

FERRYMEAD RESIDENTS GROUP

At Ferrymead
285 Bridle Path Road
Heathcote
CHRISTCHURCH. NZ.

Sunday 20th April 2008

SUBMISSIONS TO ANNUAL PLAN
CHRISTCHURCH CITY COUNCIL.
P.O. BOX 2237,
CHRISTCHURCH.

FUNDING FOR COMMUNITY ORGANISATIONS.

Ferrymead Heritage Park Funding.

The Ferrymead Residents Group is concerned about proposed rate increases. Rate increases impact on residents, home owners, and the cost of living. We believe the council should look at spending, and review costs.

When the Park started, we were assured it would become self supporting after initial funding. (See attached photocopies.)

According to Council figures, public funds since the park started, now appear to approach some \$11,000,000, since 1965.

If the cost of the City Centre tramway operated by the Tramway Historical Society is added (as members of the Ferrymead Park) the total cost could well be approaching \$30,000,000.

We would like to know when both these organisations will fulfill their undertakings of self sufficiency.

We also think that grants should be at the discretion of each ratepayer. The council could indicate on rate demands an estimate of each ratepayer's contribution, which could then be paid by the council or ratepayer to nominated organisations.

A representative of our residents group would like to talk direct to the council about this.

pp T.C. Swainson.

THE FERRYMEAD RESIDENTS GROUP.

ORIGINAL CONCEPT PLAN FERRYMEAD HISTORIC PARK,
REPORT TO HEATHCOTE COUNTY COUNCIL

PREPARED BY CHCH JUNIOR DEC 1965.

COPY

NOTES FROM A REPORT PREPARED FOR THE TRAMWAY SOCIETY

The Tramway Historical Society (Inc.) is in possession of a fleet of trams which were in use from the earliest days up to the last run made ten years ago, and which can confidently be claimed as the most valuable collection historically in the Southern Hemisphere. The building up of such a collection has been possible largely because of the Canterbury climate with its lack of rain and humidity. The time has come, however, when permanent covered shelter for these trams is an urgent necessity and the Ferrymead site can provide just such a home where the aim of the Society in establishing a working museum can be realized and where the enthusiasts can lovingly restore and operate their exhibits.

With its participation in the overall Ferrymead venture, the Tramway Society will retain its individual identity, as will the other interested organizations, and be financially self-supporting.

Many will have seen and indeed ridden on the Horse Car which was operated recently over a short length of line in Papanui. This machine was built by John Stephenson & Co., New York, in 1887, as a lightweight economy car following a widespread trend of the times. John Stephenson built the first street tramway in the world in 1832 and operated his own trams on it. His trams, now very rare, once dominated the world market and could be found on practically every tramway in existence. It is notable that Stephenson's works were mass-producing cars to standard designs during the period 1870-1890.

The Kitson Steam Motor No. 28 of 1881 is an outstanding piece of equipment and is one of the first production models built by Kitson and Co. Leeds, England. This model is thought to be the last of its kind in the world in working order (two are known to exist in England and Ireland respectively, but, neither is useable) and was used in Christchurch from the opening of the tramways in 1880 until the mid-1930's. These "trams" are of course steam locomotives encased in a tramlike wooden body which was intended to prevent horses taking fright, and speed was restricted to 10 mph. The passenger tramcars were nothing more than trailers hauled by these locomotives.

Together with a number of other makes of coaches, a small stock of rails is held in storage and new points plus further lengths of track are forthcoming in the near future, and these will form the basis of the ring track at Ferrymead which will connect the passenger with the rail head.

April, 1965.

COPY

TREMAIN

YKED

WED. AUG. 5th 1998

LETTERS TO THE EDITOR

Christchurch tram

Sir—While the comments of the Christchurch City Council general manager, Mike Richardson, on the tram's projections and performance are welcome, he needs now to release the three consultants' reports commissioned during 1993.

I understand that the council staff had a confidential report prepared on the potential viability of the tram, which suggested annual patronage of 1 million to 1.4 million people and a potential return of between 7 per cent and 13-per cent. Councillors used these wildly inaccurate projections to make the decision to proceed with the project.

A ratepayer group at the time commissioned a report which correctly estimated potential annual patronage at 250,000 and that the project was hopelessly uneconomic. Councillors chose to ignore this report.

With local government elections in October, it would be in the public interest for the council's reports to be released now. Ratepayers could then judge for themselves the competence and openness of the councillors.

HUGH PAVLETICH
August 4, 1998

Tramway finances worry ratepayers

City council critics fear ratepayers will be left out-of-pocket if Shotover Jet decides to pull out of Christchurch's tourist tramway.

With patronage on the tram falling and Shotover recording a \$16.5 million loss in the last 15 months, rumours are rife the company's involvement with the tram may soon come to an end.

However, Cr David Close, the chairman of the city council's strategy and resources committee, has rejected suggestions the city council may be called in to bail out the tramway.

Graeme Tapper, president of the Christchurch Superannuitants Association, said elderly people in the city were concerned the tram would increasingly become a financial drain on council coffers.

"We questioned the wisdom of the tram in 1994 and we were assured that it would pay its way. It's clearly not paying its way and we're fed up with subsidising it," Mr Tapper said.

In its second year of operation, patronage on the tram dropped from about 300,000 to 260,000.

Despite this, the tramway company managed to return a modest profit. However, part of the reason for this was the city council agreeing to reduce the licence fee it takes from \$490,500 to \$200,000.

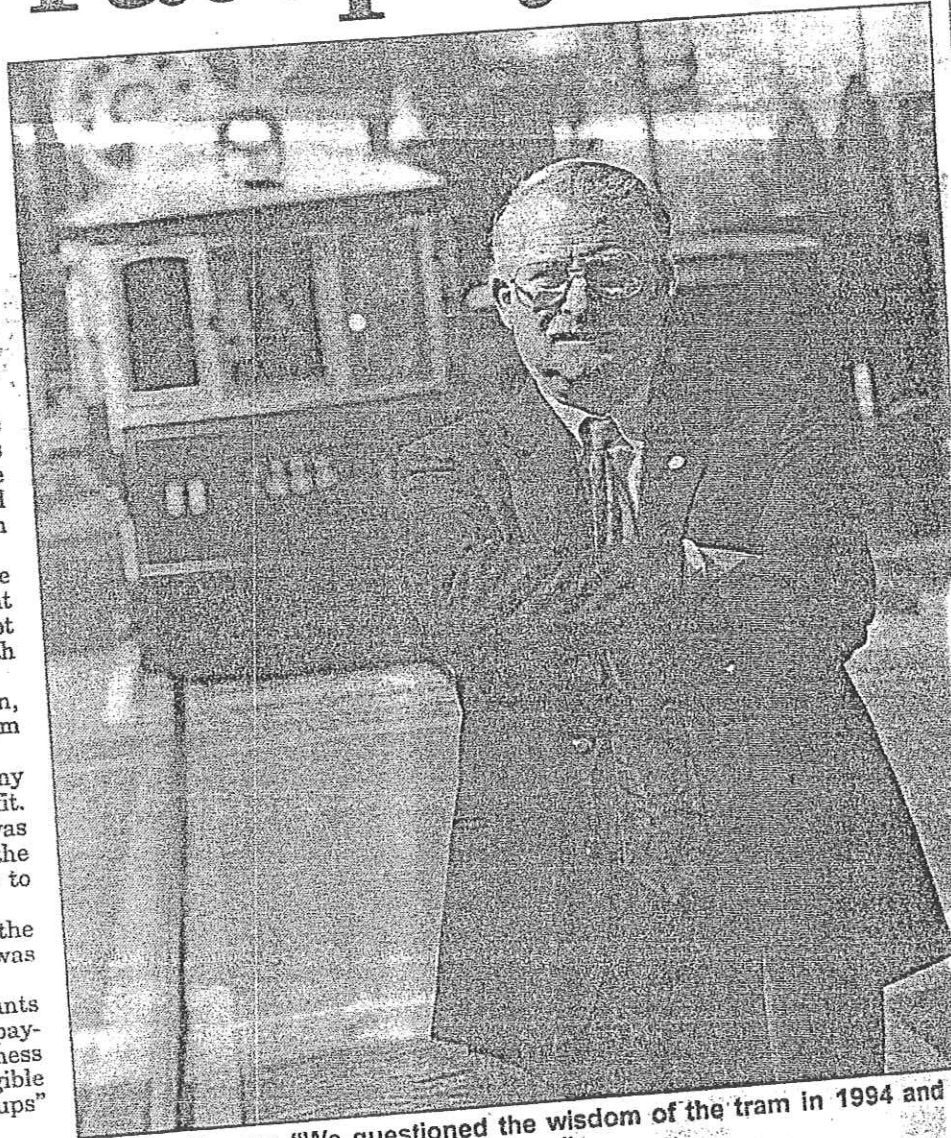
The projected cost to the council of the tramway's second year of operation was \$532,860.

Mr Tapper said the Superannuitants Association did not accept that ratepayers should be subsidising a business operation that only brought "intangible fringe benefits to sector groups" involved in the tourism industry.

"How long is it going to cost us money," Mr Tapper said.

The Merivale Precinct Neighbourhood Group also voiced concern about the financial operation of the tram, saying the city council should think twice about making any further budgetary commitment to the project.

Cr Close said the council had not



Graeme Tapper. "We questioned the wisdom of the tram in 1994 and were assured that it would pay its way."

received the "slightest indication" that Shotover was reconsidering its involvement with the tramway.

"The tramway operation is a distinct part of Shotover Jet's operation and is quite apart from what goes on in

Queenstown, Rotorua or anywhere else," Cr Close said.

The council had renegotiated its contract with Shotover and both parties were confident the new terms were viable.

Christchurch's tram: asset or expensive white elephant?

The tram has fallen far short of the predictions some supporters made for the earnings it could be expected to have. But its backers say it is bringing benefits. MIKE BRUCE reports.

Christchurch's tram has undoubtedly become one of the city's most significant symbols. Indeed, many gift-shop operators say postcards of the tram are their fastest selling Christchurch image.

However, that symbol has come at a cost to the city's ratepayers and raised questions about the council entering into shared commercial arrangements with the private sector. In 3½ years of operation the council has twice had to renegotiate the tram's licence contract with its private operators to keep it profitable.

Its supporters see it as another attraction to draw visitors to the city and keep them here for longer, providing an immeasurable return to the city. Critics slam it as a non-core city council activity which is costing ratepayers money.

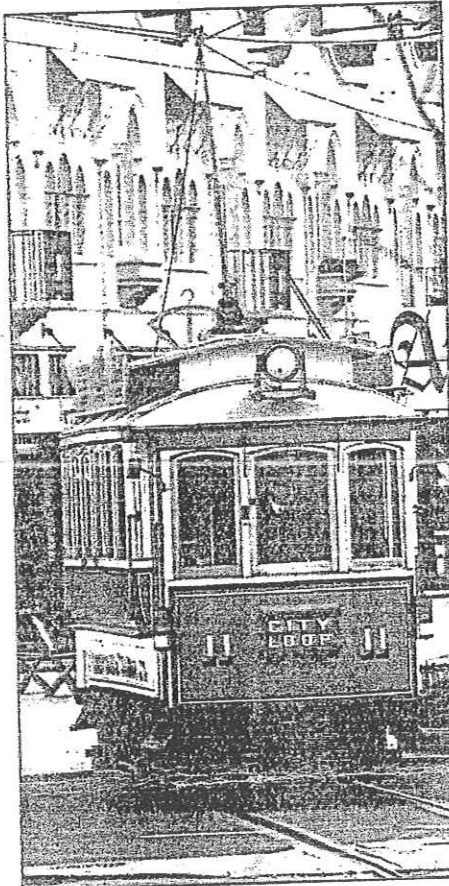
Council spokespeople say the tram was first conceived as a link between Cathedral Square and Worcester Boulevard only and was never seen primarily as providing a commercial return for the city.

"It was first seen as everything other than a commercial return for the city. We were hoping it would pay for the infrastructure and maybe then some," says the council's tram project co-ordinator and tram historian, Dave Hinman.

Given the economies of scale, viability, and calls for a larger circuit, the council decided to extend the project into a loop around the city. Then came a proposal for an Edwardian-style retail area in what became known as the Britto development — now known by many as "Little Bosnia" for its conspicuous lack of development.

The larger project and extra costs sowed the idea of a profitable operation. Former city councillor Derek Anderson said in October 1994 that the tram would return about 7.34 per cent in dividends, which "could be as high as 13 per cent" — a statement that has come back to haunt tram proponents.

That prediction was based on patronage figures of 1.3 million passengers a year. As it turned out, figures peaked in the first year at 300,000 and have not gone as high since. Mr Hinman now admits that while the initial 1.3m figure was over-optimistic, the figure of 260,000 who



About 260,000 rode the tram last year.

rode the tram last year is still lower than he would like.

The project ended up costing about \$5.45 million, with boulevard improvements taking it to about \$6.9 million.

The council licensed the operation to Shotover Jet who paid an annual rental of \$300,000 and a return on patronage, plus the rent of the trams from the Heritage Tramway Trust.

The council budgeted to receive \$490,000 in the first full year of operation. In the event it received just \$200,000. It needs about \$435,000 to service the project's capital costs. This year the council has budgeted costs of \$565,500, revenue of \$140,000, and depreciation of \$112,000.

The council changed the licence contract with the operator last year reducing the rental to \$200,000. This was reduced to \$140,000 in this year's council budget as well as a waiver on the last two months rental, costing \$22,610.

Council property manager Rob Dally still stoutly defends the tram as an integral city attraction, providing an unquantifiable return by attracting visitors and keeping them here longer. Like a convention centre, and indoor sports and entertainment centre, the tram was not necessarily built to be profitable, he said.

"It has an over-all impact on the city's amenity value — it was about the council encouraging development and redevelopment. A financial return would have just been the icing on the cake."

Critics say the council should have stayed out of the project for the very reason that the tram's performance and return are so immeasurable with no proven net financial benefit to ratepayers.

Information on those benefits is hard to get when the commercial sensitivity of a private operator is in the picture. In fact critics met difficulties when they tried to get information on the change of licence in 1997. In contrast, the latest contract change last month was paraded for all to see in the council's 1998/99 annual plan.

But Mr Dally believes the tram has an "intrinsic economic impact" on the city. He says that 85 per cent of passengers come from outside town. Many of them come on the strength of the tram, like the 120 tram and train enthusiasts who chose Christchurch for their conference.

"It's another thing to do here which is helping to extend the number of bed-nights in the city. It's having a cumulative effect with the city's other attractions."

Unlike a lot of other council infrastructure spending, like Cathedral Square, the tram at least has some return, Mr Dally said.

Company general manager and shareholder Martin Mongan said the main problem has been one of settling in — establishing the business's costs and revenues.

Mr Mongan said the new arrangement will allow the tram to be profitable while still contributing to the capital cost. The company is forecasting a net profit in its third full trading year which is not unusual or inappropriate for a new business, he said.

"Christchurch has an icon to be proud of and one which is paying its way, albeit slower than initial projections and expectations."