

## The Submission Process

The Council carefully considered 1,696 written and verbal submissions together with market research and its Annual Citizens Survey. Most people in Christchurch were prepared to pay a little more to enable the city to move ahead. This was borne out by the results of the Annual Citizens Survey and the survey by Consumer Magazine, both of which demonstrated that the great majority of our citizens regard Council services as good value for money. There were also a great many submissions that expressed appreciation of various programmes, activities and services provided by the Council. It was noticeable that large numbers of submissions, notably those on preservation of historic buildings and on car parking for the new art gallery, urged big increases in spending.

However, the minority view must be noted and respected. The Council took due note of criticisms noted on the City Scene response form, criticisms in written and verbal submissions, and indications of dissatisfaction in the Annual Citizens Survey. It is quite clear, that, whilst the majority do not disagree with current levels of spending, the Council has no mandate for big increases.

In reviewing the submissions, the Council found no grounds for cutting back on any significant activities. Neither were there grounds for committing the Council to new expenditure. Any increases found to be necessary were funded by savings or new revenue sources. Almost all requests for additional grants were declined. The final version of the 1999 budget therefore remains prudent.

The submissions on the uses of the capital repayment funds were evenly divided. There was strong support for using the funds to repay debt and strong support for an economic development fund, with a slight majority in favour of using more than the \$40M proposed for debt repayment. After allocating \$8M for the Bus Interchange, a further \$33M will be allocated to the Debt Repayment Reserve. Interest saved (\$750,000 in 2002/03 and \$1.5M for each year from 2003/04 onwards) will go to an economic development fund. While initially this will provide a smaller fund than originally anticipated, it has the potential over time to build to a significant sum which could be used directly for funding worthwhile projects or used to lever additional funding if larger amounts are needed.

Numerous small adjustments to operating and capital expenditure have been made as a result of information that has become available since the Draft Plan was prepared. These changes have not affected rating levels. The most significant change is in long-term net debt, which is \$31M lower in Year 10 than in the Draft Plan, and \$45M lower than in last year's Plan.

## How we Propose to Move Ahead

The Plan includes 111 items of additional expenditure on new initiatives totalling \$10.33M. The new initiatives which are already committed are listed on pages 27 to 29. The following summary picks out most of the uncommitted initiatives which are now proposed in this plan. They have been grouped under 10 headings below.

### • To improve Christchurch Infrastructure

The additional work which is planned for city streets is designed to improve pedestrian areas, roads and cycleways. Examples of these improvements include more frequent litter bin emptying in pedestrian areas (\$40,000), cycle safe training (\$50,000), road network planning (\$30,000), Cathedral Square cleaning (\$60,000), kerb and channel renewals (\$106,452),

neighbourhood improvement works (\$155,576), cycleways (\$175,000) and street lighting upgrade - safety (\$324,180).

Increased investment in the sewerage lifelines programme of \$490,000 over three years. This focuses on upgrading those parts of the system which have been assessed as most likely to collapse in the event of a major earthquake or other emergency.

An additional \$297,000 for achieving the standards set for managing our 372 kms of open waterways and streams, providing a far more natural appearance to them, better flood control and long term lower maintenance costs.

\$265,000 to address backflow problems and leaks in parts of our water supply network and to develop a long term strategy for the City's water supply.

### • To Make Christchurch Air Cleaner

Strategic Objective C1 (page 33) refers to "Managing our impact on the environment in order to - enhance air quality in the city". The individual items which go to make up this category are designed to do just this. They include an acceleration of the very successful clean air programme (\$320,000) and assistance to low income householders to enable them to participate in this programme (\$200,000). In addition the Council is proposing to invest \$35,000 in an energy advice service.

### • To Create More Jobs in Christchurch

To move ahead in the employment area the Council proposes to embark on a combination of direct and indirect employment initiatives. The direct initiatives include a Third Age Employment Programme (\$43,000), a Career Resource Centre (\$38,000), a Youth at Risk Programme (\$20,000), and an Apprenticeship Scheme (\$25,000).

In addition, the Council also plans to increase its promotion of tourism. An additional grant of \$650,000 to Christchurch and Canterbury Marketing Ltd (formerly the Canterbury Tourism Council) is aimed at securing an increase in visitor numbers to the City. Joint ventures by Christchurch and Canterbury Marketing with travel wholesalers will allow the leveraging of extra funds for targeted Christchurch promotions. This will in turn result in greater knowledge of Christchurch and its attractions. The success of this initiative in practical terms will be measurable through the number of packages sold and known increases in passenger numbers.

\$75,000 has been earmarked to bringing to Christchurch the Supergames 2001. This will be the biggest sporting event ever brought to the City with thousands of overseas visitors gathering in the city for a number of days.

### • To Make Christchurch Safer

It is of concern to the Council that a high proportion of residents do not feel safe. For example 61% of respondents in the *Residents Survey* reported feeling unsafe in the city centre after dark, and overall, safety was the second most common issue of concern to participants in that survey. Recent studies and surveys provide evidence that Christchurch residents see crime, anti social behaviour and the fear of being the victim of such behaviour as matters of significant concern: 25% raised issues of crime in *The Press* survey 1998, while community safety was rated as very important by 71.5%

of respondents in the Spreydon/Heathcote community survey (1996) and in the Riccarton/Wigram survey (1998) safety from crime was the highest ranking concern being ranked very important by 75.5%.

Strengthening Community Action Plans will make Christchurch safer. They will:

- improve people's sense of belonging to and being part of the community.
- reduce crime and people's fear of being the victims of crime.
- support people, communities and neighbourhoods to identify and achieve their own aims.

Each Community Board will develop its own set of actions. There is no single solution, blueprint or model as priorities and issues will vary between Boards and communities.

Core groups have been formed by each board to implement each action plan. These groups comprise representatives from the community board, local police, the community advocacy team and community agencies.

A Metropolitan Action Plan will be developed in conjunction with the Boards' set of actions and will incorporate city-wide projects and activities.

A metropolitan group comprising representatives of the Community Services Committee, Police, Health Link South and Council staff will be responsible for developing the Metropolitan Action Plan. The total cost of the project is \$140,000.

An additional \$80,000 is budgeted to continue the task of making smoke alarms available to all the households in Christchurch at the lowest possible price with particular emphasis on low income families.

- **To Keep the Centre of Christchurch Alive**

The Council is committed to ensuring the city centre remains the heart of the community. A vibrant city centre benefits the local economy, employment and tourism. Proposed initiatives which relate directly to the city centre include the building of a Bus Interchange (\$19.2M spread over two years) and Christmas decorations for the Central City (\$113,000).

The Bus Interchange will make it easier for bus patrons to find and wait for a bus. It will also provide a safer and more comfortable waiting place. Not only will travelling to the City Centre be easier but cross city journeys will be more easily made. In addition this project will bring together new shops and new parking which are important for maintaining the life and vibrancy of the City Centre.

A forum process is being put in place. The objective of this will be to enliven the "Four Avenues" by encouraging housing development and new commercial activity within them. Our vision is for a city which continues to have a strong heart and doesn't simply become a low density sprawl of suburbs.

- **To Help Christchurch Youth and Families at Risk**

The increased expenditure in this area includes some new initiatives, but in most instances, enhances existing programmes.

A good example is an additional \$5,000 for the Project Early Programme, which was established in eastern Christchurch to work with behaviourally disordered

pupils. This programme is working well and achieving good results. It is, however, yet another example of a programme which should be funded by central rather than local government. In supporting this programme the Council also resolved that a case be made to the Minister of Social Welfare for financial support for this project and other similar intervention projects.

Other programmes to receive Council support included the successful After School Programme (\$30,000), the Police/Youth Worker Project (\$12,000), Canterbury Youth Workers' Collective (\$38,000) and Community Development Support (\$40,000).

- **To Give Christchurch More Modern Libraries**

The library network supports the cultural, economic and social well-being of Christchurch and its people. To enhance this network the Council plans to embark on a computer replacement programme. This will help to provide library customers with improved access to information, a seamless interface between the library's bibliographic databases and other information resources and a Web interface. An additional \$51,000 is budgeted. The New Brighton library will set a standard as an innovative and lively place for us to visit, far more than a repository of books and information, its cost for the year is an additional \$650,000.

- **To Underground Wires**

In 1996 the Council took responsibility for funding underground conversions that are carried out for enhancement reasons. This was to allow better co-ordination with road works projects, and to avoid situations where poles are left to support telephone wires.

The City Streets Unit currently funds the majority of the costs associated with underground conversion of the major routes around the city. This work is usually carried out in conjunction with major road works projects. Orion also carry out undergrounding of 1 - 2 kms per year associated with strengthening their network. This generally relates to high voltage lines.

The proposal for 1999/00 is to increase the current rate of undergrounding by Christchurch City Council from 2 kms to 5 kms. The cost of meeting the additional 3 kms is \$1.15M. It is estimated that there are approximately 900 kms of urban roads in the Council's area with overhead wires so it is still going to take many years to complete this task.

- **To Reduce Christchurch Rubbish Volumes**

The introduction of recycling has been a conspicuous success in the city - further progress will be made this year in reducing the volume going to the landfill but also in building industries and jobs to process the materials. The additional cost for the year is close to \$1.7M.

The success of recycling and the composting plant are reflected in the reduced tonnages going into the landfill. To make further progress in this area the Council is planning a waste auditing programme (\$40,000) and a target zero programme (\$120,000).

The Waste Auditing Programme is centered on a taskforce which visits businesses on site and provides information on waste minimisation. The Target Zero is a similar programme which includes seminars, publicity, information packs and networking.

## MOVING AHEAD

- To Protect Christchurch's Heritage/Environment**

The Council recognises the contribution which heritage buildings and the natural features make to environmental sustainability. To move ahead in this area the Council plans to make a grant of \$60,000 to help set up Christchurch's Environment Centre. The conservation of the built environment has been recognised by a grant of \$50,000 for earthquake strengthening of the Arts Centre.

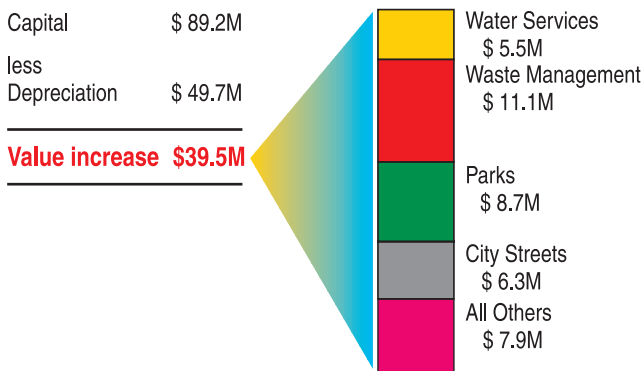
### Increasing the Value of the City's Assets

The Plan includes a very significant capital programme. \$89M of capital investment is planned for the next year. The table on page 13 shows that this programme will peak at \$117M in 2000/01 and will run at least at \$84M for most of the next 10 years.

On average this represents \$47M of new investment which increases the value of the community's infrastructure

This means that the Plan will add more than \$460M to the value of our City's infrastructure over the next decade, that is approximately \$4,000 of new investment for every home in the City increasing the value of our infrastructure from \$18,400 per home to \$22,400.

Taking the 1999/00 year the breakdown of this new capital investment is as follows:



This increasing investment into the City's infrastructure and facilities will be funded by a mix of borrowing, funding from current income (see operating surplus - page 13) and use of capital receipts from the Council owned companies.

The graphs below are designed to show how the 1999/ 00 operating and capital expenditure requirements will be funded.

### 1999/ 2000 Expenditure

Operating Expenditure	\$234.30
Capital Programme	\$89.16
Surplus	\$5.04
Debt Repayment	\$2.78
<b>Total ( \$ million)</b>	<b>\$331.28</b>

### Special Dividends and Capital Repayments

In March 1999, Christchurch City Holdings Ltd advised that additional capital arising from the sale of the Southpower retail business would be available for distribution. They also advised that Christchurch International Airport Ltd intends to make a special dividend payment. The combined total of these two amounts is estimated at \$83.5M, and this will be received over a two year period 1999/00 and 2000/01.

The Council's view is that capital repayments of this sort should be used to benefit ratepayers not for one or two years but over a decade or more.

After considering the impact of a number of options on the long-term projections, the Council is proposing to allocate the \$83.5M to the Debt Repayment Reserve.

- Debt Repayment Reserve**

This reserve was originally set up in 1998/99 to reduce Council debt. The money transferred to this Reserve is to be utilised in lieu of new borrowing and for the repayment of loans as they mature. The use of this reserve will lower rates by reducing the Council's loan servicing costs.

- Economic Development Fund**

An Economic Development Fund will be set up in 2002/03 from the interest savings which will accrue from making a larger transfer to the Debt Repayment Reserve. These funds will enable the Council to directly fund economic development type projects or provide assistance for such projects. Criteria for use of this fund will be established closer to the time.

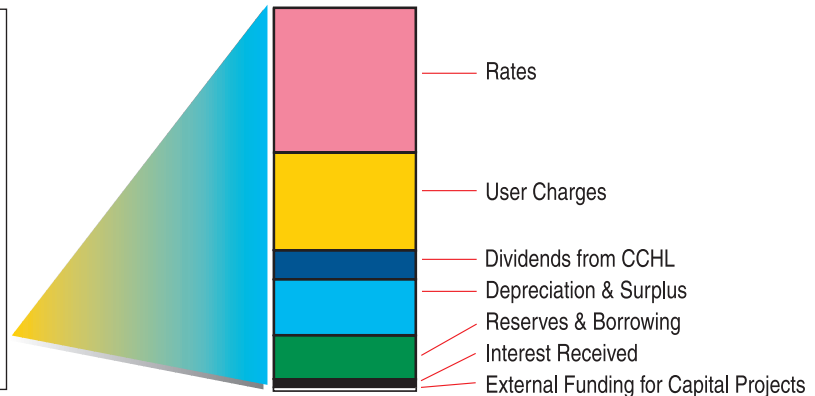
### A Prudent Plan

Christchurch people want a council that is prudent as well as forward-looking. To ensure that our long-term financial plan is prudent, a rigorous examination of projected capital expenditure has been made. \$45.7M was cut from the provisional 10 year programme.

Some key elements of this review were:

- Reduction of unspecified capital provision by \$16M (over 10 years).
- Reduced provision for funding new landfill (\$7M).
- Provision for \$6M shortfall in external funding of major projects.

### 1999/ 2000 Funding Sources



As part of this process the Council was careful to ensure that there was adequate funding for the renewal of essential infrastructure in accordance with approved asset management plans. Projected operating expenditure was also scrutinised to ensure that any increases were justified.

Prudence was also exercised in adopting a new formula for funding capital expenditure. Under the new formula, 55% of averaged capital expenditure is to be met from depreciation and the operating surplus. In other words, we will not borrow more than 45% on average of the cost of the capital works programme.

A long-term view has also been adopted in respect of the capital repayment funds referred to above. This would not have been possible had it not been for the sound financial judgement of previous councils in retaining ownership of the city's trading enterprises. The trading enterprises continue to pay sound dividends and increase in value in addition to returning surplus capital to the Council.

The combination of the prudent management outlined above and the strong returns from our trading enterprises have combined to produce a long-term financial plan, which after allowing for the costs of 'moving ahead', has the following characteristics:

- a full provision for maintenance and renewal of streets, water supply, sewerage, buildings and other assets,
- improved key financial ratios (all four indicators),
- lower rate increases than projected in the 1998 Plan.

The increase for the coming year is much lower than the increases forecast in other major cities. Other major cities are only now beginning to fund the full cost of depreciation, a policy which this Council phased in from 1994. Christchurch City rates have been lower than other major cities in the past; the gap will increase this year in Christchurch's favour.

#### Credit Rating and Financial Ratios

The Council's finances are very soundly based as evidenced by the Council's 'AA' credit rating from international credit rating agency Standard and Poor's. This was reconfirmed by Standard and Poor's prior to the adoption of this Plan.

The capital repatriation from the trading activities will mean that the only borrowing in 1999/00 and 2000/01 will be for equity funding purposes.

The financial projections all sit comfortably within the four financial ratio limits. These ratios which are part of our Financial Management Policies outlined on page 13 are designed to ensure that our debt and expenditure levels are constrained.

#### Review of Strategic Objectives

Earlier this year the new Council reviewed its Strategic Statement. There was a desire to ensure that this statement accurately reflected its vision for Christchurch. There was also a desire to ensure that it adequately described the Council's role in improving the quality of life for Christchurch residents.

Also confirmed was the existing vision statement. This articulates the qualities, characteristics and opportunities which are desirable for Christchurch.

While the Council agreed with the outcome statements, it felt that these needed to clearly identify its unique contribution to achieving these outcomes. It also wished to ensure that it used resources to ensure a positive impact. The Council therefore identified strategic goals and objectives. These describe the priorities for the next three years and what needs to be done to achieve the long range outcomes. The Council acknowledges that it needs to work in partnership with residents, communities and public, private and voluntary sector agencies. Those priorities are reflected in the new projects which this plan proposes.

#### Continuing the Progress

The Draft 1999 Annual Plan was described as prudent but one which moved the city ahead. This description can also be applied to the final version of the 1999 Annual Plan. The rates increase has been kept at the same level as in the draft 1999 Annual Plan and the long term debt projections have been significantly lowered.

Garry Moore  
MAYOR

David Close  
CHAIRMAN, STRATEGY &  
RESOURCES COMMITTEE

Mike Richardson  
CITY MANAGER



## MOVING AHEAD



An inside view of the new Centennial Leisure Centre.



Children enjoying the facilities at the new Pioneer Leisure Centre.