe by one day.**
Remedial Action:	**Improved monitoring by staff of workloads and timeframes. 3 days is a very tight timeframe.**

Measure:	**% of Site Specific Temporary Accommodation applications processed within timeframes**
Target:	**100% within 5 working days**
Results:	**20% (1/5) of applications were processed within 5 working days.**
Remedial Action:	**This is a very difficult timeframe to meet. Complex applications also require consultation with the local Community Board. Action includes better monitoring of workloads and timeframes by staff.**

Measure:	**% of simple subdivision consents processed within statutory timeframes**
Target:	**100% within 10 working days**
Results:	**80% (4/5) of simple subdivision applications were processed within 10 working days.**
Comments:	**One application went over time due to an error where the fee paid for the application was not picked up.**
Remedial Action:	**The area concerned has been alerted to the problem to resolve.**

Appendix 1b: Levels of service requiring intervention to meet targets

Measure: **The recovery of suburban centres is supported by urban design and planning initiatives (Ferry Road).**

Target: **Master Plan for consultation presented to Council by September 2012.**

Results: **November 2012.**

Comments: **Milestone delayed due to additional discussions and workshop on alignment of Master Plan with CTP.**

Remedial Action: **New date to council is November 22nd.**

Civil Defence Emergency Management

Measure: Welfare Centres and Sector Posts are adequately staffed.

Target: Sector posts at least 25% staffed by 30/6/2014.

Results: Staffing levels for Sector Posts have dropped consistently since the earthquakes.

Comments: Recruitment drives are required to boost numbers. A volunteer induction and retention policy/plan is planned to retain existing volunteers.

Remedial Action: Plan recruitment drive, and develop volunteer induction policy and volunteer retention plan.

Target: Welfare Centres at least 90% staffed.

Results: Volunteer numbers have declined consistently since the earthquakes.

Comments: Recruitment drives are required to boost numbers. A volunteer induction and retention policy/plan is planned to retain existing volunteers.

Remedial Action: Plan recruitment drive and develop volunteer induction and retention plan.

Art Gallery and Museums

Measure: International Museum standards maintained: climate control.

Target: Humidity and temperature is maintained at 50%+/- 5% and at 21o+/- 2oC 24 hours a day/7 days a week/365 days a year (24/7/365) respectively.

Results: Actual Temperature control maintained within KPI range 91.8% on average during September 2012. This is an improvement on 91.5% in August. However humidity control was maintained within KPI range 56.5% on average during September 2012, not as good as 64.2% in August.

Comments: Temperature is consistent due to the new chillers. However we are investigating the drop in humidity.

Remedial Action: The location of concern is the Touring Galleries where the collection is being stored at present. Monthly reporting from Set Point Solutions will be changed to weekly reporting for more stringent monitoring.

Measure: Cost of providing Akaroa Museum service.

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

Results: Unlikely to meet this target due to Museum being closed for first quarter of year.

Comments: There have been no visitors through the door since 21 June due to earthquake damage to the buildings. Visitors attending various Museum-organised events at other venues will be counted but numbers will be relatively small.

Remedial Action:	Average operating cost per visitor will be calculated on a pro rata basis once the Museum is open again.

Measure:	**Akaroa Museum: number of visitors per annum.**
Target:	**Visitors per annum for Akaroa Museum to be a range of 14,250 - 15,750.**
Results:	**No visitors to the Museum for the first quarter of the year.**
Comments:	**Museum has been closed since 21 June 2012 due to earthquake damage. The only visitors since then have been those attending a series of talks organised by the Museum in July - 75 people.**
Remedial Action:	**The bulk of visitors are received during the summer - November to April. If a partial opening is possible for summer some recovery would be possible and annual target calculated on a pro rata basis. But a summer opening is looking unlikely. Museum is on a list of priority community facilities. Even if the decision was made to fix and reopen at this stage, the processes of consents, letting contracts and re-build would take up most of the summer.**

Civic and International Relations

Measure:	Sister City Relationships reviewed 3 yearly in accordance with International Relations Policy.
Target:	Establish a working party to review the IR Policy and Sister Cities Strategy / Policies and report back by 28 Feb 2013.
Results:	The review of the Civic and International Relations Policy is on hold.
Comments:	At the Council meeting on 23 Aug 12 the Council resolved that a working party be established to review the Civic and International Relations Policy and Sister Cities Strategy to report back to the Council by the end of February 2013.
Remedial Action:	Currently awaiting direction on the composition and timelines for the review.

Regional Economic Development, Business Support and Workforce Development

Measure:	**CCT promotes Christchurch and Canterbury as a desirable destination for business events and trade exhibitions.**
Target:	**Achieve a share of national delegate days for MICE (Meetings, Incentive, Conference and Exhibitions) market in the 3.5% to 5.0% range.**
Comments:	**4th Qtr 2011/12 results = 2% 1st Qtr 2012/13 results are not yet available.**
Remedial Action:	**Remedial actions to be discussed with CCT.**

Measure:	**Visitors utilise the services of the Christchurch and Akaroa Visitor Information Centres.**
Target:	**Akaroa Visitor Centre maintains visitor number levels in the range of 165,000 to 185,000 visitors annually for the duration of relocated cruise ship visits.**
Results:	**Visitor number 2012/13 FYTD 8,260.**
Comments:	**The primary reason for the downturn is the lack of international and domestic self drive holiday travellers visiting Akaroa.**
Remedial Action:	**Discussions required with CCT about whether this trend will continue in to 2013/14.**

Regional Parks

Measure:	**Number of students attending environmental education programmes each year.**
Target:	**8,000 - 9,500 each year (on Parks and other Council sites like Waste facilities).**
Results:	**501 for the month of September.**
Comments:	**Although student participation levels have improved from the previous two years it is unlikely that the stated level of service will be met. Proposed school closures, mergers and relocations may also affect participation levels.**
Remedial Action:	**Promotion of programmes continues. Level of service targets are being adjusted through the LTP process.**

Building Consenting and Inspections

Measure:	**% of all building consent applications processed within statutory timeframes.**
Target:	**80% of all commercial 1 and 2 consents granted within 15 working days.**
Comments:	**Customer acceptance of pre-application meetings helps greatly in this. New consents accepted / not accepted at vetting will improve consent quality and lead to faster processing.**
Remedial Action:	**Get new vetting process up and running. Improve technology and individual performance reporting. We are optimistic that these changes will improve results.**
Target:	**85% of all residential building consents granted within 10 working days.**
Comments:	**BCO vetting of all applications will help greatly in this. Incomplete applications add drag into the system.**
Remedial Action:	**Get vetting process up and running as well as new technology and individual performance reporting. We are optimistic that these changes will improve results.**
Measure:	**% satisfaction with building consents process.**
Target:	**65% of customers satisfied.**
Comments:	**The “Go Ahead” campaign is critical.**
Remedial Action:	**Improve customer communications and process responsiveness.**
Measure:	**% of all building consent applications processed within statutory timeframes.**
Target:	**For value of build works: $150,000 to $499,999 average processing time of 10 working days or less (excluding suspend time) and average total elapsed time of 20 calendar days.**
Comments:	**We are improving processes.**
Remedial Action:	**Improve process, install new technology, individual performance reporting. We are optimistic that these changes will improve results.**
Target:	**For value of build works: $500,000 to $999,999 average processing time of 15 working days or less (excluding suspend time) and average total elapsed time of 25 calendar days.**
Comments:	**New processes will greatly assist - vetting of consent applications.**
Remedial Action:	**New process, new technology and individual performance reporting initiatives are underway.**

Target: **For value of build works: <$150,000, average processing time of 5 working days or less (excluding suspend time) and average total elapsed time of 15 calendar days.**

Comments: **The new vetting process will assist greatly.**

Remedial Action: **New process, new technology and individual performance reporting initiatives are underway.**

Target: **For value of build works: >$1,000,000: Average processing time of 20 working days or less (excluding suspend time) and average total elapsed time of 35 calendar days.**

Comments: **Pre-application meetings are absolutely critical - we need to promote these constantly.**

Remedial Action: **New process, new technology, individual performance reporting.**

Measure: Efficiency: cost per transaction.

Target: Average cost ($) of processing a building consent - $1,610.

Comments: The final average cost will be impacted by consent volumes over the year. We will have a greater number of more expensive consents and this will drive the average upwards. Offsetting this is the efficiencies to be gained from process change and new technology.

Remedial Action: Implement process changes and install new technology as soon as possible.

Measure: **Code Compliance Certificate (CCC) applications processed in a timely manner.**

Target: **For value of build works: $500,000 to $999,999 average processing time of 15 working days or less (exclude suspend time) and average total elapsed time of 25 calendar days.**

Comments: **We only have a random sampling basis at present. Need to get good tracking system in place - install new technology.**

Remedial Action: **New technology will allow a check of code application before acceptance. It will also enable a better document review process during the build and inspections period thus speeding the process.**

Target: **For value of build works: <$150,000 average processing time of 5 working days or less (exclude suspend time) and average total elapsed time of 15 calendar days.**

Comments: **Need better technology to enable the better process.**

Remedial Action: **New technology will allow check of code application before accepting. It will also enable a better document review process during the build and inspections period, thus speeding the process.**

Target: **For value of build works: >$1,000,000 average processing time of 20 working days or less (excluding suspend time) and average total elapsed time of 35 calendar days.**

Comments: **Need better technology so as to enable better process.**

Remedial Action: **New technology will allow check of code application before accepting. It will also enable a better document review process during the build and inspections period thus speeding the process.**

Target:	**For value of build works: $150,000 to $499,999 average processing time of 10 working days or less (excluding suspend time) and average total elapsed time of 20 calendar days.**
Comments:	**Need better technology so as to enable better process.**
Remedial Action:	**New technology will allow check of code application before accepting. It will also enable a better document review process during the build and inspections period thus speeding the process.**

Measure:	Processing of Project Management Office (PMO) earthquake related building consents.
Target:	For PMO residential consents -99 % processed within 5 working days.
Comments:	Could be challenging if volumes grow too great.
Remedial Action:	Get technology installed. Continue to develop a range of processing capacity outside Council so sudden increase in demand can be shared.

Target:	One Stop Shop consents: 100 per cent processed within 20 working days.
Comments:	Staff are in place (case managers and dedicated technical specialists.) There are issues around the old operating system and getting engineering input in a timely fashion. We are working on customer communications - pushing the need for early and in depth consultation.
Remedial Action:	Install new technology before end 2012 and keep pushing pre-application meetings, as well as integration with CCDU.

Parking

Measure:	Off street parking revenue performance.
Target:	$1,500 per space per year.
Results:	$1,333.
Comments:	Over supply from private off-street parking is affecting revenue performance.
Remedial Action:	Additional revenue from Re:Start car park after October should bring this back to target.

Wastewater Treatment and Disposal

Measure:	CWTP Electricity use
Target:	<=0.35 kwh of electricity / kg COD (chemical oxygen demand) removed at the Christchurch Wastewater Treatment Plant each year.
Results:	0.38kwh/kg COD.
Comments:	New power meters have shown a step change in power usage.
Remedial Action:	Investigate accuracy of new power meters.

Water Supply

Measure:	**Continuous potable water is supplied to all customers.**
Target:	**<=1 unplanned interruption >=4hrs on average per week each year.**
Results:	**City Care operations team are waiting on an IT solution from their IT team to accurately record and report these results.**
Remedial Action:	**City Care to accurately report on interruptions over 4 hours by the end of October.**

Target:	**<=9 unplanned interruptions / 1000 properties served per year**

Results:	**Still tracking near 20 per 1000.**
Comments:	**Unlikely to be able to meet the year end figure.**
Remedial Action:	**SCIRT mains renewals required before this number can come down. There is also a leak detection programme throughout this year.**

Appendix 1c: Levels of service which have not been reported

Heritage Protection

Measure: Details of service delivery to be resolved.

Target: To be resolved for September quarter reporting.

Cemeteries

Measure: Maintain trees in cemeteries.

Target: From 2012/13 10 year programmed maintenance cycle for trees commenced.

Garden and Heritage Parks

Measure: Maintain trees in Garden and Heritage Parks.

Target: From 2012/13 10 year programmed maintenance cycle for trees commenced.

Neighbourhood Parks

Measure: Maintain trees in Neighbourhood Parks.

Target: 10 year programmed maintenance cycle for trees.

Sports Parks

Measure: Maintain trees in Sports Parks.

Target: From 2012/13 10 year programmed maintenance cycle for trees commenced.

Waterways and Land Drainage

Measure: Customer satisfaction with the maintenance of waterways and their margins.

Target: At least 66% customers satisfied with the maintenance of waterways and their margins.

Measure: Cost of maintaining waterways and land drainage system: at a cost per hectare not exceeding budgeted controllable costs / the number of properties expected by year end.

Target: $105.98/ property.

Measure: Diversion of aquatic weed from landfill.

Target: Greenwaste from waterways maintenance activities (mechanical harvesting) diverted from landfill to Councils Compost Plant each year - at least 80%.

Measure: Resource consent compliance.

Target: No major or persistent breaches of Resource Consent conditions regarding the management of waterways and land drainage system per year, resulting in court action by ECan.

Measure: Water quality monitoring.

Target: All sites identified by the Interim Global Storm Water Consent Monitoring Plan are monitored and reported on - currently 41 sites. Sites and parameters to be altered as required for Integrated Catchment Management Plan consents.

Target: Implement a Water Quality Improvement programme in accordance with the

Surface Water Management Strategy.

Measure: Environmental indicator monitoring.
Target: Implement environmental monitoring programme along waterways.

Measure: Contract compliance.
Target: At least 90% maintenance works comply with contract specifications.

Measure: Response times to Drainage faults and Surface Water Management Issues.
Target: Emergency Works: Urban 2 hours, Rural 6 hours.
Target: Priority Call Outs: Urban 3 working days, Rural 5 working days.
Target: Routine Call Outs: Urban 5 working days, Rural 10 working days.
Target: Urgent Works: Urban 24 hours, Rural 24 hours.

Measure: Implementation and Management of the Interim Global Consent.
Target: Maintenance and Monitoring inspections are carried out in accordance with the conditions of the consent.
Target: Reports to ECan by 30 June each year with the required information.
Target: Site Audits are undertaken on sites where WQL3 activities occur.
Target: Storm water discharge consents are issued in accordance with the conditions of the Interim Global Stormwater Consent, and of the Integrated Catchment Management Plan.

Road Network

Measure: Repairs to road surface - time taken to investigate/undertake repairs to carriageway surfaces, once problem is known or reported.
Target: Collector / local roads - at least 95% within 48 hours.
Target: Rural roads - at least 95% within 72 hours.

Measure: Maintain Street Trees
Target: 6 year proactive maintenance cycle for street trees.

Measure: Maintenance of streets trees complies with Electricity (Hazards from Trees) Regulations 2003.
Target: 2012/13 95.57%.

Appendix 1d: Levels of service change requests

The following level of service change is made on the basis of a decision made by Council after the Annual Plan 2012/13 was finalised.

Activity / Level of Service	**Change Requested**	**Rationale**
Civic and International Relations 5.0.3 Sister City Relationships reviewed 3 yearly in accordance with International Relations Policy. Target: The review of the International Relations Policy is on hold until further notice.	Change the target to read "Establish a working party to review the International Relations and Sister Cities Strategy / Policies, and report back by 28 February 2013."	Based on Council resolution 23 August 2012.

In addition Council is asked to confirm the following targets. (These measures were set in the Annual Plan 2012/13 with targets to be provided once final budget was determined – necessary step where budget is a numerator for the calculation. The final target change – satisfaction with Council decisions - is a result of the Communications Audit.)

Activity / Level of service	**Target to be confirmed**
Cemeteries 6.4.7 Cost of maintaining Cemeteries: At a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year	$16,428 per hectare
Regional parks 6.3.6 Efficient management of Regional Parks: Cost of maintaining Regional Parks: At a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year end (non LTP)	$1,169 per hectare
Garden and heritage parks 6.2.5 Cost of maintaining the Botanic Gardens: At a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year end	$119,419 per hectare
6.2.8 Cost of maintaining garden and heritage parks (excluding the Botanic Gardens): At a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year end (non LTP)	$33,917 per hectare
Neighbourhood parks 6.0.5 Cost of maintaining Neighbourhood Parks: at a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year end	$9,497 per hectare
Sports Parks 6.1.6 Cost of maintaining Sports Parks: At a cost per hectare not exceeding budgeted controllable costs / the number of hectares expected by year end	$4,471 per hectare

Waterways and land drainage 6.5.3 Cost of maintaining waterways and land drainage system: at a cost per hectare not exceeding budgeted controllable costs / the number of properties expected by year end	$105.98 per property
Building Consents and Inspections 9.1.6 Efficiency: Cost per transaction	Average cost ($) of processing a building consent - $1,610
Public Participation in Democratic Processes 4.1.7 Proportion of residents that are satisfied with the opportunities to access information about Council decisions.	80%

The final level of service change request is due to error. This is a non-LTP measure which can be altered via Council decision.

Activity / Level of Service	Change Requested	Rationale
Regional Economic Development, Business Support and Workforce Development 5.1.6 CDC delivers customised business acceleration services to businesses with high growth potential Target: Allocate $ 50,000 of voucher funding to businesses by 30th April 2012	Delete the level of service	CDC states that this level of service has been accidentally carried through to 2012/13. It does not relate to this financial year.

Appendix 2 – Financial Performance as at 30 September 2012

Operational and Capital Funding

	Year to Date Results			Forecast Year End Results			After Carry Forwards	
$000's	Actual	Plan	Variance	Forecast	Plan	Variance	Carry Fwd	Result
Operating expenditure	109,241	108,656	(584)	448,060	439,732	(8,328)	-	(8,328)
Capital programme	130,342	176,028	45,686	902,099	879,191	(22,909)	(33,139)	10,230
Transfers to reserves	21,189	18,488	(2,701)	70,968	67,010	(3,959)		(3,959)
Interest expense	8,505	8,355	(150)	37,903	36,384	(1,519)		(1,519)
Debt repayment	1,077	1,077	-	4,306	4,306	-		-
Total expenditure	**270,353**	**312,603**	**42,250**	**1,463,337**	**1,426,623**	**(36,714)**	**(33,139)**	**(3,575)**
funded by :								
Fees, charges and operational subsidies	46,260	36,302	9,958	157,206	144,400	12,806	-	12,806
Dividends and interest received	6,384	5,911	474	66,126	65,599	527	-	527
Rates	77,308	77,863	(556)	313,388	313,180	209	-	209
Transfers from reserves	113,676	134,575	(20,899)	654,901	664,961	(10,061)	-	(10,061)
Asset sales	93	-	93	904	1,205	(301)	-	(301)
Development contributions allocated	2,038	2,164	(126)	9,400	8,655	745	-	745
Capital grants and subsidies	1,103	956	147	8,426	9,953	(1,527)	-	(1,527)
Total funding available	**246,862**	**257,772**	**(10,910)**	**1,210,351**	**1,207,953**	**2,398**	**-**	**2,398**
Balance required	**23,491**	**54,831**	**31,341**	**252,986**	**218,670**	**(34,316)**	**(33,139)**	**(1,177)**
Borrowing for Capital Programme & Grants	2,797	28,477	25,680	190,730	156,678	(34,052)	(33,139)	(913)
Borrowing for EQ Response	5,712	6,050	339	24,151	26,102	1,951	-	1,951
Ratepayer cash opex surplus (deficit)	**(14,982)**	**(20,304)**	**5,322**	**(38,105)**	**(35,890)**	**(2,215)**	**-**	**(2,215)**

Group of Activities Operating Result

	Year to Date Results			Year End Forecast		
$000's	Actual	Plan	Variance	Forecast	Plan	Variance
City & Community Long-Term Policy & Planning	2,530	3,741	1,211	15,473	15,792	318
District Plan	582	775	193	3,098	3,004	(94)
Heritage Protection	737	2,490	1,754	10,771	11,042	270
Energy Conservation	45	22	(22)	87	87	(0)
Capital Revenues	-	-	-	(699)	-	699
City Development	**3,893**	**7,029**	**3,136**	**28,730**	**29,924**	**1,194**
Building Strong Communities	915	1,292	377	5,143	5,143	(0)
Community Facilities	490	524	34	2,262	2,119	(143)
Community Grants	6,062	6,134	72	10,700	10,700	0
Social Housing	(65)	702	767	3,521	5,177	1,655
Civil Defence Emergency Mgmt	288	275	(14)	1,259	1,165	(94)
Walk In Customer Services	481	507	25	1,932	2,073	140
Capital Revenues	-	-	-	-	-	-
Community Support	**8,173**	**9,434**	**1,261**	**24,819**	**26,377**	**1,558**
Art Gallery and Museums	3,730	4,268	538	13,846	14,732	886
Libraries	7,063	7,530	467	28,857	29,504	647
Capital Revenues	(205)	(7,270)	(7,066)	(29,522)	(29,081)	440
Cultural and Learning Services	**10,589**	**4,528**	**(6,061)**	**13,182**	**15,155**	**1,973**
City Governance and Decision Making	2,331	2,387	56	9,563	9,631	68
Public Participation in Democratic Processes	708	724	15	2,893	2,894	1
Democracy & Governance	**3,039**	**3,110**	**71**	**12,456**	**12,525**	**69**
Civic and International Relations	371	292	(79)	1,138	1,138	0
Regional Economic Development	2,190	2,231	41	7,785	7,825	40
City Promotion	72	40	(32)	493	473	(19)
Economic Development	**2,634**	**2,563**	**(71)**	**9,416**	**9,436**	**21**
Neighbourhood Parks	3,298	3,022	(276)	12,851	13,077	226
Sports Parks	2,374	1,795	(579)	9,111	8,797	(314)
Garden & Heritage Parks	1,401	1,630	229	7,275	7,301	27
Regional Parks	1,919	1,928	8	10,712	8,472	(2,239)
Cemeteries	318	253	(65)	1,259	1,264	4
Waterways & Land Drainage	5,553	5,169	(383)	24,487	24,487	0
Harbours & Marine Structures	103	162	59	(51)	(18)	33
Rural Fire Fighting	133	156	22	681	774	93
Capital Revenues	(1,720)	(4,621)	(2,901)	(11,938)	(18,463)	(6,525)
Parks & Open Spaces	**13,379**	**9,494**	**(3,885)**	**54,388**	**45,693**	**(8,695)**

$000's	Year to Date Results Actual	Plan	Variance	Year End Forecast Forecast	Plan	Variance
Recreation and Sports Services	2,616	3,848	1,233	14,215	15,118	902
Events & Festivals	1,565	1,601	36	6,294	6,305	11
Venue Management (Vbase)	147	28	(119)	(63)	(10)	53
Capital Revenues	(211)	(445)	(235)	(3,461)	(1,781)	1,679
Recreation and Leisure	**4,117**	**5,033**	**915**	**16,986**	**19,631**	**2,646**
Recyclable Materials Collection & Processing	1,629	1,718	89	6,857	6,874	18
Residual Waste Collection & Disposal	3,207	3,299	91	13,455	13,650	195
Organic Material Collection & Composting	3,033	3,371	339	13,346	13,474	128
Commercial/Industrial Waste Minimisation	71	79	9	492	492	(0)
Refuse Minimisation & Disposal	**7,940**	**8,467**	**527**	**34,149**	**34,490**	**341**
Licensing and Enforcement	(670)	(299)	371	5,340	5,226	(114)
Building Consenting & Inspections	2,063	700	(1,363)	3,122	(773)	(3,894)
Resource Consenting	509	727	218	2,698	2,708	11
Building Policy	1,261	594	(667)	2,398	1,637	(761)
Land & Property Information Services	(9)	141	151	566	571	5
Regulatory Services	**3,153**	**1,863**	**(1,290)**	**14,125**	**9,370**	**(4,755)**
Road Network	12,802	16,762	3,960	67,059	69,230	2,171
Active Travel	3,228	3,655	426	15,206	15,599	392
Parking	59	137	78	375	1,026	651
Public Transport Infrastructure	430	467	38	2,124	2,079	(46)
Capital Revenues	(16,148)	(28,178)	(12,030)	(114,108)	(111,609)	2,499
Streets & Transport	**371**	**(7,157)**	**(7,528)**	**(29,342)**	**(23,675)**	**5,668**
Wastewater Collection	9,255	8,591	(664)	36,833	36,455	(378)
Wastewater Treatment & Disposal	3,335	4,043	708	14,409	15,956	1,546
Capital Revenues	(26,860)	(40,387)	(13,526)	(197,752)	(161,547)	36,204
WW Collection & Treatment	**(14,271)**	**(27,753)**	**(13,482)**	**(146,509)**	**(109,137)**	**37,372**
Water Supply	6,464	6,920	456	25,588	26,743	1,155
Water Conservation	6	13	8	124	124	0
Capital Revenues	(2,642)	(14,086)	(11,444)	(46,051)	(56,344)	(10,294)
Water Supply	**3,828**	**(7,153)**	**(10,980)**	**(20,339)**	**(29,477)**	**(9,138)**
Groups of Activities	46,846	9,458	(37,387)	12,059	40,312	28,253
Corporate Revenues & Expenses	(120,901)	(86,339)	34,562	(383,303)	(384,549)	(1,246)
ISP's & Eliminated Internals	(791)	(1,010)	(220)	(143)	(1,158)	(1,015)
Net Cost of Service (excl Vested)	(74,846)	(77,891)	(3,045)	(371,387)	(345,395)	25,993
Misc P&L Unallocated	(2)	-	2	(2)	0	2
Vested Asset Income	(8,035)	(1,757)	6,278	(11,905)	(7,029)	4,876
CCC Net Cost of Service	**(82,883)**	**(79,648)**	**3,235**	**(383,294)**	**(352,423)**	**30,871**

Group of Activities Capital Programme

$000's	Year to Date Results Actual	Plan	Variance	Year End Forecast Forecast	Plan	Variance
City Development	19	100	81	2,493	2,492	(1)
Community Support	59	212	154	8,760	10,515	1,755
Cultural and Learning Services	2,685	3,648	963	12,326	15,470	3,144
Democracy & Governance	-	-	-	-	-	-
Economic Development	29	-	(29)	167	167	0
Parks & Open Spaces	1,876	6,127	4,251	41,835	44,573	2,738
Recreation and Leisure	447	487	40	3,301	3,803	502
Refuse Minimisation & Disposal	197	142	(55)	1,155	1,153	(2)
Regulatory Services	-	5	5	94	94	-
Streets & Transport	6,511	8,734	2,223	49,067	53,490	4,422
Wastewater Collection & Treatment	3,133	13,705	10,573	63,783	71,215	7,433
Water Supply	2,489	6,512	4,023	27,858	25,687	(2,171)
Corporate	234	2,729	2,494	39,813	39,027	(786)
Capital Works Programme	**17,677**	**42,401**	**24,725**	**250,651**	**267,685**	**17,034**
Earthquake Capital Expenditure	112,665	133,484	20,819	651,114	661,057	9,942
Equity Investments	-	-	-	-	-	-
Planned Carry forwards	-	142	142	334	(49,551)	(49,885)
Capital Programme	**130,342**	**176,028**	**45,686**	**902,099**	**879,191**	**(22,909)**
Capital Sales	(93)	-	93	(904)	(1,205)	(301)
Vested Assets (including Rebuild)	8,035	875	(7,160)	11,905	7,029	(4,876)
Net Total Capital	**138,284**	**176,903**	**38,619**	**913,100**	**885,015**	**(28,086)**

Appendix 3 - Capital Projects as at 30 September 2012

Group Of Activities		Project Title	YTD Actual ($000s)	YTD Budget ($000s)	YTD Variance ($000s)	% Spend of Total Budget	Forecast Total Spend ($000s)	Current Budget ($000s)	Year End Variance ($000s)	Proposed Carry Forwards ($000s)	Net Variance After C/Fwd ($000s)
City Development											
	Projects > $250k										
		Urban Renewal		50	(50)	0.0%	264	264	0	0	0
		Restricted Assets - Renew & Replacements	(2)	25	(27)	-0.1%	1,628	1,628	0	0	0
		Robert McDougall Building	21	25	(4)	3.5%	601	600	1	0	1
City Development Total			**19**	**100**	**(81)**	**0.8%**	**2,493**	**2,492**	**1**	**0**	**1**
Community Support											
	Projects > $250k										
		Housing Improvements / Remodelling	2	135	(133)	0.2%	854	987	(133)	0	(133)
		New Civil Defence Bldg (Emerg Ops Cntr)		0	0	0.0%	500	488	13	0	13
		Halswell - new Suburban Community Cen	26	27	(1)	0.9%	1,472	2,958	(1,486)	1,486	(0)
		Salvation Army Citadel property purchase		0	0	0.0%	5,492	5,492	0	0	0
	Balance of programme		31	51	(20)	4.8%	442	591	(149)	0	(149)
Community Support Total			**59**	**212**	**(154)**	**0.6%**	**8,760**	**10,515**	**(1,755)**	**1,486**	**(269)**
Corporate Capital											
	Projects > $250k										
		Strategic Land Acquisitions	13	1,399	(1,386)	0.0%	37,158	37,158	0	0	0
		IM&CT BusSolutions Delivery		66	(66)	0.0%	(66)	1,429	(1,495)	0	(1,495)
		Fleet and Plant Asset Purchases	188	422	(234)	11.1%	1,690	1,690	0	0	0
		IM&CT Renewals and Replacements	120	723	(603)	8.8%	1,358	1,358	0	0	0
		Corp Accom - Renewals & Replacment	200	71	129	70.6%	283	283	0	0	0
		Capital Governance Group Pool		0	0	0.0%	0	2,888	(2,888)	0	(2,888)
		Asset Programme Rollout City Water&Waste	250	253	(2)	99.1%	250	253	(2)	0	(2)
		SLP Land Value Offset	(4,534)	(4,240)	(294)	-35.7%	(12,707)	(12,707)	0	0	0
		Consents & Customer	2,409	1,915	494	35.4%	6,809	1,915	4,894	0	4,894
		Mid level enhancement requests	1,212	890	322	55.3%	2,191	1,025	1,166	0	1,166
		CWW In-situ servers	260	427	(167)	37.8%	520	687	(167)	0	(167)
		Windows 2000 Server Upgrade	55	194	(139)	11.8%	305	464	(159)	0	(159)
		IM&CT Equipment Renewals and Replacement	92	284	(191)	5.5%	1,643	1,678	(34)	0	(34)
	Balance of programme		(31)	326	(357)	-2.7%	377	906	(529)	0	(529)
Corporate Capital Total			**234**	**2,729**	**(2,494)**	**0.3%**	**39,813**	**39,027**	**786**	**0**	**786**
Cultural and Learning Services											
	Projects > $250k										
		Content Capital Project	735	1,190	(455)	16.7%	4,053	4,408	(355)	0	(355)
		Library Built Asset Renewal & Replacemnt	4	145	(141)	0.7%	582	582	0	0	0
		FA NA Collections Acquisitions	308	127	181	60.6%	508	508	0	0	0
		Aranui - New Library	1,394	1,569	(175)	64.0%	2,075	2,177	(102)	0	(102)
		Halswell - New Library	54	53	1	1.0%	2,774	5,507	(2,733)	2,733	0
		Art in Public Places	16	321	(306)	1.2%	1,286	1,286	0	0	0
		Library RFID Project	136	135	0	22.8%	595	594	0	0	0
	Balance of programme		38	107	(69)	7.6%	454	408	46	0	46
Cultural and Learning Services Total			**2,685**	**3,648**	**(963)**	**17.2%**	**12,326**	**15,470**	**(3,144)**	**2,733**	**(411)**
Economic Development											
	Balance of programme		29	0	29	17.2%	167	167	(0)	0	(0)
Economic Development Total			**29**	**0**	**29**	**17.2%**	**167**	**167**	**(0)**	**0**	**(0)**
Parks & Open Spaces											
	Projects > $250k										
		Neighbourhood Reserve Purchases	14	250	(236)	1.4%	1,005	1,001	4	0	4
		District Sports Park Purchases		181	(181)	0.0%	724	724	0	0	0
		Waterways & Wetlands Purchases	5	263	(257)	0.5%	1,052	1,051	1	0	1
		Botanic Gardens Entry Pavilion	145	354	(208)	1.6%	7,032	9,067	(2,035)	1,049	(986)
		Kruses Drain	17	203	(187)	6.6%	251	203	48	0	48
		Inner City Park Dev.		128	(128)	0.0%	510	510	0	0	0
		Owaka & Awatea Green Corridor	1	3	(1)	0.3%	552	552	(0)	0	(0)
		Waterways Detention and Treatment Facili		0	0	0.0%	2,112	2,112	0	0	0
		Lower Milns	87	400	(313)	9.0%	918	970	(52)	0	(52)
		Sports Parks Tree Repl Prog	69	93	(24)	16.0%	402	430	(28)	0	(28)
		Washington Reserve	27	60	(33)	0.0%	803	800	3	0	3
		Sport Parks - Buildings (R&R)		101	(101)	0.0%	645	555	90	0	90
		Neighbourhood Parks - Playgrounds and re		0	0	0.0%	250	0	250	0	250
		Sport Parks - Planted areas and Trees (R		0	0	0.0%	450	0	450	0	450
		Open Water Systems - Box Drains (R&R)		65	(65)	0.0%	260	260	0	0	0
		Open Water Systems - Unlined drains (R&R		83	(83)	0.0%	332	332	0	0	0
		Wharfs and Jetties (R&R)	3	150	(147)	0.6%	433	431	3	0	3
		Shirley/Philpotts Drain		111	(111)	0.0%	442	442	0	0	0
		Awatea South Basin	501	706	(205)	37.9%	1,323	1,322	1	0	1
		Kirkwood	0	5	(5)	0.0%	350	350	0	0	0
		Carrs Road S/W Facility	6	102	(96)	0.3%	1,771	1,770	0	0	0
		Neighbourhood Parks - Structures (R&R)	138	111	27	18.4%	750	111	639	0	639
		Quaiffes/Murphys Wetland	7	0	7	0.7%	1,006	1,000	6	0	6
		Prestons/Clare Park	37	3	34	0.8%	2,004	4,500	(2,496)	2,496	(0)
		Owaka Basin	1	0	1	0.0%	2,100	2,100	0	0	0
		New Cemetery Purchase	0	0	0	0.1%	500	500	0	0	0
		Avon River		0	0	0.0%	6,400	6,400	0	0	0
	Balance of programme		816	2,757	(1,941)	13.0%	7,458	7,079	379	0	379
Parks & Open Spaces Total			**1,876**	**6,127**	**(4,251)**	**4.2%**	**41,835**	**44,573**	**(2,738)**	**3,545**	**807**
Recreation and Leisure											
	Projects > $250k										
		Test Cricket	311	36	275	13.5%	1,680	2,307	(627)	627	0
	Balance of programme		136	451	(315)	7.7%	1,621	1,496	125	0	125
Recreation and Leisure Total			**447**	**487**	**(40)**	**11.0%**	**3,301**	**3,803**	**(502)**	**627**	**125**
Refuse Minimisation & Disposal											
	Projects > $250k										
		Closed L'fill A'care Burwood Stg2C2D2E	6	70	(64)	1.5%	386	386	(0)	0	(0)
		Waste Transfer Stations and Bins (R&R	141	0	141	39.5%	357	357	0	0	0
	Balance of programme		50	72	(22)	12.1%	413	411	2	0	2
Refuse Minimisation & Disposal Total			**197**	**142**	**55**	**17.0%**	**1,155**	**1,153**	**2**	**0**	**2**
Regulatory Services											
	Balance of programme			5	(5)	0.0%	94	94	0	0	0
Regulatory Services Total				**5**	**(5)**	**0.0%**	**94**	**94**	**0**	**0**	**0**

ATTACHMENT 3 TO CLAUSE 4 CORPORATE AND FINANCIAL COMMITTEE 2. 11. 2012

Streets & Transport									
Projects > $250k									
FA RR Off Street Parking		75	(75)	0.0%	300	300	0	0	0
Carriageway Smoothing		0	0	0.0%	713	713	0	0	0
Footpath Resurfacing	(21)	50	(71)	-1.9%	1,126	1,126	(0)	0	(0)
Subdivisions	109	264	(155)	10.0%	1,087	1,056	31	0	31
Retaining Walls Renewals	104	282	(178)	36.9%	104	282	(178)	0	(178)
Streetlight Conversion - Capital	1	5	(4)	0.2%	396	386	10	0	10
Carriageway Sealing and Surfacing	(173)	0	(173)	-3.9%	4,394	4,394	(0)	0	(0)
Road Pavement Replacement		0	0	0.0%	1,450	1,450	0	0	0
Ferrymead Bridge	1,273	750	523	14.2%	8,973	5,247	3,726	(3,726)	0
Road Safety At Schools 2002/03		120	(120)	0.0%	252	252	0	0	0
Traffic Signals Renewals	58	1	57	5.5%	1,047	1,046	1	0	1
New Grassed Berms		0	0	0.0%	311	311	0	0	0
Causeway Culvert & Walls	31	270	(239)	1.9%	1,601	913	688	0	688
Marshlands/Prestons	20	7	13	7.6%	174	260	(86)	86	0
Main Rd 3 Laning	2	50	(48)	0.1%	2,076	2,106	(29)	0	(29)
BPDC road metalling	107	250	(143)	19.2%	557	557	0	0	0
Sthn Mway Cycleway & Auxiliaries	7	23	(15)	0.2%	3,561	4,644	(1,083)	0	(1,083)
Street Tree Renewals	45	90	(44)	12.9%	43	350	(307)	0	(307)
Hagley Crossings	4	3	1	1.2%	319	270	49	0	49
Fitzgerald Ave Twin Bridges	1	159	(158)	0.2%	636	636	0	0	0
Waimakariri Bridge	3	111	(107)	0.7%	443	443	1	0	1
Tram Base	1	177	(176)	0.1%	707	707	(0)	0	(0)
Wigram Magdala Grade Separation	4,313	4,291	22	41.8%	4,904	10,314	(5,411)	5,411	(0)
K&C Renewal Contingency		0	0	0.0%	1,046	1,046	0	0	0
Greers/Northcote/Sawyers Arms	3	40	(37)	0.2%	118	1,319	(1,201)	1,200	(1)
Gardiners/Sawyers Arms Intersect	7	8	(1)	2.3%	137	311	(174)	170	(4)
Glandovy/Idris Intersect	11	15	(4)	2.2%	472	482	(11)	0	(11)
Canterbury Park Access	35	18	17	1.9%	1,436	1,870	(435)	370	(65)
University Crossings	36	15	21	3.3%	1,026	1,087	(61)	0	(61)
Fairview St footbridge	14	110	(96)	5.3%	254	131	123	0	123
Aidenfield Drive Overbridge	2	3	(0)	0.1%	2,237	1,101	1,135	0	1,135
Carrs Rd Overbridge	35	33	2	4.3%	120	800	(680)	660	(20)
Urgent Road Safety Contingency		0	0	0.0%	350	350	0	0	0
City Lanes / Blocks Land Purchases		0	0	0.0%	1,500	1,500	0	0	0
Balance of programme	484	1,517	(1,032)	8.0%	5,198	5,727	(529)	337	(192)
Streets & Transport Total	**6,511**	**8,734**	**(2,223)**	**10.9%**	**49,067**	**53,490**	**(4,422)**	**4,508**	**86**
Wastewater Collection and Treatment									
Projects > $250k									
WW Infra R&R Pumping	6	342	(336)	1.8%	342	342	(0)	0	(0)
WW Infra R&R Wastewater Reticulation	0	157	(156)	0.0%	35	483	(447)	0	(447)
WW Northern Relief & PS (PS 6,7,39,40,41	11	262	(251)	1.1%	11	1,047	(1,036)	0	(1,036)
WW Wigram PM & PS 105	1,063	2,800	(1,737)	4.8%	21,952	22,306	(354)	0	(354)
WW New Mains Programme	0	0	0	0.0%	1,004	1,004	0	0	0
WW CWTP Allen Engines Replacement	81	448	(367)	10.4%	643	777	(134)	0	(134)
WW CWTP Biosolids Drying Facility	60	245	(185)	5.2%	1,145	1,150	(5)	0	(5)
WW WI Future Stages	375	1,090	(715)	8.8%	3,908	4,257	(349)	0	(349)
WW Pumping Buildings & Civil R & R	15	65	(50)	4.1%	370	370	0	0	0
WW CWTP Odour Containment	(1)	13	(14)	-0.3%	404	403	1	0	1
WW CWTP Improvements Unallocated		90	(90)	0.0%	359	359	0	0	0
WW Wainui Sewer Retic & WWTP	18	863	(845)	1.1%	1,646	863	783	(1,000)	(217)
WW Extension to Charteris Bay	24	60	(36)	0.5%	3,846	4,956	(1,109)	1,097	(13)
WW Fendalton Duplication	1,013	2,085	(1,072)	19.2%	4,983	5,265	(282)	0	(282)
WW Wairakei Diversion	11	32	(21)	0.2%	4,817	7,508	(2,691)	2,691	0
Digestor 2-4 Refurb		0	0	0.0%	280	294	(14)	0	(14)
WW Pump Scada System	36	30	6	5.7%	618	628	(11)	0	(11)
CWTP Ongoing Renewals Programme	67	80	(13)	7.0%	957	928	29	0	29
Enlarge Grit Tank & Sedimentation Tank I	0	0	0	0.0%	280	879	(598)	0	(598)
Primary Sedimentatation Tank Upgrades	11	620	(609)	0.8%	1,132	1,328	(196)	0	(196)
Carmen Rd sewer mains renewal	5	201	(196)	0.9%	494	540	(46)	0	(46)
WW Pumping New Stns for Growth		0	0	0.0%	558	558	0	0	0
WW South West Area Growth		693	(693)	0.0%	2,921	2,921	0	0	0
Grit Tank Efficiency Improvements	0	0	0	0.0%	300	300	0	0	0
Electrical Renewals (balance)	1	145	(144)	0.1%	558	577	(20)	0	(20)
Flare Upgrade	22	77	(55)	2.9%	736	745	(9)	0	(9)
Backup Power Generator	1	525	(524)	0.2%	712	861	(149)	0	(149)
WW Major Trunk Expansion (Inc SW)		1,331	(1,331)	0.0%	5,323	5,323	0	0	0
WW PS123 Awatea Pumping Station	1	50	(49)	0.2%	499	500	(1)	0	(1)
Balance of programme	313	1,403	(1,090)	8.2%	2,948	3,744	(796)	37	(759)
Wastewater Collection and Treatment Total	**3,133**	**13,705**	**(10,573)**	**4.3%**	**63,783**	**71,215**	**(7,433)**	**2,825**	**(4,608)**
Water Supply									
Projects > $250k									
WS System Control - I&C	13	301	(289)	2.1%	602	301	301	0	301
WS Headworks Pump Replacements		552	(552)	0.0%	551	552	(1)	0	(1)
WS New Connections	158	197	(39)	17.9%	606	882	(276)	0	(276)
WS Primary Swtichboard	29	0	29	9.2%	312	146	166	0	166
WS New Wells for Growth	0	131	(131)	0.0%	524	524	0	0	0
WS Wilmers Pump Station	566	900	(334)	10.1%	5,578	5,217	361	0	361
WS HWorks Land Purchase for Pump Station	1	359	(358)	0.3%	1	359	(358)	0	(358)
WS - Palmers Rd P/Stn Renewal	1,051	208	842	32.9%	3,189	208	2,980	0	2,980
WS - Reservoir Replacement	15	0	15	6.0%	251	236	15	0	15
WS Akaroa Water Upgrade	17	235	(218)	0.8%	1,207	2,087	(880)	877	(3)
WS Ferrymead Booster Station	294	405	(111)	54.4%	541	541	0	0	0
WS Charteris Bay Extention	38	60	(22)	2.0%	1,841	1,854	(13)	0	(13)
WS R&R Submains Meter Renew	72	71	1	25.6%	282	275	7	0	7
WS Little River Increased Supply	32	400	(368)	1.2%	2,695	2,692	3	0	3
WS Crosbie Well Renewal	3	0	3	1.2%	282	280	2	0	2
WS St Johns New Well	0	142	(142)	0.1%	140	282	(142)	142	(0)
WS Cashmere Rd water mains renewal	18	393	(375)	4.4%	223	408	(185)	0	(185)
WS New Reservoirs (Growth)		160	(160)	0.0%	640	640	0	0	0
Victoria Reservoirs 2 & 3 Replacement	47	274	(227)	4.1%	1,141	274	867	0	867
NW NZDWS Compliance	11	0	11	0.7%	1,552	1,552	0	0	0
WS NewHeadworksSecondaryStation (Growth)		156	(156)	0.0%	622	622	0	0	0
Water Res/Pump - New Plant		106	(106)	0.0%	423	423	0	0	0
Haslwell Junction frm Wilmers Road	8	237	(228)	0.7%	1,281	1,277	4	0	4
WS Hills Road Pump Station	6	334	(328)	1.9%	334	334	(1)	0	(1)
Farrington PS Well Replacements	3	80	(77)	0.4%	721	800	(79)	0	(79)
Burnside PS Well Replacements	2	90	(88)	0.2%	791	880	(89)	0	(89)
WS - Trafalgar Well Renewals	0	0	0	0.0%	420	420	0	0	0
Balance of programme	103	720	(617)	5.5%	1,107	1,620	(513)	118	(395)
Water Supply Total	**2,489**	**6,512**	**(4,023)**	**8.1%**	**27,858**	**25,687**	**2,171**	**1,137**	**3,308**
Grand Total	**17,677**	**42,401**	**(24,725)**	**5.7%**	**250,651**	**267,685**	**(17,034)**	**16,861**	**(173)**

Appendix 4 - Special Funds as at 30 September 2012

Housing Separately Funded Activity results to 30 September 2012

	Annual Results			Forecast Results		
$000's	Act/YTD	Plan/YTD	Variance	Forecast	Plan Year	Variance
1 July Opening Balance	29,311	29,311	-	29,311	29,311	-
Income	3,641	3,651	(11)	14,693	14,325	368
Expenditure	(2,133)	(2,851)	717	(12,222)	(13,483)	1,261
Net Income	1,507	801	707	2,471	842	1,629
Less Loan principal repayments	(3)	(3)	-	(7)	(7)	-
Less Capital expenditure (net)	(16)	(135)	119	(978)	(1,097)	119
Plus Interest on fund balance	319	86	233	1,295	344	951
Housing Account Cash Balance	31,118	30,060	1,058	32,092	29,394	2,698
Loan balances	17	17	-	14	14	-

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

Christchurch Earthquake Mayoral Relief Fund as at 30 September 2012

	Annual Results			Forecast Results		
$000's	Act/YTD	Plan/YTD	Variance	Forecast	Plan Year	Variance
1 July Opening Balance	2,850	2,850	-	2,850	2,850	-
Contributions	31	-	31	31	-	31
Interest	30	-	30	77	-	77
Draw downs:						
Whitewings Charitable Trust	(9)	(9)	-	(9)	(9)	-
Contemporary Circus Trust	-	(10)	10	(10)	(10)	-
Ferrymead Park Ltd	(14)	(14)	-	(14)	(14)	-
Earthquake Mayoral Relief Fund Balance	2,888	2,817	71	2,925	2,817	108

5. EARTHQUAKE FINANCIAL REPORT FOR SEPTEMBER 2012

General Manager responsible:	General Manager, Corporate Services, DDI: 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Bruce Moher – Planning and Reporting Manager

PURPOSE OF REPORT

1. The purpose of this report is to provide an update to the Corporate and Financial Committee on financial matters relating to the earthquakes as at 30 September 2012.

EXECUTIVE SUMMARY

2. Attached are appendices showing summaries of:

- Costs and recoveries for September and 2012/13 Forecast (**Appendix 1**)
- Earthquake life-to-date financial details (**Appendix 2**)
- Recoveries summary at 30 September (**Appendix 3**).

3. The expected overall financial impact of the earthquakes on the Council of $1.0 billion has not changed from last month so this table has not been included. The table will be re-included when updated information is available from the next rebuild estimate.

Summary Table

$ million	Current Month			Forecast 2012/13		
Actual Results	**Cost**	**Recovery**	**Net Cost**	**Cost**	**Recovery**	**Net Cost**
Rebuild Costs	42.6	41.4	1.2	652.3	419.9	232.4
Emergency and Response costs	8.0	7.2	0.8	70.4	46.3	24.2
Total	50.6	48.6	**2.0**	722.7	466.2	**256.6**

Rebuild Costs

4. Costs of $42.6 million were recorded in September, of which $37.5 million related to work delivered by the Stronger Christchurch Infrastructure Rebuild Team (SCIRT). $18.6 million related to wastewater and $5.8 million to pump stations, with most of the balance being work in progress yet to be allocated.

5. Rebuild expenditure of $652.3 million is currently forecast, which is $9.9 million below this year's budget. This is primarily due to SCIRT's current forecast varying from the annual plan figures which were based on the September 2011 estimate. The variance comprises forecast under-spends on water supply ($39.6 million), roading ($19.7 million) and pump stations ($1.2 million), partially offset by over-spends on wastewater ($48.1 million) and stormwater ($2.5 million).

6. Of the total forecast expenditure, $435.4 million relates to SCIRT costs (wastewater collection $266.0 million; roading $119.7 million; water supply $26.3 million; and stormwater $23.4 million). The balance relates to non-SCIRT (Council-delivered) works ($94.6 million) and facilities ($118.8 million), in addition to $3.5 million of work paid for directly by the Christchurch Earthquake Appeal Trust.

Emergency and Response Costs

7. Costs of $8.0 million were incurred in September. $4.7 million were due to water-related temporary maintenance costs, while a further $1.4 million was due to building assessments and repairs, of which $0.9 million related to heritage properties.

8. Forecast response costs of $70.4 million are $19.6 million higher than budget. This mainly consists of building assessment and repairs $10.9 million higher than budget and other response costs $8.7 million higher, largely comprising water and wastewater $5.5 million, and Geotech costs $3.2 million.

5 Cont'd

Recoveries

9. Forecast response recoveries are $21.5 million higher than plan this year, offsetting the overspend detailed in paragraph 8.

10. During the period the following monies were received:

Canterbury Earthquake Recovery Authority (CERA) – rebuild $41.50 million
New Zealand Transport Authority (NZTA) – rebuild – August claim
$12.45 million
Reinsurers - Bromley progress payment $ 1.94 million
indemnity on pump stations and reservoirs $ 2.02 million

11. Accrued recoveries not received relating to the Department of Internal Affairs (DIA)/CERA are $195.4 million. This is currently being funded by the Council's cash reserves and debt.

Claims Status

12. Final response claims totalling $31.2 million to 30 June 2012 have been lodged with DIA. Future claims for response costs will be handled by CERA. Of the Local Authority Protection Programme (Infrastructure) LAPP(I) settlement $18.7 million is still to be received and there is $49.9 million outstanding from the LAPP facilities,(F) indemnity payment. The Council has sought clarification of the steps the LAPP trustees are taking to recover these amounts from their reinsurers.

13. The status of increased costs of working claims is as follows:

Event ($000)	February	June
Submitted to insurer		
New bus exchange	927	
Restart car park	1,094	
QEII gym relocation	42	
Southern Centre relocation	2	
Art gallery temporary accommodation and programmes	118	
Claims in progress		
Christchurch Water Treatment Plant (CWTP) additional chemical usage	198	202
Art gallery temporary accommodation and programmes	109	
Temporary service centres - Linwood and Akaroa	20	
Identified projects to cover		
Temporary Community Facilities	831	
Riccarton Bush Trust temporary accommodation costs	8	
Beckenham temporary service centre	35	
	3,384	202

Building / Infrastructure Improvement Allowance

14. There have been no further allocations from this allowance in September. Progress against the projects this allowance has been allocated to is reported monthly to the Council in the Infrastructure Rebuild Report and the Facilities Rebuild Plan report.

5 Cont'd

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

15. Yes – there are none.

LEGAL CONSIDERATIONS

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

16. Yes – there are none.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

17. Both service delivery and financial results are in direct alignment with the Long Term Council Community Plan (LTCCP) as amended by the 2012/13 Annual Plan and activity management plans.

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

18. As above.

ALIGNMENT WITH STRATEGIES

19. Not applicable.

CONSULTATION FULFILMENT

20. Not applicable.

STAFF RECOMMENDATION

That the Corporate and Financial Committee receive the report.

Appendix 1: Costs and recoveries for September 2012 and 2012/13 Forecast

	Cost ($m)				Recovery ($m)			
	Month	2012/13 Forecast	2012/13 Plan	Variance	Month	2012/13 Forecast	2012/13 Plan	Variance
Infrastructure Rebuild:								
Roading [1]	2.3	128.0	147.7	(19.7)	1.7	95.6	103.6	(8.1)
Sewer [1]	18.5	241.2	193.1	48.1	11.1	147.9	115.9	32.0
Water [1]	(4.8)	42.5	82.1	(39.6)	(2.9)	25.5	52.0	(26.5)
Stormwater [1]	0.0	25.4	22.9	2.5	0.1	8.0	10.9	(2.9)
SCIRT setup and overhead costs unallocated	16.2	0.0	-	0.0	9.7	(0.1)	-	(0.1)
Total:	**32.2**	**437.1**	**445.8**	**(8.7)**	**19.8**	**276.9**	**282.4**	**(5.5)**
Other Assets and Insured Costs:								
Buildings and Facilities	0.6	123.9	123.9	0.0	10.2	73.4	61.3	12.1
Housing	-	-	-	-	-	-	-	-
Sewer above-ground assets [1]	5.1	53.8	66.1	(12.3)	6.3	47.0	43.1	3.9
Water above-ground assets [1]	2.1	18.2	7.3	10.9	2.8	18.9	2.7	16.2
Stormwater above-ground assets [1]	(0.0)	0.2	-	0.2	(0.0)	0.2	-	0.2
Uninsured Assets (Parks, Stormwater)	2.6	19.1	19.1	0.0	2.3	3.6	7.0	(3.4)
Total:	**10.4**	**215.2**	**216.4**	**(1.2)**	**21.6**	**143.0**	**114.1**	**29.0**
Total Infrastructure Rebuild:	**42.6**	**652.3**	**662.3**	**(9.9)**	**41.4**	**419.9**	**396.5**	**23.4**
Emergency & Response Costs:								
Roading Emergency Work	0.5	0.1	-	0.1	0.3	1.4	-	1.4
Welfare and other Emergency Work	0.0	0.5	0.6	(0.1)	0.0	0.4	0.6	(0.1)
Other Response Costs [2]	0.4	9.7	1.3	8.3	0.9	6.8	-	6.8
Roading Temp Maintenance Works	0.2	8.5	9.6	(1.1)	0.1	4.6	5.5	(0.9)
3 Waters temp maintenance works	4.7	32.6	35.4	(2.8)	4.4	18.1	17.6	0.6
Buildings assessment and repair [2]	1.4	10.9	-	10.9	1.4	10.6	-	10.6
Housing assessment and repair [2]	0.0	0.9	-	0.9	0.0	0.9	-	0.9
Parks repairs	0.3	1.4	-	1.4	0.1	0.1	-	0.1
Demolition Costs	-	-	-	-	-	-	-	-
Rockfall	0.2	4.8	3.7	1.1	(0.3)	0.9	0.8	0.0
Increased Costs of Working	0.2	1.1	0.3	0.8	0.3	2.4	0.3	2.1
Total Emergency & Response Costs:	**8.0**	**70.4**	**50.8**	**19.6**	**7.2**	**46.3**	**24.7**	**21.5**
Grand Total	**50.6**	**722.7**	**713.1**	**9.7**	**48.6**	**466.2**	**421.2**	**45.0**

Notes:

1) Forecasts based on information from SCIRT

2) Other Response Costs have been split to provide further clarity.

Appendix 2: Life-to-date cost as at 30 September 2012

	Life to Date ($m)						
	Cost	Accrued Recoveries					Balance
		LAPP (F)	LAPP (I)	DIA/CERA	NZTA	Other	Council
Infrastructure Rebuild:							
Roading	15.4	-	-	-	11.5	0.0	3.9
Sewer	117.1	-	140.1	70.2	-	-	(93.3)
Water	17.3	-	28.3	10.1	-	-	(21.1)
Stormwater	16.1	-	13.4	9.8	-	-	(7.1)
SCIRT setup and overhead costs unallocated 1	234.1	-	-	70.2	70.2	-	93.7
Total	**400.0**	**-**	**181.8**	**160.3**	**81.7**	**0.0**	**(23.9)**
Other Assets and Insured Costs:							
Buildings and Facilities 2	11.8	96.8	-	0.0	-	-	(85.0)
Housing 3	-	-	-	-	-	19.8	(19.8)
Sewer above-ground assets	24.2	25.0	-	-	-	-	(0.8)
Water above-ground assets	13.1	13.9	-	-	0.0	(0.0)	(0.8)
Stormwater above-ground assets	0.1	0.1	-	-	-	-	0.0
Uninsured Assets (Parks, Stormwater)	5.1	0.8	-	-	0.5	2.3	1.5
Total	**54.2**	**136.5**	**-**	**0.0**	**0.5**	**22.0**	**(104.8)**
Total Infrastructure Rebuild:	**454.2**	**136.5**	**181.8**	**160.3**	**82.2**	**22.0**	**(128.7)**
Emergency & Response Costs:							
Roading emergency works	95.2	-	-	4.3	65.6	0.0	25.3
Welfare and other emergency works	67.6	-	1.3	63.9	-	0.0	2.4
Other Response costs	57.0	1.3	0.4	26.8	1.6	1.4	25.6
Roading temp maintenance works	32.1	-	0.0	0.0	21.9	(0.0)	10.2
3 Waters temp maintenance works	160.5	2.3	18.0	106.1	-	0.9	33.1
Buildings assessment and repair	28.5	26.9	-	0.0	0.1	1.8	(0.4)
Housing assessment and repair	2.1	-	-	-	-	2.1	0.0
Parks repairs	3.1	0.5	-	0.1	-	-	2.5
Demolition costs	10.6	-	-	6.3	-	0.1	4.2
Rockfall	21.2	-	-	6.9	3.9	(0.0)	10.5
Increased costs of working	7.2	2.1	-	-	-	6.2	(1.1)
Staff/Internal costs charged to Emergency/Response	48.4	-	-	-	-	-	48.4
Less costs budgeted in Council activities	(37.5)	-	-	-	-	-	(37.5)
Total Emergency & Response Costs:	**496.0**	**33.1**	**19.7**	**214.3**	**93.3**	**12.5**	**123.1**
Grand Total	**950.2**	**169.6**	**201.5**	**374.7**	**175.4**	**34.5**	**(5.6)**

Notes:

1) SCIRT setup and overhead costs will be allocated over infrastructure assets upon job completion.

2) Recoveries reflect LAPP (Facilities) interim building indemnity settlements and EQC payments.

3) Reflects EQC over cap interim payment received.

Appendix 3: Recoveries Summary

Monthly recoveries summary report as at 30/09/2012
$(m) All Figures are GST Exclusive

	Total	Crown	NZTA	LAPP (I)	LAPP (F)	EQC/Other	Notes
Rebuild							
Cost incurred to date	**454.2**						
Recoveries accrued	465.3	160.3	82.2	181.8	41.0	-	
Recoveries received	292.3	65.8	54.0	163.1	9.4	-	
Recoveries settled but unpaid	18.7			18.7	-		
Balance unclaimed to date	154.3	94.5	28.2	-	31.5	-	
Significantly Damaged Buildings (Indemnity recovery claimed)							
Recoveries accrued	115.3				95.6	19.8	
Recoveries received	65.4				45.7	19.8	
Recoveries settled but unpaid	49.9				49.9	-	
Balance unclaimed to date	-				-	-	
Emergency and Response							
Cost incurred to date	**526.3**						
Recoveries accrued	364.6	214.3	93.3	19.7	31.0	6.3	
Recoveries received	230.0	115.0	90.7	19.7	0.5	4.1	
Recoveries claimed but not settled	100.9	100.9			-	-	
Balance unclaimed to date	33.7	-1.6 *	2.5	-	30.5	2.2	* Due to demolitions accrued at 60% but claimed at 100%
Increased Costs of Working							
Cost incurred to date	**4.1**						Excl Office Accom due to Civic Building net rental rebate
Claims to be lodged (estimate)	2.1				2.1		

6. 2012 ANNUAL REPORTS FOR COUNCIL CONTROLLED ORGANISATIONS (CCOS): CIVIC BUILDING LIMITED, VBASE LIMITED, TUAM LIMITED, CHRISTCHURCH AGENCY FOR ENERGY TRUST, RICCARTON BUSH TRUST, ROD DONALD BANKS PENINSULA TRUST AND THE WORLD BUSKERS' FESTIVAL TRUST

General Manager responsible:	General Manager Corporate Services, DDI 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Patricia Christie – External Reporting and Governance Manager

PURPOSE OF REPORT

1. The purpose of this report is to present to the Council the annual reports for Council Controlled Organisations (CCOs) for the year ended 30 June 2012.

EXECUTIVE SUMMARY

2. The 2012 annual reports from the following organisations are attached for information:

   - Civic Building Limited (CBL) **(Attachment 1)**
   - Vbase Limited **(Attachment 2)**
   - Tuam Limited **(Attachment 3)**
   - Christchurch Agency for Energy Trust **(Attachment 4)**
   - Riccarton Bush Trust **(Attachment 5)**
   - Rod Donald Banks Peninsula Trust **(Attachment 6)**
   - The World Buskers' Festival Trust **(Attachment 7)**.

3. The CCOs are required under Section 67 of the Local Government Act 2002 to submit an annual report to the Council within three months after the end of the financial year.

4. An annual report must contain the information that is necessary to enable an informed assessment of the operations of the CCOs to be made, including audited financial statements and an auditor's report on those financial statements, and the performance targets and other measures by which performance was judged.

5. All the above annual reports were approved by their boards and provided to the Council prior to 30 September 2012.

Entity Summaries

Civic Building Limited (CBL)

6. CBL is 100 per cent owned by the Council and is a joint partner along with Ngai Tahu Property in the Christchurch Civic Centre Joint Venture (joint venture) which was formed to develop and own the Civic Building.

7. The CBL made a profit of $1.3 million for the year to 30 June 2012 compared to a loss in 2011 of $2.4 million. This increase was principally the result of an additional $3.4 million of material damage insurance proceeds being received in 2011/12 and $1.4 million of subvention income accrued.

8. The statement of financial position shows that the CBL is in a net liability position. This is a result of the accounting treatment of the lease of the Civic Building and does not indicate that it is unable to meet its obligations as they fall due.

9. Both CBL and the joint venture have received unqualified audit opinions.

Vbase Limited (Vbase)

10. Vbase is 100 per cent owned by the Council and was set up to own and manage CBS Canterbury Arena, AMI Stadium, Convention Centre and the Christchurch Town Hall.

6 Cont'd

11. Vbase made a profit of $71.8 million for the year to 30 June 2012 compared to a loss in 2011 of $19.5 million. This increase was principally the result of $166.6 million of insurance recoveries in relation to the Convention Centre, Town Hall and AMI stadium being recognised in the financial statements. Vbase undertook an independent valuation of all its land and building at 30 June 2012 this resulted in a reduction in the value of the assets of $84.2 million. $20.0 million was deducted from the asset revaluation reserve and $64.2 million was recognised as a loss in the statement of financial performance.

12. The statement of financial position shows a significant increase in assets notwithstanding the reduction in the value of Vbase's buildings; this is a result of a $178 million insurance recoveries receivable which it has recognised.

13. Vbase received a disclaimer audit opinion from Audit New Zealand as the auditors were unable to form an opinion on the carrying value of Vbase's land and buildings. Vbase revalued its land and buildings at 30 June 2012; the valuation was based on limited market evidence and assumptions which were subject to signficant uncertainties. This resulted in the auditors determining that the valuation could not support a reliable fair value for the land and buildings for accounting purposes.

<u>Tuam Limited (Tuam)</u>

14. Tuam is 100 per cent owned by the Council and owns land and buildings on Tuam Street including the former Civic building.

15. Tuam made of profit of $197,000 for the year to 30 June 2012 compared to a loss in 2011 of $532,000. Expenses decreased from $2,223,000 in 2011 to $895,000 in 2012 due to lower interest and earthquake costs. Revenue also decreased from $1,933,000 to $943,000 due to lower rental revenues, insurance recoveries and subvention income.

16. The statement of financial position shows that Tuam has net assets of $5.7 million. Tuam holds its land and buildings as investment property which accounting standards require to be revalued annually. An independent valuation was sought, but the assumptions underlying the valuation were considered unrealistic, and as such, the land and buildings were not revalued.

17. Audit New Zealand has issued a disclaimer opinion on the basis that due to the earthquake they cannot form an opinion on the value of the investment property and the associated current and deferred tax balances. This is a direct result of being unable to get an appropriate market valuation.

<u>Christchurch Agency for Energy Trust (CAfE)</u>

18. CAfE was formed by the Council to:

    - raise awareness in Christchurch and promote energy efficiency initiatives and the use of renewable energy by providing information and advice to a wide range of parties
    - encourage the use of renewable energy
    - introduce initiatives to address the negative health and social impacts of fuel poverty and energy affordability issues in Christchurch.

19. CAfE had total comprehensive income for the year to 30 June 2012 of $23,694 compared to $904,645 in 2011.

20. This reduction in income is principally due to an $858,877 increase in expenses reflecting the increased activities of CAfE during the year. Expenses included $373,295 for consultancy costs associated with the District Energy feasibility study, an additional $100,939 for public and media relations, an additional $127,093 for consulting costs and an additional $257,550 for contractor, financial, legal, marketing, administration and project costs.

21. The only significant change in the financial position of CAfE is the $109,959 increase in current trade and other receivables. This is due to the $166,750 invoice to the Energy Efficiency and

6 Cont'd

Conservation Authority (EECA) for 2012/13 contributions, which remains outstanding at year end.

22. CAfE received an unqualified audit opinion on its financial statements from Audit New Zealand.

The Riccarton Bush Trust (RBT)

23. RBT was formed by an Act of Parliament in 1914. The Trust adminsters Riccarton House and its 5.41 hectares of grounds together with a 6.373 hectare native bush remnant gifted by the Deans family to the people of Canterbury. Part of Riccarton House is licensed to a commercial caterer and is used as a restaurant and event centre. Riccarton House is currently closed for earthquake repairs which are expected to be completed in 2012/13.

24. RBT made a total comprehensive surplus for the year to 30 June 2012 of $479,216 compared to $560,517 in 2011. This difference is principally due to RBT recognising $1,713,270 of insurance recoveries in 2011 as income and incurring an impairment charge in the statement of comprehensive income for earthquake damage of $452,163; these events have not occurred in 2012. In addition, in 2012 RBT recognised a $270,000 gain on the revaluation of the land.

25. The only significant change in the financial position is the result of the revaluation of the land and buildings which resulted in an overall increase of $424,224.

26. RBT received an unqualified audit opinion on its financial statements from Audit New Zealand.

Rod Donald Banks Peninsula Trust (RDBPT)

27. RDBPT was formed by the Council with the objective of promoting sustainable management and conservation of Banks Peninsula's natural environment and associated recreation.

28. RDBPT made a profit for the year to 30 June 2012 of $134,184 compared to $3,565,010 in 2011. The insurance settlement of $3.5 million on the RDBPT in 2011 was the original settlement and was accounted as income.

29. There has been no significant change in the financial position of the Trust.

30. RDBPT received an unqualified audit opinion on its financial statements from Audit New Zealand.

The World Buskers' Festival Trust (WBFT)

31. WBFT was established by Council to:

- devise, manage and hold an annual buskers festival in Christchurch with a view to providing a national and international profile and identity for New Zealand street theatre
- provide opportunities for local buskers to reach a wider audience; and
- provide a street theatre festival that is accessible to the public including the provision of free events and a commitment to maintain low ticket prices for performances where charges are made.

32. WBFT had total comprehensive income for the year to 30 June 2012 of $85,482 compared to $1,180 in 2011. Total revenue increased $707,301 for the year across all revenue classes, compared to a $622,413 increase in expenses again across all expense classes, with the exception of audit fees which have remained flat.

33. The financial position of WBFT has improved with net assets increasing from $1,180 to $86,662. On 30 June 2011 the Trust had both a large amount of cash and receivables and a large payables balance. All these balances have decreased at 30 June 2012.

34. WBFT received a qualified audit opinion on its financial statements from Audit New Zealand as it did in 2011. The qualification arises as Audit New Zealand cannot confirm that all door

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donation revenue was properly recorded. This relates to $75,158 of door donations, which were collected when "the buckets" was presented on entry to venues.

FINANCIAL IMPLICATIONS

35. None.

LEGAL CONSIDERATIONS

36. CCOs are required under Section 67 of the Local Government Act 2002 to submit an annual report to Council within three months after the end of the financial year. All financial statements were signed and provided to Council by 30 September 2012 (three months after 30 June 2012).

STAFF RECOMMENDATION

That the Corporate and Financial Committee recommend to the Council that it receive the annual reports for the following Council Controlled Organisations:

- Civic Building Limited (CBL)
- Vbase Limited
- Tuam Limited
- Christchurch Agency for Energy Trust
- Riccarton Bush Trust
- Rod Donald Banks Peninsula Trust
- The World Buskers' Festival Trust.

CIVIC BUILDING LIMITED

ANNUAL REPORT

For the Year Ended
30 June 2012

Civic Building Limited
Annual Report Year Ended 30 June 2012

CONTENTS

Directory and Statutory Disclosures

Registered Office	53 Hereford Street Christchurch
Directors	J T Gough W G Cox (resigned 29 July 2011) C K Doig (resigned 29 July 2011) D F Dowding (resigned 29 July 2011) A J Keegan (resigned 29 July 2011) S G Mortlock (resigned 29 July 2011) T M Treacy (resigned 29 July 2011) R Parker (appointed 8 September 2011) N Button (appointed 8 September 2011)
CEO - to 29 July 2011	Bryan Pearson
Company Secretary	Brent Ford (resigned 29 July 2011) Diane Brandish
Bankers	Westpac Bank Christchurch
Solicitors	Lane Neave Christchurch
Auditors	Audit New Zealand on behalf of the Office of the Auditor General Christchurch

NATURE OF BUSINESS

Civic Building Ltd ("the Company") was established on 12 October 2007 in order to carry out the development of the new civic building for the Christchurch City Council ("Council"). On 26 October 2007 the Company entered into an agreement to develop the new civic building on the NZ Post site with Ngai Tahu. The agreements provided that this was carried out by Tuam 2 Ltd ("Tuam 2") as 50:50 shareholders with Ngai Tahu Properties Limited ("Ngai Tahu Properties"). These arrangements were changed on 27 June 2008 subsequent to Council approval of the 2009 Annual Plan, leaving the Company as party to the unincorporated joint venture with Ngai Tahu Properties. The Annual Plan approved the creation of an unincorporated joint venture structure to carry out the development. As a result Tuam 2 was made 100% subsidiary of the Company and Tuam 2 settled the purchase of a half share of the NZ Post building on 30 June 2008 as party to the unincorporated joint venture with Ngai Tahu Properties, that has undertaken the development. On 30 June 2009, Tuam 2 was amalgamated into the Company.

Construction of the civic building was completed in August 2010 and the tenants moved in to the building. The building was damaged in the September 2010, February 2011, and June 2011 earthquakes. The tenants vacated the building while repairs were being carried out and moved back into the building at the beginning of November 2011.

The Company appoints three representatives to the unincorporated joint venture Board. The Company representatives on the joint venture board are Robert Parker, Ngaire Button and Jamie Gough.

The Company does not have any staff, rather it is managed by the Council.

Civic Building Limited
Annual Report Year Ended 30 June 2012

DIRECTORS

The persons holding office as Directors of the Company on 30 June 2012 were:

R Parker
N Button
J T Gough

DIRECTOR'S INTERESTS

The following Directors have made general disclosures of interest with respect to any transaction that may be entered into with certain organisations on the basis of their being a Director, Partner, Trustee or Officer of those organisations during the year:

Jamie Gough	Director	Jet Engine Facility Ltd (resigned 29 June 2012)
	Director	Vbase Ltd
	Director	Gough Gough & Hamer Investments Ltd
	Director	Gough Holdings Ltd
	Director	Gough Gough & Hamer Ltd
	Director	Gough Gough & Hamer Properties Ltd
	Director	Transport Wholesale Ltd
	Director	Transport Specialists Ltd
	Director	Gough Finance Ltd
	Director	Gough Transport Supplies Ltd
	Director	AMI Stadium Ltd
	Director	Gough Group Ltd
	Trustee	Antony Gough Trust
	Councillor	Christchurch City Council
Robert Parker (appointed 8 September 2011)	Mayor	Christchurch City Council
	Director	Parker New Media Ltd
	Director	Stewart Properties Ltd
	Director	Bob Parker Ltd
	Director	Christchurch City Holdings Ltd
	Director	Vbase Ltd
	Director	Jet Engine Facility Ltd (resigned 29 June 2012)
Ngaire Button (appointed 8 September 2011)	Deputy Mayor	Christchurch City Council
	Director	Canterbury Development Corporation
	Director	CEDF Trustee Ltd
	Director	Vbase Ltd
	Director	Jet Engine Facility Ltd (resigned 29 June 2012)
	Director	Canterbury Development Corporation Holdings Ltd
	Director	CRIS Ltd
	Director	Randolph Sunglasses NZ Ltd
Wynton Gill Cox (resigned 29 July 2011)	Director	Elastomer Products Ltd
	Director	Mainpower NZ Ltd
	Director	Transwaste Canterbury Ltd
	Director	Coolpak Coolstores Ltd
	Director	Talbot Technologies Ltd
	Director	Barlow Brothers NZ Ltd
	Director	Independent Fisheries Ltd
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	Mcauley Property Ltd

	Director	J.A. Lovett Trustees No 2 Ltd
	Director	Hilton Leasing Ltd
	Director	A.R. Lovett Trustees No 2 Ltd
	Director	Claridge Trustees Ltd (resigned 30 Sept 2011)
	Director	AMI Stadium Ltd (resigned 29 July 2011)
	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
Christopher Keith Doig (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Southern Opera Charitable Trust (resigned)
	Director	Christopher Doig Promotions Limited (resigned 3 Nov 2011)
	Director	Solvam Ltd (resigned 13 Oct 2011)
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	New Zealand Rugby Promotions Ltd (resigned 13 Oct 2011)
Dominique Fiona Dowding (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Dowding & Associates Ltd
	Director	The Sales Bureau Ltd
	Director	Human Intellectual Technologies Ltd
	Director	Evolution Technologies Ltd
	Director	CPI Ltd
	Director	Barry Doody Tours Ltd
	Director	Studio Properties (2007) Ltd
	Director	Studios of New Zealand Ltd
	Director	Basheba Ltd
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	NZCU South
Simon George Mortlock (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned July 2011)
	Director	Mortlock McCormach Law Ltd
	Director	Danne Mora Holdings Ltd
	Senior Partner	Mortlock McCormach Law Ltd
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	Phantom Bill Stickers Ltd
	Director	WFH Properties Ltd
	Director	WFH Properties (No 2) Ltd
	Director	Westmoreland Nominees Ltd
	Director	Worsley Farm Ltd
	Director	Franco Farm Ltd
	Director	Cashmere Lakes Ltd
	Director	Flaxmere Ltd
	Director	Stallions Australasia (NZ) Ltd
	Director	Timely Knight Stud Ltd
	Director	Gamble Property Trust Ltd
	Director	Mortlock McCormach Insurance Trust Co Ltd
	Director	Boyden Hanover Stud Ltd
	Director	Spreydon Lodge Ltd
	Director	Nevele R Stud Ltd
	Director	MML Consulting Ltd

Arthur James Keegan (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Addington Raceway Ltd
	Director	Cavell Leitch Pringle & Boyle Nominees Ltd
	Director	Cavell Leitch Operations Ltd
	Director	New Zealand Metropolitan Properties Limited
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	Sardinero Trustees Ltd
	Director	Otakaro Trustees Ltd
	Director	Chesterfield Trustees Ltd
	Director	Rostock Trustees Ltd
	Director	Wroxton Mortgage Company Ltd
	Director	Wroxton Nominees Ltd
	Director	Pont Trustees Ltd
	Director	Euston Street Trustees Ltd
	Director	Oxford Street Trustees Ltd
	Director	Regent Street Trustees Ltd
	Director	Website Law Ltd
	Director	Clarendon Trustees Ltd
	Director	O'Neill LHD Trustees Ltd
	Director	Cashel Trustees Ltd
	Director	Camel Trustees Ltd
	Director	Turnham Green Trust Ltd
	Director	Ninfield Trustee Company Ltd
	Director	Bond Street Trustees Ltd
	Director	Waimairi Trustees Ltd
	Director	Waimairi Trustees 2007 Ltd
	Director	New Zealand Metropolitan Properties Management Ltd
	Director	Patchworx Builders Ltd
	Director	Arts Management Ltd
	Director	Cavell Leitch Pringle & Boyle Solicitors
Thomas Michael Treacy (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Vbase Ltd (resigned 29 July 2011)
	Director	Verona Fruit Pty Ltd
	Director	Fruitology Pty Ltd
	Director	LaManna Bananas Pty Ltd
	Director	Ballina Lodge Ltd
	Director	United Flower Growers Ltd (resigned 20 June 2011)

REMUNERATION OF DIRECTORS

Total remuneration and other benefits paid or due and payable to directors for services as a director during the year were as follows:

W G Cox (Chairman)	$1,875 (2011: $22,500)

USE OF COMPANY INFORMATION

During the year, the Board received no notices from members or directors of Company requesting to use Company information received in their capacity as Members or Directors which would not otherwise have been available to them.

DONATIONS

There were no donations made by the Company during the year (2011: $nil).

DIVIDENDS

There have been no dividends declared for the 2011/12 financial year (2010/2011 nil).

EMPLOYEES' REMUNERATION

The Company has no employees.

AUDITORS

The Office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

For and on behalf of the Board

Director **Date** 25 September 2012

Director **Date** 25 September 2012

Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012 $000	2011 $000
Revenue	2(a)	12,836	9,575
Finance costs	2(b)	5,474	5,460
Other expenses	2(b)	6,696	6,434
		12,170	11,894
Profit (loss) before income tax expense		666	(2,319)
Income tax expense/(income)	3	(668)	36
Profit (loss) for the period		1,334	(2,355)
Other comprehensive income		-	-
Total Comprehensive income		1,334	(2,355)

The accompanying accounting policies and notes form part of these financial statements.

Civic Building Limited
Annual Report Year Ended 30 June 2012

Statement of Financial Position
As at 30 June 2012

	Note	2012 $000	2011 $000
Current assets			
Cash and cash equivalents	14	4,601	5,196
Trade and other receivables	5	5,924	4,926
Current tax assets	3(b)	2	1,753
Total current assets		10,527	11,875
Non-current assets			
Investment property	7	4,480	4,480
Trade and other receivables	6	48,549	48,626
Total non-current assets		53,029	53,106
Total assets		63,556	64,981
Current liabilities			
Trade and other payables	8	793	2,884
Total current liabilities		793	2,884
Non-current liabilities			
Borrowings	9	59,288	59,288
Deferred tax liabilities	3(c)	8,461	9,129
Total non-current liabilities		67,749	68,417
Total liabilities		68,542	71,301
Net assets		(4,986)	(6,320)
Equity			
Capital and other equity instruments	10	6,188	6,188
Retained earnings		(11,174)	(12,508)
Total equity	11	(4,986)	(6,320)

The accompanying accounting policies and notes form part of these financial statements.

Civic Building Limited
Annual Report Year Ended 30 June 2012

Statement of Changes in Equity
For the year ended 30 June 2012

	Capital $000	Retained Earnings $000	Total $000
Balance at 1 July 2010	6,188	(10,153)	(3,965)
Total comprehensive income for the period			
Profit or loss	-	(2,355)	(2,355)
Total comprehensive income for the period	-	(2,355)	(2,355)
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
Balance at 30 June 2011	6,188	(12,508)	(6,320)
Balance at 1 July 2011	6,188	(12,508)	(6,320)
Total comprehensive income for the period			
Profit or loss	-	1,334	1,334
Total other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,334	1,334
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
Balance at 30 June 2012	6,188	(11,174)	(4,986)

The accompanying accounting policies and notes form part of these financial statements.

Civic Building Limited
Annual Report Year Ended 30 June 2012

Cashflow Statement
For the year ended 30 June 2012

	Note	2012 $000	2011 $000
Cash flows from operating activities			
Operating revenue		4,245	2,442
Subvention received		1,867	1,380
Insurance proceeds received		6,857	2,953
Payments to suppliers and employees		(1,422)	(615)
Payments for remedial works regarding earthquake claim		(7,135)	(1,828)
Income tax received (paid)		447	(70)
Net GST movement		(110)	654
Net cash provided by/(used in) operating activities	14	4,749	4,916
Cash flows from investing activities			
Interest received		116	239
Payment for investment property		-	(3,986)
Proceeds from sale of investments		-	-
Purchase / maturity of deposits		-	-
Net cash (used in)/provided by investing activities		116	(3,747)
Cash flows from financing activities			
Interest paid		(5,460)	(5,445)
Net cash provided by/(used in) financing activities		(5,460)	(5,445)
Net increase in cash and cash equivalents		(595)	(4,276)
Cash and cash equivalents at beginning of year		5,196	9,472
Cash and cash equivalents at end of year		4,601	5,196

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements

1. Accounting policies

Reporting Entity
These are the financial statements of Civic Building Limited (the “Company”)

The Company is registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is a Council Controlled Trading Organisation as defined by section 6 of the Local Government Act 2002.

Until 25 June 2008 Tuam 2 Limited (‘Tuam 2”) was 50% owned by the Company and 50% owned by Ngai Tahu Property Limited (“Ngai Tahu Property”). Tuam 2 was the company tasked with the design, construct and ownership the new Civic Offices on Worcester Street, pursuant to the proposal approved by the Christchurch City Council on Thursday 11 October 2007. On 25 June 2008, the Council approved a change in the structure for the new Civic Offices project and this resulted in Tuam 2 being 100% owned by the Company. The new Civic Offices project in now carried out by an unincorporated joint venture, which is 50% owned by Tuam 2 and 50% by Ngai Tahu Property. Accordingly, the Company has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS).

On 30 June 2009, the Company and Tuam 2 amalgamated with the assets and liabilities of Tuam 2 brought into the Company. Tuam 2 no longer exists and the Company directly owns 50% of the unincorporated joint venture with Ngai Tahu Property.

The financial statements of the Company have been prepared in accordance with the Financial Reporting Act 1993, the Companies Act 1993 and the Local Government Act 2002.

The financial statements of the Company are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Directors on 25 September 2012.

Basis of financial statement preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards.

The financial statements have been prepared on an historical cost basis except for the revaluation of investment properties.

The functional and presentation currency is New Zealand dollars. All values are rounded to the nearest thousand dollars ($000).

In preparing these financial statements the Company has been required to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form 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 year if the change affects only that year, or into future years if it also affects future years. In the process of applying the Company’s 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 determination of the fair value of investment property is regarded as a critical estimate and is valued at least on an annual basis. This requires the estimation of current market values by an independent registered valuer, refer to note 7.

Notes to the Financial Statements

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following new standards, interpretations and amendments have been adopted for the year ended 30 June 2012 which have only had presentational or disclosure effect:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective for accounting periods beginning on or after 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.

- Improvements to NZ IFRS 7 Financial Instruments Disclosures effective for accounting periods beginning on or after 1 January 2011 – The amendments add an explicit statement that qualitative disclosure should be made in the content of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments.
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- Improvements to NZ IAS 1 Presentation of Financial Statements effective for accounting periods beginning on or after 1 January 2011 – Clarification was provided in that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- Amendments to NZ IFRS 7 Financial Instruments effective for accounting periods beginning on or after 1 July 2011 – The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:
  - Financial assets that are not derecognised in their entirety; and
  - Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

- NZ FRS 44 – NZ Additional Disclosures effective for accounting periods beginning on or after 1 July 2011 – The objective of this Standard is to prescribe the New Zealand-specific disclosures such as:
  - Where an entity's financial statements comply with NZ IFRSs they shall make an explicit and unreserved statement of such compliance in the notes;
  - An entity shall disclose in its notes its reporting framework and for the purposes of complying with NZ GAAP, it is a profit-oriented or public benefit entity;
  - An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for an Audit/Review of the Financial Statements and all other services during that period;
  - An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods;
  - Where a Statement of Service Performance is presented the entity must disclose the outputs of an entity and information on the effects on the community of the entity's existence and operations.

The following new standards, interpretations and amendments have been issued but are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these financial statements:

- Amendments to NZ IAS 1 Presentation of Financial Statements effective for accounting periods beginning on or after 1 July 2012 - The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; do not change the existing option to present profit or loss and other comprehensive income in two statements; and a change of title of 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

- NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective for accounting period beginning on or after 1 January 2015. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost.

- Amendments to NZ IAS 12 Income Taxes effective for accounting periods beginning on or after 1 January 2012 – The amendments introduce an exception to the general measurement requirements of NZ IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

- NZ IFRS 12 Disclosure of interests in other entities effective for accounting periods beginning on or after 1 January 2013 – NZ IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:
  - the nature of, and risks associated with, an entity's interests in other entities; and
  - the effects of those interests on the entity's financial position, financial performance and cash flows.

- NZ IFRS 13 Fair Value Measurement effective for accounting periods beginning on or after 1 January 2013 – NZ IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Other than for the general descriptions provided above, the Company has not yet determined the potential impact of the new standards, interpretations and amendments for those standards not effective at 30 June 2012.

a. Financial Assets

Term deposits with maturities greater than three months are measured at cost and have been designated as loans and receivables.

b. 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.

c. 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 the Company'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 statement of financial position.

d. Investment Property

The land leased to third parties under operating leases is classed as investment property.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in fair value of the investment property is recognised in the statement of comprehensive income.

e. Share capital

(i) Ordinary share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder the right to requires such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends thereon are recognised in the statement of comprehensive income as interest expense.

f. 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 using the effective interest method.

g. Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of expenditures, 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.

h. Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership of an asset transfer to the lessee are classified as finance leases whether or not title is eventually transferred. At inception, finance leases are recognised in the statement of financial position at the present value of the minimum lease payments plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

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 rate of return on the net investment outstanding in respect of the lease.

(ii) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

i. Revenue

Revenue is measured at the fair value of consideration received.

(i) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(ii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's net investment in the finance lease.

(iii) Operating lease income

Operating lease income is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(iv) Insurance proceeds

Insurance proceeds are recognised in the statement of comprehensive income when the compensation become receivable.

j. Financing costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. All interest payable on borrowings is recognised as an expense in the statement of comprehensive incomes as it occurs.

k. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position 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. Temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

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 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.

I. 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 amount of GST recoverable from, payable to, the Inland Revenue Department is included as part of receivables or payable in the statement of financial position.

2 Profit from operations

(a) Revenue

	2012 $000	2011 $000
Rental revenue:		
Operating lease rental revenue - Investment Property	350	153
Loss of rent insurance proceeds received	128	1,314
Loss of rent insurance proceeds receivable	400	1,588
Recovery of property expenses	825	357
	1,703	3,412
Interest revenue:		
Finance lease interest revenue	3,709	3,405
Bank deposits	110	214
	3,819	3,619
Material damage and insurance proceeds received / receivable	5,903	2,544
Subvention income	1,411	-
Total revenue	12,836	9,575

Notes to the Financial Statements

(b) Profit before income tax

	Note	2012 $000	2011 $000
Finance costs:			
Interest on loans		5,474	5,460
		5,474	5,460
Direct operating expenses of investment properties:			
Audit fees	4	20	9
Directors fees		2	23
Management fees		52	165
Property management costs		653	116
Building remediation costs		5,440	2,608
Rental income lost		528	2,902
Other		1	143
		6,696	5,966
Loss on revaluation		-	468
		-	468
Total expenses		12,170	11,894

3 Income taxes

a. Income tax recognised in profit or loss

	2012 $000	2011 $000
Tax expense/(income) comprises:		
Current tax expense/(income)	-	(1,304)
Adjustments recognised in current year in relation to the current tax of prior years	-	(3)
Deferred tax expense/(income)	(668)	1,343
Total tax expense/(income)	(668)	36

Civic Building Limited
Annual Report Year Ended 30 June 2012

Notes to the Financial Statements

	2012 $000	2011 $000
Profit/(loss) from operations	666	(2,319)
Income tax expense calculated at 28% (2011: 30%)	186	(696)
Correction to prior year tax calculation	-	(3)
Non-deductible expenses	148	-
Revaluation of land	-	140
Subvention income recognised	(395)	-
Effect of building depreciation being removed in future years	-	645
Effect of future years tax rate change	-	43
Deferred tax adjustment	(588)	-
Building lease classified as operating lease for tax purposes	(19)	(93)
	(668)	36

(b) Current tax assets and liabilities

	2012 $000	2011 $000
Current tax assets:		
Tax refund receivable - RWT	2	449
Subvention Receivable	-	1,304
	2	1,753

(c) Deferred tax balances

	2012 $000	2011 $000
Deferred tax liabilities		
Temporary differences	8,461	9,129
	8,461	9,129

Civic Building Limited
Annual Report Year Ended 30 June 2012

Notes to the Financial Statements

Taxable and deductible temporary differences arise from the following:

Year ended 30 June 2012	Opening balance $000	Charged to income $000	Closing balance $000
Deferred tax liabilities:			
Investment Property	9,129	(668)	8,461
	9,129	(668)	8,461
Deferred tax assets:			
Investment property	-	-	-
	-	-	-
Net deferred tax balance	9,129	(668)	8,461

Year ended 30 June 2011	Opening balance $000	Charged to income $000	Closing balance $000
Deferred tax liabilities:			
Investment Property	7,786	1,343	9,129
	7,786	1,343	9,129
Deferred tax assets:			
Investment property	-	-	-
	-	-	-
Net deferred tax balance	7,786	1,343	9,129

(d) Imputation credit account balances

	2012 $000	2011 $000
Imputation credits available for use in subsequent periods	-	-

4 Remuneration of auditors

	2012 $000	2011 $000
Auditor of the entity:		
Audit of the financial statements	16	6
Audit of the financial statements - other auditor	4	3
	20	9

The 2012 audit expense includes $6,000 relating to the audit of the 2011 financial statements.

5 Current trade and other receivables

	2012 $000	2011 $000
Finance lease receivable - current portion	3,644	2,382
Trade receivables	2	8
Related party receivable	81	42
Insurance receivable	1,349	2,494
Subvention receivable	848	-
	5,924	4,926

The carrying value of debtors and other receivables approximate their fair value.

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated amount to $nil (2011: $nil)

6 Finance lease receivable

	Minimum future lease payments		Present value of minimum future	
	2012 $000	2011 $000	2012 $000	2011 $000
No later than one year	3,786	3,786	3,644	3,644
Later than one year and not later than five years	16,674	16,160	13,471	13,041
Later than five years	89,870	94,170	35,078	35,585
Minimum lease payments	110,330	114,116	52,193	52,270
Unguaranteed residual	-	-	-	-
Gross finance lease receivables	110,330	114,116	52,193	52,270
Less unearned finance income	(58,137)	(61,846)	-	-
Present value of minimum lease payments	52,193	52,270	52,193	52,270
Future rent lost			-	(1,262)
Revised carrying value			52,193	51,008
Included in the financial statements as:				
Current trade and other receivables			3,644	2,382
Non-current trade and other receivables			48,549	48,626
			52,193	51,008

The Company and Ngai Tahu Property (CCC-JV) have leased the Civic Building at 53 Hereford Street to the Council. The lease commenced on 24 August 2010 and is for a period of 24 years, with three rights of renewal, giving a total lease life of 96 years.

Rental on the building (including land) is initially set at $8,233,776 per annum, with the following rental increases specified in the contract:

1. a 3 per cent increase on the third anniversary of commencement, compounded on an annual basis.
2. a further 3 per cent increase on every sixth anniversary of the first percentage increase, compounded on an annual basis.
3. a market rental increase on every sixth anniversary of commencement, set at the greater of five per cent or market rental.

Notes to the Financial Statements

No contingent rent is payable under the lease.

For the 2011/12 financial year as was the case in the 2010/2011 financial year, earthquake repairs to the building have interrupted Council's occupation. In accordance with the contract Council has not paid rent for the period which it is unable to occupy the building, and the joint venture is required to make good all earthquake damage at no cost to the Council. The joint venture has claimed the rent loss from its insurers.

7 Investment property

	2012 $000	2011 $000
Balance at beginning of financial year	4,480	53,429
Additions	-	3,692
Reclassification as finance lease	-	(52,173)
Revaluation	-	(468)
Balance at end of financial year	4,480	4,480

On entering into the lease with the Council for the Civic Building, the building has been reclassified as a finance lease receivable. The land portion remains classified as investment property.

The carrying value of investment property is the fair value of the property as determined by an independent valuation report prepared by registered valuers Colliers International Limited as at 30 June 2012 combining discounted future cash flows and capitalising the potential income that the properties can generate.

The fair value of the Joint Venture’s investment property at 30 June 2012 has been arrived at on the basis of the valuations performed by Colliers International Limited, who have an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Colliers International Limited (Valuation)
The valuations prepared by Colliers International Limited have been prepared in accordance with International Valuation Standards IVA 1 – Valuation for Financial reporting, API/PINZ Valuation Guidance Notes NZVGN1 – Valuation for Use in New Zealand Financial Reports, and the New Zealand Institute of Chartered Accountants NZ IAS 40 Investment Properties.

The valuation has been prepared by capitalising the potential income that the property can generate. This is tested against a discounting of future cash flows arising from the property. The potential future earnings have been capitalised using a yield rate of 8.25% (2011: 7.75%). The discounted cash flow rate used was 10.5% (2011: 10.0%).

The valuer has provided for a subdued investment market in the Christchurch CBD following the Canterbury Earthquakes in 2010 and 2011. This is reflected in a softening of the capitalisation rate by 50 basis points from 7.75% in June 2011 to 8.25% at balance date, reflecting an estimate of the changed market conditions in a post-earthquake environment.

The quality of the tenant and the lease terms mitigate a further increase to the capitalisation rate. Similarly, the discount rate applied to future cash flows softened from 10.0% to 10.5% for the same reasons.

Insurance and Remediation Costs
Insurance proceeds received and receivable for the year are $11,806,891 (2011: $5,088,94) under the Joint Venture Material Damage policy for earthquake building remediation claims following the 2010 and 2011 Canterbury Earthquakes. This amount comprises insurance proceeds received of $9,908,875 (2011: $3,277,287) and insurance proceeds receivable of $1,898,016 (2011: $1,811,657),

following insurance claim submission at balance date. Earthquake building remediation costs are claimed under the Joint Venture Material Damage insurance policy.

Insurance proceeds have been received to date of $2,780,370 (2011: $2,628,319) for loss of rents suffered as a result of the 2010 and 2011 Canterbury earthquakes. At balance date, there was an insurance debtor for earthquake loss of rents of $800,036 (2011:$651,155), following insurance claim submission. The Joint Venture insurance policy provides cover for the loss of rents situation arising from natural disaster events such as earthquakes. There is insurance cover for a period of 36 months, following the date of the event, for loss of rents cover (gross rentals) under the Joint Venture insurance policy effective to 31 July 2012.

Earthquake building remediation costs of $10,879,420 (2011:$5,216,167) have been incurred at balance date. The Earthquake remediation project is now fully completed and it is estimated that $378,000 is remaining to be paid which is fully accrued at balance date.

Sensitivity analysis for investment property
A change of 50 basis points higher/lower on the capitalisation rate would result in the following change to the total value of the investment property valuation:

- the investment property would decrease by ($5,860,000) following a 50 basis point increase in the capitalisation rate and increase by $6,616,129 following a 50 basis point decrease in the capitalisation rate.

Half of the above amounts relating to the Joint Venture are attributable to the Company and reflected in these financial statements. A further $1,261,957 insurance debtor was recognised by the Company in the 2010/11 financial statements for recovery of rent expected to be lost in the 2011/12 financial year before the building was reopened.

8 Current trade and other payables

	2012 $000	2011 $000
Trade payables	559	2,472
Related party payables	219	361
GST payable	15	51
	793	2,884

9 Non-current borrowings

	2012 $000	2011 $000
Unsecured:		
Loans from Parent entity	59,288	59,288
	59,288	59,288

The Company has entered into a cash advance facility agreement with Council. Repayment will be made in 2038. Interest is payable at a weighted average of 9.21% quarterly (2011: 9.21% quarterly).

The fair value of the borrowings is $110,961,344 (2011: $62,001,063) based on cash flows discounted using the market rate of 3.9475% (2011: 8.76%). The fair value was calculated on the basis that the loan will be paid back at the end of the loan agreement in 2038.

Notes to the Financial Statements

10 Capital and other equity instruments

	2012 $000	2011 $000
Fully paid ordinary shares	-	-
Fully paid redeemable preference shares (A)	6,188	6,188
	6,188	6,188

	2012 $000	2011 $000
Fully paid ordinary shares		
Issue of shares	10,000	10,000
Less: unpaid shares	-	-
Less: uncalled portion of shares issued	(10,000)	(10,000)
Closing balance of paid up capital	-	-

	2012 $000	2011 $000
Fully paid redeemable preference shares (A)		
Balance at beginning of financial year	6,188	6,188
Issue of shares	-	-
Balance at end of financial year	6,188	6,188

Redeemable preference shares do not carry entitlement to vote at general meetings of the Company, and are not transferable. The shares are redeemable at the option of the Company in its sole discretion or upon the winding up of the Company or on expiry at 20 June 2038. In all other respects redeemable preference shares rank pari passu with ordinary shares.

The shares do not carry fixed dividend rights.

11 Equity

	2012 $000	2011 $000
Balance at 1 July	(6,320)	(3,965)
Net shares issued	-	-
Total comprehensive income	1,334	(2,355)
Balance at 30 June	(4,986)	(6,320)

12 Commitments for expenditure

There were no commitments for development expenditure that were not otherwise accrued at 30 June 2012 (2011: $1,010,267).

Earthquake building remediation costs for work still to be completed to fully reinstate the Civic Building property are estimated at $0 (2011: $3,900,000). There is an accrual of costs for $189,000 (2011: $779,468) relating to earthquake building remediation work completed but not yet invoiced at balance date. The above figures are 50% of the capital committed / accrued by the Joint Venture.

13 Contingent liabilities and contingent assets

There are no contingent assets at 30 June 2012 (2011: $3,900,000) in respect of insurance proceeds that are expected to be recovered once insurance claims have been submitted and paid by the insurer for estimated earthquake remediation repairs still to be completed on the Civic Building property. The above amount is 50% of the contingent asset recorded by the joint venture.

14 Notes to the cash flow statement

	2012 $000	2011 $000
Cash and cash equivalents		
Cash and cash equivalents	4,601	5,196
	4,601	5,196
Reconciliation of profit for the period to net cash flows from operating activities		
Net profit for the period	1,334	(2,355)
Changes in net assets and liabilities		
Increase / (decrease) in current tax balances	1,752	3
(Increase) / decrease in receivables	(949)	(1,228)
Increase / (decrease) in payables	(1,947)	20
Capital portion of payables / receivables	(117)	294
Interest received classed as investing	(116)	(239)
Interest paid classed as financing	5,460	5,445
Non cash items:		
Loss / gain on revaluation of investment property	-	468
Increase / decrease in deferred tax	(668)	1,343
Finance lease income	-	1,165
Net changes in net assets and liabilities	3,415	7,271
Net cash from operating activities	4,749	4,916

15 Related-party transactions

Council is the ultimate controlling party of the Company. The following transactions were carried out with related parties during the year:

	2012 $000	2011 $000
Christchurch City Council ("Council")		
Receipts from related parties:		
Rent received from Council	2,434	2,380
Recovery of property expenses from Council	826	205
Subvention payments received/receivable from Council group entities	1,411	1,381
Loss offset given to Council group entities	3,494	3,222
Payments to related parties		
Interest paid to Council	5,474	5,460
Fees paid to Council	-	12
Management fees charged by Vbase	42	165
Operating costs / purchases from Vbase	-	132
Rates paid to Council	221	139
Te Runanga O Ngai Tahu		
Management fees charged to the Joint Venture by group entities	82	800
Other charges to the Joint Venture by group entities	-	4
Year end balances (GST exclusive)		
Accounts payable to Vbase	-	190
Accounts received from Council	81	42
Loan advances from Council	59,288	59,288
Accrued interest payable to Council	165	150
Subvention payments receivable from group companies	849	1,304

Key Management Personnel

All transactions occurred on normal trading terms and conditions.

Key management personnel includes the Directors.

The Company paid Directors fees to W Gill Cox of $1,875 (2011: $22,500) exclusive of GST. None was unpaid at 30 June 2012 (2011: $6,469).

The Company paid joint venture board fees to Hanlin Johnstone of $1,250 (2011: $15,000) exclusive of GST. None was unpaid at 30 June 2012 (2011: $15,000).

Civic Building Limited
Annual Report Year Ended 30 June 2012

Notes to the Financial Statements

16 Operating Leases

	Minimum Lease Payments	
	2012	2011
	$000	$000
Operating lease as lessor		
Within one year	357	357
Between 1 and 5 years	1,574	1,426
Over 5 years	8,523	6,419
	10,454	8,202

The terms of the lease are detailed in note 6.

17 Financial instruments

Classification of financial instruments

2012	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	4,601	-	4,601
Trade and other receivables	5,924	-	5,924
	10,525	-	10,525
Non current assets			
Other (finance lease receivable)	48,549	-	48,549
	48,549	-	48,549
Total Financial Assets	59,074	-	59,074
Current liabilities			
Trade and other payables	-	793	793
Borrowings	-	-	-
	-	793	793
Non current liabilities			
Borrowings	-	59,288	59,288
	-	59,288	59,288
Total Financial Liabilities	-	60,081	60,081

Civic Building Limited
Annual Report Year Ended 30 June 2012

Notes to the Financial Statements

2011	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	5,196	-	5,196
Trade and other receivables	4,926	-	4,926
	10,122	-	10,122
Non current assets			
Finance lease receivable	48,626	-	48,626
	48,626	-	48,626
Total Financial Assets	58,748	-	58,748
Current liabilities			
Trade and other payables	-	2,884	2,884
	-	2,884	2,884
Non current liabilities			
Borrowings	-	59,288	59,288
	-	59,288	59,288
Total Financial Liabilities	-	62,172	62,172

Contractual Maturity Analysis

as at 30 June 2012	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	4,601	4,603	4,603	-	-	-
Trade receivables	5,924	6,064	6,064	-	-	-
Finance lease receivables	48,549	106,542	-	8,240	8,434	89,868
	59,074	117,209	10,667	8,240	8,434	89,868
Financial liabilities:						
Trade and other payables	793	628	628	-	-	-
Related party borrowings	59,288	201,323	5,459	5,459	16,393	174,012
	60,081	201,951	6,087	5,459	16,393	174,012

as at 30 June 2011	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	5,196	5,207	5,207	-	-	-
Trade receivables	4,926	5,068	5,068	-	-	-
Finance lease receivables	48,626	110,330	-	3,786	12,374	94,170
	58,748	120,605	10,275	3,786	12,374	94,170
Financial liabilities:						
Trade and other payables	2,884	2,864	2,864	-	-	-
Related party borrowings	59,288	206,694	5,460	5,460	16,378	179,396
	62,172	209,558	8,324	5,460	16,378	179,396

Financial instrument risk

The Company has a series of policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its financing activities.

Credit risk management
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historic information about counterparty default rates.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash with banking institutions that have a Standard and Poor's rating of AA-.

	2012 $000	2011 $000
Counterparties with credit ratings		
Cash at bank and term deposits		
AA	-	5,196
AA-	4,601	-
Accrued interest on term deposits		
AA	-	8
AA-	2	-
Total cash and cash equivalents	4,603	5,204
Finance Lease Receivable		
AA	52,193	52,270

Liquidity risk management
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate reserves with the maturity profile of financial assets being matched to the financial liabilities.

Market risk management
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and market prices, will affect the Company's profit or the value of its holdings in financial instruments.

Interest rates
Interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to interest rate risk.

The Company's borrowing liability with its parent is at a weighted fixed interest rate of 9.21% (2011: 9.21%). The Company is not sensitive to movements in interest rates in respect of its borrowing obligations. Interest rate movements would, however, affect the amount of interest income received by the Company on surplus cash. A 1% movement either way would have the effect of increasing/decreasing the Company's profit before tax by $30,906 or $22,253 after tax (2011: $52,627 or $37,891 after tax).

Foreign exchange
The Company has no exposure to foreign exchange risk.

Notes to the Financial Statements

18 Capital Management

The Company's capital comprises share capital and retained earnings. The Company manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interest of the community.

19 Events after balance date

There have been no material events known to the Directors occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

20 Legislative requirements

The Local Government Act 2002 requires the Trust to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2011/12 financial year the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its shareholder.

Civic Building Limited
Annual Report Year Ended 30 June 2012

Statement of Service Performance

Reporting against the Statement of Intent

Key performance targets
To ensure that the Company meets the financial targets contained within the Statement of Intent.

Financial performance targets

	Target $000	Actual $000	Variance $000
Income			
Lease income	4,067	4,059	(8)
Other income	3,885	8,777	4,892
Total Income	7,952	12,836	4,884
Expenses			
Interest	5,459	5,474	15
Other expenses	4,166	6,696	2,530
Total Expenses	9,625	12,170	2,545
Net Surplus (deficit) before tax	(1,673)	666	2,339
Taxation	(1,266)	(668)	598
Net Surplus (deficit) after tax	(407)	1,334	1,741
Capital Structure			
Uncalled capital	10,000	10,000	
RPS Shares	6,200	6,188	
Debt	59,200	59,288	
Total assets	61,400	63,556	

Other income is $4.9 million higher than target due to receipt of insurance proceeds during the year that were not included in the target measure.

Other expenses are $2.5 million higher than target as a result of the Company's share of the earthquake repair expenses for the civic building.

Performance Measures

Operational Performance Targets

Objective and Strategy	Performance Measure	Result
Manage the investment in a commercially astute and prudent manner.	Ensure a comprehensive management agreement is in place for management of the new Civic Building.	A comprehensive management agreement is in place with Ngāi Tahu Property Limited.

Environmental and Social Performance Targets

Performance Target	Performance Measure	Result
The Civic Building will be designed to achieve a high standard in terms of environmental and energy sustainability.	Ensure the Civic Building operates in a manner that preserves Green Star 6 accreditation features.	Green star 6 accreditation features have been achieved.

Ratio of Shareholders funds to total assets

The forecast ratio of Shareholders funds to total assets is:

Target	Actual
3.4%	(7.8%)

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Civic Building Limited's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of Civic Building Limited (the company). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 7 to 29, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the statement of service performance of the company on pages 30 to 31.

Opinion

Financial statements and statement of service performance

In our opinion:

- the financial statements of the company on pages 7 to 29:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date; and

- the statement of service performance of the company on pages 30 to 31:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 25 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

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 financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company'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 Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company.

Ian Lothian

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

VBASE LIMITED

ANNUAL REPORT

For the Year Ended
30 June 2012

CONTENTS

Directory and Statutory Disclosures

REGISTERED OFFICE	53 Hereford Street Christchurch
DIRECTORS	B Parker (appointed 10 June 2011) N Button (appointed 10 June 2011) T Marryatt (appointed 10 June 2011) J T Gough (appointed 16 December 2010) W G Cox (Chairman) (resigned 29 July 2011) G S Campbell (resigned 29 July 2011) C K Doig (resigned 29 July 2011) D F Dowding (resigned 29 July 2011) J A Keegan (resigned 29 July 2011) S G Mortlock (resigned 29 July 2011) T M Treacy (resigned 29 July 2011)
CEO - to 29 July 2011	Bryan Pearson
COMPANY SECRETARY	Diane Brandish from 30 July 2011 Brent Ford to 29 July 2011
BANKERS	Westpac Bank Christchurch
SOLICITORS	Lane Neave Christchurch
AUDITORS	Audit New Zealand on behalf of the Office of the Auditor General Christchurch

Statutory Disclosures For the year ended 30 June 2012

SHAREHOLDER

Christchurch City Council	Ordinary Shares	100,136,204
	Redeemable Preference Shares – equity	89,500,000

NATURE OF BUSINESS

Vbase Limited (the 'Company') is a 100% subsidiary of the Christchurch City Council ('Council'). The Council has entrusted the Company with ownership and management of the four premier entertainment and event venues – AMI Stadium, Christchurch Town Hall for Performing Arts, Christchurch Convention Centre and CBS Arena.

The Company also owns 100% of the shares in Jet Engine Facility Ltd (JEFL), which owns and leases the jet engine test cell facility located at Christchurch International Airport, a joint venture between Air New Zealand and Pratt & Whitney. On 29 June 2012 the Company sold 100% of its shareholding in JEFL to Annzes Engines Christchurch Limited and Pratt & Whitney Holdings SAS.

The Canterbury earthquakes of 2010/2011 have had a significant impact on the business. Refer to note 2 for further details.

DIRECTORS INTERESTS

The following Directors have made general disclosures of interest with respect to any transaction that may be entered into with certain organisations on the basis of their being a Director, Partner, Trustee or Officer of those organisations during the year:

Jamie Gough	Councillor	Christchurch City Council
	Director	Jet Engine Facility Ltd (resigned 29 June 2012)
	Director	Civic Building Ltd
	Director	Gough Gough & Hamer Investments Ltd
	Director	Gough Holdings Ltd
	Director	Gough Gough & Hamer Ltd
	Director	Gough Gough & Hamer Properties Ltd
	Trustee	Antony Gough Trust
	Director	Transport Wholesale Ltd
	Director	Transport Specialists Ltd
	Director	Gough Finance Ltd
	Director	Gough Group Ltd
	Director	Gough Transport Supplies Ltd
	Director	AMI Stadium Ltd
Robert Parker	Mayor	Christchurch City Council
	Director	Parker New Media Ltd
	Director	Stewart Properties Ltd
	Director	Bob Parker Ltd
	Director	Christchurch City Holdings Ltd
	Director	Civic Building Ltd
	Director	Jet Engine Facility Ltd (resigned 29 June 2012)
Ngaire Button	Deputy Mayor	Christchurch City Council
	Director	Canterbury Development Corporation Holdings Ltd
	Director	Canterbury Development Corporation
	Director	CEDF Trustee Ltd
	Director	Civic Building Ltd
	Director	CRIS Limited
	Director	Jet Engine Facility Ltd (resigned 29 June 2012
	Director	Randolph Sunglasses NZ Ltd
Tony Marryatt	Director	Jet Engine Facility Ltd (resigned 29 June 2012
	Director	AJM Holdings Ltd
	Director	Tuam Ltd
	Director	New Zealand Local Government Insurance Corporation Ltd
	Director	Local Government Mutual Funds Trustee Ltd
	Director	Canterbury Development Corporation Holdings Ltd (resigned 1 July 2012)
Wynton Gill Cox (resigned 29 July 2011)	Director	Elastomer Products Ltd
	Director	Mainpower NZ Ltd
	Director	Transwaste Canterbury Ltd
	Director	Coolpak Coolstores Ltd
	Director	Talbot Technologies Ltd
	Director	Barlow Brothers NZ Ltd

	Director	Independent Fisheries Ltd
	Director	Civic Building Ltd (resigned 29 July 2011)
	Director	Mcauley Property Ltd
	Director	J.A. Lovett Trustees No 2 Ltd
	Director	Hilton Leasing Ltd
	Director	A.R. Lovett Trustees No 2 Ltd
	Director	Claridge Trustees Ltd (resigned 30 Sept 2011)
	Director	AMI Stadium Ltd (resigned 29 July 2011)
	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
Christopher Keith Doig (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Southern Opera Charitable Trust (resigned)
	Director	Christopher Doig Promotions Limited (resigned 3 Nov 2011)
	Director	Solvam Ltd (resigned 13 Oct 2011)
	Director	Civic Building Ltd (resigned 29 July 2011)
	Director	New Zealand Rugby Promotions Ltd (resigned 13 Oct 2011)
Dominique Fiona Dowding (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Dowding & Associates Ltd
	Director	The Sales Bureau Ltd
	Director	Human Intellectual Technologies Ltd
	Director	Evolution Technologies Ltd
	Director	CPI Ltd
	Director	Barry Doody Tours Ltd
	Director	Studio Properties (2007) Ltd
	Director	Studios of New Zealand Ltd
	Director	Basheba Ltd
	Director	Civic Building Ltd (resigned 29 July 2011)
	Director	NZCU South
Simon George Mortlock (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned July 2011)
	Director	Mortlock McCormach Law Ltd
	Director	Danne Mora Holdings Ltd
	Senior Partner	Mortlock McCormach Law Ltd
	Director	Civic Building Ltd (resigned 29 July 2011)
	Director	Phantom Bill Stickers Ltd
	Director	WFH Properties Ltd
	Director	WFH Properties (No 2) Ltd
	Director	Westmoreland Nominees Ltd
	Director	Worsley Farm Ltd
	Director	Franco Farm Ltd
	Director	Cashmere Lakes Ltd
	Director	Flaxmere Ltd
	Director	Stallions Australasia (NZ) Ltd
	Director	Timely Knight Stud Ltd
	Director	Gamble Property Trust Ltd

	Director	Mortlock McCormach Insurance Trust Co. Ltd
	Director	Boyden Hanover Stud Ltd
	Director	Spreydon Lodge Ltd
	Director	Nevele R Stud Ltd
	Director	MML Consultanting Ltd
Arthur James Keegan (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Addington Raceway Ltd
	Director	Cavell Leitch Pringle & Boyle Nominees Ltd
	Director	Cavell Leitch Operations Ltd
	Director	New Zealand Metropolitan Properties Ltd
	Director	Civic Building Ltd (resigned 29 July 2011)
	Director	Sardinero Trustees Ltd
	Director	Otakaro Trustees Ltd
	Director	Chesterfield Trustees Ltd
	Director	Rostock Trustees Ltd
	Director	Wroxton Mortgage Company Ltd
	Director	Wroxton Nominees Ltd
	Director	Pont Trustees Ltd
	Director	Euston Street Trustees Ltd
	Director	Oxford Street Trustees Ltd
	Director	Regent Street Trustees Ltd
	Director	Website Law Ltd
	Director	Clarendon Trustees Ltd
	Director	O'Neill LHD Trustees Ltd
	Director	Cashel Trustees Ltd
	Director	Camel Trustees Ltd
	Director	Turnham Green Trust Ltd
	Director	Ninfield Trustee Company Ltd
	Director	Bond Street Trustees Ltd
	Director	Waimairi Trustees Ltd
	Director	Waimairi Trustees 2007 Ltd
	Director	New Zealand Metropolitan Properties Management Ltd
	Director	Patchworx Builders Ltd
	Director	Arts Management Ltd
	Director	Cavell Leitch Pringle & Boyle Solicitors
Gregory Shane Campbell (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Chief Executive	Ngāi Tahu Holdings Corporation Ltd
	Trustee	GS & NA Campbell Family Trust
	Director	Ngāi Tahu Fisheries Investments Ltd
	Director	Ngāi Tahu Lobster Quota Ltd
	Director	Ngāi Tahu Migratory Quota Ltd
	Director	Ngāi Tahu Pāua Quota Ltd
	Director	Ngāi Tahu Scampi Quota Ltd
	Director	Ngāi Tahu Shellfish Quota Ltd
	Director	Ngāi Tahu Wetfish Quota Ltd
	Director	Ngāi Tahu Fisheries Settlement Ltd
	Director	EcoCentral Ltd

Thomas Michael Treacy (resigned 29 July 2011)	Director	Jet Engine Facility Ltd (resigned 29 July 2011)
	Director	Civic Building Ltd (Resigned 29 July 2011)
	Director	Verona Fruit Pty Ltd
	Director	Fruitology Pty Ltd
	Director	LaManna Bananas Pty Ltd
	Director	Ballina Lodge Ltd

DIRECTORS' INSURANCE

The companies have directors' liability insurance for all directors and indemnified each of the directors by agreement in writing. Premiums paid were $20,750 (2011: $23,862).

REMUNERATION OF DIRECTORS

Total remuneration and other benefits paid or due and payable to directors for services as a director during the year were as follows:

W G Cox (Chairman)	$4,166
C K Doig	$2,083
D F Dowding	$2,083
J T Gough	$2,083
A J Keegan	$2,083
S G Mortlock	$2,083
G S Campbell	$2,083
T M Treacy	$2,083
R Parker	$-
N Button	$-
T Marryatt	$-

USE OF COMPANY INFORMATION

During the year the Board received no notices from members or directors of the parent entity or subsidiary company requesting to use company information received in their capacity as members or directors which would not otherwise have been available to them.

DONATIONS

There were no donations made by the company during the year (2011: $11,941).

DIVIDENDS
There have been no dividends declared for the 2011/12 financial year (2010/2011: $nil).

EMPLOYEES' REMUNERATION
Effective 1 August 2011 all Company employees were transferred to the Council. As such there were no employees who received $100,000 prior to this transfer date. (2010/2011: one in $110,000 - $120,000, four in $160,000 - $170,000 and one in $410,000 - $420,000 range).

AUDITORS
The Office of the Auditor-General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

For and on behalf of the Board

Director ***Date*** 25 September 2012

Director ***Date*** 25 September 2012

Statement of Comprehensive income
for the year ended 30 June 2012

		Parent		Group	
		2012	**2011**	**2012**	**2011**
	Note	**$000**	**$000**	**$000**	**$000**
Revenue	3(a)	181,449	80,299	181,449	80,299
Other expenses	3(b)	12,621	16,968	12,621	16,968
Employee benefit costs	3(b)	404	8,729	404	8,729
Profit / (loss) before depreciation, finance costs and income tax expense		168,424	54,602	168,424	54,602
Depreciation and amortisation	3(b)	7,034	8,868	7,034	8,868
Finance costs	3(b)	3,383	6,954	3,383	6,954
Revaluation of property, plant & equipment	3(b)	64,235	-	64,235	-
Loss on de-recognition of buildings	3(b)	-	21,121	-	21,121
Profit / (loss) before income tax expense from continuing operations		93,772	17,659	93,772	17,659
Income tax (expense) / income from continuing operations	4(a)	(9,697)	(6,004)	(9,697)	(6,004)
Net profit / (loss) from continuing operations for the period		84,075	11,655	84,075	11,655
Net profit / (loss) from discontinued operations	3(c)	2,847	-	(1,226)	344
Profit / (loss) for the period		86,922	11,655	82,849	11,999
Other comprehensive income					
Net movement on property valuations		(19,953)	12,039	(19,953)	12,039
Asset impairment		-	(57,282)	-	(57,282)
Deferred tax movement taken to revaluation reserve		4,868	14,054	4,868	14,054
Total other comprehensive income from continuing operations		(15,085)	(31,189)	(15,085)	(31,189)
Total other comprehensive income from discontinued operations	3(c)	-	-	3,107	-
Total other comprehensive income		(15,085)	(31,189)	(11,978)	(31,189)
Total Comprehensive income		71,837	(19,534)	70,871	(19,190)

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

		Parent		Group	
		2012	2011	2012	2011
	Note	$000	$000	$000	$000
Current assets					
Cash and cash equivalents	25	19,244	6,961	19,244	9,826
Trade and other receivables	7	180,952	46,153	180,952	49,860
Other financial assets	8	35,680	2,025	35,680	2,025
Inventories	9	225	106	225	106
Current tax assets	4(b)	-	538	-	538
Other current assets	10	245	280	245	280
Total current assets		236,346	56,063	236,346	62,635
Non-current assets					
Trade and other receivables	11	2,970	3,180	2,970	28,178
Other financial assets	12	-	11,450	-	-
Property, plant & equipment	13	79,361	165,744	79,361	165,744
Intangible assets	14	24	136	24	136
Total non-current assets		82,355	180,510	82,355	194,058
Total assets		318,701	236,573	318,701	256,693
Current liabilities					
Trade and other payables	15	4,821	7,296	4,821	7,696
Borrowings	16	-	4,500	-	4,500
Current tax payables	4(b)	14,150	-	14,150	404
Employee entitlements	17	-	1,391	-	1,391
Total current liabilities		18,971	13,187	18,971	13,991
Non-current liabilities					
Trade and other payables	18	154	187	154	187
Borrowings	19	45,442	40,046	45,442	52,596
Deferred tax liabilities	4(c)	22,523	32,379	22,523	38,179
Total non-current liabilities		68,119	72,612	68,119	90,962
Total liabilities		87,090	85,799	87,090	104,953
Net assets		231,611	150,774	231,611	151,740
Equity					
Capital and other equity instruments	20	192,819	184,715	192,819	184,715
Reserves		-	15,085	-	15,085
Retained earnings		38,792	(49,026)	38,792	(48,060)
Total equity		231,611	150,774	231,611	151,740

The accompanying accounting policies and notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2012

Parent	Note	Capital $000	Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance at 1 July 2010		143,789	55,868	(71,099)	128,558
Total comprehensive income for the period					
Profit or loss		-	-	11,655	11,655
Other comprehensive income, net of income tax					
Net movement on property valuations		-	12,039	-	12,039
Asset impairment		-	(57,282)	-	(57,282)
Deferred tax movement taken to revaluation reserve		-	14,054	-	14,054
Transfer of prior revaluation on de-recognised assets		-	(9,594)	9,594	-
Total other comprehensive income		-	(40,783)	9,594	(31,189)
Total comprehensive income for the period		-	(40,783)	21,249	(19,534)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share issue - redeemable preference shares	20	12,750	-	-	12,750
Share issue - ordinary shares	20	41,000	-	-	41,000
Share buy back - redeemable preference shares	20	(12,000)	-	-	(12,000)
Equity component of mandatory redeemable preference shares	20	(824)	-	824	-
Total contributions by and distributions to owners		40,926	-	824	41,750
Balance at 30 June 2011		184,715	15,085	(49,026)	150,774
Balance at 1 July 2011		184,715	15,085	(49,026)	150,774
Total comprehensive income for the period					
Profit or loss		-	-	86,922	86,922
Other comprehensive income, net of income tax					
Net movement on property valuations		-	(19,953)	-	(19,953)
Deferred tax movement taken to revaluation reserve	4c	-	4,868	-	4,868
Total other comprehensive income		-	(15,085)	-	(15,085)
Total comprehensive income for the period		-	(15,085)	86,922	71,837
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share issue - redeemable preference shares	20	9,000	-	-	9,000
Equity component of mandatory redeemable preference shares	20	(896)	-	896	-
Total contributions by and distributions to owners		8,104	-	896	9,000
Balance at 30 June 2012		192,819	-	38,792	231,611

The accompanying accounting policies and notes form part of these financial statements.

Group		Capital $000	Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance at 1 July 2010		143,789	55,868	(70,477)	129,180
Total comprehensive income for the period					
Profit or loss		-	-	11,999	11,999
Other comprehensive income, net of income tax					
Net movement on property valuations		-	12,039	-	12,039
Asset impairment		-	(57,282)	-	(57,282)
Deferred tax movement taken to revaluation reserve		-	14,054	-	14,054
Transfer of prior revaluationon de-recognised assets			(9,594)	9,594	-
Total other comprehensive income		-	(40,783)	9,594	(31,189)
Total comprehensive income for the period		-	(40,783)	21,593	(19,190)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share issue - redeemable preference shares	20	12,750	-	-	12,750
Share issue - ordinary shares	20	41,000	-	-	41,000
Share buy back - redeemable preference shares	20	(12,000)	-	-	(12,000)
Equity component of mandatory redeemable preference shares	20	(824)	-	824	-
Total contributions by and distributions to owners		40,926	-	824	41,750
Balance at 30 June 2011		184,715	15,085	(48,060)	151,740
Balance at 1 July 2011		184,715	15,085	(48,060)	151,740
Total comprehensive income for the period					
Profit or loss		-	-	82,849	82,849
Other comprehensive income, net of income tax					
Net movement on property valuations		-	(19,953)	-	(19,953)
Disposal of JEFL Subsidiary		-	-	3,107	3,107
Clearing of deferred tax in JEFL	4c	-	-	-	-
Deferred tax movement taken to revaluation reserve	4c	-	4,868		4,868
Transfer of prior revaluation on de-recognised assets		-	-	-	-
Total other comprehensive income		-	(15,085)	3,107	(11,978)
Total comprehensive income for the period		-	(15,085)	85,956	70,871
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Share issue - redeemable preference shares	20	9,000	-	-	9,000
Equity component of mandatory redeemable preference shares	20	(896)	-	896	-
Total contributions by and distributions to owners		8,104	-	896	9,000
Balance at 30 June 2012		192,819	-	38,792	231,611

The accompanying accounting policies and notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2012

		Parent		Group	
		2012	2011	2012	2011
	Note	$000	$000	$000	$000
Cash flows from operating activities					
Receipts from customers		8,537	24,794	12,383	28,662
Subvention received		4,569	2,789	4,197	3,205
Interest received		-	-	97	41
Insurance proceeds received		5,768	9,634	5,768	9,634
Payments to suppliers and employees		(14,188)	(25,438)	(14,226)	(25,472)
Interest and other finance costs paid		-	-	-	-
Income tax received (paid)		4	87	4	87
Net GST movement		(453)	311	(456)	361
Net cash provided by / (used in) operating activities	25	4,237	12,177	7,767	16,518
Cash flows from investing activities					
Proceeds from sale of investments		9,864	-	9,864	-
Payment for property, plant & equipment		(5,273)	(8,406)	(5,273)	(8,406)
Proceeds from sale of property, plant & equipment		-	6	-	6
Interest received		382	570	382	570
Dividend received		4,433	-	-	
Maturity of investments		20,306	-	20,306	-
Purchase of investments		(27,450)	(2,025)	(27,450)	(2,025)
Net cash provided by / (used in) investing activities		2,262	(9,855)	(2,171)	(9,855)
Cash flows from financing activities					
Proceeds from issues of equity securities		9,000	12,750	9,000	12,750
Payment for buy back of equity securities		-	(12,000)	-	(12,000)
Interest and other finance costs paid		(3,216)	(6,130)	(5,153)	(7,787)
Transfer to escrow account		-	-	(25)	-
Net cash provided by / (used in) financing activities		5,784	(5,380)	3,822	(7,037)
Net increase in cash and cash equivalents		12,283	(3,058)	9,418	(374)
Cash and cash equivalents at beginning of year		6,961	10,019	9,826	10,200
Cash and cash equivalents at end of year		19,244	6,961	19,244	9,826

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2012

1.Statement of accounting policies

Reporting entity

NCC (New Zealand) Ltd was incorporated on 21 November 1995 under the Companies Act 1993 and changed its name to Vbase Venue Management Group Ltd on 13 September 2005. The subsequent change to Vbase Ltd was made on 5 April 2007. The Company is a wholly owned subsidiary of the Council.

The Vbase Group (the 'Group') comprises Vbase Limited and its wholly owned subsidiary, JEFL. The Company owns, manages and develops the Christchurch Town Hall for the Performing Arts, the Christchurch Convention Centre, CBS Canterbury Arena and AMI Stadium in Christchurch and holds the supply and business partnership contracts. The Company is also the brand name for the combined management of the venues. JEFL's principal activity is to lease an aero engine test cell facility situated at Christchurch International Airport. VBase sold its 100% share in JEFL to an external party on 29 June 2012. Consequently, VBase has separated the JEFL pre-sale results and presented these, including comparatives, as 'discontinued operations' in accordance with NZ IFRS 5: Non-current Assets Held for sale and Discontinued Operations (IFRS5) (refer to note 3c). There has been no change to the overall Group reported prior year result. The Company's operations have been significantly affected by the February 2011 earthquake. See note 2 for details.

The Vbase Group has been designated as a public benefit entity for purposes of the New Zealand equivalents to International Financial Reporting Standards.

The financial statements of the Group have been prepared in accordance with the Financial Reporting Act 1993, the Companies Act 1993 and the Local Government Act 2002.

The financial statements of the Group are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Directors on 25 September 2012.

a. Basis of financial statement preparation

The financial statements of the Company and Group 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 New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate, for public benefit entities.

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

Except where specified, the accounting policies set out below have been applied consistently to all periods presented in these financial statements. In addition, the comparative income statements have been re-presented to reflect JEFL as a discontinued operation.

New Standards and Interpretations

The following new standards, interpretations and amendments have been adopted for the year ended 30 June 2012:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective for balance dates on or after 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendment simplifies the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The standard has retrospective application to 1 July 2010 and has resulted in a number of transactions between companies with common directors no longer being disclosed as related party transactions.

- Improvements to IFRS 7 Financial Instruments Disclosures effective for balance dates on or after 1 January 2011 – The amendments add an explicit statement that qualitative disclosure should be made in relation to the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements. In addition, the Board deleted the requirement to disclose the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

- Improvements to IAS 1 Presentation of Financial Statements effective for balance dates on or after 1 January 2011 – Clarification was made stating that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- Further amendments to IFRS 7 Financial Instruments effective for balance dates on or after 1 July 2011 – The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:

  - Financial assets that are not derecognised in their entirety; and
  - Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement

- FRS 44 – NZ Additional Disclosures effective for balance dates on or after 1 July 2011 – The objective of this Standard is to prescribe the New Zealand-specific disclosures such as:

  - Where an entity's financial statements comply with NZ IFRSs, they shall make an explicit and unreserved statement of such compliance in the notes;
  - An entity shall disclose in its notes its reporting framework and, for purposes of complying with NZ GAAP, whether it is a profit-oriented or public benefit entity;
  - An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for an Audit / Review of the Financial Statements and all other services during that period;
  - An entity shall disclose the amount of Imputation credits available for use in subsequent reporting periods;
  - Where a Statement of Service Performance is presented, the entity must disclose the outputs of an entity and information on the effects on the community of the entity's existence and operations.

The following new standards, interpretations and amendments have been issued but are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements effective for balance dates on or after 1 July 2012 - The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; do not change the existing option to present profit or loss and other comprehensive income in two statements; and a change of title of 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

- NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective for balance dates on or after 1 January 2013. NZ IAS 39 is being replaced through the following three main phases:

- **Phase 1** Classification and measurement of financial assets. This phase has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing many different rules in NZ IAS39. IFRS 9 requires entities to classify financial assets on the basis of the objective of the entity's business model for managing the financial assets and the characteristics of the contractual cash flows. It points out that the entity's business model should be considered first, and that the contractual cash flow characteristics should be considered only for financial assets that are eligible to be measured at amortised cost because of the business model. It states that both classification conditions are essential to ensure that amortised cost provides useful information.

- **Phase 2** Impairment methodology. The new standard will require a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. An exposure draft has been issued for comment on the feasibility of an expected loss model for the impairment of financial assets.

- **Phase 3** Hedge accounting. The IASB has started to consider how to improve and simplify the hedge accounting requirements of IAS 39 and expects to publish proposals shortly.

  In the absence of sufficient information about the ongoing development of this new standard, the Company is not able to fully assess its impact and therefore is not in a position to make a decision to early adopt the standard or not.

- IFRS 10 Consolidated Financial Statements effective for balance dates on or after 1 January 2013 – IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when:

  - it is exposed or has rights to variable returns from its involvement with that investee;
  - it has the ability to affect those returns through its power over that investee; and
  - there is a link between power and returns.

  Control is reassessed as facts and circumstances change.

- IFRS 10 supersedes IAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities.

- IFRS 12 Disclosure of interests in other entities effective for balance dates on or after 1 January 2013 – IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

  - the nature of, and risks associated with, an entity's interests in other entities; and
  - the effects of those interests on the entity's financial position, financial performance and cash flows.

- IFRS 13 Fair Value Measurement effective for balance dates on or after 1 January 2013 – IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

Other than for the general descriptions provided above, Vbase has not yet determined the potential impact of the new standards, interpretations and amendments for those standards not effective at 30 June 2012.

b. Principles of consolidation

Subsidiaries
Subsidiaries include special purpose entities and those over which the Company has the power to govern financial and operating policies, generally accompanying a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company 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 Company.

Minority interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position.

The Company's investment in its subsidiary is carried at cost in the company's own 'parent entity' financial statements.

Discontinued operations
A discontinued operation (or assets held for distribution) is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. For an operation to be held for sale, it must be available for sale in its current condition and its sale must be highly probable. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

c. 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 the balance date are translated to NZ dollars at the rate ruling at that date.

d. Financial Assets
Term deposits with maturities greater than three months are measured at cost and have been designated as loans and receivables.

e. 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 j).

f. 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.

The cost of 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.

g. Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group'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 statement of financial position.

h. Property, plant and equipment
The following assets are shown at fair value based on periodic valuations by external independent valuers, less subsequent accumulated depreciation:

- Land
- Buildings

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, but at least every 3 years, to ensure revalued assets are carried at a value that is not materially different from fair value.

Where the Group 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 comprehensive income to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in comprehensive income.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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 subject to depreciation include:

Operational Assets:	
Site works	18-33 yrs
Building shell fit-out	3-53 yrs
Furniture, fittings, plant and equipment	2-15 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Because of the scale of earthquake damage, the Group has not complied with this requirement for 2012.

Normally 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 NZ IAS 36 – Impairment of Assets. However, for 2012, assets with earthquake damage have been written-off only when it is certain that they have been destroyed. Where the Group and its insurers have agreed that a building has been damaged beyond economic repair, and insurers have agreed to pay out the indemnity value of the building, the Group has recognised the indemnity amount as an impairment to the building.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of the asset and are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation 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.

i. Intangible assets

- **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.

  Computer software development costs recognised as assets are amortised over their estimated useful lives.

- **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 life of computer software is 1-10 yrs

j. Impairment
The carrying amounts of the Group's assets, other than inventories (see Inventories policy f) and deferred tax assets (see Income Tax policy r), are reviewed at each balance 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 exceeds its recoverable amount. However, assets with earthquake damage have been written-off only when it is certain that they have been destroyed. Where the Group and its insurers have agreed that a building has been damaged, and insurers have accepted the claim, the Group has recognised the amount it considers is as estimate of the cost of repair as an impairment to the building. No impairment has been recognised for other earthquake damaged assets.

Impairment losses on property, plant and equipment are recognised through comprehensive income. Impairment losses on revalued assets offset any balance in the asset revaluation reserve for that class of assets, with any remaining impairment loss being posted to comprehensive income.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive income, a reversal of the impairment loss is also recognised in the statement of comprehensive income.

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.

k. Share capital

(i) Ordinary share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it provides for mandatory redemption by the issuer for a specific amount at a specific date (or gives the holder the right to require such redemption from the issuer), or if it gives the holder the right to put it back to the issuer for cash or another financial asset. Dividends are recognised in the statement of comprehensive income as interest expense.

(iii) Dividends

Dividends are recognised in the period in which they are paid.

l. 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 in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

m. Provisions

A provision is recognised in the statement of financial position 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 expenditures, 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.

n. Employee entitlements

Provision is made in respect of the Group's liability for the following short and long-term employee entitlements:

(i) 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 prior to the balance 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 prior to the balance 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.

(ii) 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.

o. Leases

(i) Finance leases

Leases in which substantially all of the risks and rewards of ownership of an asset transfer to the lessee are classified as finance leases whether or not title is eventually transferred. At inception, finance leases are recognised as assets and liabilities on the statement of financial position 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.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of minimum lease payments recoverable plus the present value of any guaranteed residual value expected to accrue at the end of the lease term. 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 rate of return on the net investment outstanding in respect of the lease.

(ii) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

p. Revenue

Revenue is measured at the fair value of consideration received.

(i) Services rendered

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the statement of financial position date.

(ii) Interest income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(iii) Finance lease income

Finance lease income is allocated over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's net investment in the finance lease.

(iv) Insurance proceeds

Insurance proceeds are recognised in the statement of comprehensive income when the compensation becomes receivable.

q. Financing 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 the statement of comprehensive income using the effective interest rate method.

Interest payable on borrowings is recognised as an expense through the statement of comprehensive income as it accrues.

r. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised through comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position 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 following temporary differences are not provided for goodwill which is not deductible for tax purposes, and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

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 balance 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.

s. 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.

2. Impact of Canterbury earthquakes

The purpose of this note is to disclose the estimated material impacts of the 2010/2011 earthquake events on the financial performance and financial position of the Company and Group.

Operational Impacts of Earthquake

The impact of the earthquake on the operations of the Company continues to be significant. Only CBS Canterbury Arena was able to operate during the 2011/12 financial year as it sustained only superficial damage.

The other three venues, AMI Stadium, Christchurch Town Hall for Performing Arts (Town Hall) and Christchurch Convention Centre all sustained major structural damage and have been closed since 22 February 2011. The Convention Centre has since been demolished and work began in May 2012 to demolish the Hadlee Stand at AMI Stadium. The Council, in its 2012/13 Annual Plan, has indicated an intention to retain the Town Hall and a 30,000 seat stadium. The three venues are likely to be impacted by the implementation of the Canterbury Earthquake Recovery Authority ("CERA") Blueprint which was released on 30 July 2012. However, detailed engineering assessments are continuing on the damaged venues. Once those assessments are complete, long-term decisions will be made in conjunction with the Company's insurance underwriters. The possible outcomes include:

- Not economic to repair – full replacement to be built to modern standards
- Economic to repair – in conformance with council planning requirements
- Negotiated cash settlement with insurance underwriters – with the buildings partly or wholly demolished.

The Christchurch Convention Centre and Hadlee Stand buildings were de-recognised in the 2010/11 financial statements. In the 2011/12 financial statements, the Town Hall building and remaining AMI buildings have been revalued to zero as it has been determined that the estimated cost of repairs is greater than the book value of the assets.

The Company's business interruption insurance to cover lost revenues and claims under this policy is due to cease in late February 2013. AMI Stadium memberships and naming rights agreements are on hold due to *force majeure* for the period that the stadium is closed.

Management and Governance Changes
Due to the impact of the 2010/11 earthquakes on the Company's business, the Council resolved, as shareholder, on 24 June 2011 to accept a proposal to change the governance and management structure of the Company resulting in the Council taking over direct responsibility for the management and governance. The key changes were:

- Resignation of non-Council appointed directors effective 29 July 2011; and
- Implementation of a staffing change proposal resulting in:
    - 44 positions becoming redundant effective 30 June 2011;
    - 6 Leadership Team positions (including the Chief Executive) becoming redundant effective 29 July 2011; and
    - Creation of the new position General Manger Vbase Venues to assume responsibility for business development and event delivery for the Vbase venues.

A transition plan to hand over management and governance of the Company to Council was developed subsequent to the Council decision and was successfully implemented prior to the resignation of the non-Council appointed Directors on Vbase board 29 July 2011. New directors were appointed on 10 June 2011 consisting of Council representatives and management.

Financial Impacts recorded in financial statements
The Company has business interruption insurance covering revenues lost as a result of the earthquake for a maximum period of two years from the date of the February 2011 earthquake event.

The Company has insurance cover over its only operational facility, the CBS Arena. The cover could only be obtained through paying significantly increased premiums over previous years.

AMI Stadium and the Town Hall were valued at zero in the Financial Statements based on an independent valuation report as at 30 June 2012.

The 2012 Financial Statements revenue shows a receivable for the remaining indemnity insurance due in relation to its significantly damaged facilities.

The key financial impacts of the Canterbury earthquakes on net profit in the year ended 30 June 2012 are as follows:

	2012	2011	
Impact on net profit	***$000***	***$000***	
Business Interruption Insurance claim in advance	-	4,294	*
Material damage insurance claim in advance	-	5,000	
Material damage insurance claim receivable	166,598	43,736	
Redundancy costs	-	(1,247)	*
Earthquake repair / additional costs included in expenses	(522)	(230)	*
Loss on de-recognition of buildings	-	(21,121)	
Impairment of property plant & equipment	-	(29,980)	
Revaluation of property, plant & equipment	(64,235)	-	
Revaluation increment		29,980	
	101,841	30,432	
Impact on other comprehensive income			
Net revaluation of land & buildings as at 30 June	(19,953)	(45,243)	**
Total impact on shareholders funds	81,888	(14,811)	

* Net of income tax at 30%
** Net of deferred tax at 28%

Estimation uncertainty
There are two key areas of estimation uncertainly that arise from the 2010/2011 earthquake events. They are:

- determining the value of the Group's assets. The key assumptions used in the independent impairment and valuation assessments are disclosed in note 13; and
- assessing the carrying value of the insurance proceeds receivable, the details of which are discussed below.

Contingent asset in respect of insurance proceeds
The Group can claim for lost revenue under its business interruption insurance policy for up to a maximum of 24 months from the date of the February 2011 earthquake event.

The Company has received payments under the policy but the quantum of the future recoveries cannot be reliably measured until all financial data up to February 2013 is made available for the insurance assessor to calculate and agree the final payout.

3. Profit from operations

(a) Revenue

	Parent		Group	
	2012	**2011**	**2012**	**2011**
	$000	**$000**	**$000**	**$000**
Rendering of services	8,861	24,174	8,861	24,174
	8,861	24,174	8,861	24,174
Interest revenue:				
Bank deposits	479	614	479	614
Related parties	674	-	674	-
	1,153	614	1,153	614
Other revenue:				
Management fee income	42	286	42	286
Insurance monies received	166,598	54,867	166,598	54,867
Profit on disposals of assets	-	1	-	1
Other income	4,795	357	4,795	357
	171,435	55,511	171,435	55,511
Total revenue from continuing operations	181,449	80,299	181,449	80,299

(b) Expenses and costs

		Parent		Group	
		2012	2011	2012	2011
	Note	$000	$000	$000	$000
Finance costs:					
Interest on related party loans		2,487	6,129	2,487	6,129
Unwinding of discount on RPS		896	825	896	825
		3,383	6,954	3,383	6,954
Depreciation and amortisation:					
Depreciation of non-current assets	13	6,698	8,337	6,698	8,337
Amortisation of non-current assets	14	126	321	126	321
Amortisation of ground rent		210	210	210	210
Impairment of property, plant & equipment		-	41,476	-	41,476
Revaluation increment		-	(41,476)	-	(41,476)
		7,034	8,868	7,034	8,868
Revaluation of property, plant & equipment		64,235	-	64,235	-
Loss on de-recognition		-	21,121	-	21,121
		64,235	21,121	64,235	21,121
Employee benefit expense:					
Salaries and wages		404	8,056	404	8,056
Employer contributions to pension plans		-	19	-	19
Increase / (decrease) in employee benefit liabilities		-	654	-	654
		404	8,729	404	8,729
Other expenses:					
Operating lease expenses - minimum lease payments		282	326	282	326
Directors fees		19	227	19	227
Food and beverage expenses		4,919	8,254	4,919	8,254
Management Fee		2,907	-	2,907	-
Donations		-	12	-	12
Other expenses		4,494	8,149	4,494	8,149
		12,621	16,968	12,621	16,968
Total expenses from continuing operations		87,677	62,640	87,677	62,640

On 1 August 2011, all employees of the Company were transferred to the Council which now provides these services to the Company. As such, the Company only has employee benefit expense for one month of the financial year. The remaining eleven months of salaries and wages expense is included in the Management Fee line under Other Expenses.

(c) Discontinued Operations

Comprehensive income from discontinued operations

		Parent		Group	
Revenue		**2012 $000**	**2011 $000**	**2012 $000**	**2011 $000**
Rendering of services		-	-	-	83
		-	-	-	83
Interest revenue:					
Finance lease interest revenue		-	-	2,042	2,178
Bank deposits				97	41
		-	-	2,139	2,219
Other revenue:					
Dividend received from subsidiary		4,433	-	-	-
		4,433	-	-	-
Total revenue		4,433	-	2,139	2,302
Finance costs:					
Interest on related party loans		-	-	1,644	1,644
		-	-	1,644	1,644
Other expenses:					
Operating lease expenses - minimum lease payments		-	-	-	36
Other expenses		-	-	29	65
Loss on sale of shares	12	1,586	-	1,586	-
		1,586	-	1,615	101
Total expenses		1,586	-	3,259	1,745
Profit (loss) before income tax expense		2,847	-	(1,120)	557
Income tax (expense)/income		-	-	(106)	(213)
Net profit from discontinued operations		2,847	-	(1,226)	344
Other comprehensive income					
Disposal of JEFL Subsidiary		-	-	3,107	-
Total other comprehensive income		-	-	3,107	-
Total Comprehensive income		2,847	-	1,881	344

Cash flows from discontinued operations

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Net cash provided by / (used in) operating activities	-	-	3,530	4,341
Net cash provided by / (used in) investing activities	2,847	-	-	-
Net cash provided by/(used in) financing activities	-	-	(6,395)	(1,657)
Net cash inflow from disposal	9,864	-	9,864	-
	12,711	-	6,999	2,684

Impact of disposal on financial position of the group

Trade and other receivables	26,902
GST Liability left in JEFL	(93)
Income tax liability left in JEFL	(425)
Repayment of Council loan to JEFL	(12,550)
Tax	(3,790)
Funds in escrow	(180)
Net identifiable assets and liabilities sold	9,864
Consideration received in cash	9,864

4. Income taxes

(a) Income tax recognised in profit or loss

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Tax expense/(income) comprises:				
Current tax expense / (income)	14,150	(535)	14,150	(535)
Adjustments recognised in current year in relation to the current tax of prior years	535	(546)	535	(546)
Adjustments recognised in current year in relation to the deferred tax of prior years	1,420	-	1,420	-
Adjustments recognised in the current year in relation to Deferred tax expense / (income) relating to changes in tax rates	(95)	-	(95)	-
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	(6,313)	7,085	(6,313)	7,085
Total tax expense on continuing operations	9,697	6,004	9,697	6,004

Reconciliation of prima facie income tax:	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Profit/(loss) from Continuing operations	93,772	17,659	93,772	17,659
Income tax expense calculated at 28% (2011: 30%)	26,256	5,298	26,256	5,298
Subvention income recognised	(1,279)	-	(1,279)	-
Non-deductible expenses	251	252	251	252
Accounting depreciation adjustment	(9)	-	(9)	-
Accounting Asset Loss / Cost re Earthquake - Revaluation to P&L	290	-	290	-
Tax Depreciation recovered	20,720	-	20,720	-
Non-assessable income			-	-
Insurance accrual on Rebuild Assets	(38,392)	-	(38,392)	-
Effect on deferred tax balances due to removal of tax depreciation on buildings	-	1,000	-	1,000
Over provision of previous years income tax	1,860	(546)	1,860	(546)
Income tax expense from continuing operations	9,697	6,004	9,697	6,004

The Government's Budget in May 2010 provided for a reduction in the rate of corporate income tax from 30% to 28%, effective for years beginning on or after 1 April 2011. The same Budget effectively removed the ability to claim a deduction for tax depreciation on buildings with a useful life of 50 years or more.

(b) Current tax assets and liabilities

	Parent 2012 $000	Parent 2011 $000	Group 2012 $000	Group 2011 $000
Current tax assets:				
Subvention Receivable	-	538	-	538
	-	538	-	538
Current tax payables:				
Income tax payable	14,150	-	14,150	404
	14,150	-	14,150	404

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

Group Year ended 30 June 2012	Opening balance $000	Adjustment to opening balance $000	Charged to income $000	Charged to other comprehensive income $000	Disposal of Subsidiary $000	Closing balance $000
Deferred tax liabilities:						
Property, plant and equipment	29,659	-	2,642	(4,868)	(5,513)	21,920
Intangible assets	(22)	-	9	-	-	(13)
Temporary timing differences - provisions	51	-	-	-	-	51
Temporary timing differences - other	8,491	1,325	(9,251)	-	-	565
	38,179	1,325	(6,600)	(4,868)	(5,513)	22,523
Deferred tax assets:						
Temporary timing differences - provisions	-	-	-	-	-	-
	-	-	-	-	-	-
Net deferred tax balance	38,179	1,325	(6,600)	(4,868)	(5,513)	22,523

Parent Year ended 30 June 2012	Opening balance $000	Adjustment to opening balance $000	Charged to income $000	Charged to other comprehensive income $000	Disposal of Subsidiary $000	Closing balance $000
Deferred tax liabilities:						
Property, plant and equipment	23,859	-	2,929	(4,868)	-	21,920
Intangible assets	(22)	-	9	-	-	(13)
Temporary timing differences - provisions	51	-	-	-	-	51
Temporary timing differences - other	8,491	1,325	(9,251)	-	-	565
	32,379	1,325	(6,313)	(4,868)	-	22,523
Deferred tax assets:						
Temporary timing differences - provisions	-	-	-	-	-	-
	-	-	-	-	-	-
Net deferred tax balance	32,379	1,325	(6,313)	(4,868)	-	22,523

(d) Imputation credit account balances (Group)

	2012 $000	2011 $000
Balance as at 30 June	-	18

No adjustment has been made for credits associated with tax payable given that any tax payable arising from the final Company tax return will be offset by tax losses within the group.

5. Key management personnel compensation

The compensation of the directors and executives, being the key management personnel of the entity is set out below:

	Parent 2012 $000	Parent 2011 $000	Group 2012 $000	Group 2011 $000
Short term employee benefits	107	1,182	107	1,182
Post-employment benefits	-	-	-	-
Termination payments	158	891	158	891
	265	2,073	265	2,073

6. Remuneration of auditors

	Parent 2012 $000	Parent 2011 $000	Group 2012 $000	Group 2011 $000
Auditor of the parent entity:				
Audit of the financial statements	85	48	85	57
	85	48	85	57

The 2012 audit cost includes $33,000 relating to the audit of the 2011 financial statements.

7. Current trade and other receivables

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Trade receivables	1,388	2,246	1,388	2,246
Related party receivables	817	127	817	127
Insurance receivable	178,055	43,736	178,055	43,736
GST receivable	101	-	101	-
Other receivables	614	72	614	72
Provision for impairment	(23)	(28)	(23)	(28)
	180,952	46,153	180,952	46,153
Finance lease receivable	-	-	-	3,707
	180,952	46,153	180,952	49,860

The status of receivables as at 30 June 2012 and 2011 are detailed below:

	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
	$000	$000	$000	$000	$000	$000
Parent						
Not past due	168,207	-	168,207	45,979	-	45,979
Past due 31 - 60 days	344	-	344	71	-	71
Past due 61 - 120 days	172	-	172	60	(1)	59
Past due > 120 days	12,252	(23)	12,229	71	(27)	44
Total	180,975	(23)	180,952	46,181	(28)	46,153
Group						
Not past due	168,207	-	168,207	49,686	-	49,686
Past due 31 - 60 days	344	-	344	71	-	71
Past due 61 - 120 days	172	-	172	60	(1)	59
Past due > 120 days	12,252	(23)	12,229	71	(27)	44
Total	180,975	(23)	180,952	49,888	(28)	49,860

The carrying value of debtors and other receivables approximate their fair value.

The carrying value of receivables that would otherwise be past due or impaired whose terms have been renegotiated amount to nil (2011: nil).

The provision for impairment has been based on a review of significant debtor balances and a collective assessment of all debtors. The collective impairment assessment is estimated on the basis of historical loss experience.

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Individual impairment	(23)	(28)	(23)	(28)
Total impairment	(23)	(28)	(23)	(28)
Movement in provision for impairment				
As at 1 July	(28)	(47)	(28)	(47)
Additional provisions made during the year	(2)	(69)	(2)	(69)
Provisions reversed during the year	7	11	7	11
Receivables written off during the year	-	77	-	77
Balance at 30 June	(23)	(28)	(23)	(28)

8. Other current financial assets

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Deposits held with the Council	26,512	-	26,512	-
Term deposits	9,168	2,025	9,168	2,025
	35,680	2,025	35,680	2,025

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

9. Current inventories

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Inventory held for use in the provision of services	225	106	225	106
	225	106	225	106

No inventories are pledged as security for liabilities (2011: nil).

There was no write-down of inventories (2011: nil).

10. Other current assets

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Prepayments	245	280	245	280
	245	280	245	280

11. Non-current trade and other receivables

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Prepayments	2,970	3,180	2,970	3,180
Finance lease receivable	-	-	-	24,998
	2,970	3,180	2,970	28,178

The carrying value of finance lease receivable is recorded at the present value of minimum future lease payments which is considered to be fair value. With the sale of a 100% share in JEFL to an external party on 29 June 2012 there is no longer a finance lease in the Group's statement of financial position.

12. Other non-current financial assets

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Shares in subsidary	-	11,450	-	-
	-	11,450	-	-

The Company owns 100% of the issued shares in JEFL.

JEFL owned and leased an Aero engine test facility that was situated at Christchurch International Airport.

On 29 June 2012 the Company sold 100% of its shareholding in JEFL to Annzes Engines Christchurch Limited and Pratt & Whitney Holdings SAS (PWANZ). The sale was reached after an agreement was made to exercise a call option where by PWANZ purchase all shares in JEFL from the Company for consideration of $9.86 million.

The disposal generated a loss on sale of the shares totalling $1.59 million and this has been separately disclosed in note 3c 'Discontinued Operations'.

13. Property, plant and equipment

Parent and Group	Freehold land (fair value) $000	Buildings (fair value) $000	WIP Assets $000	Finance lease assets (fair value) $000	Plant & equipment (cost) $000	Total $000
Gross carrying amount:						
Balance at 1 July 2010	14,148	216,051	-	8,277	8,293	246,769
Additions	-	3,263	2,213	-	1,684	7,160
Disposals	-	(15,155)	-	(5,983)	(4,110)	(25,248)
Transfers	-	(2,228)	-	-	2,228	-
Net revaluation increments / (decrements)	(5,348)	43,797	-	231	-	38,680
Balance at 30 June 2011	8,800	245,728	2,213	2,525	8,095	267,361
Additions	-	539	3,676	-	291	4,506
Disposals	-	-	-	-	(1)	(1)
Net revaluation increments / (decrements)	(3,600)	(84,055)	-	(2,258)	-	(89,913)
Balance at 30 June 2012	5,200	162,212	5,889	267	8,385	181,953
Accumulated depreciation, amortisation and impairment:						
Balance at 1 July 2010	-	(10,110)	-	(771)	(2,601)	(13,482)
Disposals	-	1,905	-	742	1,475	4,122
Depreciation expense	-	(6,391)	-	(281)	(1,665)	(8,337)
Impairment losses		(98,507)	-	(250)	-	(98,757)
Transfers	-	-	-	-	-	-
Reversed on revaluation	-	14,544	-	293	-	14,837
Balance at 30 June 2011	-	(98,559)	-	(267)	(2,791)	(101,617)
Disposals	-	-	-	-	(1)	(1)
Depreciation expense	-	(5,615)	-	(113)	(970)	(6,698)
Reversed on revaluation	-	5,611	-	113	-	5,724
Balance at 30 June 2012	-	(98,563)	-	(267)	(3,762)	(102,592)
Net book value as at 30 June 2011	8,800	147,169	2,213	2,258	5,304	165,744
Net book value as at 30 June 2012	5,200	63,649	5,889	-	4,623	79,361

As a result of the 2010/11 earthquake events, damage was sustained to all Vbase venues. The Christchurch Convention Centre has already been demolished and work began in May 2012 to demolish the Hadlee Stand at AMI Stadium. These two buildings were de-recognised in the 2011 financial statements. The turf at AMI Stadium was also de-recognised in 2011.

Valuation
The Company has had an independent valuation report on its land and buildings prepared by registered valuers Knight Frank Valuation Christchurch with the valuation date being 30 June 2012.

The basis of valuation used is:

Land

- Wilsons Road: Market value based on Comparison with other sites sold.
- Peterborough Street: The market value has been arrived at on the basis of a capitalisation of potential income, with reference to market comparisons.
- Kilmore Street: The value is based on reference to limited comparative sales of bare land, with no specific allowance for any additional foundation costs that may be necessary.

Buildings

- CBS Canterbury Arena: The value has been based on estimated replacement cost less an allowance for depreciation.
- Town Hall: The value is based on depreciable replacement cost of the building less estimated repair costs to bring the building to 100% of the New Building Standards (NBS).
- AMI Stadium: The value is based on depreciable replacement cost of the building less estimated repair costs to bring the building to 100% of the New Building Standards (NBS).

The valuation report concluded that the public would only accept these public buildings to be rebuilt to 100% of NBS standards.

The valuation report concluded that the AMI Stadium and Town Hall Structures were to be valued at nil.

The valuation complies with Valuation Standard 3 issued by the Property Institute of New Zealand and with the New Zealand equivalent to International Accountant Standard 16 (NZIAS16), issued by the External Reporting Board.

14. Intangible assets

	Parent		Group	
Software	**2012**	**2011**	**2012**	**2011**
	$000	**$000**	**$000**	**$000**
Gross carrying amount:				
Opening balance	772	673	772	673
Additions	14	101	14	101
Disposals	-	(2)	-	(2)
Closing balance	786	772	786	772
Accumulated amortisation and impairment:				
Opening balance	(636)	(317)	(636)	(317)
Amortisation expense	(126)	(321)	(126)	(321)
Disposals	-	2	-	2
Closing balance	(762)	(636)	(762)	(636)
	24	136	24	136

15. Current trade and other payables

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Trade payables	2,707	3,742	2,707	3,752
GST payable	-	275	-	372
Owing to related parties	863	1,186	863	1,479
Income in advance	1,251	2,093	1,251	2,093
	4,821	7,296	4,821	7,696

The carrying value of trade and other payables approximate their fair value.

16. Current borrowings

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Unsecured:				
Secured:				
Loan from related parties - Council	-	4,500	-	4,500
	-	4,500	-	4,500

17. Employee Entitlements

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Employee benefits				
Accrued salaries and wages	-	(8)	-	(8)
Annual leave	-	250	-	250
Long service leave	-	16	-	16
Sick leave	-	30	-	30
Service and gratuity	-	61	-	61
Redundancy	-	1,042	-	1,042
	-	1,391	-	1,391

On 1 August 2011 all employees of the Company were transferred to the Council. As such the Company has no further liability for employee entitlements.

18. Non-current trade and other payables

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Income in advance	154	187	154	187
	154	187	154	187

The carrying value of trade and other payables approximate their fair value.

19. Non-current borrowings

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Unsecured:				
Loan from related party - Council	34,223	29,723	34,223	29,723
Redeemable preference shares	11,219	10,323	11,219	10,323
	45,442	40,046	45,442	40,046
Secured:				
Loan from related party - Council	-	-	-	12,550
	45,442	40,046	45,442	52,596

Interest is payable quarterly on all borrowings. The interest rate is calculated using the Council's borrowing cost plus margin.

JEFL repaid the $12.55 million cash advance with the Council on 29 June 2012 as part of the sale agreement for the disposal of JEFL by the Company. The fair value of the borrowing of the Company is $58,150,435 (2011: $39,795,264) based on cash flows discounted using the market borrowing rate of 3.95%. The fair value of the borrowing of the Group is $58,150,435 (2011: $57,995,264).

20. Capital and other equity instruments

All shares are $1 shares and are fully paid. There is no uncalled capital. All shares carry equal voting rights. Redeemable preference shareholders have first call on any surplus on winding up of the Company. The A redeemable preference shares may be redeemed by the Company giving the shareholder five working days notice of the intention to do so. None of the shares carry fixed dividend rights.

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Fully paid ordinary shares	100,136	100,136	100,136	100,136
Fully paid A redeemable preference shares	89,500	80,500	89,500	80,500
Equity component of mandatory redeemable preference shares	3,183	4,079	3,183	4,079
	192,819	184,715	192,819	184,715
Fully paid ordinary shares				
Balance at beginning of financial year	100,136	59,136	100,136	59,136
Share issue	-	41,000	-	41,000
Balance at end of financial year	100,136	100,136	100,136	100,136
Fully paid A redeemable preference shares				
Balance at beginning of financial year	80,500	79,750	80,500	79,750
Share issue	9,000	12,750	9,000	12,750
Share buyback	-	(12,000)	-	(12,000)
Balance at end of financial year	89,500	80,500	89,500	80,500
Equity component of mandatory redeemable preference shares				
Balance at beginning of financial year	4,079	4,903	4,079	4,903
Unwinding of discount	(896)	(824)	(896)	(824)
Balance at end of financial year	3,183	4,079	3,183	4,079

Prior to 2009, $14,402,000 of the redeemable preference shares carried a cumulative preferential dividend at the rate of 8.5% per annum. When the shares vested in the Council, they were converted to a 0% dividend and therefore have been discounted to their present value using a discount rate of 8.5%. The discounting will be unwound through to the redemption date. The shares are to be redeemed in August 2015 although the Company has the right to redeem shares prior to that date.

21. Equity

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Balance at 1 July	150,774	128,558	151,740	129,180
Net shares issued	9,000	41,750	9,000	41,750
Total comprehensive income	71,837	(19,534)	70,871	(19,190)
Balance at 30 June	231,611	150,774	231,611	151,740

22. Capital commitments

At balance date, the Company and Group had no specific commitment for capital expenditure.

23. Contingent liabilities and contingent assets

The Group has an outstanding claim with an insurance provider in relation to the JEFL facility which is currently estimated at $180,000. The claim process is in the early stages and there is not enough certainty to recognise this as a receivable as at 30 June 2012. As such the claim amount has been shown as a contingent asset. The sale of JEFL in June 2012 will not impact the rights of the Company to recover the claim.

There is business interruption insurance in place which entitles the Company to recover any lost revenues for a maximum 24 month period from the date of an event adversely affecting one or more of its venues. The February 2011 earthquake event triggered the claim process under the policy in relation to the three closed venues.
The Company has received payments under the policy but the quantum of the future recoveries cannot be reliably measured until all financial data up to February 2013 is made available for the insurance assessor to calculate and agree the final payout.

Other than the above the Company and Group had no material contingent assets as at 30 June 2012 (2011: none).

There are no contingent liabilities for either the Company or the Group (2011 nil).

24. Events after balance date

On 30 July 2012 CERA released the new Central City Blueprint. This announcement has clarified the future direction of the City by indicating the desire for a new convention centre, performing arts precinct and stadium. However, no indication has been given at present of the Company's involvement with these projects.

There have been no other material events known to the Directors occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

25. Notes to the cash flow statement

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Cash and cash equivalents				
Cash on hand	131	73	131	2,938
Call and term deposits	19,113	6,888	19,113	6,888
	19,244	6,961	19,244	9,826
Reconciliation of profit for the period to net cash flows from operating activities				
Net profit for the period from continuing operations	84,075	11,655	84,075	11,655
Net profit for the period from discontinued operations	2,847	-	(1,226)	344
Non cash items				
Depreciation and amortisation of non-current assets	7,034	8,868	7,034	8,868
Loss on disposal of property, plant & equipment	-	21,122	-	21,122
Finance lease income accrued	-	-	1,803	1,679
Unwinding of discount on RPS	896	825	896	825
Movement in deferred tax	(15,907)	7,085	(16,194)	6,894
Revaluation of property, plant & equipment	64,235	-	64,235	-
Items classified as investing / financing activities				
Movement in capital creditors	754	1,144	754	1,144
Gain on disposal of property, plant and equipment	-	(1)	-	(1)
Dividend received from subsidiary	(4,433)	-	-	-
Loss on sale of shares	1,586	-	1,586	-
Interest revenue received	(382)	(570)	(382)	(570)
Finance and interest costs paid	3,216	6,130	5,153	7,787
Movement in working capital				
(Decrease) / increase in creditors	(3,963)	(4,281)	(4,246)	(4,248)
Decrease / (increase) in receivables	(135,602)	(40,238)	(135,602)	(39,419)
(Increase) / decrease in inventory	(119)	438	(119)	438
Net cash from operating activities	4,237	12,177	7,767	16,518

26. Related-party transactions

The Council is the ultimate controlling party of the Company. The following transactions were carried out with related parties during the year:

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Transactions and balances with Christchurch City Council Group companies				
Receipts from related parties:				
Hire of Rooms and related services to:				
Christchurch City Council	137	2,115	137	2,115
City Care Ltd	-	2	-	2
Riccarton Bush Trust	1	-	1	-
Lyttleton Port Co Ltd	-	20	-	20
Orion Ltd	633	439	633	439
Christchurch City Networks Ltd	-	2	-	2
Total receipts from Rooms and Related services	771	2,578	771	2,578
			-	
Operating costs and salaries charged to Civic Building Ltd	42	132	42	132
Management fee receivable from Civic Building Ltd	-	165	-	165
Subvention payments received from CCC group entities	4,569	2,790	4,196	3,206
Dividend Received from JEFL	-	-	-	-
Sales proceeds from JEFL Disposal	9,864	-	-	-
Interest received fromChristchurch City Council	15	-	15	-
Total receipts from related parties:	**15,261**	**5,665**	**5,024**	**6,081**
Payments to related parties:				
Lease of Town Hall from the Council	141	60	141	60
Insurance, rates and other services provided by Council	1,033	879	1,043	882
Interest expense to Council	3,215	6,129	4,859	7,773
Services provided by City Care Ltd	113	-	113	-
Services provided by Connetics Ltd	1	-	1	-
Services provided by Orion Ltd	3	-	3	-
Operating lease charges to Christchurch International Airport Ltd	-	-	-	36
Rate payments to Christchurch International Airport Ltd	-	-	-	35
Tax losses offset to Council group entities	11,749	6,508	10,791	6,508
Loan repayments to Council	-	41,000	-	41,000
Loan repayments to Council by JEFL	-	-	12,550	-
Total payments to related parties:	**16,255**	**54,576**	**29,501**	**56,294**

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Year end balances (exclusive of GST):				
Accounts Payable to:				
Council	410	1	410	1
Accounts payable City Care Ltd	45	-	45	-
Accounts payable to Orion NZ Ltd	1	84	1	84
Accounts payable related parties total:	456	85	456	85
Accounts receivable from:				
Council	102	21	102	21
Civic Building Ltd	-	190	-	190
Orion NZ Ltd	55	-	55	-
Accounts receivable related parties total:	157	211	157	211
Other balances:				
Creditor accrual City Care	18	-	18	-
Creditor accrual Council	411	-	411	-
Loan advances from Council	34,223	34,223	34,223	46,773
Accrued interest payable to Council	457	1,185	457	1,478
Accrued interest receivable from Council	(659)	-	(659)	-
Short term deposits held with Council	(26,512)	-	(26,512)	-
Subvention payments receivable from group companies	-	1,559	-	1,559
Total other related party year end balances	**7,938**	**36,967**	**7,938**	**49,810**

Key Management Personnel

Key management personnel of the Group have interests in other entities that transact with group members. Prior to the adoption of NZ IAS 24 Related Party Disclosures from 1 July 2011 with effect from 1 July 2010 these transactions were disclosed.

All transactions occurred on normal trading terms and conditions.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2011 $nil).

27. Leases

(a) Finance lease receivable

JEFL is party to a long term lease arrangement with a Pratt & Whitney/Air New Zealand joint venture, trading as the Christchurch Engine Centre, in respect of the test cell constructed by JEFL. The lease incorporates an initial two year rent 'holiday', with future lease payments providing JEFL with a full return on its investment. Lease payments are guaranteed by Pratt & Whitney's holding company, United Technologies. With the sale of JEFL by the Company on 29 June 2012 there is no longer a finance lease on the Group statement of financial position.

	Minimum future lease payments				Present value of minimum future lease payments			
	Parent		Group		Parent		Group	
	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000
No later than one year	-	-	-	3,856	-	-	-	3,707
Later than one year and not later than five years	-	-	-	15,425	-	-	-	12,387
Later than five years	-	-	-	21,904	-	-	-	12,611
Minimum lease payments	-	-	-	41,185	-	-	-	28,705
Unguaranteed residual	-	-	-	-	-	-	-	-
Gross finance lease receivables	-	-	-	41,185	-	-	-	28,705
Less unearned finance income	-	-	-	(12,480)	-	-	-	-
Present value of minimum lease payments	-	-	-	28,705	-	-	-	28,705
Included in the financial statements as:								
Current trade and other receivables					-	-		3,707
Non-current trade and other receivables					-	-		24,998
					-	-	-	28,705

(b) Non-cancellable operating lease commitments

The company and its subsidiaries lease property, plant and equipment in the normal course of business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Non-cancellable operating lease commitments

	Parent		Group	
	2012 $000	2011 $000	2012 $000	2011 $000
No later than one year	216	218	216	272
Later than one year and not later than five years	772	767	772	984
Later than five years	5,051	5,151	5,051	5,638
	6,039	6,136	6,039	6,894

There are no restrictions imposed by lease arrangements.

(c) Non-cancellable operating leases as lessor

The Company owns two buildings which it leases for use by other parties. The future aggregate minimum lease receivables under these leases are as follows:

Non-cancellable operating leases as lessor

	Parent		Group	
	2012	**2011**	**2012**	**2011**
	$000	**$000**	**$000**	**$000**
No later than one year	151	130	151	130
Later than one year and not later than five years	11	70	11	70
	162	200	162	200

As at 30 June there are three leases associated with the two properties. The first lease is currently running on a month to month basis and is expected to end in September 2012. The second lease expires in January 2013 however the lessee has a further three year right of renewal period should they wish to extend. The third lease expires in August 2013 and the lessee has a further two 6 year right of renewal periods should they wish to extend.

28. Financial instruments

Financial instrument risk

The Group has a series of policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its financing activities.

Credit risk management
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The 2011 accrued balance under the finance lease arrangement with Christchurch Engine Centre was the Group's principal credit risk. This risk was ameliorated by the fact that Pratt & Whitney's ultimate holding company, United Technologies Ltd, was party to the lease arrangements. United Technologies Ltd is a global listed company, with a market capitalisation of approximately US$67 billion.

Other than the finance lease, financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and short term investments and accounts receivables. The Group places its cash and short term investments with various high-credit-quality banking institutions, and has no deposits with finance companies.

The maximum credit exposure for each class of financial instrument is the same as the carrying value.

Other than already noted in the accounts, the Group has no significant exposure to credit risk.

Liquidity risk management
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate reserves with the maturity profile of financial assets being matched to the financial liabilities. The Group maintains reserve borrowing facilities with its parent, the Council, and intra-group.

Market risk management
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates and market prices, will affect the Company's profit or the value of its holdings in financial instruments.

Interest rates
Interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to interest rate risk.

Redeemable preference shares are now at a rate of 0%.

Interest rates on the Company's borrowing facility with the Council vary, depending on when the tranche was drawn down. The majority of rates are fixed with the exception of one tranche which is variable.

The Company is not sensitive to movements in interest rates in respect of its borrowing obligations. Interest rate movements would, however, affect the amount of interest income received by the Group on surplus cash – a 1% movement either way would have the effect of increasing / decreasing the Company's profit before tax by $321,518 or $231,493 after tax and the group by $321,518 or $231,493 before / after tax (2011: Company $133,326 before tax, $93,328 after tax).

Foreign exchange
Exchange risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has little exposure to foreign exchange risk. Any small foreign payments are settled at the rate prevalent on the due date. Should any large foreign currency transactions arise, the company would enter into forward foreign exchange contracts to hedge the foreign currency risk exposure.

Price risk
Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is not exposed to price risk on its financial instruments.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Parent		Group	
	2012	2011	2012	2011
	$000	$000	$000	$000
Counterparties with credit ratings				
Cash at bank and bank term deposits				
AA-	28,412	-	28,412	-
AA	-	8,986	-	11,851
Total cash at bank and term deposits	28,412	8,986	28,412	11,851
Non bank term deposits				
AA	26,512	-	26,512	-
	26,512	-	26,512	-
Counterparties without credit ratings				
Loans to related parties				
Existing conterparty with no defaults in the past	817	127	817	127
Total loans to related parties	817	127	817	127
Debtors and other receivables				
Existing conterparty with no defaults in the past	180,135	46,026	180,135	74,731
Total debtors and other receivables	180,135	46,026	180,135	74,731

Classification of financial instruments

The Group and Company have not classified any financial assets or financial liabilities as designated at fair value, fair value through other comprehensive income or held to maturity in 2012 or 2011.

Parent 2012	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	19,244	-	19,244
Trade and other receivables	180,135	-	180,135
Other financial assets	35,680	-	35,680
Other (related party loans)	817	-	817
	235,876	-	235,876
Non current assets			
Prepayments	2,970	-	2,970
	2,970	-	2,970
Total Financial Assets	238,846	-	238,846
Current liabilities			
Trade and other payables	-	4,821	4,821
	-	4,821	4,821
Non current liabilities			
Borrowings	-	45,442	45,442
Other (income in advance)	-	154	154
	-	45,596	45,596
Total Financial Liabilities	-	50,417	50,417

Parent 2011	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	6,961	-	6,961
Trade and other receivables	46,026	-	46,026
Other financial assets	2,025	-	2,025
Other (related party loans)	127	-	127
	55,139	-	55,139
Non current assets			
	-	-	-
Total Financial Assets	55,139	-	55,139
Current liabilities			
Trade and other payables	-	7,296	7,296
Borrowings	-	4,500	4,500
	-	11,796	11,796
Non current liabilities			
Borrowings	-	40,046	40,046
Other (income in advance)	-	187	187
	-	40,233	40,233
Total Financial Liabilities	-	52,029	52,029

Group 2012	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	19,244	-	19,244
Trade and other receivables	180,135	-	180,135
Other financial assets	35,680	-	35,680
Other (related party)	817	-	817
	235,876	-	235,876
Non current assets			
Prepayments	2,970	-	2,970
	2,970	-	2,970
Total Financial Assets	238,846	-	238,846
Current liabilities			
Trade and other payables	-	4,821	4,821
	-	4,821	4,821
Non current liabilities			
Borrowings	-	45,442	45,442
Other (income in advance)	-	154	154
	-	45,596	45,596
Total Financial Liabilities	-	50,417	50,417

Group 2011	Loans & receivables $000	Other amortised cost $000	Total carrying amount $000
Current assets			
Cash and cash equivalents	9,826	-	9,826
Trade and other receivables	46,026	-	46,026
Other financial assets	2,025	-	2,025
Other (finance lease receivable)	3,707		3,707
Other (related party loans)	127	-	127
	61,711	-	61,711
Non current assets			
Trade and other receivables	-	-	-
Other (finance lease receivable)	24,998	-	24,998
	24,998	-	24,998
Total Financial Assets	86,709	-	86,709
Current liabilities			
Trade and other payables	-	7,696	7,696
Borrowings	-	4,500	4,500
	-	12,196	12,196
Non current liabilities			
Borrowings	-	52,596	52,596
Other (income in advance)	-	187	187
	-	52,783	52,783
Total Financial Liabilities	-	64,979	64,979

Contractual Maturity Analysis

Parent - As at 30 June 2012	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	19,244	19,244	19,244	-	-	-
Trade receivables	180,135	180,135	180,135	-	-	-
Other financial assets	35,680	35,680	35,680	-	-	-
Other (related party receivables)	817	817	817	-	-	-
Prepayments	2,970	2,970	210	210	630	1,920
	238,846	238,846	236,086	210	630	1,920
Financial liabilities:						
Trade and other payables	2,707	2,707	2,707			
Borrowings	45,442	82,083	2,466	2,466	11,900	65,251
Other (income in advance)	1,405	1,405	1,251	50	101	3
Other (related party)	863	863	863	-	-	-
	50,417	87,058	7,287	2,516	12,001	65,254

Parent - As at 30 June 2011	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	6,961	6,961	6,961	-	-	-
Trade receivables	46,026	46,026	46,026	-	-	-
Other financial assets	2,025	2,025	2,025	-	-	-
Other (related party loans)	127	127	127	-	-	-
	55,139	55,139	55,139	-	-	-
Financial liabilities:						
Trade and other payables	4,017	4,017	4,017	-	-	-
Borrowings	44,546	84,172	6,979	2,152	6,458	68,583
Other (income in advance)	2,280	2,280	2,092	64	62	62
Other (related party)	1,186	1,186	1,186	-	-	-
	52,029	91,655	14,274	2,216	6,520	68,645

Group - As at 30 June 2012	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	19,244	19,244	19,244	-	-	-
Trade and other receivables	180,135	180,135	180,135	-	-	-
Other financial assets	35,680	35,680	35,680	-	-	-
Other - related party	817	817	817	-	-	-
Prepayments	2,970	2,970	210	210	630	1,920
	238,846	238,846	236,086	210	630	1,920
Financial liabilities:						
Trade and other payables	2,707	2,707	2,707	-	-	-
Borrowings	45,442	82,083	2,466	2,466	11,900	65,251
Other (income in advance)	1,405	1,405	1,251	50	101	3
Other (related party)	863	863	863	-	-	-
	50,417	87,058	7,287	2,516	12,001	65,254

Group - As at 30 June 2011	Carrying amount $000	Contractual cashflows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000	More than 5 years $000
Financial assets:						
Cash and cash equivalents	9,826	9,826	9,826	-	-	-
Trade and other receivables	46,026	46,026	46,026	-	-	-
Other financial assets	2,025	2,025	2,025	-	-	-
Other (related party loans)	127	127	127	-	-	-
Finance lease receivables	28,705	41,185	3,856	3,856	11,569	21,904
	86,709	99,189	61,860	3,856	11,569	21,904
Financial liabilities:						
Trade and other payables	4,122	4,122	4,122	-	-	-
Borrowings	57,096	103,947	8,623	3,796	14,589	76,939
Other (income in advance)	2,280	2,280	2,092	64	62	62
Other (related party)	1,479	1,479	1,479	-	-	-
	64,977	111,828	16,316	3,860	14,651	77,001

29. Capital Management

The Group's capital is its equity, which comprises retained earnings and property valuation and fair value through comprehensive income reserves. Equity is represented by net assets.

The Company is a Council Controlled Organisation as defined by the Local Government Act 2002 which includes restrictions on how it operates and defines reporting and accountability processes. Council has a general security agreement over all Company assets which restricts the ability to dispose of certain property and to enter into new borrowing arrangements. During the year, the Company issued $9 million redeemable preference shares to Council.

The Group manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interest of the community. The Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing the Group's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

30. Statutory reporting declaration

The Local Government Act 2002 requires the Group to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2011/12 financial year the Group did not meet the specified timeframes as set out in the legislation for the submission of documents to its shareholder.

Statement of Service Performance

Reporting against the Statement of Intent

Objective and Strategy	Performance Measure	Result
1 - Great Stages – Vbase will tailor a great stage for any event		
• Establish the technology platform for best practice Asset & Facilities Management	Implement EBMS asset management software by June 2012	Not achieved
• Utilise the CBS Canterbury Arena to support displaced cultural/community business from the Christchurch Town Hall.	90% booking for annual cultural events displaced from the Christchurch Town Hall	Reached 70% of target
2 - Great Hosting – deliver an outstanding client and service experience		
• Implement online client satisfaction survey	Achieve greater than 80% satisfaction during year	No Survey undertaken during the period.
3 - Growth – utilise assets and capabilities for growth		
• Maximize event days at CBS Canterbury Arena	> 150 event days	171 booked days
• Support the Council in endeavours to increase the available conference venues	Business development team is part of project team for new conference venue development initiatives	Negotiations are continuing in securing a facility that will be used for Convention Centre activities for the short to medium term from February 2013 Vbase has a representative on the Convention Centre Working Committee
4 - Valuable Partnerships – great to do business with and a great place to work		
• Secure events that will attract national and international visitors to Christchurch and generate positive economic impact	Annual visitor spending exceeds $40 million	Annual visitor spend was $23.1 million
• Secure events that will encourage high usage of the venues	Visitors to venues exceeds 200,000	244,836 visitors per annum to Vbase venues
• Facilitate access to the venues for local sporting, charitable and cultural organisations	Total venue discounts exceed $200,000	$396,118 venue discounts have been provided during the year

Objective and Strategy	Performance Measure	Result
5 - Brand Equity – Vbase will build its reputation, profile and influence		
• Maintain the recognition level of the Vbase brand	Invest in trade shows, trade publications and client familiarisations to the value of $100,000	Invested $94,217 for the year to 30 June 2012 in this area
6 - Health and Safety – Vbase will be a safe place to work and visit		
• Further develop Vbase staff culture and fully participate in CCC Engagement Survey	At least 59% participation in Engagement survey	Participation rate of 50%
• Continue to tune health and safety (H&S) systems and processes	Improvement in staff H&S performance review scores	No formal H&S review scorecard was completed during the year but Vbase management has initiated a wellness committee which meet on a periodic basis.
• Provide leadership to clients, contractors and sub contractors	100% contractor and client compliance	All contractors were 100% compliant for 2011/12
	Improvement in contractor performance review outcomes	
	100% accreditation of contractors	

JEFL performance targets

Performance Target	Performance Measure	Result
The engine test cell continues to be provided as per the criteria established in the contract documentation	The Christchurch Engine Centre continues to operate the engine test cell successfully and meet its lease payment obligations	Target met during the year. JEFL was sold to an external party on 29 June 2012.
The company meets all relevant legislative and contractual requirements	No breaches of legislative or contractual requirements are recorded	Target met during the year, other than the lack of material damage insurance for the test cell from 1 July 2011 following the earthquakes. JEFL was sold to an external party on 29 June 2012.

Financial performance targets

	Group 2012 Actual $000	2012 Target $000
Income	183,588	6,486
Less Operating Expenses	13,054	4,455
EBITDA	170,534	2,031
Less		
Interest	5,027	4,523
Depreciation	7,034	9,124
Revaluation of property, plant & equipment	64,235	-
Loss on sale of shares	1,586	-
Net Surplus (deficit) before tax	92,652	(11,616)
Taxation	9,803	(2,074)
Net Surplus (deficit) after tax	82,849	(9,542)

The JEFL values have been included in the 'Actual' individual line items above and have not been separately disclosed on a single line as a discontinued item as was the treatment in the statement of comprehensive income. This treatment is consistent with how the 'Target' numbers were generated.

A total of $167 million in accrued insurance payout receipts have been included in the 2012 income total under the 'Actual' column. During the target setting stage there was insufficient information available in relation to the extent of the building damage and as such there were no grounds at the time to revalue the buildings or accrue for the entire insurance indemnity values. It was not until later in the 2012 financial year that there was certainty around the extent of damage which, under the New Zealand Accounting Standards, allowed the insurance indemnity to be accrued and also enabled a more accurate asset valuation to be performed on 30 June 2012.
The sale of JEFL was confirmed near the end of the 2012 financial year and it was executed on 29 June 2012, thus the detailed were not available or considered when the target numbers were set.

Ratio of Shareholders funds to total assets

The forecast ratio of Shareholders funds to total assets is:

Target	Actual
64%	73%

The forecast capital structure is:

	Target	Actual
	$m	$m
Equity	169	232
Debt	35	45
Total Assets	256	319

Independent Auditor's Report

To the readers of Vbase Limited and group's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor General is the auditor of Vbase Limited (the company) and group. The Auditor General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company and group on her behalf.

We have audited:

- the financial statements of the company and group on pages 8 to 50, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the statement of service performance of the company and group on pages 51 to 53.

Disclaimer of opinion on the financial statements – we were unable to form an opinion because the impact of the Christchurch earthquakes on the carrying value of land and buildings, and the associated current and deferred tax balances, could not be determined

Reason for our disclaimer of opinion

The company owns land at one venue, and buildings at four venues in Christchurch City which are carried at their fair value. The land and buildings are shown at their 30 June 2012 revaluation estimates, less amounts relating to derecognition and impairment due to earthquake damage. The assumptions underlying the revaluations and impairments to land and buildings are subject to significant uncertainty and there is insufficient market evidence to support a reliable fair value for the land and buildings as at 30 June 2012.

Land and buildings are included in the statement of financial position at their estimated fair value at 30 June 2012 of $68,848,494 which represents 87% of total property, plant and equipment as at 30 June 2012.

In accordance with NZ IAS 12 *Income Taxes*, the tax treatment of land and buildings is dependent on their future use. The extent of earthquake damage means that the future use of a significant proportion of the company's land and buildings is not known. Accordingly, current and deferred tax balances in the statement of financial position associated with land and buildings cannot be reliably determined.

As a result of the above matters, the scope of our audit was limited and we were unable to determine whether the carrying values of land and buildings and the associated current and deferred tax balances are fairly stated.

Disclaimer of opinion on the financial statements, other than the cash flow statement

Because of the significance of the matters described in the "Reason for our disclaimer of opinion" paragraph above, we have been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether the financial statements, other than the cash flow statement, of the company and group on pages 8 to 50:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company and group's:
  - financial position as at 30 June 2012; and
  - financial performance for the year ended on that date.

Opinion on the cash flow statement

In our opinion, the cash flow statement on page 12 complies with generally accepted accounting practice in New Zealand and gives a true and fair view of the company and group's cash flows for the year ended 30 June 2012.

Qualified opinion on the statement of service performance

Reason for our qualified opinion

As stated above, the scope of our audit of the financial statements was limited and we were unable to determine whether the carrying values of land and buildings and the associated current and deferred tax balances are fairly stated. Any adjustments to the carrying values of those items may affect the company and group's reported achievements against the financial performance targets included in the statement of service performance.

Qualified opinion on the statement of service performance

In our opinion, except for the effects of the matter described in the "Reason for our qualified opinion" paragraph above, the statement of service performance of the company and group on pages 51 to 53:

- complies with generally accepted accounting practice in New Zealand; and
- gives a true and fair view of the company and group's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company and group as far as appears from an examination of those records.

Our audit was completed on 25 September 2012. This is the date at which our opinions are expressed.

The basis of our opinions is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

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 financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. We are unable to determine whether there are material misstatements in the financial statements and statement of service performance because the scope of our work was limited, as we referred to in our disclaimer of opinion on the financial statements other than the cash flow statement and our qualified opinion on the statement of service performance.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation of the financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company'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 Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have not obtained all the information and explanations we have required with the consequence that we have issued a disclaimer of opinion on the financial statements other than the cash flow statement and a qualified opinion on the statement of service performance.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;

- give a true and fair view of the company's financial position, financial performance and cash flows; and

- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing independent opinions on the financial statements and statement of service performance and reporting those opinions to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company or any of its subsidiaries.

Ian Lothian

Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

TUAM LIMITED

ANNUAL REPORT

FOR

YEAR ENDED 30 JUNE 2012

CONTENTS

COMPANY DIRECTORY
AS AT 30 JUNE 2012

Registered Office	53 Hereford Street Christchurch
Directors	P J Anderson A J Marryatt
Bankers	Bank of New Zealand Christchurch

STATUTORY DISCLOSURES
FOR THE YEAR ENDED 30 JUNE 2012

State of Affairs

On 28 June 2006, the Company changed its name to Tuam Limited. On 30 June 2006, Tuam Limited purchased the Civic offices and associated buildings from Christchurch City Council.

The financial statements of Tuam Limited are for the year ended 30 June 2012. For the year ended 30 June 2012, Tuam Limited made a Net Surplus of $196,268 (2011: ($531,561).

Tuam Ltd has no employees and the Company is managed by Christchurch City Council under a management contract.

Directors

The persons holding office as Directors of the Company for the year and at 30 June 2012 were:

P J Anderson
A J Marryatt

The following Directors have made general disclosures of interest with respect to any transaction that may be entered into with certain organisations on the basis of their being a Director, Partner, Trustee or Officer of those organisations during the year:

P J Anderson	General Manager – Corporate Services	Christchurch City Council
	Director	CCC One Limited
	Director	Creative Licence Limited
	Director	EcoCentral Limited
	Director	New Zealand Local Government Funding Agency Limited
	Director	Ellerslie International Flower Show Ltd
	Director – resigned 1 July 2012	Canterbury Development Corporation Holdings Limited (formerly CCC Four Limited)
A J Marryatt	Chief Executive Officer	Christchurch City Council
	Director	Local Government Mutual Funds Trustee Limited
	Director	Vbase Limited
	Director	New Zealand Local Government Insurance Corporation Limited
	Director – resigned 1 July 2012	Canterbury Development Corporation Holdings Limited (formerly CCC Four Limited)

Remuneration of Directors

There was no remuneration or other benefits paid or due and payable to directors for services as a director or in any other capacity during the year.

Use of Company Information

During the year the Board received no notices from directors of the Company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.

Donations

The Company made no donations during the year.

Employees' Remuneration

The Company has no employees.

Auditors

The Auditor General is appointed under Section 14 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

P J Anderson Director	A J Marryatt Director
Date 25 September 2012	Date 25 September 2012

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $000	2011 $000
Revenue from operations	2(a)	120	549
Other income	2(a)	823	1,384
		943	1,933
Finance costs	2(b)	342	982
Depreciation and Impairment		-	-
Other expenses	2(b)	553	1,241
		895	2,223
Profit (loss) before income tax expense		48	(290)
Income tax expense/(Income)	3	(149)	242
Net Surplus/(Deficit) for period		197	(532)
Other Comprehensive Income		-	-
Total Comprehensive Income		197	(532)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2012

	Capital Reserves $000	Retained earnings $000	Total equity $000
Balance as at 30 June 2010	9,135	(12,101)	(2,966)
Total comprehensive income for the year	-	(532)	(532)
Share capital issued	9,000	-	9,000
Balance as at 30 June 2011	18,135	(12,634)	5,501
Total comprehensive income for the year	-	197	197
Share capital issued	-	-	-
Balance as at 30 June 2012	18,135	(12,437)	5,698

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $000	2011 $000
Current assets			
Cash and cash equivalents	10	1,382	470
Trade and other receivables	5	792	1,145
Current tax assets	3	6	29
		2,180	1,644
Non-current assets			
Investment property	6	8,536	9,061
Total non-current assets		8,536	9,061
Total assets		10,716	10,705
Current liabilities			
Trade and other payables	7	175	211
Total current liabilities		175	211
Non-current liabilities			
Borrowings	8	4,750	4,750
Deferred tax liabilities	3	93	242
Total non-current liabilities		4,843	4,992
Total liabilities		5,018	5,203
Net assets		5,698	5,501
Equity			
Capital and other equity instruments	9	18,135	18,135
Retained earnings	9(c)	(12,437)	(12,634)
Total equity		5,698	5,501

PJ Anderson
Director

25 September 2012
Date

A J Marryatt
Director

25 September 2012
Date

The accompanying notes form part of these financial statements.

Cash Flow Statement
for the year ended 30 June 2012

	Note	2012 $000	2011 $000
Cash flows from operating activities			
Operating Revenue		598	758
Subvention payment received / (paid)		267	2
Payments to suppliers		(712)	(1,120)
RWT tax received / (paid)		23	33
Net GST movement		121	4
Net cash inflow/(outflow) from operating activities	10(b)	297	(323)
Cash flows from investing activities			
Interest received		32	37
Sale of Investment Property		925	-
Net cash inflow/ (outflow) from investing activities		957	37
Cash flows from financing activities			
Interest and other finance costs paid		(342)	(982)
Proceeds from issue of equity securities		-	9,000
Repayment of borrowings		-	(9,000)
Net cash provided by/(used in) financing activities		(342)	(982)
Net inflow/ (outflow) of cash		912	(1,268)
Opening bank and short term investments	10(a)	470	1,738
Represented by:			
Cash and cash equivalents		1,382	470

The accompanying notes form part of these financial statements.

Notes to the Accounts

1. Statement of Significant Accounting Policies

a) Reporting Entity

These are the financial statements of Tuam Limited ("the Company").

The Company is registered under the Companies Act 1993 and is domiciled in New Zealand. The company is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002.

The primary objective of the company is to manage the Christchurch City Council Civic Buildings/Offices and car park. Accordingly, the company has designated itself as a profit oriented entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the company are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Directors on 25 September 2012.

b) Statement of Compliance

The financial statements of the Company have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

c) Basis of financial statement preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties. However, as the Company has been unable to determine the cost of repair of the buildings as a result of earthquake damage the Company has been unable to revalue the investment properties for the year ended 30 June 2012.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000).

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements;

- The valuation of the Company's investment property at market value has a material impact on the amounts recognised in these financial statements and involves a significant amount of judgement. An independent valuer is commissioned to perform the valuation annually to ensure the market value is appropriate. For the year ended 30 June 2012 an independent valuer was commissioned to perform the valuation however, due to the high level of uncertainty as to the value of the damage suffered by the buildings a market value could not be determined. Management are required to exercise judgement when determining whether insurance payments are virtually certain and should be recognised as revenue in the current year. In making this assessment they make judgements about the likelihood of payment by insurers based on the agreements in place.

The following new standards, interpretations and amendments have been adopted for the year ended 30 June 2012:

- NZ IAS 24 Related Party Disclosures (Revised 2009) effective 1 January 2011 - This Standard makes amendments to New Zealand Accounting Standard NZ IAS 24 Related Party Disclosures. The amendments simplify the definition of a related party and provide a partial exemption from the disclosure requirements for government-related entities.

- Improvements to NZ IFRS 7 Financial Instruments Disclosures effective 1 January 2011 – The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. The IASB also amended and removed existing disclosure requirements including deleting the requirement to disclose the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

- Improvements to NZ IAS 1 Presentation of Financial Statements effective 1 January 2011 – Clarification was provided in that entities may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- Improvements to NZ IAS 34 Interim Financial Reporting effective 1 January 2011 – The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

- Amendments to NZ IFRS 7 Financial Instruments effective 1 July 2011 – The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:
    - Financial assets that are not derecognised in their entirety; and
    - Financial assets that are derecognised in their entirety but for which the entity retains continuing involvement

- NZ FRS 44 – NZ Additional Disclosures effective 1 July 2011 – The objective of this Standard is to prescribe the New Zealand-specific disclosures such as:
    - Where an entity's financial statements comply with NZ IFRSs they shall make an explicit and unreserved statement of such compliance in the notes;
    - An entity shall disclose in its notes its reporting framework and for the purposes of complying with NZ GAAP whether it is a profit-oriented or public benefit entity;
    - An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for an Audit/Review of the Financial Statements and all Other services during that period;
    - An entity shall disclose the amount of Imputation credits available for use in subsequent reporting periods;
    - Where a Statement of Service Performance is presented the entity must disclose the outputs of an entity and information on the effects on the community of the entity's existence and operations.

The following new standards, interpretations and amendments have been issued but are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these consolidated financial statements:

- Amendments to NZ IAS 1 Presentation of Financial Statements effective 1 July 2012 - The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; do not change the existing option to present profit or loss and other comprehensive income in two statements; and a change of title of 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income' to emphasise the two components. However, an entity is still allowed to use other titles.

- Amendments to NZ IAS 12 Income Taxes effective for period beginning after 1 January 2012 – The amendments introduce an exception to the general measurement requirements of NZ IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

- NZ IFRS 9 Financial Instruments – replacing NZ IAS 39 Financial Instruments: Recognition and Measurement – effective 1 January 2015. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. Entities are required to classify financial assets based on the objectives of the entity's business model for managing the financial assets. Where the financial assets are eligible to be measured at amortised cost due to the business model, the entity shall use the characteristics of the contractual cash flows to measure cost.

- NZ IFRS 13 Fair Value Measurement effective 1 January 2013 – IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

  Other than for the general descriptions provided above, the Company has not yet determined the potential impact of the new standards, interpretations and amendments for those standards not effective at 30 June 2012.

d) Revenue

Rental income from investment property is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Interest income is recognised using the effective interest method.

Insurance recoveries are recognised when the claim can be reliability measured and where there is virtual certainty of receiving the amount.

e) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they meet the conditions for capitalised interest.

f) Income tax

Income tax on the profit or loss comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially 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.

g) 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 the Company'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 Statement of Financial Position.

h) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

i) Investment Property

The Tuam Street car park and associated buildings are classified as investment property. Investment property is measured initially at its cost, including transaction costs. After initial recognition, the investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

j) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets, 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 exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

k) Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

l) 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 in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

m) Operating Lease

Operating lease receipts are recognised as revenue and amounts due are recognised as receivables.

n) Equity

Share capital – ordinary shares and redeemable preference shares are classified as equity.

o) 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 amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

2. Profit from operations

a) Revenue

	2012 $000	2011 $000
Revenue from operations		
Rental revenue	120	549
	120	549
Other Income		
Interest received	32	36
Insurance recoveries	414	903
Gain on disposal of Investment Property	400	-
Subvention Receipt	(23)	445
	823	1,384
Total revenue	943	1,933

b) Expenses

		2012 $000	2011 $000
Finance Costs			
Interest on loans		342	982
Other expenses			
Insurance		9	35
Rates		90	151
Building Maintenance		10	87
Earthquake costs		424	915
Consultancy fees		7	46
Auditors remuneration	Note 4	13	7
Total Expenses		895	2,223

3. Income Taxes

Tuam Limited has prepared its current and deferred tax on the basis that the value of the investment property, including the Civic Offices, will be recovered through future use. Given the impact of the earthquake on the Civic Offices (see note 17), there is a lot of uncertainty that this basis is correct.

a) Income tax recognised in profit or loss

	2012 $000	2011 $000
Deferred tax expense/(income)	(149)	242
Total tax expense/(income)	(149)	242

	2012 $000	2011 $000
Profit/(loss) before tax	48	(290)
Income tax expense calculated at 28% (30% prior year)	13	(86)
Correction to prior year tax expense	(162)	-
Effect of buildings no longer held for sale	-	(934)
Effect of tax rate change	-	(17)
Effect of removal of building depreciation	-	1,183
Effect of tax offsets to group companies	112	311
Change in deferred tax not recognised in previous year	-	(214)
Effect of removal of Gain on sale of Investment Land	(112)	-
	(149)	242

b) Current tax assets and liabilities

	2012 $000	2011 $000
Current tax assets:		
Current tax receivable		
Tax refund receivable - RWT	6	29
	6	29

c) Deferred tax liabilities (assets)

Year ended 30 June 2012	**Opening balance $000**	**Recognised in P&L $000**		**Impact of tax rate change $000**	**Closing Balance $000**
Investment property	80	(149)		-	(69)
Accruals	162	(162)		-	-
	242	(311)	-	-	(69)

Year ended 30 June 2011	**Opening balance $000**	**Recognised in P&L $000**		**Impact of tax rate change $000**	**Closing Balance $000**
Investment property	-	86		(6)	80
Accruals	-	174		(12)	162
	-	260	-	(18)	242

d) Imputation credit account balances

	2012 $000	**2011 $000**
Credits available for subsequent use	6	44

4. Remuneration of Auditors

	2012 $000	**2011 $000**
Audit New Zealand:		
Additional fee relating to Earthquake matters	5	-
Audit of financial statements	8	7
	13	7

5. Current trade and other receivables

	2012 $000	2011 $000
Debtors and Accruals	637	700
Subvention Receivable	155	445
	792	1,145

The carrying value of trade and other receivables approximates their fair value.

6. Investment properties

	2012 $000	2011 $000
Balance at beginning of financial year	9,061	5,220
Disposal of property	(525)	-
Assets transferred from held for sale	-	3,841
Balance at end of financial year	8,536	9,061

The Company's investment properties were last valued by independent registered valuer Mr M Tohill of Colliers International as at 30 June 2010 based on open market value. An independent valuation of the investment property was commissioned at 30 June 2012 however, as there is currently insufficient information available regarding the extent of the earthquake damage to the buildings and the estimated cost of repair of the buildings, the valuer was unable to complete a residual development valuation to determine the potential value the buildings may add to the land. The Company engaged a valuer to complete a valuation of the land. However, it has not been recognised in the financial statements. The valuer was physically unable to inspect significant parts of the land, as it was in the Red Zone. Given the location of the land, the limited market data available was not sufficiently robust to support a proper valuation. The valuation also assumed that the land was clear of all buildings. Such an assumption was considered by the Company to be unrealistic as several buildings have heritage status and currently there is no evidence they will be demolished.

On 4 May 2012 the Company sold 925 square metres of land to the Christchurch City Council for a total consideration of $925,000 resulting in a gain on sale of $400,000. The land is to be used by the Christchurch City Council to extend Peter Scoular Reserve.

7. Current trade and other payables

	2012 $000	2011 $000
Trade payables	41	40
GST payable	131	9
Related Party Payables	3	162
	175	211

8. Non-current borrowings

	2012 $000	2011 $000
Secured:		
Loans from:		
Parent Entity	4,750	4,750
	4,750	4,750

The Company entered into a cash advance facility agreement with Christchurch City Council in June 2006 with repayment due in 2016. Interest is payable at 7.18% every 6 months. The borrowing is secured by way of mortgage over the investment property at Tuam Street. On 28 June 2011, Christchurch City Council agreed to convert $9 million of the debt to equity, recognising the reduction in the Company's revenue.

9. Capital and other equity instruments

	2012 $000	2011 $000
Fully paid ordinary shares	17,635	17,635
Fully paid redeemable preference shares (A)	500	500
	18,135	18,135

a) Fully paid ordinary shares

	2012 No. (000)	2012 $000	2011 No. (000)	2011 $000
Balance at beginning of financial year	24,635	24,635	15,635	15,635
Issue of shares	-	-	9,000	9,000
Less: uncalled portion of shares issued	(7,000)	(7,000)	(7,000)	(7,000)
Balance at end of financial year	17,635	17,635	17,635	17,635

b) Fully paid redeemable preference shares (A)

	2012 No.	2012 $000	2011 No.	2011 $000
Balance at beginning of financial year	500	500	500	500
Issue of shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at end of financial year	500	500	500	500

c) Retained Earnings

	2012 $000	2011 $000
Balance at beginning of financial year	(12,633)	(12,101)
Surplus/(deficit)	197	(532)
Balance at end of financial year	(12,436)	(12,633)

10. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

	2012 $000	2011 $000
Cash and cash equivalents	1,382	470
	1,382	470

b) Reconciliation of profit for the year to net cash flows from operating activities

	2012 $000	2011 $000
Net surplus/ (deficit)	197	(532)
Add/(Less) Non cash items		
Gain on Sale on Investment Property	(400)	-
Movement in deferred tax balance	(149)	242
Add/(Less) Items classed as financing or investing activities		
Interest received classed as investing	(32)	(36)
Interest paid classed as financing	342	982
Add/(Less) Movement in working capital items		
Current trade and other receivables	353	(1,139)
Current payables & provisions	(37)	127
Increase/(decrease) in current tax balances	-	-
Increase/(decrease) in RWT receivable	23	33
	100	209
Net cash inflow/(outflow) from operating activities	297	(323)

11. Related party transactions

	2012 $000	2011 $000
Receipts from related parties		
Rent received from CCC	-	430
Rates charged back to CCC	7	-
Subvention payment received from City Care Limited	267	2
Issue of additional share capital to CCC	-	9,000
Sale of land to CCC	925	-
Payments to related parties		
Interest Paid to CCC	342	985
Rate payments to CCC	97	151
Operating costs charged by CCC	180	110
Repayment of loan from CCC	-	9,000
Year end balances (excl GST)		
Loan advances from CCC	4,750	4,750
Accrued interest to CCC	3	3
Accrued receivables from CCC	139	-
Accrued payables to CCC	-	159

The Company expects to transfer tax losses of $399,058 to other members of the CCC group (2011: $622,866) and it expects to receive a subvention payment of $155,189 (2011: $266,942) which has been accrued.

Key management personnel of the Company have interests in other entities that transact with the Company. Prior to the adoption of IAS 24 – Related Party Disclosures from 1 July 2011 with effect from 1 July 2010 these transactions were disclosed.

12. Financial Instruments

Credit quality of financial instruments

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating (if available) or to historical information about counterparty default rates:

	2012 $000	2011 $000
Counterparties with Credit Ratings		
AA-		
Cash at bank and term deposits	1,382	470
Total Cash and cash equivalents	1,382	470

Classification of financial instruments

As at 30 June 2012	Loans & Receivables $000	Other amortised cost $000	Total carrying amount $000
Financial assets:			
Current assets			
Cash and cash equivalents	1,382	-	1,382
Trade and other receivables	792	-	792
	2,174	-	2,174
Financial liabilities:			
Current liabilities			
Trade and other payables	-	175	175
			-
Non-current liabilities			-
Borrowings	-	4,750	4,750
	-	4,925	4,925

As at 30 June 2011	Loans & Receivables $000	Other amortised cost $000	Total carrying amount $000
Financial assets:			
Current assets			
Cash and cash equivalents	470	-	470
Trade and other receivables	1,145	-	1,145
	1,615	-	1,615
Financial liabilities:			
Current liabilities			
Trade and other payables	-	211	211
Non-current liabilities			
Borrowings	-	4,750	4,750
	-	4,961	4,961

Maturity profile of financial instruments

As at 30 June 2012	Carrying Amount $000	Contractual Cash Flows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000
Financial assets:					
Cash and cash equivalents	1,382	1,382	1,382		
Trade receivables	792	792	792		
	2,174	2,174	2,174	-	-
Financial liabilities:					
Trade payables	175	175	175		
Related party loans	4,750	6,114	341	341	5,432
	4,925	6,289	516	341	5,432

As at 30 June 2011	Carrying Amount $000	Contractual Cash Flows $000	Less than 1 year $000	1 - 2 years $000	3 - 5 years $000
Financial assets:					
Cash and cash equivalents	470	470	470		
Trade receivables	1,145	1,145	1,145		
	1,615	1,615	1,615	-	-
Financial liabilities:					
Trade payables	211	211	211		
Related party loans	4,750	6,455	341	341	5,773
	4,961	6,666	552	341	5,773

Financial Instrument Risk
Tuam Ltd has a series of policies to manage the risks associated with financial instruments. Tuam Limited is risk averse and seeks to minimise exposure from its financing activities.

Credit Risk Management
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and short term investments and accounts receivable. The Company's maximum exposure in respect of these financial instruments are the amounts as discussed in notes 5 and 10. The Company places its cash and term deposits with banking institutions that have a Standard and Poor's rating of AA-.

Liquidity Risk Management
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate reserves.

Market Risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's profit or the value of its holdings in financial instruments.

Interest Rates

The Company's borrowing liability with the Council is at fixed interest rate of 7.18% for the terms of the loan. Before the end of each fixed interest rate term, the Company and the Council enter into discussions to re-fix the interest rates before the expiry date, in order to keep the risk due to interest rate fluctuations to a minimum.

For the reasons noted above, the Company is not sensitive to movements in interest rates in respect of its borrowing obligations. Interest rate movements would, however, affect the amount of interest income received by the Company on surplus cash.

Foreign exchange

The Company has no exposure to foreign exchange risk.

Capital management

The Company's capital comprises share capital and retained earnings. The Company manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes current and future interests of the community.

13. Commitments for expenditure

There are no lease or other expenditure commitments (2011:Nil)

There are no capital expenditure commitments (2011:Nil)

14. Post balance date events

On 30 July 2012 the Canterbury Earthquake Recovery Authority (“CERA”) released the new Central City blueprint. This announcement has clarified the future direction of the City but does not change the Company’s intentions regarding its investment property. There were no other events known to the directors occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

15. Contingencies

Due to the uncertainty surrounding the cost to repair the damage to the former Civic Offices (refer note 17(a)) the Company is unable to reliably measure the cost of repairs and associated insurance recoveries.

16. Statement of Service Performance

Performance Target	Result
Ensure Tuam meets the financial targets contained within the Statement of Intent	Partly achieved (see below)
The Company meets all relevant legislative and contractual requirements.	Not Achieved – see (c) below

a) Financial Performance Targets

	2012 Actual $000	2012 Target $000	Variance $000
Income			
Rental Income	120	125	(5)
Other income	823	964	(141)
	943	1,089	(146)
Expenditure			
Interest	342	341	1
Other expenses	553	301	252
Depreciation and impairment	-	-	-
	895	642	253
Net surplus (deficit) before tax	48	447	(399)
Tax (Expense) / Income	149	(125)	274
Net surplus (deficit) after tax	197	322	(125)

Increase in expenditure to target due to greater than expected earthquake costs.

b) Ratio of Shareholders' Funds to Total Assets

	2012 Actual $000	2012 Target $000	Variance $000
Ratio of Shareholders' Funds to Total Assets	53%	51%	2%
Equity	18,135	18,135	-
Retained Earnings	(12,437)	(12,954)	517
Debt	4,750	4,750	-
Total Assets	10,716	10,183	533

The decrease in retained earnings and increase in total assets to target is due to differences in the value of the land sold and the expected profit on the sale.

c) Legislative requirements

The Local Government Act 2002 requires the Company to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2011/12 financial year the Company did not meet the specified timeframes set out in the legislation.

17. Earthquake impact

a) Asset damage

The former Civic Offices and Annex at 163 Tuam Street suffered damage in the September 2010 earthquake. The majority of this damage had been repaired by February 2011 and tenants had been signed up for both the Annex building and the lower floors of the main building. Unfortunately the 22 February 2011 earthquake undid this work and caused significant further damage, including the loss of most of the external glazing on the main building. It has been necessary to undertake all structural reporting and insurance processes again, a task that was made even more difficult by the further earthquake events in June and December 2011.

Considerable invasive inspections have been undertaken during 2011/2012 to determine the level of structural damage the buildings have suffered. The level of structural damage has been determined however, at 30 June 2012 the final costs to repair the damage and make the building ready for tenants has yet to be quantified and agreed with the insurance companies.

The level of damage and the position of the CBD Red Zone cordon mean it is unlikely that these buildings will be able to be leased in the short term. However, the Company has been able to lease the majority of the Tuam Street carpark site to Team Hutchinson Ford to assist them with resuming their normal operations.

A number of the smaller buildings owned by the Company on the south side of Tuam Street have not yet had any structural assessments undertaken as they are situated in the fall zone of another building (not owned by the Company) and therefore deemed too unsafe for engineers to complete a full inspection.

Given that a complete assessment of all the buildings has yet to be completed and there has been no agreement as to the cost of repair of the former Civic Offices and Annex no external valuation was able to be provided for the buildings. As there has been no agreement with insurers as to the cost of repair the Company has not been able to determine with sufficient certainty the level of impairment suffered by the assets nor the insurance recovery to be recognised at 30 June 2012.

b) Insurance

A partial payment of $611,000 (2011: 224,000) has been received from the Company's insurers in the year to 30 June 2012, and a further $388,000 accrued (2011: $679,000) for the remaining earthquake cost recoveries. Until the full cost of repair to the buildings has been agreed with the insurers the Company has not accrued for full insurance recoveries.
Under the terms of the Company's insurance policy, the cost of repairs to 34% of new building standards can be recovered. The net impact to the Company will be the cost of the insurance excess which will be 2.5% of the repair costs together with the incremental costs which will bring the building up to 100% of new building standards and any additional costs to make it ready for tenants.

The Company was fully covered for damage to its assets up to and including 30 June 2011. There is no cover currently available for earthquake or fire risk. The Company has photographic evidence of damage incurred prior to 30 June 2011 which is covered by insurance and protects the Company's position in the event of further earthquakes after this date.

Should the buildings be repaired, the Company would approach the London market for cover. Our brokers have indicated that some earthquake cover would be available in the future at increased cost once the building is repaired.

c) Going concern

Once Council moved to the new Civic Offices it was intended to dispose of the former Civic Offices and property as part of the renewal of the central city, and hold the Tuam Street car park for future opportunities under the Central City South development plan. Negotiations were underway with a potential purchaser for the former Civic Offices but these ceased after the September 2010 earthquake. Currently it is the Company's intention to hold the properties on the north side of Tuam Street until the repair options for the building can be fully quantified and the impact of the release of CERA's new Central City Plan assessed.

The majority of the car park on the southern side of Tuam Street continues to be leased out, with further areas to be leased as cordon reductions allow. Development of these properties has been delayed while awaiting the release of CERA's new Central City Plan, however there is nothing that suggests the going concern basis is not appropriate for preparing the financial statements.

On 30 July 2012 CERA released the new Central City blueprint. This indicates that the Company's investment property has been earmarked as the site for the new bus exchange and part of the southern frame. It is expected that the blueprint will take a number of years to implement and it continues to be the Company's intention to hold the investment property.

d) Asset classification and valuation

The Company's investment properties were last valued at 30 June 2010 based on open market value (refer note 6). The Company engaged a valuer to complete a valuation of the land. However, it has not been recognised in the financial statements. The valuer was physically unable to inspect significant parts of the land, as it was in the Red Zone. Given the location of the land, the limited market data available was not sufficiently robust to support a proper valuation. The valuation also assumed that the land was clear of all buildings. Such an assumption was considered by the Company to be unrealistic as several buildings have heritage status and currently there is no evidence they will be demolished.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Tuam Limited's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of Tuam Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 6 to 28, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include the statement of significant accounting policies and other explanatory information; and

- the statement of service performance of the company on pages 26 and 27.

Disclaimer of opinion – we were unable to form an opinion because the impact of the Christchurch earthquakes on the carrying value of investment properties, and the associated current and deferred tax balances, could not be determined

Reason for our disclaimer of opinion

The company owns investment properties in the Christchurch City central business district, which under NZ IAS 40 Investment Properties are required to be carried at their fair value. As stated in note 6 the company is not yet able to reliably estimate the costs to repair the damage suffered by the properties due to the Christchurch earthquakes. As a result the fair value of the properties at 30 June 2012 cannot be reliably determined.

The investment properties are included in the statement of financial position at their 2010 fair value of $8,536,000, which represents 80% of total assets as at 30 June 2012. Any adjustments to fair value as a result of the earthquakes would be recognised in the surplus/deficit for the year.

As stated in note 3, and in accordance with NZ IAS 12 Income Taxes, the tax treatment of the investment properties is dependent on their future use. The uncertainties around the extent of earthquake damage means that their future use is not known. Accordingly, current and deferred tax balances in the statement of financial position associated with the investment properties cannot be reliably determined. Any adjustments to the tax balances for a change in future use would be recognised in the surplus/deficit for the year.

Attention is drawn to the fact that we issued a disclaimer opinion on the company's 30 June 2011 financial statements for the same reasons outlined above. As a consequence no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2012 financial statements.

As a result of the above matters, the scope of our audit was limited and we were unable to undertake adequate audit procedures in respect of the investment properties and the current and deferred tax balances associated with the investment properties.

Disclaimer of opinion on the financial statements, other than the cash flow statement, and statement of service performance,

Because of the significance of the matters described in the "Reason for our disclaimer of opinion" paragraph above, we hove been unable to obtain sufficient appropriate audit evidence to form an opinion as to whether:

- the financial statements of the company on pages 6 to 28, other than the statement of cash flows:
  - comply with generally accepted accounting practice in New Zealand;
  - give a true and fair view of the company's:
    - financial position as at 30 June 2012; and
    - financial performance for the year ended on that date; and
- the statement of service performance of the company on pages 26 and 27:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Unmodified opinion on the cash flow statement

In our opinion, the cash flow statement on page 9 complies with generally accepted accounting practice in New Zealand and gives a true and fair view of the company's cash flows for the year ended 30 June 2012.

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 25 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

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 financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. 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 financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company'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 Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993, we report that we have not obtained all the information and explanations we have required with the consequence that we have issued a disclaimer of opinion on all statements except the cash flow statement.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and

- give a true and fair view of its service performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

cafe
CHRISTCHURCH AGENCY FOR ENERGY
TE UMAKA PŪKAO O ŌTAUTAHI

CHRISTCHURCH AGENCY FOR ENERGY TRUST

ANNUAL ACCOUNTS

FOR

THE YEAR ENDED 30 JUNE 2012

CONTENTS

DIRECTORY

Address	38 Birmingham Drive Christchurch 8024
Trustees	R Parker L Itskovich (resigned 10 August 2012) A Matheson W Highet J Atkinson S Buck R Jamieson A Hines (appointed 4 August 2011)
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor General

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue from operations	2(a)	1,002,500	1,043,125
Other income	2(a)	27,316	8,765
		1,029,816	1,051,890
Finance costs		-	-
Depreciation and Impairment		-	-
Other expenses	2(b)	1,006,122	147,245
		1,006,122	147,245
Net Surplus/(Deficit) for the year		23,694	904,645
Other Comprehensive Income		-	-
Total Comprehensive Income		23,694	904,645

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2012

	2012 $	2011 $
Balance as at 01 July	904,645	-
Total comprehensive income for the year	23,693	904,645
Balance as at 30 June	928,338	904,645

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents		770,894	888,999
Trade and other receivables	4	183,417	73,458
		954,310	962,457
Total current assets		954,310	962,457
Total non-current assets		-	-
Total assets		954,310	962,457
Current liabilities			
Trade and other payables	5	25,971	57,812
Total current liabilities		25,971	57,812
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		25,971	57,812
Net assets		928,339	904,645
Equity			
Retained earnings	6	928,339	904,645
Total equity		928,339	904,645

R Parker
Chairperson
Canterbury Agency for Energy Trust

18/9/12
Date

M Altments
Acting Chief Executive
Canterbury Agency for Energy Trust

18/9/12
Date

The accompanying notes form part of these financial statements.

Statement of Objectives and Performance for the year ended 30 June 2012

Financial Performance Targets

	2012 Actual $	2012 Target $
Revenue	1,029,816	862,500
Committed expenditure	1,006,122	1,118,300
Discretionary Expenditure	-	623,600
Surplus (Deficit)	23,694	(879,400)

Revenue was greater than planned due to $75,000 of 2012/13 appointer contributions being received prior to 30 June 2012 and additional project funding received from the Energy Efficiency and Conservation Authority.

Committed expenditure is lower than planned due to delays in programme delivery resulting from the September 2010 and February 2011 Canterbury earthquakes. Discretionary expenditure is the utilisation of prior years retained earnings. However, with lower than planned project delivery, the discretionary expenditure planned did not need to be utilised.

Key Performance Targets

Target:	2012 Performance Measure	2012 Actual
Public Awareness	Carry out an annual survey of public awareness on energy efficiency and renewable energy issues.	Focus group and field surveys completed.
Feasibility study	Completion of a District Energy feasibility study.	Three feasibility studies completed and made available to public via media and website.
Advisory Scheme implementation	Development and implementation of an Energy Design Advisory Scheme for major buildings.	Program developed and completed. Launched and initial applications received.
Submissions or suggested changes to legislation and/or regulations	CAfE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch.	CAfE made submissions as follows: - Christchurch City Council on Draft central City Plan - Christchurch Earthquake Recovery Authority on the Draft Central City Recovery Plan
Report on new initiatives	Report on new initiatives identified during the year, for current or future action by café.	As part of the Energy Awareness Program CAfE carried out a series of Energy Dialogues with the public. A review of the suggestions is included as a performance measure in the 2012/13 Statement of Intent.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the Christchurch Agency For Energy Trust (CAFE), a Charitable Trust created by the Christchurch City 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.

The financial statements of the Trust are for the year ended 30 June 2012. The financial statements were approved for issue by the Board of Trustees on 18 September 2012.

b. Basis of financial statement preparation

The financial statements of the Christchurch Agency For Energy Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

Differential Reporting
The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

c. Revenue

Grants/Contributions/Donations
Grants/Contributions/Donations received from the Christchurch City Council and other appointer organisations are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Trust Deed. These receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the payment are not met. If there is such an obligation, the receipts are initially recorded as income received in advance, and recognised as revenue when conditions are satisfied.

Other Revenue
Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they meet the conditions for capitalised interest.

e. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

f. 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.

g. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

h. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

i. 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 in the income statement over the period of the borrowings on an effective interest basis.

j. 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 amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

k. Provisions

A provision is recognised in the balance sheet when the Trust 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 obligation.

l. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future and its continued income sources. Under the terms of the Trust appointer contributions will be reviewed in June 2013, the Trust believes it will have continued revenue sources. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

2. Profit from operations

a. Revenue

	2012 $	2011 $
Revenue from operations		
Appointer Contributions	435,000	425,000
CCC - Project Contributions	432,500	618,125
EECA Subsidy	135,000	-
	1,002,500	1,043,125
Other Income		
Interest received	24,526	8,765
Sundry income	2,790	-
	27,316	8,765
Total revenue	1,029,816	1,051,890

b. Expenses

	Note	2012 $	2011 $
Other Expenses:			
Trustee Costs		370	261
Contractor Costs		140,731	74,570
Communications & Relations		104,989	4,050
Financial & Legal Costs		24,216	2,540
Office Administration		18,310	6,951
Marketing		29,787	34,073
Project costs		159,330	22,300
Consultancy Costs		127,093	-
Grants		25,000	-
District Energy Feasibility - Consultancy Costs		373,295	-
Auditors remuneration	3	3,000	2,500
		1,006,122	147,245
Total expenses		1,006,122	147,245

3. Remuneration of Auditors

	2012 $	2011 $
Audit Services		
Audit New Zealand:		
Audit of financial statements	3,000	2,500
	3,000	2,500

4. Current trade and other receivables

	2012 $	2011 $
RWT receivable	7,767	-
GST receivable	8,900	13,458
Related party receivables	166,750	60,000
	183,417	73,458

The carrying value of trade and other receivables approximates their fair value.

5. Current trade and other payables

	2012 $	2011 $
Trade payables	25,971	57,812
GST payable	-	-
Related Party Payables	-	-
	25,971	57,812

6. Retained Earnings

	2012 $	2011 $
Balance at beginning of financial year	904,645	-
Surplus/(deficit)	23,694	904,645
Balance at end of financial year	928,339	904,645

7. Financial Instruments

Financial instruments are cash and cash equivalents.

Risk
Christchurch City Council (CCC) manages the Trust's financial instruments in accordance with CCC's policies. Both the Trust and CCC are risk averse and seek to minimise exposure from treasury activities.

Interest rate risk
The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council's investment policy.

Credit Risk
Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable.

The Trust banks solely with Bank of New Zealand (BNZ) and therefore credit risk is concentrated with BNZ. BNZ has a AA- credit rating with Standard and Poor's (Australia) Pty limited.

8. Post balance date events

There were no events known to the Trustees occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

9. Contingencies

The Christchurch Agency For Energy Trust has no contingent assets or liabilities as at 30 June 2012. (2011 Nil)

10. Related Party and Appointer Organisation Transactions

	2012 $	2011 $
Revenue from related parties and appointer organisations		
Project & administration funding from CCC	532,500	793,125
Project contributions and donations from Solid Energy NZ Ltd	70,000	10,000
Project contributions and donations from Orion NZ Ltd	100,000	100,000
Project contributions and donations from Meridian Energy Ltd	101,260	100,000
Project contributions and donations from Energy Efficiency and Conservation Authority	160,630	-
Project contributions and donations from Canterbury Regional Council	40,000	40,000
	1,004,390	1,043,125
Payments to related parties		
Purchases from CCC	468	261
	468	261
Year end balances (excl GST)		
Funding due from CCC	-	60,000
Funding due from Energy Efficiency and Conservation Authority	166,750	-

In addition to project and administration funding, the Christchurch City Council provides administrative and financial support to the Trust at no cost.

11. Legislative Requirement

The Local Government Act 2002 requires the Trust to submit half year accounts and a statement of Intent to Christchurch City Council within specified timeframes. For the 2011/12 financial year, the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its stakeholder.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Christchurch Agency for Energy Trust's financial statements and statement of objectives and performance for the year ended 30 June 2012

The Auditor-General is the auditor of Christchurch Agency for Energy (the Trust). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 4 to 13, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Trust on page 7.

Opinion

In our opinion:

- the financial statements of the Trust on pages 4 to 13:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position as at 30 June 2012; and
    - financial performance for the year ended on that date; and
- the statement of objectives and performance of the Trust on page 7:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 18 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

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 financial statements and statement of objectives and performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of objectives and performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of objectives and performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of objectives and performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trustees;
- the adequacy of all disclosures in the financial statements and statement of objectives and performance; and
- the overall presentation of the financial statements and statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of objectives and performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its objectives and performance achievements.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and a statement of objectives and performance that are free from material misstatement, whether due to fraud or error.

The Trustee's responsibilities arise from the Local Government Act 2002 and clause 13.4 of the Trust Deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, clause 13.5 of the Trust Deed of the Trust and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

RICCARTON BUSH TRUST

EST.1914

Lophomyrtus obcordata in Riccarton Bush.
New Zealand Myrtle. Rohutu

ANNUAL REPORT 2012

OUR VISION

That Riccarton Bush, House and Gardens is the Premier Natural and Cultural Heritage site in Christchurch and Canterbury.

KEY OBJECTIVES

- To protect and enhance the indigenous flora, fauna and ecology of Riccarton Bush.
- To conserve Deans Cottage, Riccarton House and their grounds with Riccarton Bush and the Deans family history.
- To encourage public use and participation of the reserve and to inform visitors about the natural, Maori, and colonial heritage of Christchurch.

CONTENTS

Tilia petiolaris.
Silver Pendant Lime
Planted in the house grounds in 1855

RICCARTON BUSH TRUST

Report from the Chairman & the Manager

The Board's main focus during the YE June 2012 has been to work with the earthquake recovery Project Manager, John Radburn of Insight-Unlimited to make Riccarton House secure and to prepare for the repair process.

Following a structural engineering review of damaged Riccarton House and some temporary fixing and bracing, the Manager has had continued access to his office whilst Taste Catering have also enjoyed continued access to the commercial kitchen and to their office. This has helped both parties enormously giving Taste Catering the confidence to purchase and erect a semi-permanent 15m x 10m Marquee adjacent to Riccarton House and the rose garden, and to continue trading almost "as normal" over the spring/summer/autumn months.

Over the past 12 months, Taste have, in addition to their successful and well established Saturday Farmers Market at Riccarton House, operated with the blessing of the Trust, a Sunday Artisans Craft Market at Riccarton House.

Collette Vacations out of the United States have remained committed and loyal with inbound tour groups, with the Trust giving a History Talk and mini Eco Tour of the grounds around Riccarton House followed by dinner in the Taste Marquee. The Trust is very grateful of the Collette support.

With continuing aftershocks of magnitude 6.0 on 23 December 2011; magnitude 5.48 on 2 January 2012; magnitude 5.28 on 7 January 2012; and magnitude 5.23 on 25 May 2012, damage to buildings and infrastructure throughout Christchurch has continued, including significant additional damage to the Riccarton Bush Trust Ranger house in Kauri Street, adjacent to Riccarton Bush. Apart from some additional minor damage to lathe and plaster surfaces, Riccarton House and the Deans Cottage have not incurred further damage.

From the outside Riccarton House looks remarkably good. Suffice to say that the internal damage to walls and ceilings is all somewhat depressing, albeit fixable!

Riccarton House has been closed to the public since the devastating 22 February 2011 earthquake, whilst fortuitously Deans Cottage, the oldest building on the Canterbury plains, has with the exception of a split chimney, been undamaged by all the seismic events.

During the latter part of 2011 Simon Construction, ably guided by earthquake repair Project Manager John Radburn and his team from Insight-Unlimited, have secured chimney masonry and constructed ply protection linings over all heritage timber surfaces including the wonderful oak panelled entry hall and foyer, in readiness for repairs to start.

Regrettably, the on-going and sizeable seismic aftershocks have tempered the confidence of insurers, resulting in Contracts Works Insurance only becoming available in late June. This will enable the Trust to carry out the earthquake repairs on Riccarton House which is currently classed as an earthquake prone building (less than 34% N.B.S.) in accordance with the revised building code of 2011.

New buildings at 100% NBS are currently being built in the city as these are a lesser insurance risk during construction and are more robust once completed.

The Trust has taken professional advice on the costs and benefits of carrying out the earthquake repairs at a level of 67% NBS (and above) or to go to 100% NBS, and has resolved to comply with the minimum legal requirement of 67% through the installation of structural ply panels to many of the downstairs walls. The ply will be covered by gib board replacing the failed lath and plaster. Under the 67% structural strengthening regime the wonderful entry hall/foyer oak panelling will not be removed or affected.

The Resource Consent for carrying out the earthquake repairs was lodged with the Christchurch City Council in May 2012. Project Managers Insight-Unlimited are working closely with the Council and Heritage Advisers so that the building code compliance issues including disability access; smoke stop doors (fire compartments); emergency lighting etc., triggered by the Resource Consent, are sympathetically dealt with.

Our Governance

Riccarton Bush Trust Board June 2012

Back Row Standing:
P. Laloli; B. Shearing; J. Moore (Ranger); M. Mora (Vice Chairman); T. Gemmill; J. Ren (Accountant)
Front Row Seated:
B.Molloy; R. Dally (Manager); C. Deans (Chairman); P. Wilson.
Absent:
J. Chen; G. Phillipson

The main governance issues for the Board during the year have included:

- Progressing the first floor heating and commercial kitchen refurbishment projects to the stage of having secured Resource Consent for both projects.
- Working closely with the earthquake recovery Project Managers, Insight-Unlimited to ensure that repairs are undertaken expeditiously, and in sympathy with the Category 1 heritage fabric of the buildings.
- Fine tuning budgets and the Statement of Intent (SOI) so that the Trust continues to operate as efficiently and effectively as the changed circumstance permit.
- Commencing work on the Management Plan, a requirement of the Amendment to the Riccarton Bush Act which is currently at the Parliamentary Select Committee stage.

Our Visitors

Sadly with Riccarton House closed during the period under review, the daily (except Saturday) guided Heritage House Tours have fallen by the wayside along with the majority of inbound tour groups with the exception of Collette Vacations as previously mentioned.

School parties have regrouped and are now making regular visits to Deans Cottage and Riccarton Bush either with the trust Ranger or with Canterbury Museum Educators.

The Ranger has also done the occasional Eco tour with a number of other interested groups.

The bush track counter is recording between 3000 and 5000 visitors to the Bush monthly with the higher numbers corresponding with the summer months.

The Saturday Christchurch Farmers Market at Riccarton House continues to attract a strong and regular following with seasonal summer peaks whilst the Sunday Artisans Craft Market at Riccarton House is growing slowly.

The semi-permanent Taste Marquee at Riccarton House has been popular over the spring/summer/autumn months with functions and dinner's etc. winding down over the colder winter months.

The Annual Scottish Cultural festival and Community board sponsored Garden Gala Event had fine days and good attendances.

Christchurch Farmers Market at Riccarton House

A Wee Dram.
Canterbury Scottish Cultural Festival

Taste Marquee at Riccarton House

Highland Dancing
Canterbury Scottish Cultural Festival

Our Heritage Houses

The Annual Report 2011 stated that “repairs should be completed by late 2012.” Because of the difficulty securing Contract Works Insurance along with the other plethora of work in dotting “i’s” and crossing “t’s” with regard to chimney reconstruction design; structural strengthening design; disability access; fire safety; emergency lighting etc. triggered by the Resource Consent process, no actual repair work has been undertaken.

Simon Construction was on site during the latter months of 2011 installing protection works in preparation for repairs to commence. The protection works primarily comprised the ply lining of all timber panelling, architraves, wardrobes etc.

Because of all these works and the fact that Riccarton House was yellow stickered by CERA (the earthquake recovery authority) allowing limited business access only, and no public access, the house has been closed during the period under review.

Whilst Deans Cottage has a fractured chimney (temporarily secured) it has suffered no further damage and has remained open daily throughout the period.

At the time of writing this report, Insight-Unlimited have advised that the Resource Consent and Building Consent for repairs to Riccarton House were due in early July 2012.

With Contract Works Insurance now available and with the consenting process almost completed, the Board is looking forward to repairs being completed during the 2012/2013 financial year.

Pre Earthquake Repair Protection Works
in Riccarton House Entry Hall.

Deans Cottage May 2012

The annual houses wash down and touch up paint as part of the Trust’s 8 year house painting Contract has again been deferred this year pending earthquake repairs.

Whilst the Rangers house at 21 Kauri Street suffered some moderate damage from the September 2010 and February 2011 earthquakes, the most significant damage was caused by the 23 December 2011 earthquake when the southern double brick wall was significantly structurally compromised.

The Ranger house (as a residential dwelling) enjoys continued insurance cover but it is worrying to note that both Riccarton House and Deans Cottage remain uninsured for material damage, despite much effort to secure cover.

Our Bush and Our House Grounds

The long awaited Plan Change 44 giving better protection from building encroachment on the Bush boundaries has finally been approved by the Council on the recommendation of Commissioner Ken Lawn. This was wonderful news for the Trustees who have fought long and hard to achieve this outcome. We also thank the council and Council Planners for their support with these new planning rules.

The perimeter fence was continued to provide a heightened level of security to the site with the added bonus of desire line elimination. The desire line tracks had previously caused root zone compaction around several protected trees and pugged up areas of turf during wet periods. The Trust has only received two complaints during the period under review, that grounds access had been compromised through the lack of gates at the northern and southern road boundaries. The fact that there has been much on-going complimentary feedback on the boundary fence and its positive attributes has heavily outweighed any negativity.

Ranger John Moore and Ranger's Assistant Shane Dunnings have worked tirelessly to have the Bush predator free as at 30 June 2012. There were a small number of unexplained rat outbreaks during the year, brought under control through targeted baiting. Well done team.

In May 2012 the wanton actions of vandals almost caused a major conflagration in the south west corner of the bush. Quick action by two young women in alerting Ranger John Moore who called the emergency 111 number averted a major bush fire. As it was, a portion of the timber boardwalk that was badly damaged needed replacement and a 200 year old Kahikatea was badly scorched and may die. Police have video footage of the suspects.

In partnership with DOC and the New Zealand Conservation Trust, five kiwis were crèched in the Bush during the period, and were released back to the wild in February 2012. No kiwi are over-wintering in the Bush as at 30 June 2012.

Our gardener Alan Bowles continues to do a fantastic job in the gardens of the house grounds, with incremental improvement in most areas. Thanks Alan.

Curly Root Kahikatea &
Bush Visitors

Riccarton House Grounds

The August 2011 and June 2012 snowfalls created significant damage to the ground trees and shrubs and to the bush trees with a hefty bill for arboriculture work to make safe.

The track counter in Riccarton Bush tells us that some 43,978 people visited the Bush during the period under review and that is truly remarkable.

It is a haven away from the noises and worries of the world and offers natural respite to many of our earthquake weary residents.

Our People

We wish to sincerely acknowledge and thank the Riccarton Bush Trustees and the staff of Riccarton House and Bush for their collective commitment and contributions from governance to leaf blowing; from advocacy to passion for the site.

During the year there were a number of Trustee changes, as follows:

- Greg Phillipson spent his first full year on the Trust Board following appointment in late June 2011.
- Trustee Ishwar Ganda passed away unexpectedly in March 2012.
- New trustee Peter Laloli, a long time Riccarton/Wigram Community Board Member, was appointed by the Community Board in June 2012 to fill the vacancy on the Riccarton Bush Trust Board caused by the passing of Ishwar Ganda. We wish Peter all the best for his term on the Trust Board.

There have been no changes to the staff team at Riccarton House and Bush during the period under review.

The Trust continues to be blessed with good practical support from the staff team of Christchurch City Council. Special thanks to Diane Brandish, Jamie Ren and Adrian Seagar (financial); Robert O'Connor and Vivienne Wilson (Legal); Peter Wills (Property).

Special thanks to Loranne Bayford for her word processing / graphics skills in the production of Board and Annual Reports, and to Jan Dally for her photography skills.

Shane Dunnings, Trust Ranger's Assistant

Alan Bowles, Trust Gardener

Our Supporters

The Christchurch City Council is the statutory and primary funder of the Riccarton Bush Trust. The Trust wishes to acknowledge the on-going support of the Council throughout what can only be described as an extraordinary and tumultuous year for the Council post-earthquake.

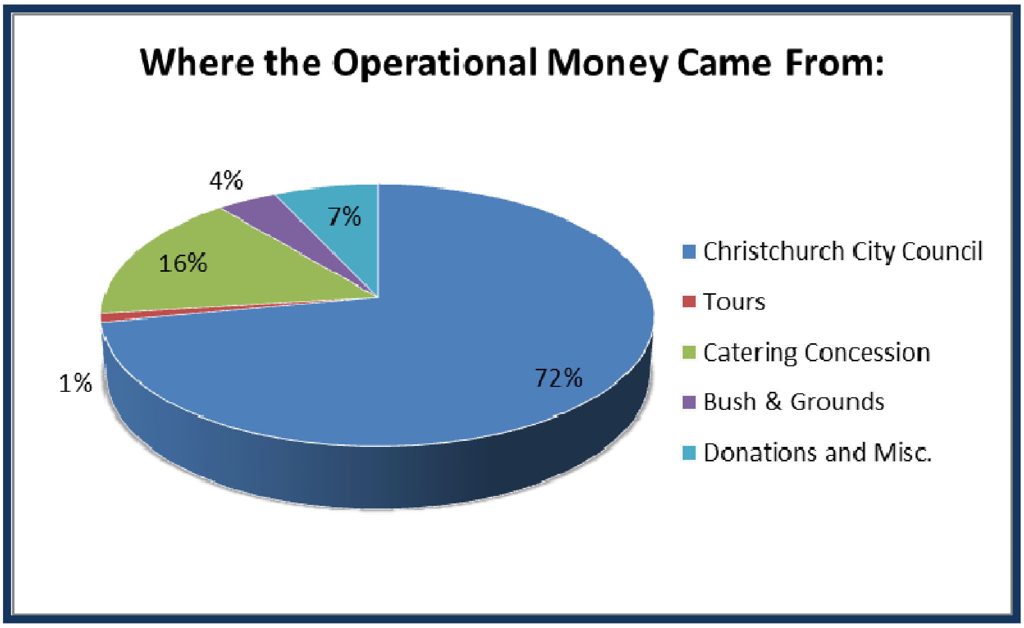
Special thanks also go to the following supporters of the Riccarton Bush Trust:

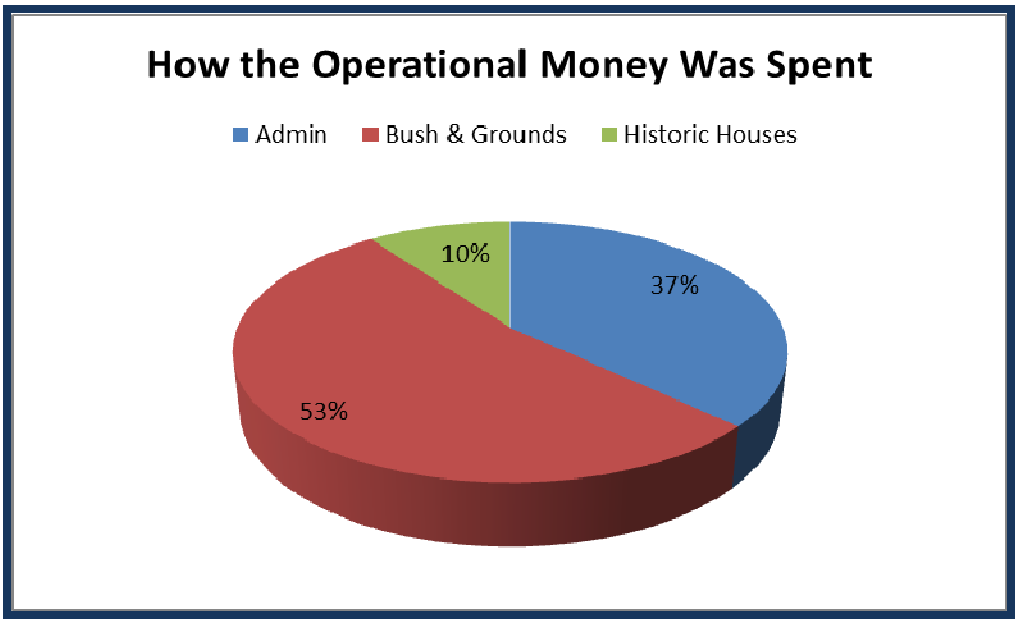
- John Radburn and Alan Brown at Insight-Unlimited for their tenacity to get the earthquake repair process under way.
- Carolyn McKenzie from Aon Insurance Brokers who fought against all odds to secure Contract Works Insurance for the Trust.
- Tim Stephenson of Cunningham Lindsey, Loss Adjuster for the Trust.
- Jamie Bennett and Sam Marchant Directors of Taste Catering, who just keep “hanging in”.
- All those people, known and unknown who share our love of the site and who donate antique memorabilia to the Trust; who act as unofficial honorary Rangers; who donate goods / services, who put much needed contributions in the donation boxes.

Our Finances

The Trust has recorded a net surplus (after depreciation and projects) of $209,215 for the YE 30 June 2012 compared with a forecast of $189,399 and the earthquake recovery inflated actual of $1,012,680 for the previous year. This year’s surplus is positively affected by a one off gain of $250,000 on the revaluation of land and buildings. Without the non-cash revaluation gain, the Trust would have incurred a deficit of (-$40,785) for the YE 30 June 2012.

As a guide to the nature and scope of operational income and expenditure, the pie charts below detail the various ratios.





The Riccarton Bush Trust was registered as a charitable entity in accordance with the Charities Act 2005, on 26 May 2008.

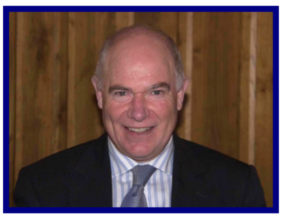
Looking Forward

With the local seismic activity diminishing and with Contracts Works Insurance and consents in place for earthquake repairs to commence in July 2012, the Trust can look forward more positively to the 2012/13 year. There will still be challenges ahead in prioritising elements of the repairs so as to minimise the impact on Taste Events, and to maximise a return to business as usual for both Taste and the Trust. There will also be challenges in securing affordable "all risks" insurance cover.

The Trust's main focus will be to get Riccarton House reopened just as soon as we can, albeit likely on a progressive basis, complete with under floor heating and a refurbished commercial kitchen, in time for the centennial celebration of the Trust in 2014.

Other tasks remain including:

- The Bus turn/park and upgrading of the driveway.
- Development of a site Management Plan.
- Updated Conservation Plans
- A review of visitor experiences.
- The planning of a function to celebrate the rebuild and the centenary of the Trust in 2014.



Charles Deans
Chairman

Rob Dally
Manager

Annual Financial Statements

for the year ended
30 June 2012

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Directory

ADDRESS

16 Kahu Road
PO Box 8276
Christchurch

TRUSTEES

BANKER

Bank of New Zealand
Christchurch

SOLICITOR

Meares Williams
Christchurch

AUDITOR

Audit New Zealand on behalf of the
Auditor General

Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue from operations	2	74,979	71,965
Other income	2	584,716	2,021,147
		659,695	2,093,112
Employee benefits expense	3	200,019	201,483
Depreciation and Impairment	3	134,695	763,021
Other expenses	3	115,765	115,928
		450,479	1,080,432
Net Surplus/(Deficit) for period		209,216	1,012,680
Property, Plant and Equipment impairment loss		-	452,163
Property, Plant and Equipment revaluation gain		270,000	-
Total Comprehensive Income		479,216	560,517

For and on behalf of the Board of Trustees which authorised the issue of the financial report on:

Date	20/09/2012
Chairman	
Manager	

The accompanying accounting policies and notes form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2012

	Retained earnings $	Other reserves $	Total equity $
Balance at 30 June 2010	919,511	5,629,000	6,548,511
Surplus/(deficit) for the year	1,012,680	-	1,012,680
Transfer to/(from) Retained Earnings	(10,000)	10,000	-
Impairment losses charged to revaluation reserve		(452,163)	(452,163)
Balance at 30 June 2011	1,922,191	5,186,837	7,109,028
Surplus/(deficit) for the year	209,216	-	209,216
Gain/(loss) on property revaluation		270,000	270,000
Balance at 30 June 2012	2,131,407	5,456,837	7,588,244

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position
As at 30 June 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents	5	499,267	587,415
Trade and other receivables	7	1,746,818	1,714,673
Inventories	6	946	560
Total current assets		2,247,031	2,302,648
Non-current assets			
Property, plant and equipment	8	5,416,900	4,964,736
Total non-current assets		5,416,900	4,964,736
Total assets		7,663,931	7,267,384
Current liabilities			
Trade and other payables	9	42,054	131,155
Provisions	10	33,633	27,201
Total current liabilities		75,687	158,356
Total liabilities		75,687	158,356
Net assets		7,588,244	7,109,028
Equity			
Reserves	11	5,456,837	5,186,837
Retained earnings	12	2,131,407	1,922,191
Total equity		7,588,244	7,109,028

The accompanying accounting policies and notes form part of these financial statements.

Statement of Objectives and Performance

For the year ending 30 June 2012

The following summarises the Trust's performance against the objectives for the year.

Financial Performance Targets

	Actual $'000s	Target $'000s
Revenue	660	610
Operating Expenses	450	423
Operating surplus (deficit) before depreciation	209	189

Actual Revenue includes a $250,000 gain from the year end revaluation for Riccarton House and Dean's Cottage reversing a portion of the impairment charge incurred in the 2010-11 financial year. The Trust expected to receive $262,000 in Grants Revenue from Christchurch City Council which did not occur because of delay on capital projects due to the 2010-11 earthquakes.

As a result of the year end revaluation, there is a $96,000 impairment loss on Ranger's House increasing the total operating expenses to $450,000.

Project Performance Targets

Target:	2012 Actual	2012 Performance Measure
Improve landscape in front of Riccarton House	Landscape enhancement plan completed	Target Achieved
Management Plan for Riccarton House and Bush as required by the new amendment to the Riccarton Bush Act	Process for plan adopted by Board; Working Party established and work under way	On Target
Upgrade of commercial kitchen	Design and specification completed and tendered; resource consent obtained; installation delayed due to earthquake repair process	On Target

Environmental and Social Performance Targets

Target:	2012 Actual	2012 Performance Measure
Continue the successful partnership with D.O.C. and Operation Nest Egg and the Kiwi Crèche in Riccarton Bush.	5 Kiwi successfully Crèched during the winter/spring of 2011; completing this year's partnership undertaking with D.O.C	Target Achieved
Resolve non performing Council administered asset waterway in and adjacent to Riccarton Bush	Council has re-surveyed the Kauri Drain asset waterway with a view to removing the stones/debris and re-levelling the asset waterway	On Target
Qualified survey of Bush conditions and trends	Trustee Dr Brian Molloy has initiated this project with Dr. David Norton, School of Forestry, Canterbury University.	On Target

Notes to the Financial Statements

1. Statement of Accounting Policies

Reporting entity

Riccarton Bush Trust operates under the Riccarton Bush Act 1914 and is a Council Controlled Organisation under the Local Government Act 2002. The Trust manages property in Riccarton. The property consists of Riccarton historic house, cottage and grounds, a residential house and conservation bush.

The major source of income is from an operating levy and an additional grant received annually from Christchurch City Council, and from grants and donations and rents from use of the properties.

The financial statements of the Trust are for the year ended 30 June 2012. The financial statements were approved for issue by the Board of Trustees on 20 September 2012.

(a) Basis of preparation

The financial statements of Riccarton Bush Trust have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Differential Reporting
Riccarton Bush Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets.

The reporting currency used in the preparation of these financial statements is New Zealand dollars, rounded to the nearest dollar.

The accounting policies have been consistently applied to all periods that the financial statements cover.

(b) Revenue

Grants/Levies
Grants received from the Christchurch City Council are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Riccarton Bush Act. The Trust also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

Council, Government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grant received in advance, and recognised as revenue when conditions of the grant are satisfied.

Other Revenue
Revenue is measured at the fair value of consideration received.

Interest income is recognised using the effective interest method.

(c) Property, plant and equipment

Land, site improvements and buildings are shown at fair value, based on periodic (every three years) valuations by an external independent valuer less subsequent depreciation and impairment.

All other property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions
The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

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 Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Depreciation
Land and Antique furniture are 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.

The useful lives of major classes of assets are as follows:

• Buildings	30-100 yrs
• Furniture and fittings	10 yrs
• Plant and equipment	3-30 yrs
• Land improvements	5-100 yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

(d) Trade and other receivables

Trade and other receivables are stated at their expected realised value after writing off of any known bad debts and making a provision for doubtful debts which may prove irrecoverable in subsequent accounting periods.

(e) 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.

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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with original maturities of 3 months or less.

(g) Impairment

Assets are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(h) Provisions

A provision is recognised in the balance sheet when the Trust 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 obligation.

(i) Employee entitlements

Provision is made in respect of the Trust's liability for the short-term employee entitlements.

Liabilities for annual leave and time off in lieu are accrued at the full amount owing at the pay period ending immediately prior to the balance sheet date.

Liabilities for accumulating short-term compensated absences are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to 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.

Provisions made in respect of employee benefits which are not expected to be settled within 12 month are measured as the present value of the estimated future cash outflows to be made by the Trust in respect of services provided up to balance date.

(j) Income tax

The Inland Revenue Department (IRD) has confirmed that the Riccarton Bush Trust has charitable status for tax purposes and therefore, is not liable for income tax.

(k) 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.

(l) Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values
At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programmes;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales;

The Trust has not made significant changes to the past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 8.

(m) Critical judgement in applying the Trust's accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

2. Revenue and other income

	2012 $	2011 $
Revenue from operations		
Rents and commission - Riccarton House	67,468	51,008
Heritage income - Riccarton House	4,749	17,610
Sale of plants	1,024	1,505
Book sales	1,738	1,842
	74,979	71,965
Other Income		
Rents - dwelling	9,360	9,362
Donations and sundry income	29,329	21,493
Levy - Christchurch City Council	108,310	108,310
Grants - Christchurch City Council	167,520	159,490
Reversal of Impairment	250,000	-
Interest received	11,719	9,222
Insurance Recoveries	8,478	1,713,270
	584,716	2,021,147
Total revenue	659,695	2,093,112

RH &B

3. Expenses

	Note	2012 $	2011 $
Employee benefits expense:			
Administration		62,921	65,406
Riccarton House		838	6,087
Bush and Grounds		128,068	121,950
Trustee		8,192	8,040
		200,019	201,483
Depreciation and impairment of non-current assets:	8		
Land improvement		4,919	4,919
Buildings		3,897	26,749
Furniture & fittings		6,161	6,553
Plant & equipment		23,942	28,865
Impairment of property, plant & equipment		95,776	695,935
		134,695	763,021
Other Expenses:			
Administration:			
ACC levy		1,136	1,293
Administration charge		14,000	14,000
Board, legal and other expenses		1,242	2,551
Miscellaneous expenses		9,908	8,746
Promotions		880	9,842
Rates		2,412	2,354
Stationery		2,845	1,786
		32,423	40,572
Riccarton House:			
Electricity		8,868	9,703
Insurance		458	(8,328)
Maintenance - building		19,525	25,788
Maintenance - equipment and furniture		610	3,736
Miscellaneous expenses		411	707
		29,872	31,606
Bush and Grounds:			
Maintenance		26,686	19,898
Miscellaneous expenses		6,351	5,989
Security		5,889	5,889
Telephone		953	849
		39,879	32,625
Dwelling:			
Insurance		758	204
		758	204
Miscellaneous expenses:			
Merchandise cost of sales		528	1,272
Write-down of inventory to net realisable value		25	149
Auditors' remuneration	4	12,280	9,500
		12,833	10,921
Total Other expenses		115,765	115,928
Total expenses		450,479	1,080,432

4. Remuneration of auditors

	2012 $	2011 $
Audit New Zealand		
Audit of financial statements	12,280	9,500
	12,280	9,500

The auditor of Riccarton Bush Trust is the Auditor-General. The Auditor-General has appointed Audit New Zealand to undertake the audit.

The 2012 expense includes additional 2011 audit costs of $1,950. The increase in the 2011 audit fee was a result of the additional work required as a result of the Canterbury earthquakes.

5. Cash and cash equivalents

	2012 $	2011 $
Cash at bank and in hand	126,716	210,263
Deposit on call	372,551	377,152
	499,267	587,415

6. Inventories

	2012 $	2011 $
Book Stock on hand - at net realisable value	946	560
	946	560

7. Current trade and other receivables

	2012 $	2011 $
Debtors and Accruals	22,885	1,403
Insurance recoveries receivable	1,723,933	1,713,270
	1,746,818	1,714,673

(a) Bad and doubtful trade receivables
There is no loss (2011: Nil) recognised in respect of bad and doubtful trade receivables during the year ended 30 June 2012. The allowance for doubtful debts has been calculated based on expected losses for the Trust's pool of debtors. Expected losses have been determined based on an analysis of the Trust's losses in previous periods, and review of specific debtors.

8. Property, plant and equipment

	Land & Land Improvement at fair value	Buildings at fair value	Furniture & fittings at cost	Plant & equipment at cost	Antique furniture at cost	Movement in WIP	Total
	$	$	$	$	$	$	$
Gross carrying amount:							
Balance at 01 July 2010	4,387,177	1,318,865	109,885	593,863	182,079	36,105	6,627,974
Additions	-	-	-	13,310	-	-	13,310
Movement in WIP	-	-	-	-	-	15,764	15,764
Balance at 30 June 2011	4,387,177	1,318,865	109,885	607,173	182,079	51,869	6,657,048
Additions	-	-	-	273	-	-	273
Movement in WIP	-	-	-	-	-	66,586	66,586
Balance at 30 June 2012	4,387,177	1,318,865	109,885	607,446	182,079	118,455	6,723,907
Accumulated depreciation, amortisation and impairment:							
Balance at 01 July 2010	(2,522)	(53,422)	(85,456)	(335,728)	-	-	(477,128)
Depreciation expense	(4,919)	(26,749)	(6,553)	(28,865)	-	-	(67,086)
Impairment losses charged to profit	-	(685,501)	(3,106)	(7,328)	-		(695,935)
Impairment losses charged to revaluation reserve	-	(452,163)			-		(452,163)
Balance at 30 June 2011	(7,441)	(1,217,835)	(95,115)	(371,921)	-	-	(1,692,312)
Revaluation gain charged to other income	-	250,000	-	-	-	-	250,000
Depreciation expense	(4,919)	(3,897)	(6,161)	(23,942)	-	-	(38,919)
Impairment losses charged to profit	-	(95,776)	-	-	-	-	(95,776)
Revaluation gain charged to revaluation reserve	270,000	-	-	-	-	-	270,000
Balance at 30 June 2012	257,640	(1,067,508)	(101,276)	(395,863)	-	-	(1,307,007)
Net book value as at 30 June 2011	4,379,736	101,030	14,770	235,252	182,079	51,869	4,964,736
Net book value as at 30 June 2012	4,644,817	251,357	8,609	211,583	182,079	118,455	5,416,900

Land, site improvements and buildings were revalued at fair value at 30 June 2012 by an external independent valuer (Knight Frank Valuation & Consultancy).

9. Current trade and other payables

	2012	2011
	$	$
Trade payables	26,779	134,717
GST payable	4,365	(13,062)
Audit Fee	10,330	9,500
Revenue in advance	580	-
	42,054	131,155

10. Current provisions

	2012 $	2011 $
Employee benefits	21,724	16,262
Provision for Retirement gratuity	11,909	10,939
	33,633	27,201

11. Reserves

Gawith Deans Family Trust donated $16,100 during the 2011/12 financial year to be used for a replacement switchboard for Riccarton House.

	Special funds $	Asset revaln $	Capital reserve $	Total $
Balance at 01 July 2010	50,015	4,497,819	1,081,166	5,629,000
Gain/(loss) on property revaluation	-	-	-	-
Transfer from retained earnings	10,000		-	10,000
Impairment losses charged to revaluation reserve	-	(452,163)	-	(452,163)
Balance at 30 June 2011	60,015	4,045,656	1,081,166	5,186,837
Gain/(loss) on property revaluation	-	270,000	-	270,000
Transfer from retained earnings	-	-	-	-
Impairment losses charged to revaluation reserve	-	-	-	-
Balance at 30 June 2012	60,015	4,315,656	1,081,166	5,456,837

12. Retained earnings

	2012 $	2011 $
Balance at beginning of financial year	1,922,191	919,511
Surplus/(deficit)	209,216	1,012,680
Transfer to/(from) special funds reserve	-	(10,000)
Balance at end of financial year	2,131,407	1,922,191

13. Financial instruments

Financial instruments are Cash and cash equivalents (see Note 5).

Risk
The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities.

Interest rate risk
The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council's investment policy.

Credit Risk
Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash , short term investments and accounts receivable.

The Trust banks solely with Bank of New Zealand (BNZ) and therefore credit risk is concentrated with BNZ. BNZ has a AA- (2011: AA) credit rating with Standard and Poor's (Australia) Pty limited.

14. Commitments for expenditure

	2012 $	2011 $
Lease commitments:		
Not later than one year	1,128	1,128
Later than one year and not later than five years	282	2,538
	1,410	3,666
Other expenditure commitments:		
Not later than one year	16,108	16,108
Later than one year and not later than five years	16,108	32,216
Later than five years	-	-
	32,216	48,324

The total non-cancellable operating lease amount relates to the lease of a digital copier. The lease expires in September 2013.

The Trust has entered into a 7 - years maintenance contract with Programmed Maintenance Services Ltd. , starting 2008.

15. Contingencies

Riccarton Bush Trust has no contingent liabilities as at 30 June 2012 (2011: Nil). There are no contingent assets as at 30 June 2012 (2011: Nil).

16. Related party transactions

Christchurch City Council
The Trust receives a significant amount of operating grants from the Christchurch City Council to deliver its objectives as specified in the Riccarton Bush Act, refer Note 2.

During 2011/12, the Trust purchased services including insurance, accounting services, telephone/fax charges, rates and resource consent fees worth $28,192 (2011: $113,228) from the Council.

Vbase Ltd.
The Trust purchased catering services from Vbase Ltd a company owned by Christchurch City Council. During 2011/12, the Trust purchased services worth $888 (2011: Nil) from Vbase Ltd.

17. Post balance date events

There were no significant events after the balance sheet date.

18. Capital management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The Riccarton Bush Act requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

19. Legislative requirements

The Local Government Act 2002 requires the Trust to submit half year accounts and a Statement of Intent to its shareholder within specified timeframes. For the 2011/12 financial year the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its shareholder.

20. Impact of Canterbury Earthquakes

In the 2011 financial statements the Trust impaired its assets by $1,148,098 as a result of earthquake damage to the assets. One year on the Trust as described below has been able to revalue its land and buildings in accordance with NZ GAAP and its accounting policies.

Asset Impairment

As at 30 June 2012 the Trust had its assets revalued by Mr William Blake of Knight Frank Valuation & Consultancy for the purposes of its financial statements. This valuation provided The Trust with the current market value for its assets.

The impact of the valuation is outlined below:

	Book Value (pre valuation) 30 Jun 12	Estimated (Depreciated) Replacement Cost 30 Jun 12	Cost of Repair	Gain on Revaluation	Impairment	Book Value 30 Jun 12
Riccarton House	-	2,000,000	1,760,000	-	240,000	240,000
Historic Cottage	-	100,000	90,000	-	10,000	10,000
Dwellings	95,776	60,000	110,000	-	(95,776)	-
Garage	1,357	-	-	-	-	1,357
Furniture & Fittings - Riccarton House	8,609	-	-	-	-	8,609
Antique Furniture & Fittings	182,079	-	-	-	-	182,079
Plant & Equipment - Bush	189,976	-	-	-	-	189,976
Plant & Equipment - Riccarton House	21,608	-	-	-	-	21,608
Land	4,374,816	4,644,816	-	270,000	-	4,644,816
WIP	118,455	-	-	-	-	118,455
	4,992,676	6,804,816	1,960,000	270,000	154,224	5,416,900

The estimated cost of repair to the Trust's assets has been calculated by the project manager (John Radburn of Insight Unlimited) who is a joint appointment by the insurers and Christchurch City Council. He has completed detailed site inspections and recording of damage and has compiled preliminary estimates of repairs against the known damage and projected specifications and scopes of repair.

Council's loss adjuster Cunningham Lindsey has advised the insurers that the project manager is, in their view, the most informed and competent party to provide estimates and therefore the Trust is using these as the basis for recording asset impairment and expected recoveries.

The table above shows the assets that $250,000 of the 2011 impairment charge in relation to the House and Cottage has been reversed while an additional impairment charge of $95,776 was required for the Rangers Cottage. The impairment charge taken in 2011 eliminated the revaluation reserve relating to buildings and an expense was recognised surplus of $695,935. The net effect of the 2012 revaluation on buildings is an impairment recovery of $154,224. A further $541,711 impairment recoveries will be required before a revaluation reserve in relation to buildings can be recognised.

Insurance Recoveries

Insurance recoveries can be recognised when they are considered receivable rather than when actually received. An insurance recovery should be considered receivable when the insurer has confirmed acceptance of the claim. As Cunningham Lindsey has advised that the claim has been accepted, the Trust has recorded the expected insurance recovery as revenue in the 2010/2011 financial year.

The current estimated cost to repair is $1,834,940 based on information provided by Insight Unlimited and accepted by Cunningham Lindsey (refer above) remained unchanged from the 2011 estimate. However this includes an estimate of $77,740 for strengthening requirements that is yet to be confirmed by structural engineers and which has not yet been agreed to by the insurers and, thereby has been removed from the calculation. As the Trust's insurance excess is 2.5% of the claim amount this means that $1,713,270 has been recognised in the Statement of Financial Performance as revenue and in the Statement of Financial Position as a receivable.

	$
Estimated cost of repair	1,834,940
less strengthening not covered	77,740
Covered by insurers	1,757,200
Insurance excess @ 2.5%	43,930
Recovery to recognise	1,713,270

As the table above shows, the Trust will be liable for a total of $121,670 for strengthening works and the excess on the insurance claim and consideration needs to be given as to how this will be funded.

Despite the damage to the Trust's assets and additional costs faced, the Trust remains committed to the restoration and on-going operation of the heritage buildings of Riccarton House and Deans Cottage and their grounds, as well as the conservation of Riccarton Bush.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Riccarton Bush Trust's financial statements and statement of objectives and performance for the year ended 30 June 2012

The Auditor-General is the auditor of Riccarton Bush Trust (the Trust). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 14 to 16 and 18 to 27, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the statement of objectives and performance of the Trust on page 17.

Opinion

In our opinion:

- the financial statements of the Trust on pages 14 to 16 and 18 to 27:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position as at 30 June 2012; and
    - financial performance for the year ended on that date; and

- the statement of objectives and performance of the Trust on page 17:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 20 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

Basis of opinion

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 financial statements and statement of objectives and performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of objectives and performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of objectives and performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of objectives and performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Board of Trustees;
- the adequacy of all disclosures in the financial statements and statement of objectives and performance; and
- the overall presentation of the financial statements and statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of objectives and performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its objectives and performance achievements.

The Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of objectives and performance that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

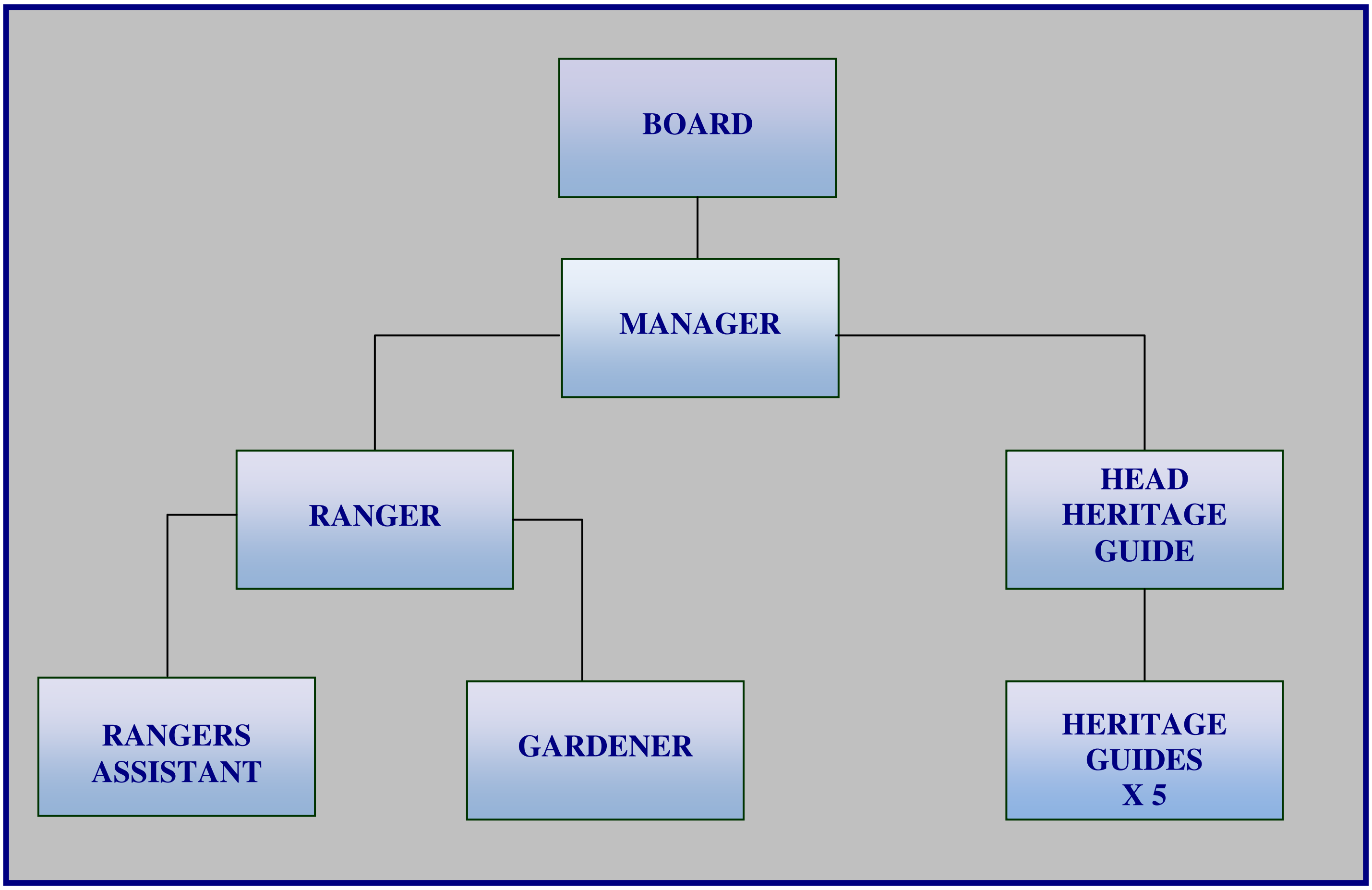
Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

RICCARTON HOUSE & BUSH ORGANISATION CHART As at 30 June 2012



Riccarton Bush Fire, May 2012

GOVERNANCE AND STAFFING AT 30 JUNE 2012

CHAIRMAN	Mr Charles Deans
DEPUTY CHAIRMAN	Mr Mike Mora
TRUSTEES	Cr Jimmy Chen * Mr Tony Gemmill * Dr Brian Molloy Mr. Bob Shearing * Mr P. Laloli Mrs Pamela Wilson * Mr Greg Phillipson * Christchurch City Council Appointees
MANAGER	Rob Dally
RANGER	John Moore
RANGERS ASSISTANT	Shane Dunnings
GARDENER	Alan Bowles
HEAD HERITAGE GUIDE	Anne Robertson
HERITAGE GUIDE	Lynda Acton-Adams
HERITAGE GUIDE	Jan Dally
HERITAGE GUIDE	Ruth Deans
HERITAGE GUIDE	Betty Leggat
HERITAGE GUIDE	John Hoskin

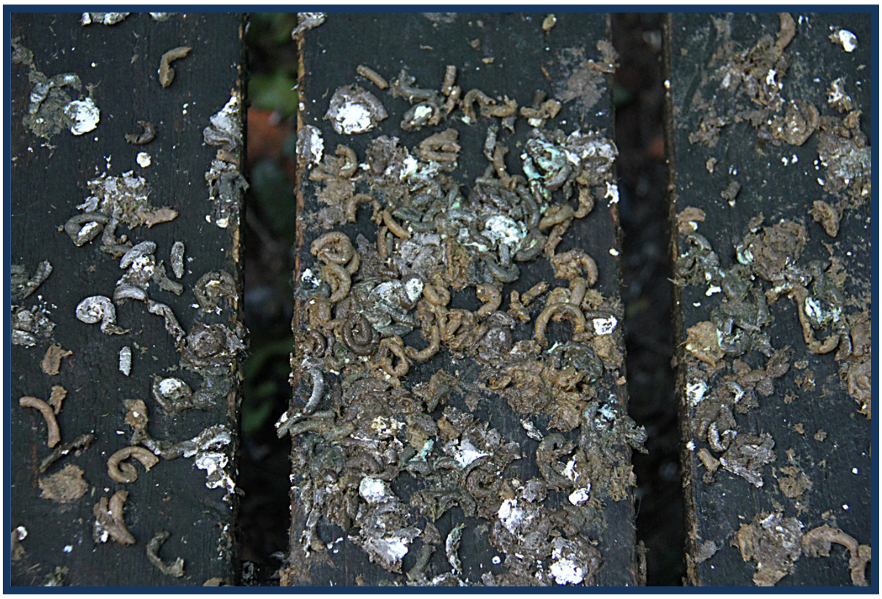
Passiflora tetrandra. Kohia in Riccarton Bush
New Zealand Native Passion Fruit

MAJOR DONATIONS AND GRANTS FOR THE YEAR ENDING 30 JUNE 2012

CHRISTCHURCH CITY COUNCIL (Grant)	**$167,520**
Gawith Deans Family Trust	**$16,100 (new switchboard for Riccarton House**
JAN DALLY	**PHOTOGRAPHY**

The Riccarton Bush Trust sincerely thanks the above individuals / groups for their generous grants/donations.

Pests in Riccarton Bush;
Feral Pigeons



Pigeon Poo on the Bush
Boardwalk

Riccarton Bush Trust
16 Kahu Road
PO Box 8276
CHRISTCHURCH

PHONE: (03) 341-1018
FAX: (03) 341-6839
EMAIL: mail@riccartonhouse.co.nz
WEB: www.riccartonhouse.co.nz

ROD DONALD BANKS PENINSULA TRUST TE PATAKA O RAIKAIHAUTU

ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2012

CONTENTS

DIRECTORY

Address	53 Hereford Street Christchurch P.O. Box 5 Little River Banks Peninsula 7591
Trustees	G Moore (Chair) C Reid S Miller S Wright-stow T Korako N Shirlaw S Mortlock
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor General
Email	*info@roddonaldtrust.co.nz*

Annual Progress Report

Financial Year June 2011-12

Introduction

The first part of the financial year was an extremely difficult one for the Trust due to the aftermath of the 22 February 2011 earthquake. The Trustees had met on the morning of 22 February in Cathedral Square, but were not able to meet again until August. By then the Trust had started to regain its momentum and it made considerable progress during the remainder of the year, including setting up its own secretariat, conducting a stocktake of the environmental work in progress on the Peninsula, setting clear strategic goals and initiating action for those goals with specific projects.

Secretariat

The Trust was pleased to contract Suky Thompson as its secretary from July 2011 after considerable search for a suitable person. In addition to providing administrative skills and office facilities, Suky Thompson brings an empathy with the objectives of the Trust and an indepth knowledge of the Peninsula built up over twenty years of work on its heritage and environmental projects.

With its secretary engaged, the Trustees were able to begin meeting regularly and the secretariat was gradually established, retrieving essential documents as they became accessible from Council staff who had serviced the Trust's administrative needs since its inception but post-earthquake were busy with more pressing matters. The Trust appreciates the support it has had from the Council Corporate Finance staff and they continue to provide accountancy and banking services. The secretary has recently been working with these staff to establish roles and a timely flow of information necessary to meet statutory reporting deadlines.

At the end of the year Suky Thompson was contracted for a further year and given the additional responsibility of managing the Trust's projects. She is contracted to work on a part time as needed basis with a guideline of approximately 2 days per week.

Initial Stocktake

From the outset, the Trust had established that it would best achieve its objectives for sustainable management and conservation of the Peninsula's natural environment and associated recreation by acting as a facilitator, conduit and connector assisting existing groups with projects that aligned to the Trust's objectives and taking a lead role only where gaps in the existing mix were identified. The initial step was therefore to conduct a stocktake to pull together a list of organisations involved with such work, learn of their projects, the issues they face and how the Trust could be of most assistance. The stocktake process identified 89 organisations (and parts of organisations) involved with these types of projects and included indepth qualitative interviews with representatives from government organisations (DOC, CCC, Ecan) working on the Peninsula environment, the two Community Boards, the five runanga, environmental scientists from both Lincoln and Canterbury universities and a wide range of community groups involved with conservation, eco-tourism, walking and cycling recreation. The interviews were then systematically analysed to determine how the Trust could position itself through a mix of direct funding of projects, initiating new projects, plugging environmental gaps in the current mix of work, and overcoming some of the systemic issues that hamper progress. The following themes emerged from the interviews indicating how the Trust could be of most assistance:

- Kotahitanga – providing an umbrella co-ordination role linking together the work of many groups and organisations to achieve collectiveness, cohesion, oneness and unity.
- Recreation leadership – to get people, particularly young people, engaged with and appreciating the environment through walking, cycling and affordable camping. Co-ordinating and facilitating a network of long distance walking and cycling routes was identified as a gap that the Trust would be in a good position to fill.
- Provision of public education - through its website, and interpretation at places such as walking tracks, campgrounds and along the lakes.
- Supporting biodiversity - through direct funding to existing organisations, particularly the Banks Peninsula Conservation Trust whose success at co-ordinating the biodiversity efforts of government and community organisations was recognised as bringing wide ranging benefits.
- Supporting sustainable community development - through direct funding projects such as the management improvements to Te Roto o Wairewa and/or facilitating a sustainable living and knowledge centre.

Strategic Goals

Upon receipt of the initial stocktake report, the Trust held a strategic planning workshop to determine whether to continue stocktaking, what mix it should adopt between leading projects and supporting others, how to allocate its funds and the relationships envisaged with other organisations. This workshop determined that sufficient stocktaking work had been completed to enable the Trust to make an effective start as the mix of projects underway had been categorised and the main environmental gaps and systemic issues groups face had been identified. From this the Trust then re-affirmed and extended its strategic goals and determined the following key pillars to underpin the delivery of its vision over the next three years:

- Access - encompassing people accessing the Peninsula environment through the provision of walkways, camping grounds and eco-tourism etc.
- Knowledge - encompassing a leadership role in knowledge sharing on environmental issues, provision of a knowledge centre, connecting people and communities, effective investments.
- Partnership **-** encompassing working with others on practical projects that they have initiated.

The Trust also made some key determinations about the use of its capital, and developed its investment policy. The key determinations were:

- Capital funds would be expended over approximately a 20 year period.
- Up to 40% would be used in the next 5 years.
- Capital would be used for projects that left an enduring legacy.
- The Trust would aim to partner with others on projects at a ratio of 1:5 (20% funder).
- Interest would fund annual operating expenditure, minor projects and grants.
- Prior to expenditure, the capital fund would be invested ethically and locally but the Trust would be able to respond rapidly if appropriate opportunities arose.

The decision to invest locally and ethically, seeking to build relationships with a range of New Zealand based financial institutions while meeting objectives of security, liquidity and income has meant that the Trust's investment policy includes making some limited investments in organisations (such as ethical investor Prometheus Finance) which fall outside the Christchurch City Council investment policy (which restricts fixed income investment to AAA- credit rated organisations only). This has involved Trustees in prolonged dialogue with Council staff and the Investment policy is awaiting approval by the Council.

Projects

During the 2011-12 year, the Trust determined to fund three projects being carried out by partners which met both its objectives and strategic goals. It has also initiated a number of projects to further establish its presence and to progress areas where it may later take a leadership role.

Publication of "Plant life of Banks Peninsula"

The Trust is the lead sponsor assisting with the publication of the book "Plant life of Banks Peninsula" by eminent Peninsula botanist Hugh Wilson. The stocktake established that Hugh Wilson's botanical guidance and his experience as the manager of the very successful Hinewai Reserve had been both innovative and inspirational to others across all the organisations working toward the sustainable management and conservation of the Peninsula. After a lightning strike had sparked a major fire through part of the upper regenerating area of the Hinewai reserve, the Trust contacted Hugh to offer its assistance. Sponsorship of the book though loan funding emerged as the optimal way to both assist and further the Trust's Knowledge pillar. With the funding secured, Hugh Wilson has been able to progress the book to the publication stage while also working on fire recovery at Hinewai. Final proofs are now in preparation for this definitive A4 size reference book which will include all the native and most exotic plants found on the Peninsula complete with colour illustrations. The loan will be made using the Trust's capital funds channelled through Prometheus finance, building relations with this ethical investor. The funds will be repaid as revenue accrues from the book sales. This will be the first loan for the Trust and work is in progress to formalise the loan mechanism.

Purchase of a strategic reserve property

The Trust is working in partnership with the DOC Nature Heritage Fund and the Joseph Langer Trust to purchase a strategic property falling with a Primary area of interest identified in the Council's Open Space Strategy and to facilitate a Primary recreation route segment. The project involves the Trust putting in a capital stake, and then assisting with local community involvement to develop and nurture the reserve. DOC would own and manage the reserve which has botanical as well as recreational value and take responsibility for installing the walking track. Capital funds are earmarked for this project which will create an enduring legacy for both conservation and recreation on the Peninsula.

Funding for Banks Peninsula Conservation Trust

The stocktake identified that funding for the Banks Peninsula Conservation Trust (BPCT) would provide the best way for the Trust to start on its biodiversity support for the Peninsula environment. A number of organisations expressed recognition for the excellent job the BPCT had been doing in co-ordinating biodiversity efforts and identified the difficulty community groups have in sourcing funding for their core administrative staff as a systemic issue. When the BPCT found itself in just this position and approached the Trust for assistance with continued funding for its co-ordinator position or face a crisis, the Trust determined to assist with a three year grant to provide the BPCT with some stability, and also to work to assist it to improve its long term sustainability and funding. In doing so the Trust is achieving its own conservation objectives and building a key partnership. A memorandum of understanding is in progress to formalise the grant and the mechanisms guiding a partnership between the two organisations to achieve their shared objectives. Funds derived from annual interest income are earmarked for this grant.

Website development

The Trust has contracted Tai Tapu based design company Kopara Creative to develop clear and attractive branding to assist it with communications. Once the branding is in place, the Trust will work to design and develop its website to both promote its own news and to act as its communication forum and provide an umbrella function for groups with shared and overlapping objectives. The Trust is working now to contact all the groups identified in its stocktake to build relationships with them and to garner information on how an umbrella website can best serve them.

It is anticipated that this will strengthen relationships, guide knowledge sharing and help build partnerships. Again, funds from annual interest income are earmarked for this project.

Walkway strategy

The Trust has explored its interest in recreational walking on the Peninsula in a number of ways during the year. Initially effort was put into a plan to purchase property in Le Bons Bay in conjunction with the DOC Nature Heritage fund but unfortunately, the bid was not successful and the project then ceased.

The Trust has also developed a relationship with the Walking Access Commission and made a presentation to their Board at which it was commended for its concept of using walking tracks to connect communities.

Now the Trust is working in-house to further define its walkway strategy teasing out its objectives for walking on the Peninsula as a precursor to holding discussion forums, forming partnerships with other organisations and working in conjunction with communities and landowners to further its goal of increased recreational walking access on the Peninsula. Costs of the strategy development and liaison with partners will be funded from annual interest income, but any land purchases, long term easements or other capital investments resulting from the strategy and community consultation are expected to draw on capital funds. The walkway strategy is being developed as a precursor to investigating the provision of affordable camping and the provision of educational interpretation. The Trust appreciates the support of Council GIS and planning staff in supplying it with the Geomedia software and GIS data necessary to inform its strategy development.

Environmental education and Alternative Energy Centre

The Trust is also at the early stages of working in-house to crystallise its ideas for an environmental and alternative energy centre and examining various other community initiatives in the category of fostering sustainable living.

Trust Board

The initial trustees were selected for the breadth of their perspectives on the Peninsula and the depth of their knowledge of its diverse communities. They have worked cohesively to first develop the Trust's objectives and its deed, and then its statement of intent. The initial appointments were for terms of between one and three years with the terms staggered by ballot to ensure continuity. There are seven initial Trustees, and the Trust deed provides for a maximum of 9 Trustees with the Board having the power to co-opt. The current Board still consists of the initial Trustees and secretary, these being:

Garry Moore **Chairperson**	Garry Moore served Christchurch City as its mayor for three terms. During his final term the neighbouring Banks Peninsula District City was abolished and the City Council took over as the territorial authority. Garry was instrumental in initiating the Trust and securing its funding as a way to perpetually remember the contribution of parliamentarian Rod Donald to environmental projects and for the city to embrace Banks Peninsula. As a city resident, he has enjoyed many happy years of family recreation on Banks Peninsula and has a 100 year vision for its restoration as an environmental jewel. Garry Moore is appointed as Trustee until June 2014.

Nicola Shirlaw
Trustee

Nicola Shirlaw has worked variously for community organisations and government departments, and served on management committees and school boards. Currently she works on the Peninsula at the Little River Gallery as well as for the community organisation Social Development Partners, and is completing a degree in Political Science at the University of Canterbury. Nicola is a representative of Rod Donald's family and provides the Trust with a sounding board for the application of his values to its work. Nicola Shirlaw is appointed as Trustee until June 2014.

Stuart Wright-stow
Trustee

Stuart Wright-stow is a Peninsula entrepreneur, businessman, resident and was a close friend of Rod Donald. He and his wife own the Little River Gallery and formerly owned the adjacent store. The development of these were instrumental in changing the township from a drive through on the main highway to a "must stop" destination. His latest project is to provide a unique form of accommodation to cyclists on the Little River Rail Trail in converted silos. Stuart Wright-stow is appointed Trustee until June 2014.

Simon Mortlock
Trustee

Simon Mortlock is a founding partner of Christchurch-based law firm Mortlock McCormack Law and brings to the Board his skills and experience in business startup and strategy, contracts, governance, joint ventures, property development, local government and trusts. Simon also serves as a trustee and director on several other trusts involved with youth development and environmental protection. Simon Mortlock lives in Governor's Bay on Banks Peninsula and has a deep love of the Peninsula and a strong interest in recreational walking and the coastline. Simon Mortlock is appointed Trustee until June 2013.

Stewart Miller
Trustee

Stewart Miller has extensive knowledge of the Peninsula built up during many years operating his family dairy farm in McQueens Valley combined with a wide range of public service, including as Chairman of the Akaroa/Wairewa community board and chairing the development of the Banks Peninsula District Plan. Although he has now retired from active farming he continues to serve as a member of the Community Board. Stewart Miller is appointed Trustee until June 2013.

Claudia Reid
Trustee

Claudia Reid is serving the Peninsula community in her second term as a Christchurch City Councillor. She describes herself as quietly and effectively carrying the Peninsula's voice directly to the Council table. She lives in Diamond Harbour and is passionate about the arts and the environment and also serves as a director of Christchurch and Canterbury Tourism and a board member of Canterbury Museum. Claudia Reid is appointed Trustee until June 2012 and has offered to serve for a further three year term.

Tutehounuku Korako
Trustee

Tutehounuku (Nuk) Korako has lengthy experience at a senior level in the tourism industry and is the owner and director of Christchurch-based International Inbound Tourism Services Ltd. He is a member of the Te Runanga o Ngai Tahu board and very actively engaged in with the Banks Peninsula Maori community, particularly at Rapaki where he resides with his family and has been instrumental in the development of its beautiful new whare whakairo. Tutehounuku Korako is appointed Trustee until June 2012 and has offered to serve for a further three year term.

Suky Thompson Secretary/Project Manager	Suky Thompson has been involved with projects to protect the heritage and environment of the Peninsula during her 20 years as a resident of Robinsons Bay near Akaroa. She operates a small business conducting heritage tours in Akaroa and a consultancy specialising in Peninsula projects. She is currently studying part time for a Master of Applied Science at Lincoln University with a focus on recreational walking. Suky Thompson has been appointed as Secretary/Project manager for the Trust until June 2013.

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $	2011 $
Grants and Donations	2(a)	-	3,503,883
Interest income	2(a)	157,569	64,989
Total revenue		157,569	3,568,872
Auditors remuneration	3	3,375	2,500
Other expenses	2(b)	20,010	1,362
Total expenses		23,385	3,862
Profit before income tax expense		134,184	3,565,010
Income tax expense		-	-
Net Surplus for the year		134,184	3,565,010
Other Comprehensive Income		-	-
Total Comprehensive Income		134,184	3,565,010

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2012

	2012	2011
	$	$
Balance as at 1 July	3,565,010	-
Total comprehensive income for the year	134,184	3,565,010
Balance as at 30 June	3,699,194	3,565,010

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents	7	981,807	377,075
Trade and other receivables	4	70,387	40,435
Other financial assets - short-term deposits	7	1,500,000	1,750,000
Total current assets		2,552,194	2,167,510
Non-current assets			
Other financial assets - long-term deposits	7	1,150,000	1,400,000
Total non-current assets		1,150,000	1,400,000
Total assets		3,702,194	3,567,510
Current liabilities			
Trade and other payables	5	3,000	2,500
Total current liabilities		3,000	2,500
Non-current liabilities			
Borrowings		-	-
Total non-current liabilities		-	-
Total liabilities		3,000	2,500
Net assets		3,699,194	3,565,010
Equity			
Capital and other equity instruments		-	-
Retained earnings	6	3,699,194	3,565,010
Total equity		3,699,194	3,565,010

Trustee

Trustee

21.09.2012

Date

21/9/12

Date

The accompanying notes form part of these financial statements.

Statement of Objectives and Performance for the year ended 30 June 2012

Financial Performance Targets

	2012 Actual $	2012 Target $	Variance $
Ratio of Trust Funds to Total Assets	100%	100%	0%

Key Performance Targets

Target:	2012 Actual	2012 Performance Measure
Inform the public and relevant interest groups of the existence and purpose of the RDBPT.	• Information about the RDBPT settlement and its purpose was published in local newspapers. • A draft communications policy has been developed. • A URL of www.roddonaldtrust.co.nz has been purchased by the Trust and an interim web page uploaded	Develop and implement a communications and advertising policy for the RDBPT.
Develop relationships with existing interest groups on Banks Peninsula with similar aims, along with relevant government agencies and territorial authorities.	• As part of its “Stocktake” project a list of relevant interest groups has been compiled • The Trust has contacted and held discussions with key contacts within 26 groups deemed most relevant. Discussions have included their projects and areas where the groups feel assistance from the Trust is most needed • This has included discussions with the Chairs of both of the Peninsula Community	Develop a list of key interest groups that the RDBPT would like to work with. Meet with key contacts within the groups to discuss their projects and the manner in which the RDBPT can work with them.
Explore options for growing the trust fund.	• An investment policy has been developed. This is awaiting approval by Council • A relationship has been developed with Department of Conservations Nature Heritage Fund • A relationship has been developed with the Walking Access Commission	Develop an investment policy for the RDBPT. Identify other bodies which have funds available for projects aligned with the objectives of the RDBPT, develop strategic relationships with these bodies.
Identify key projects the Trust is to be involved in over the 2011/12 to 2012/13 financial years.	• The Stocktake report has been completed to enable the Trust to begin the process of identifying projects • Three key areas have been identified as pillars of the Trust’s project work –these are Access, Knowledge and Partnerships • Three key projects with partners have been identified and work is in progress. These include the DoC Nature Heritage Fund, publication of the book “Plantlife of Banks Peninsula”, and 3 year funding grant to the Banks Peninsula Conservation Trust. • A loan policy is under formulation and investigation	In conjunction with Indicator 2, establish a list of the projects which will be the key focus of the RDBPT in the short to medium term, and the assistance that the RDBPT will provide in respect to these projects. Develop a distributions policy in respect to the distributions to be made to any projects identified.
Provide tangible support for the key projects identified above.	• The project to publish a book by Hugh Wilson, entitled “Plant Life of Banks Peninsula” is in progress as a result of support from the Trust. This will support Pillar 2 – Knowledge and Pillar 3 - Partnerships • A project to purchase a property is in progress in conjunction with the Nature Heritage Fund. This will support Pillar 1 Access and Pillar 3 – Partnerships. • A three year grant commitment has been made to the Banks Peninsula Conservation Trust, for which a memorandum of understanding is being drafted. This will support Pillar 3 Partnerships and help achieve the Trust’s biodiversity and sustainable conservation management goals. • The Trust has a current project to develop its branding and then website. This will enable it to further its goals of Pillar 2 Knowledge sharing and Pillar 3 partnerships. • The Trust has a current project to develop a walking strategy which will further its Pillar 1 Access.	Evidence of projects that are either in progress or completed due to support from the RDBPT.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the Rod Donald Banks Peninsula Trust, a Charitable Trust created by the Christchurch City Council on 12 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 Pataka o Rakaihautu – 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.

The financial statements of the Trust are for the year ended 30 June 2012. The financial statements were approved for issue by the Board of Trustees on 21 September 2012.

b. Basis of financial statement preparation

The financial statements of the Rod Donald Banks Peninsula Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

Differential Reporting
The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

c. Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

e. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

f. 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.

g. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

h. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

i. 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 in the income statement over the period of the borrowings on an effective interest basis.

j. Goods and Services Tax

The Rod Donald Banks Peninsula Trust is not registered for GST. All amounts stated are inclusive of GST where applicable.

k. Provisions

A provision is recognised in the balance sheet when the Trust 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 obligation.

l. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

2. Profit from operations

a. Revenue

	2012 $	2011 $
Revenue from operations		
Grants & Donations	-	3,503,883
	-	3,503,883
Other Income		
Interest received	157,569	64,989
	157,569	64,989
Total revenue	157,569	3,568,872

b. Expenses

	Note	2012 $	2011 $
Other Expenses:			
Professional Fees		14,009	1,323
Trustees Insurance		5,520	-
Marketing & Publicity		211	-
General		239	-
Bank Charges		31	39
		20,010	1,362
Total expenses		20,010	1,362

3. Remuneration of Auditors

	2012 $	2011 $
Audit New Zealand:		
Audit of financial statements	3,375	2,500
	3,375	2,500

4. Current trade and other receivables

	2012 $	2011 $
Debtors and Accruals	-	-
RWT Receivable	996	-
Interest Receivable	69,391	40,435
	70,387	40,435

The carrying value of trade and other receivables approximates their fair value.

5. Current trade and other payables

	2012 $	2011 $
Trade payables	-	2,500
General accruals	3,000	-
	3,000	2,500

6. Retained Earnings

	2012 $	2011 $
Balance at beginning of financial year	3,565,010	-
Surplus/(deficit)	134,184	3,565,010
Balance at end of financial year	3,699,194	3,565,010

7. Financial Instruments

Financial instruments are cash and cash equivalents and term deposits as set out below.

	2012 $	2011 $
Current Financial Assets:		
Cash and cash equivalents		
Current account - Bank of New Zealand	172,807	377,075
Kiwibank term deposits	809,000	-
Total cash and cash equivalents	981,807	377,075
Short - term deposits		
CBS term deposit	-	250,000
Kiwibank term deposits	1,500,000	1,500,000
Total short - term deposits	1,500,000	1,750,000
	2,481,807	2,127,075
Non-Current Financial Assets		
CBS term deposit	250,000	-
Kiwibank term deposits	900,000	1,400,000
	1,150,000	1,400,000
	3,631,807	3,527,075

Risk
The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities.

Interest rate risk
The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council's investment policy.

Credit Risk
Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable.

The Trust banks with Bank of New Zealand (BNZ), Kiwibank, and CBS Canterbury. The credit ratings for each of these organisations from Standard and Poor's (Australia) Pty Ltd are:

Bank of New Zealand	AA– (2011: AA)
Kiwibank	AA– (2011: AA-)
CBS Canterbury	BBB– (2011: BBB-)

8. Post balance date events

There were no events known to the directors occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

9. Contingencies

The Rod Donald Banks Peninsula Trust had no contingent assets or liabilities as at 30 June 2012 (2011: none).

10. Related party transactions

There were no related party transactions during the year ending June 2012. However, the Christchurch City Council provides administrative and financial support to the Trust at no cost.

11. Legislative Requirements

The Local Government Act 2002 requires the Trust to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2011/12 financial year the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its shareholder.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Rod Donald Banks Peninsula Trust Te Pataka o Raikaihautu's financial statements and statement of objectives and performance for the year ended 30 June 2012

The Auditor-General is the auditor of Rod Donald Banks Peninsula Trust Te Pataka o Raikaihautu (the Trust). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 9 to 18, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Trust on page 12.

Opinion

In our opinion:

- the financial statements of the Trust on pages 9 to 18:
    - comply with generally accepted accounting practice in New Zealand; and
    - fairly reflect the Trust's:
        - financial position as at 30 June 2012; and
        - financial performance for the year ended on that date; and
- the statement of objectives and performance of the Trust on page 12:
    - complies with generally accepted accounting practice in New Zealand; and
    - fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 21 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

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 financial statements and statement of objectives and performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of objectives and performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of objectives and performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of objectives and performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trustees;
- the adequacy of all disclosures in the financial statements and statement of objectives and performance; and
- the overall presentation of the financial statements and statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of objectives and performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its objectives and performance achievements.

The Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of objectives and performance that are free from material misstatement, whether due to fraud or error.

The Trustee's responsibilities arise from the Local Government Act 2002 and clause 16.2 of the Trust Deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, section 69 of the Local Government Act 2002 and clause 16.3 of the Trust Deed.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

THE WORLD BUSKERS FESTIVAL TRUST

ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2012

CONTENTS

DIRECTORY

Address	53 Hereford Street Christchurch
Trustees	L Penno (Chair) G Cranko H Eskett S Astor K Lowe
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor General

Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $	2011 $
Revenue from operations	2(a)	1,966,341	1,259,039
Other income		1	-
		1,966,342	1,259,040
Depreciation	2(b)	586	-
Other expenses	2(b)	1,880,273	1,257,860
		1,880,859	1,257,860
Profit before income tax expense		85,483	1,179
Income tax expense		-	-
Net Surplus for the year		85,483	1,179
Total Comprehensive Income		85,483	1,179

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2012

	2012 $	2011 $
Balance as at 01 July	1,179	-
Total comprehensive income for the year	85,483	1,179
Balance as at 30 June	86,662	1,179

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents		48,523	203,966
Trade and other receivables	4	55,186	142,932
Total current assets		103,709	346,898
Non-current assets			
Property, plant and equipment	5	977	-
Total non-current assets		977	-
Total assets		104,686	346,898
Current liabilities			
Trade and other payables	6	18,024	345,719
Total current liabilities		18,024	345,719
Total liabilities		18,024	345,719
Net assets		86,662	1,179
Equity			
Retained earnings	7	86,662	1,179
Total equity		86,662	1,179

Geoff Cranko
Trustee
The World Buskers Festival Trust

24 September 2012
Date

Stephen Astor
Trustee
The World Buskers Festival Trust

24 September 2012
Date

The accompanying notes form part of these financial statements.

Statement of Objectives and Performance for the year ended 30 June 2012

A Statement of Intent for the 2011/2012 financial year has been prepared and adopted by the Trustees.

Operational Performance targets and measures were set as follows. All targets were met for the 2012 year.

Performance Measure	Performance Target	Actual Results
Visitor attendance	• Attract at least 300,000 visits • 75% of Dome shows sold out	• Achieved – Estimated attendance of 300,000. Estimates are based on ticket sales and approximation of open air events. • Not Measured - Likely to have been achieved but no measurement procedure was in place for 2012.
Customer satisfaction	• 90% of visitors are satisfied	• Achieved – "More than 92% of respondents said that they were satisfied or very satisfied with the delivery of the WBF. Furthermore, 93% of respondents said that they were satisfied or very satisfied with the content of the WBF".
Festival development	• Deliver programme at least the same size as the 2011 programme • Introduce children's educational component to festival • Generate surplus for future festival development (refer financial targets below)	• Achieved – 60 performers in 2012 compared to 55 in 2011. • Achieved – "Be a Busker" was introduced. • Achieved – Net Surplus $85,483
A City-wide festival	• Deliver Buskers @ Brighton programme • Introduce free transport from disadvantaged suburbs to the festival	• Achieved • Achieved

Financial performance targets variance analysis can be found in Note 13.

A Statement of Intent for the 2012/2013 financial year has been prepared and adopted by the Trustees.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the World Buskers Festival Trust, a Charitable Trust created by the Christchurch City 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.

The financial statements of the Trust are for the year ended 30 June 2012. The financial statements were approved for issue by the Board of Trustees on 24 September 2012.

b. Basis of financial statement preparation

The financial statements of the World Buskers Festival Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

Differential Reporting
The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

c. Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

Goods and services received in kind are recognised as revenue and expenditure in the financial statements at their fair value.

d. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

e. 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.

f. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

h. 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 amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

i. Provisions

A provision is recognised in the balance sheet when the Trust 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 obligation.

j. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

2. Profit from operations

a. Revenue

	2012 $	2011 $
Revenue from operations		
Strategic Partners	575,000	462,992
Sponsorship	197,100	71,000
Grants & Donations	242,020	96,862
Contra & in-kind sponsors	620,898	434,850
Door donations / Food & Beverage sales	289,210	193,335
Misc Revenue from operations	42,113	-
	1,966,341	1,259,039
Other Income		
Interest received	1	-
Total revenue	1,966,342	1,259,039

b. Expenses

		2012 $	2011 $
Depreciation and impairment of non-current assets:	5	586	-
		586	-
Other Expenses:			
Office & Administrative Costs		62,034	45,045
Artists Costs		242,259	197,896
Marketing & Publicity		562,393	458,102
Production / Technician costs		641,448	289,000
Food & Beverage costs		122,287	72,417
Management & Contractors		240,352	185,900
Auditors remuneration	3	9,500	9,500
		1,880,273	1,257,860
Total Other expenses		1,880,273	1,257,860
Total expenses		1,880,859	1,257,860

3. Remuneration of Auditors

	2012 $	2011 $
Audit New Zealand:		
Audit of financial statements	9,500	9,500
	9,500	9,500

4. Current trade and other receivables

	2012 $	2011 $
Debtors and Accruals	2,700	70,141
GST receivable	22,486	34,799
Related party receivables	-	37,992
Prepayments	30,000	-
	55,186	142,932

The carrying value of trade and other receivables approximates their fair value.

5. Property, Plant and Equipment

	Land & Land Improvement land at fair value $	Buildings at fair value $	Furniture & fittings at cost $	Plant & equipment at cost $	Total $
Gross carrying amount:					
Balance at 30 June 2011	-	-	-	-	-
Additions				1,563	1,563
Movement in WIP					
Balance at 30 June 2012	-	-	-	1,563	1,563
Accumulated depreciation, amortisation and impairment:					
Balance at 30 June 2011	-	-	-	-	-
Depreciation expense				(586)	(586)
Balance at 30 June 2012	-	-	-	(586)	(586)
Net book value as at 30 June 2011	-	-	-	-	-
Net book value as at 30 June 2012	**-**	**-**	**-**	**977**	**977**

6. Current trade and other payables

	2012 $	2011 $
Trade payables	14,551	65,549
GST payable	-	-
Related Party Payables	3,473	280,170
	18,024	345,719

7. Retained Earnings

	2012 $	2011 $
Balance at beginning of financial year	1,179	-
Surplus	85,483	1,179
Balance at end of financial year	86,662	1,179

8. Financial Instruments

Financial instruments are cash and cash equivalents as below.

	2012 $	2011 $
Cash at bank and in hand	48,523	203,966
	48,523	203,966

Risk
The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities.

Interest rate risk
The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council’s investment policy.

Credit Risk
Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable. The Trust banks solely with Bank of New Zealand (BNZ) and therefore credit risk is concentrated with BNZ. BNZ has a AA- credit rating with Standard and Poor’s (Australia) Pty limited.

9. Post balance date events

There were no events known to the Trustees occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

10. Contingencies

The Trust had no contingent assets or liabilities as at 30 June 2012.

11. Related Party Transactions

	2012 $	2011 $
Receipts from related parties		
Funding & sponsorship	246,000	279,992
Sundry sales to CCC	584	5,480
	246,584	285,472
Purchases from related parties		
Management / contractor costs	116,419	185,900
Other goods and services	29,756	94,270
	146,176	280,170
Year end balances		
CCC - receivables	-	37,992
CCC - trade & other payables	3,473	280,170

12. Legislative Requirements

The Local Government Act 2002 requires the Trust to submit half year accounts and a Statement of Intent to its Board and to its stakeholder within specified timeframes. For the 2011/12 financial year the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its stakeholder.

13. Statement of Service Performance

	2012 Actual $	2012 Target $	Variance $
Income			
Revenue from Operations	1,966,341	1,813,892	(152,449)
Other income	1	-	(1)
	1,966,342	1,813,892	(152,450)
Expenditure			
Interest	-	-	-
Other expenses	(1,880,273)	(1,788,760)	91,513
Depreciation	(586)	-	586
	(1,880,859)	(1,788,760)	92,099
Net surplus (deficit) before tax	85,483	25,132	(60,351)
Subvention receipt (payment)	-	-	-
Net surplus (deficit) after tax	85,483	25,132	(60,351)

Revenue Variance
A conservative approach was taken in the setting of operational revenue targets due to uncertainties surrounding the use of new facilities as the February 2011 earthquakes meant a number of previous venues could not be used. In addition bar revenues exceeded expectations.

Expenses Variance
The use of new venues resulted in additional costs to those planned.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of The World Buskers Festival Trust's financial statements and statement of objectives and performance for the year ended 30 June 2012

The Auditor-General is the auditor of The World Buskers Festival Trust (the Trust). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 4 to 14, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Trust on pages 7 and 14.

Qualified opinion as our work was limited because of limited control over revenue

Reason for our qualified opinion

Prior to being recorded, control over the receipt of $75,158 of door donations revenue, which is included within the total of door donations/food and beverage sales of $289,210 in note 2a, is limited. There are no satisfactory audit procedures that we could adopt to confirm independently that all door donations revenue was properly recorded.

Qualified opinion

Except for the effects of the matter described in the "Reason for our qualified opinion" paragraph above:

- the financial statements of the Trust on pages 4 to 14:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position as at 30 June 2012; and
    - financial performance for the year ended on that date; and
- the statement of objectives and performance of the Trust on pages 7 and 14:
  - complies with generally accepted accounting practice in New Zealand; and

- fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 24 September 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

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 financial statements and statement of objectives and performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and performance. 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 financial statements and statement of objectives and performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of objectives and performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of objectives and performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trustees;
- the adequacy of all disclosures in the financial statements and statement of objectives and performance; and
- the overall presentation of the financial statements and statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and performance. We did not receive all the information and explanations we required although believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our qualified opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of objectives and performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its objectives and performance achievements.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and a statement of objectives and performance that are free from material misstatement, whether due to fraud or error.

The Trustee's responsibilities arise from clause 11.3 of the Trust Deed and the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from clause 11.4 of the Trust Deed, section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

7. RATES POSTPONEMENT FOR VACANT RED ZONE LAND

General Manager responsible:	General Manager Corporate Services, DDI: 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Steve Kelson - Funds and Financial Policy Manager

PURPOSE OF REPORT

1. As part of its 2012/13 annual plan the Council resolved to:

   "postpone rates for land in the Red Zone that was vacant and residential properties under construction at 22 February 2011 in the Red Zone, until the earlier of 30 June 2013 or the Crown making a decision on the fate of these titles."

2. The Minister of Canterbury Earthquake Recovery has now announced that owners of vacant residential Red Zone land, can sell that land to the Crown. The purchase price for these properties will be 50 per cent of the most recent rating valuation for the land. As a result of this announcement rates postponement for affected properties has now lapsed.

3. This report proposes that the Corporate and Financial Committee recommends to the Council that it:

   (a) Resolve to remit all 2012/13 late payment penalties on vacant and residential properties under construction at 22 February 2011 in the Red Zone until the earlier of 30 June 2013, or the date on which the property is sold to the Crown, on the grounds that it is just and equitable to do so.

   (b) Instruct staff that no active collection of 2012/13 rates be undertaken on vacant and residential properties under construction at 22 February 2011 in the Red Zone until the earlier of 30 June 2013 or the date on which the property is sold to the Crown.

   (c) Note that this will effectively continue to postpone 2012/13 rates on those properties.

EXECUTIVE SUMMARY

Rates Postponement

4. In June 2012 the Council resolved to postpone rates for land in the Red Zone that was vacant and residential properties under construction at 22 February 2011 in the Red Zone, until the earlier of 30 June 2013 or the Crown making a decision on the fate of these titles.

5. In making this decision the Council took into account the fact that the owners of vacant land and properties under construction cannot insure their land and that, without insurance, they have no Earthquake Commission cover. The owners of vacant land in the Red Zone were therefore, at the time, not eligible for any compensation from the Crown and the timing and amount of any compensation offer was uncertain.

Crown Announcement

6. In September 2012 the Minister for Canterbury Earthquake Recovery announced an offer to purchase vacant land in the flat land residential red zones. The purchase price for these properties will be 50 per cent of the most recent rating valuation for the land.

7. Owners have until 31 March 2013 (or until 31 May 2013 for vacant land in Southshore) to accept the Crown offer. The final settlement date for these properties will be 30 April 2013 for most areas, or 30 June 2013 for the Southshore Red Zone. Owners must settle the sale of their land within six weeks after signing the Agreement for Sale and Purchase (or the final settlement date, whichever comes first).

7 Cont'd

Proposal

8. 2012/13 rates on the 122 properties receiving a postponement are $0.112 million. Including unpaid rates from prior years the total rates that will be outstanding at 30 June 2013 will be $0.159 million.

9. As a consequence of the announcement the rates postponement on these properties has lapsed. However, staff have not yet amended the status of affected properties and until such time as the Council resolves upon any future rates relief rates are not being actively collected on the properties and no late payment penalties are being imposed.

10. Section 102 of the Local Government Act 2002 (LGA 2002) allows the Council to adopt or amend a rates postponement or rates remissions policy at any time using the special consultative procedure. Amending the existing postponement policy or adopting a new remission for the 122 properties would therefore require the Council to undertake a special consultative procedure. However, the Council's Rates Remission Policy, adopted as part of the 2009-19 Long Term Council Community Plan, allows the Council to remit any rate or rates penalty by specific resolution where it considers it to be just and equitable to do so. It is therefore possible for the Council to effectively continue the rates postponement by (1) not enforcing collection of 2012/13 rates until the property is sold and (2) resolving that it is just and equitable to remit all 2012/13 late payment penalties on vacant and residential properties under construction at 22 February 2011 in the residential Red Zone.

11. It is proposed that the Council resolve to effectively postpone 2012/13 rates on vacant and residential properties under construction at 22 February 2011 in the Red Zone until the earlier of 30 June 2013 or the date on which the property is sold to the Crown. This will allow for the collection of unpaid rates from settlement proceeds. The effective postponement would be achieved by the Council not actively seeking to collect unpaid rates and resolving that it is just and equitable to remit all late payment penalties on vacant and residential properties under construction at 22 February 2011 in the Red Zone.

12. It is not proposed to charge the owners an annual fee equating to interest on the outstanding rates balance.

FINANCIAL IMPLICATIONS

13. The cost to the Council of continuing to effectively postpone rates on vacant and residential properties under construction at 22 February 2011 in the Red Zone is minimal. If the recommendation in this report is adopted by the Council the rates on affected properties will ultimately be collected, although some financing costs may be associated with funding the deferred revenue.

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

14. Not applicable.

LEGAL CONSIDERATIONS

15. Section 102 of LGA 2002 provides that the Council may adopt a Rates Postponement Policy and must use the special consultative procedure in adopting that policy. The Council has an existing Rates Postponement Policy that allows for the postponement of rates on residential properties that are being occupied by the owner and where payment of rates would cause financial hardship.

16. The Council has previously amended its Rates Remission Policy using powers in the Canterbury Earthquake (LGA 2002) Order 2010. This Order has now expired. However, The Council's Rates Remission Policy, adopted as part of the 2009-19 Long Term Council Community Plan, allows the Council to remit any rate or rates penalty by specific resolution

7 Cont'd

where it considers it to be just and equitable to do so. The Council can resolve that it is just and equitable to remit all late payment rates penalties on earthquake affected properties. This, combined with the Council not actively seeking to collect unpaid rates, has the same effect as the postponement of rates.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

17. Not applicable.

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

18. No.

ALIGNMENT WITH STRATEGIES

19. Not applicable.

CONSULTATION FULFILMENT

20. No consultation has been undertaken.

STAFF RECOMMENDATION

It is recommended that the Corporate and Financial Committee recommend to Council that it:

(a) Resolve to remit all 2012/13 late payment penalties on vacant and residential properties under construction at 22 February 2011 in the Red Zone until the earlier of 30 June 2013 or the date on which the property is sold to the Crown, on the grounds that it is just and equitable to do so

(b) Instruct staff that no active collection of 2012/13 rates be undertaken on vacant and residential properties under construction at 22 February 2011 in the Red Zone until the earlier of 30 June 2013 or the date on which the property is sold to the Crown.

(c) Note that this will effectively continue to postpone 2012/13 rates on those properties.

8. EARTHQUAKE INSURANCE CLAIMS UPDATE AUGUST 2012

General Manager responsible:	General Manager Corporate Services, DDI: 941-8528
Officer responsible:	Corporate Finance Manager
Author:	Diane Brandish

PURPOSE OF REPORT

1. The purpose of this report is to provide an update to the Corporate and Financial Committee on the status of the Council's insurance claims relating to the earthquakes as at 31 August 2012. Staff will provide an update to this report on a quarterly basis.

EXECUTIVE SUMMARY

2. Attached are appendices showing summaries of:

- Top 10 Facilities – current claim status (**Attachment 1**)
- Main Claim Heads – current claim financial position (**Attachment 2**).

TOP 10 FACILITIES

3. Details of the claim status for each of the Top 10 Facilities are contained in Attachment 1. The Council and insurers have agreed that the cost of like-for-like reinstatement of several facilities exceeds the sum insured plus 10 per cent margin. Investigations are continuing on the remaining assets to establish repair costs and options in order to agree a position with insurers.

4. The release of the Christchurch Central Development Unit Blueprint and its impact on the Council's insurance position for these facilities is currently being assessed and will be reported separately to the Council together with recommendations regarding property sales and/or insurance settlements.

MAIN CLAIM HEADS

5. The insurance programme has been divided into twelve areas, known as "Main Claim Heads", and a standard process for submitting and finalising is followed. Claims have been lodged under each of the Main Claim Heads totalling $575.6 million (refer Appendix 2). $379.4 million has been received from insurers to date, leaving an outstanding balance of $196.2 million.

6. The insurance programme is working on the following as its priorities:

- social housing
- major community facilities as agreed by the Council in the 2012/13 Annual Plan
- Top 27 facilities as recommended to the Council by the Community, Recreation and Culture Committee on 27 September 2012
- other facilities affected by the Central City Recovery Plan (i.e. facilities for which the Council has received a purchase notice from CCDU).

7. In the next month, staff expect to be in a position to start to bring final insurance settlement proposals back to the Council for approval. Recommendations will be made to the Corporate and Financial Committee for referral to the Council.

8. Emergency response costs and claims are included in the totals above. To date, the Council has submitted claims totalling $187.7 million to the Department of Internal Affairs and has received payments of $114.9 million.

FINANCIAL IMPLICATIONS

9. Not applicable.

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

10. Not applicable.

LEGAL CONSIDERATIONS

11. Not applicable.

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

12. Not applicable.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

13. Not applicable.

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

14. Not applicable.

ALIGNMENT WITH STRATEGIES

15. Not applicable.

Do the recommendations align with the Council's strategies?

16. Not applicable.

CONSULTATION FULFILMENT

17. Not applicable.

STAFF RECOMMENDATION

That the Corporate and Financial Committee receive the report.

ATTACHMENT 1 TO CLAUSE 8 CORPORATE AND FINANCIAL COMMITTEE 2. 11. 2012

APPENDIX 1: TOP 10 FACILITIES CLAIM STATUS

Facility	Original Estimated Reinstatement Value	Current Claim Status	Last updated
AMI Stadium	130,372,604	LAPP's reinsurers are currently reviewing and undertaking independent engineering evaluations of the various options. A meeting between LAPP, reinsurers, engineers and loss adjusters is scheduled for late September.	31/08/2012
Centennial Pool	6,372,719	Insurers have agreed the costs to reinstate a like-for-like asset will exceed the sum insured plus the 10% margin. The impact of the CCDU Blueprint on this asset is being considered.	28/03/2012
Central Library	27,365,395	Engineering & geotech work underway to establish costs for like-for-like repairs and alternative options. The impact of the CCDU Blueprint is being worked through.	22/08/2012
Christchurch Art Gallery	68,933,624	Engineering work around options still underway, awaiting updated Statement Of Position from insurers	22/08/2012
Christchurch Convention Centre	27,800,827	Insurers have agreed the costs to reinstate a like-for-like asset will exceed the sum insured plus the 10% margin. Insurers are in agreement with Council building a replacement on a different site provided all other policy conditions are met.	28/08/2012
Christchurch Town Hall	62,658,660	Engineers are completing their investigation to enable insurers to form their position - Council is currently waiting for an updated Statement of Position. The impact of the CCDU Blueprint on this site is being discussed.	12/07/2012
Lichfield Street Parking Building	19,455,250	Structural damage and strengthening requirements have been identified and engineering work on options and costs is underway.	22/08/2012
Manchester Street Parking Building	13,179,641	Strengthening and repair work required has been identified, however options for this asset are currently on hold while the impact of the CCDU Blueprint is considered.	11/07/2012
QEII Stadium and Leisure Centre	72,037,569	The insurer's Loss Adjusting Team (LAT) support the utilisation of the sum insured plus margin for the reinstatement of the Main Building and Pool. The LAT are still assessing the position for reinstatement of the North and South open stands. Council has approved demolition of the remainder of the site that was not subject to the CERA s38 notice.	13/07/2012
Sockburn Service Centre	3,396,504	Structural damage and strengthening requirements have been identified and engineering work on options and costs is underway.	23/08/2012

ATTACHMENT 2 TO CLAUSE 8 CORPORATE AND FINANCIAL COMMITTEE 2. 11. 2012

APPENDIX 2: MAIN CLAIM HEADS – CURRENT CLAIM FINANCIAL POSITION

Claim Head	Original Estimated Reinstatement Value	Value claimed to date	Payments received to date	Balance outstanding
Above Ground Infrastructure	150,751,704	6,682,362	2,542,616	4,139,747
Below Ground Infrastructure (LAPP)	873,425,035	201,481,751	182,747,036	18,734,715
CCC - Additional Increased Costs of Working	45,000,000	4,164,111	0	4,164,111
Christchurch Wastewater Treatment Plant	143,113,665	13,584,707	1,987,292	11,597,415
Claims Preparation Costs	3,000,000	1,158,468	0	1,158,468
Commercial Properties	624,360,719	14,466,400	13,377,662	1,088,738
Contents	194,197,784	2,901,577	0	2,901,577
Emergency Response Costs	N/A	187,798,691	114,984,532	72,814,159
Heritage Properties	105,881,519	7,691,399	5,385,583	2,305,816
Residential Properties (EQC)	349,727,562	21,425,814	21,425,814	0
Top 10 Assets	432,472,792	86,136,948	60,132,730	26,004,218
Vbase - Business Interruption and Additional Costs of Working	46,500,000	9,946,922	4,956,522	4,990,400
		557,439,151	**407,539,787**	**149,899,364**

9. SALE OF SHARES IN THE LOCAL GOVERNMENT FUNDING AGENCY

General Manager responsible:	General Manager Corporate Services, DDI: 941-
Officer responsible:	Corporate Finance Manager
Author:	Steve Kelson - Funds and Financial Policy Manager

PURPOSE OF REPORT

1. This report proposes that the Council approve the partial sell-down of shares in the Local Government Funding Agency Limited (LGFA).

EXECUTIVE SUMMARY

Proposal

2. On 9 June 2011 the Council resolved to support the establishment of the (LGFA) and to become a principle shareholding local authority in the agency. The LGFA was incorporated on 1 December 2011 and the Council subscribed to 2,000,000 paid up ordinary shares and 2,000,000 unpaid ordinary shares.

3. The LGFA was established with 19 shareholders, 18 local authorities and the Crown. Since its establishment the Agency has been very successful as a source of low-cost funding for member councils. Because of that success an additional 12 member councils are now seeking to join.

4. The shareholder agreement which established the LGFA provided for a second entrance of shareholder councils, known as a second opening. Under this provision establishment shareholders are obliged to sell a portion of their paid and unpaid shares to councils participating in the second opening. The sale price is set at the price initially paid for those shares ($1 per share).

5. The agreement provides that the number of shares to be sold will be pro-rata based on existing shareholdings, unless a participating shareholder gives notice that they wish to sell a lesser number of shares. Should a council give that notice other shareholders may elect to sell more than the pro-rata amount. However, because this process of giving notice and election is complex and time consuming the Chief Executive of the LGFA has requested that participating shareholders all agree to sell the pro-rated number of shares.

6. The pro-rata amount of shares to be sold by the Council and its subsequent shareholding is:

No of paid up Ordinary Shares	Shares to be sold	No of paid up Ordinary Shares after sell-down	No of unpaid Ordinary Shares after sell-down
2,000,000	134,020	1,865,980	1,865,980

7. Following the sell down, and assuming that the Council agrees to sell the pro-rated number of shares, Christchurch City Council will remain the equal largest non-Government shareholder in LGFA along with nine other councils. Also, following the sale the nine councils behind the creation of the Agency will continue to hold in excess of 51 per cent of the shares.

8. Since the intention of Council's shareholding in LGFA is to access capital markets and that access is not impacted by the sell-down, staff see no reason to give notice and seek to sell-down less than the pro-rata amount.

9. The requirement for establishment councils to sell-down shares to incoming members is a requirement of the second opening only. Share ownership is not a prerequisite of borrowing from the LGFA, and the second opening is the only increase in shareholders specifically provided for in the shareholder agreement. Any future share issues by the LGFA must be approved by the shareholders and there are no future obligations on existing shareholders to sell-down shares.

9 Cont'd

Timing and Council Approval

10. Under the timetable set out by the LGFA for the second opening, the LGFA will give notice of the sell-down requirement on 26 October 2012 and councils are required to give notice by 2 November if they wish to sell less than the pro-rata amount. As the Council invested in LGFA with the knowledge that further shareholders would be sought (which would require it to sell down a portion of its shareholding), no such notice has been given to LGFA.

11. The Investment Policy set by the Council in the 2009-19 LTCCP requires that the acquisition or disposal of all equity investments, i.e. shares, be approved by the Council. Staff propose that the Corporate and Financial Committee recommend that the Council agree to sell-down the pro-rata amount.

FINANCIAL IMPLICATIONS

12. The sale of shares would provide a return of $134,020 and reduce the Council's contingent liabilities, in relation to the unpaid shares, by $134,020.

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

13. Not applicable.

LEGAL CONSIDERATIONS

14. As noted above the agreement which established the LGFA obliges establishment shareholders to sell a portion of their paid and unpaid shares to councils participating in the second opening.

15. The Investment Policy set by the Council in the 2009-19 LTCCP requires that the acquisition or disposal of equity investments be approved by the Council.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

16. Not applicable.

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

17. No.

ALIGNMENT WITH STRATEGIES

18. Not applicable.

CONSULTATION FULFILMENT

19. No consultation has been undertaken.

STAFF RECOMMENDATION

That the Corporate and Financial Committee recommend to the Council that it:

(a) Approve the sell-down of 134,020 paid-up Ordinary Shares and 134,020 unpaid Ordinary Shares in the Local Government Funding Agency Limited.

(b) Authorise the Corporate Finance Manager to execute all documentation in respect of the above transaction.

CORPORATE AND FINANCIAL COMMITTEE - 2. 11. 2012

10. TEMPORARY WALK-IN CUSTOMER SERVICES FACILITY FOR HORNBY

General Manager responsible:	General Manager Public Affairs, DDI 941-8637
Officer responsible:	Unit Manager, Customer Services
Author:	David Dally – Unit Manager, Customer Services

PURPOSE OF REPORT

1. The purpose of this report is to present options for a temporary walk-in service centre in the Hornby area to replace the Sockburn Service Centre that was closed in May 2011 due to the earthquakes.

EXECUTIVE SUMMARY

2. An earlier staff report was presented to the Corporate and Financial Committee that discussed a number of options for temporary services in the Hornby area. It concluded that the transactions previously carried out at Sockburn had been satisfactorily absorbed across the service centre network and at the manual rates receipting service at Civic Video in the Hornby Mall. Accordingly, the report recommended that no further action was necessary.

3. The committee did not accept the staff recommendation and amended it to in fact ensure a temporary walk-in service centre was provided in the Hornby area. The revised recommendation was debated at the Council and the vote was tied. The Mayor therefore directed that the matter be referred back to the Committee for further consideration.

4. The option of a service centre presence in the Ministry of Social Development offices in the Heartland Centre on Shands Road has been previously researched and discounted due to lack of space. Similarly, finding spare space in the Hornby Library has also been considered and discounted. Locating a temporary building adjacent to the Hornby library has been considered and discounted as negotiations for the sale of the land are in progress.

5. In addition to the option of doing nothing further, three new options are discussed below:

- siting a suitable temporary building adjacent to Denton Park
- purchasing suitable land in the area for a suitable temporary building
- renting shop-frontage space in the Hornby Mall.

6. A new development is the expansion of the range of services that will be provided at Civic Video. This is discussed in detail below.

7. The staff recommendation is to expand the services offered at the Civic Video.

FINANCIAL IMPLICATIONS

8. Each option has associated financial implications. These are considered with each of the options discussed below.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

9. No. Additional funding would be required irrespective of the option selected.

LEGAL CONSIDERATIONS

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

10. Yes, and there are none.

ALIGNMENT WITH LTP AND ACTIVITY MANAGEMENT PLANS

11. Yes; the LTCCP and the unit's Activity Management Plan specifies a service centre at Sockburn.

10 Cont'd

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

12. Yes. The 2012/13 Annual Plan includes the provision of a new library, service centre and community centre in the Hornby area, which in effect replaces the Sockburn facility. The reduction in the level of service at Sockburn is mitigated to some extent by the manual receipting service for rates payments at the Civic Video Store on the Hornby Mall.

ALIGNMENT WITH STRATEGIES

13. Not Applicable.

CONSULTATION FULFILMENT

14. Not applicable.

CONSIDERATION OF THE OPTIONS

OPTION ONE: PORTABLE BUILDING AT DENTON PARK

15. It may be possible to relocate the temporary building currently sited adjacent to the South Library at Beckenham to a suitable location on or around Denton Park. A special permit for this would be required. This would also have to wait until such time as the South Library had been strengthened, reoccupied and opened to the public, expected to be at the end of the 2012 calendar year.

16. The temporary building at South Library would need to be disassembled for relocation, and then reassembled on the new site. Foundations and disabled access would need to be reconstructed, and cabling would have to be run and installed. The very approximate costs associated with this would be in the order of $65 000. Leasing costs of about $200 per week would be in addition to the capital establishment cost.

OPTION TWO: LAND PURCHASE OR LEASE IN HORNBY FOR TEMPORARY BUILDING

17. A suitable parcel of land in the Hornby area would cost about $250 per square metre. If a suitable site of 500 square metres could be sourced it would therefore cost approximately $125, 000. Leasing a suitable site would cost around $35, 000, if a suitable site could be sourced. Once the purchase or lease had been concluded, all the set up costs of Option One above would be incurred on top of the capital cost of the land.

OPTION THREE: RENTAL OF SHOP FRONTAGE SPACE IN HORNBY

18. The cost of renting a separate shop frontage in the Hornby area would be approximately $225 per square metres per annum. A minimum of about 100 square metres would be required for counters, customer waiting and a secure cash room, for a rental of about $22, 500 per annum. There is no immediate option available in the Hornby Mall vicinity.

OPTION FOUR: EXPAND SERVICES AT CIVIC VIDEO

19. The Civic Video Store provides a manual receipting service for rates payments. The proprietor is prepared to expand the receipting service to include parking fines, annual dog registration renewals, all rates payments, and other sundry council payments where an invoice is presented. A hot-line phone to the call centre will also be provided, as well as a range of standard council forms. More technical transactions would not be possible, such as payments for building and resource consents, request for LIMs, liquor licences, health licences, and rates rebates. Therefore the overall level of Service offered would not be significantly less than that offered at a standard council service centre. The costs for this service are $0.50 per transaction, plus $300 per month. This option is extremely cost-effective, and would be reviewed after six months to check on utilisation.

10 Cont'd

STAFF RECOMMENDATION

20. That the Corporate and Financial Committee recommend that the Council agree to extend the range of Council services available at the Civic Video Store.

11. KERBSIDE COLLECTION FOR VACANT PROPERTIES

General Manager responsible:	General Manager Corporate Services
Officer responsible:	Corporate Finance Manager
Author:	Steve Kelsen, Funds and Financial Policy Manager

PURPOSE OF REPORT

1. Some residents who have vacated their properties either because of earthquake damage or Canterbury Earthquake Recovery Authority (CERA) zoning, have indicated a desire to continue to access a Council-provided kerbside collection service. The Council does not currently provide a collection service for vacant properties.

2. This report provides the background to this issue and proposes that the Council:

   (a) Agree that no change should be made to current kerbside collection services:

   (b) Note that:

      (i) Council kerbside collection bins are being progressively retrieved from vacant properties, but some bins are currently still available at some vacant properties, particularly in the Red Zone where settlement between the landowner and CERA has not taken place

      (ii) ratepayers whose properties have been demolished or vacated are not being charged for the kerbside collection service, although Council continues to incur costs associated with collection, retrieval, and identifying bins stolen or relocated from vacant properties

      (iii) the provision of bins and kerbside collection service to vacant properties will have cost and security implications for both the Council, the Council's collection contractor, and the property owner

      (iv) alternative collection services are commercially available at a similar price to the Council service.

EXECUTIVE SUMMARY

Current level of service

3. Following the series of Canterbury earthquakes, wheelie bins are being progressively removed from those properties where improvements have been demolished or where the property is receiving a rates remission because it is unable to be occupied. In the case of properties where the improvements have been demolished the waste minimisation targeted rate, which funds the organics and recycling collection, has been removed from the rates assessment. For properties that are unable to be occupied the 40 per cent rates remission granted by the Council equates to the average cost of Council services, including kerbside collection, that are delivered directly to that property.

4. Historically, properties with improvement value of greater than $21,000 were entitled to an allocation of rubbish bags. When the wheelie bin system was introduced this threshold was lifted to $30,000 and vacant land was excluded. The purpose of these tests was to prevent delivery of wheelie bins to, and the collection of the targeted rate from, vacant properties and electricity power boxes, garages etc.

5. Kerbside collection services, either through the rubbish bag system or the wheelie bin system, have not previously been provided to empty sections. While this is because waste collection is generally unnecessary and unwanted at vacant sections, an additional factor is the likelihood of the relocation by owners or THE theft of bins from vacant sections. Council staff and contractors have observed that bins from unoccupied properties are being relocated across the city, generally without the property owner's permission.

11 Cont'd

6. The wheelie bins do not belong to the property owner; they are an asset belonging to the Council's collection contractor. However, the bins allocated to a property are the property owner's responsibility. Under Clause 10 of the Terms and Conditions set by the Waste Management Bylaw 2009, property owners are liable for full-replacement cost should bins be stolen. Also, THE Council faces additional and unrecoverable collection costs where stolen or relocated sets of bins are presented for collection. A bin amnesty will be held in 2013 to allow bins that have been relocated across the city to be returned to the contractor.

7. At its Earthquake Forum on 18 October 2012, the Council received a request for the reinstatement of kerbside collection service from the owner of a Fendalton property that is unable to be occupied and is receiving the 40 per cent rates remission. That ratepayer is maintaining the section, while the residence is unable to be occupied, in anticipation of reoccupying it following rebuild. The Council has not retrieved bins from that property, and contractors' records show that bins are still being collected from the roadside in front of that property.

8. To date THE Council's contractors have only retrieved bins from vacated properties where they are CERA owned or where the ratepayer has contacted us to request a retrieval. Other affected ratepayers, approximately 6000 of them, are not being rated but still have bins and many of these are still being presented and collected. The retrieval of these bins will continue over the next few months.

9. Once contractors have retrieved bins from vacated properties alternative collection services are available. For example, the commercial cost of fortnightly collection of a 240 litre wheelie bin is $218 per year (the Council's standard residual waste bin has a 140 litre capacity). Alternatively a 2 cubic metre skip (14 x 140 litre wheelie bin equivalents) would cost $150 for a single pickup. These services are likely to be more suitable than the Council's collection service because the kerbside collection service has very specific timeframes set by the Waste Management Bylaw. Council bins must be presented no early than 5.00pm on the day prior to collection, and must be brought in again by 11.00pm on collection day. This presents difficulties for absent property owners and increases the risk of bins being stolen from these vacant sites.

Extension of service to vacant properties

10. Under existing Council policy, where the Council agrees to provide a service, ratepayers are able to opt into the full three bin service by paying an annual charge, which is equal to the cost of the standard service ($258 in 2012/13). This ability to opt in is currently only available to non-rateable properties such as churches, which are not-liable for the targeted rate, and to clubs and charities occupying Council land and are therefore tenants rather than ratepayers. This service is currently only available where there are improvements on the land because of the issues identified above. However, it is possible to extend the service to include vacant properties.

11. Should the Council determine that it is appropriate to continue to extend the current opt–in service to provide kerbside collection for vacated properties there will be a number of consequences:

    - additional administration staff time and resources required for customer service, database maintenance and invoicing
    - precedent – the provision of a service to vacant sections may set a precedent obliging the Council to provide the opt in service to all vacant land
    - possible issues and potentially increased costs as gradually areas cease to be serviced by the collection vehicles
    - the Council already faces a claim from the contractor for the collection of lost bins from the CBD and red zone properties; there is potential for this to increase costs if bins remain at, or are distributed to, vacant properties.

11 Cont'd

FINANCIAL IMPLICATIONS

12. the Council's organics and recycling kerbside collection service is funded by a targeted waste minimisation charge ($144.12 for 2012/13). Residual waste collection is funded through general rates. The opt-in charge for 2012/13 is $258 and covers the cost of the full three bin service. However, it does not cover additional costs associated with bin delivery or retrieval, location of relocated or stolen bins, or the incremental costs that would be associated with database maintenance and invoicing for a vacant land service.

13. Any additional cost associated with continuing to provide kerbside collection services to vacant sections is unbudgeted. At this stage it is not possible to determine what that cost could be because the number of property owners who would opt-in to the service is unknown.

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

14. N/A.

LEGAL CONSIDERATIONS

15. Under existing Council policy, where the Council agrees to provide the service ratepayers are able to opt into the full three bin service with the payment of $258.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

16. N/A

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

17. No.

ALIGNMENT WITH STRATEGIES

18. N/A

CONSULTATION FULFILMENT

19. No consultation has been undertaken.

STAFF RECOMMENDATION

That the Corporate and Financial Committee recommend that the Council:

(a) Agree that no change be made to current kerbside collection services.

(b) Note that:

   (i) Council kerbside collection bins are being progressively retrieved from vacant properties but some bins are currently still available at some vacant properties, particularly in the Red Zone where settlement between the landowner and CERA has not taken place

   (ii) ratepayers whose properties have been demolished or vacated are not being charged for the kerbside collection service, although Council continues to incur costs associated with collection, retrieval, and identifying bins stolen or relocated from vacant properties

11 Cont'd

(iii) the provision of bins and kerbside collection service to vacant properties will have cost and security implications for both the Council, the Council's collection contractor and the property owner

(iv) alternative collection services are commercially available at a similar price to the Council service.

12. RESOLUTION TO EXCLUDE THE PUBLIC

Attached.

2. 11. 2012

CORPORATE AND FINANCIAL COMMITTEE

RESOLUTION TO EXCLUDE THE PUBLIC

Section 48, Local Government Official Information and Meetings Act 1987.

I move that the public be excluded from the following parts of the proceedings of this meeting, namely item 13.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

		GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF THIS RESOLUTION
PART A	13.	DEBT WRITE OFF	) GOOD REASON TO) WITHHOLD EXISTS) UNDER SECTION 7	SECTION 48(1)(a)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

ITEM	REASON UNDER ACT	SECTION	PLAIN ENGLISH REASON	WHEN REPORT CAN BE RELEASED
13.	Commercial activities	7(2)(h)	Withholding the information is necessary to enable the Council to carry out, without prejudice or disadvantage, commercial activities.	2 November 2013

Chairperson's
Recommendation: That the foregoing motion be adopted.

Note

Section 48(4) of the Local Government Official Information and Meetings Act 1987 provides as follows:

"(4) Every resolution to exclude the public shall be put at a time when the meeting is open to the public, and the text of that resolution (or copies thereof):

(a) Shall be available to any member of the public who is present; and
(b) Shall form part of the minutes of the local authority."