

**160TH MEETING
OF
THE CHRISTCHURCH CITY COUNCIL**

**MINUTES OF A MEETING OF THE CHRISTCHURCH CITY COUNCIL
HELD AT 2.00 PM ON MONDAY 29 JUNE 1998**

PRESENT: The Mayor, Ms Vicki Buck (Chairperson).
Councillors Oscar Alpers, Carole Anderton, Graham Berry, David Buist,
David Close, Graham Condon, David Cox, Newton Dodge,
Carole Evans, Morgan Fahey, Gordon Freeman, Ishwar Ganda,
Pat Harrow, Ian Howell, Alister James, Lesley Keast, Charles Manning,
Garry Moore, Denis O'Rourke, Gail Sheriff and Ron Wright.

APOLOGIES: Apologies for absence were received and accepted from Councillors
Anna Crighton, Margaret Murray and Barbara Stewart.

**1. REPORT OF THE STRATEGY AND RESOURCES ANNUAL PLAN
WORKING PARTY**

Councillor Close made the following statement:

*"I am pleased to present to the Council the draft Christchurch City Council Plan :
1998 Edition.*

*It represents the culmination of several months of work by staff, Community Board
members and Councillors. The result is a detailed programme of services and
projects for the 1998/99 financial year and an indicative programme for the rest of
the decade.*

*I wish to begin by stating that it is my firm belief that the Plan demonstrates quality
long term planning for the city's finances, services and infrastructure. In recent
years the City Council has gained a reputation for its innovation. We have an
exciting programme of free entertainment which includes an enhanced
SummerTimes and an expanded range of festivals through the year. We have built a
convention centre which is the most up to date in New Zealand, and are in the
process of completing a sport and entertainment centre which will likewise be the
best of its kind in the country. We have had the courage to back a community
initiative and support the construction of the New Brighton Pier, which is producing
a surge of private sector investment. We have taken bold steps to preserve open
space for future generations by the purchase of Travis Wetland and extensive areas
on the Port Hills. We have taken initiatives with the Canterbury Development
Corporation and the New Zealand Employment Service to help people of all ages
find employment. We have embarked on a series of social initiatives, mainly through*

grants to effective community organisations, and often in association with government agencies and the Trustbank Community Trust. Does this mean that our traditional basic services have been neglected? Emphatically not. An analysis of operating expenditure for 1998/99 reveals that 77% is being spent on the traditional areas of streets, sewers, water supply, refuse, libraries and the Art Gallery.

Our basic infrastructure - roads, water supply, sewerage and drainage - is in good condition, and the Asset Management Plans which have been developed in recent years and incorporated for the first time in the 1997/98 Plan will ensure that the standard is maintained or enhanced into the indefinite future. The people of Christchurch gave a strong endorsement to our Asset Management Plan for these services last year.

This year we have moved to refine our Asset Management Plan for buildings, stadia and swimming pools. This has required, amongst other things, an additional \$5 million to upgrade the pools at Queen Elizabeth II Park. A detailed engineering assessment has indicated that the commitment of adequate renewal expenditure will extend the working life of what is still a very fine asset. Further design work will be carried out in the coming months to integrate major building maintenance and plant renewal with the development of the proposed leisure pool, which has been signalled in the long term financial plan for several years. The people of Christchurch City can be confident that the maintenance of their assets has never been better planned and provided for than at the current time.

The most significant financial change in the 1998 Plan is the implementation of capital restructuring which was signalled in last year's plan. In recent weeks we have received advice from Lyttelton Port Company that it will repatriate \$15 million to the City Council through Christchurch City Holdings, that Christchurch Transport Limited will repatriate a sum of approximately \$3 million, and Southpower a much larger sum. Although the timing, amount and method of the capital repatriation from Southpower is not yet certain, the Director of Finance has recommended that we provisionally budget to receive \$120 million in the 1998/99 financial year. I would emphasise that the repatriation of capital from the trading enterprises to the City Council through City Holdings is a reflection of the long term policy of the City Council in building the strength of these enterprises. When the Government corporatised some of its own departments and transformed them into state owned enterprises, it usually took out a large amount of capital leaving the state owned enterprise with a heavy debt. The City Council, by contrast, did not follow this policy; instead it left Southpower and the Airport Company with minimal debt and injected a significant capital sum into the Lyttelton Port Company to help finance the redevelopment of the container terminal. In the case of all the trading enterprises, the City Council took only modest dividends during the years during which they were being established. It has taken care to build the financial strength of the Christchurch Airport so that the company has been able to finance the construction of the major new terminal from its own resources. The policy of building the financial strength of the trading enterprises has now enabled those companies which do not have the demand for a large amount of capital in the medium term to repatriate to the City Council their surplus capital. I cannot emphasise too strongly that the decision to repatriate capital is in every case the responsibility of the Directors of the respective companies, who are bound to act in

the best interests of their company, as well as creating wealth for their shareholder. It has been interesting to note that the commercial world has been supportive of the Council's plans for capital restructuring, as it is well known that it is the interests of a company to have an appropriate mix of debt and equity on its balance sheet.

It is obvious to all that the strength of the City Council lies not merely in the quality of its assets and the strength of its rating base but also in the assets of its trading enterprises. The Council is grateful to the Chief Executives and the Directors of all the Council's trading enterprises for their commercial competence and for their commitment to working in the interests of their companies and of the Council's wider community and economic objectives. The people of Christchurch are fortunate that a significant number of people with outstanding corporate experience have been prepared to serve as Directors on our publicly owned companies.

The capital restructuring will not result in a bonanza of new projects. The citizens of Christchurch need not fear that the City Council will embark on a series of projects that will absorb the capital injection. Instead the capital restructuring will result in reducing the net debt held by the City Council to a mere \$21 million by the end of the 1998/99 financial year. This will result in significant reductions in interest charges, which in turn results in rate increases projected to be 1-2% lower each year than those projected in last year's plan. This is a very satisfying result. As a 2% allowance for inflation has been built into the Council's financial model, this means that rate increases over the next few years will be zero in real terms.

Councillors will have noted that the financial projections indicate quite a steep increase in borrowing towards the end of the decade. I have discussed this matter with the Director of Finance, who has agreed that we should institute a review of capital expenditure for those years during the course of the preparation of the 1999 Plan. The intention would be to ensure that the Council's debt level did not rise at an unacceptable rate. One project - the redevelopment of Lancaster Park - needs specific mention. The Council wishes to consult the public of Christchurch fully on the package which it has suggested for Lancaster Park. To put it simply, the Council would commit itself to providing \$4 million of capital and to assuming the responsibility for the residual debt of the Victory Park Board, subject to contributions from the major sporting codes, the business sector, the public, and other funding agencies. Under the proposal the City Council would acquire ownership of the physical assets of Lancaster Park whilst the Victory Park Board would retain ownership of the land. We await with interest the views of the people of Christchurch on this proposed package.

In association with this year's Plan, we are publishing a Strategic Statement and a draft Funding Policy as required by the Local Government Amendment Act No 3. The Funding Policy has entailed the making of thousands of decisions about who benefits from each activity the Council engages in, and how those benefits should be paid for, whether directly by the user, by ratepayers in general, or by particular ratepayer groups. Generally speaking, the Council is recommending that people related services be charged more to the residential sector and property related services more to ratepayers in general. A large proportion of the cost of maintaining the roads has been charged to the commercial sector because of engineering evidence that a heavy commercial vehicle causes approximately 13,000 times more damage to a road than the average private car. Submissions on the

preliminary consultation carried out last year revealed a number of anomalies, especially affecting the rural sector, and these have been corrected in the current draft. During tonight's meeting I shall be proposing some amendments which would correct some anomalies which affect the commercial sector.

In conclusion I would like to thank the City Manager, and the Director of Finance and his staff for their assistance during the preparation of this year's Plan. I am also grateful to the members of Community Boards and Standing Committees for their work. In particular I would like to thank the members of the Strategy and Resources Committee who have spent long hours debating the issues. As a result of their tolerance and commitment to debate, I believe we reached an acceptance of the decisions made even when we did not personally agree with them. It gives me pleasure to recommend the adoption of the City Council Plan : 1998 Edition Volume I and Volume II."

Consideration was then given to the Working Party's report, together with the following tabled associated documents:

- Memorandum from Councillor Close providing information on the uniform annual general charge and Funding Policy.
- Memorandum from the Corporate Planner on the implications of the recommended changes to the draft Funding Policy.
- Memorandum from the Funds and Planning Manager containing budget corrections to the Annual Plan.
- Memorandum from the Director of Finance providing financial analysis in respect to Lancaster Park/Jade Stadium.

Moved Councillor Close/seconded Councillor Close *"That the report of the Strategy and Resources Annual Plan Working Party and recommendations be adopted"*.

(2.15 pm Councillor Condon arrived)

VARIATIONS TO THE TRAM LEASE AND LICENCE AGREEMENTS

It was **resolved** that the sum paid to the Heritage Tramway Trust should be repaid over a five year period.

LANCASTER PARK REDEVELOPMENT

The Mayor moved by way of amendment *"That \$35 million (plus \$5 million contingency) be confirmed as the amount for the design, building and equipping of the redevelopment of Jade Stadium, and that the Council's ongoing support for this project be made conditional on achieving this, the funding streams and other financial conditions outlined"*. The motion was seconded by Councillor Close and when put to the meeting was declared **carried**.

In addition it was **resolved** on the motion of the Mayor seconded by Councillor Wright:

1. That the Council make a budgetary provision in its 1998 Plan for capital funding of \$1 million in 1998/99, \$1 million in 1999/2000 and \$2 million in 2000/01.
2. That expenditure of \$400,000 is approved to enable project planning and other preparatory work to proceed.

(Recommendation 3 of the supplementary report from the Director of Finance was withdrawn and this was replaced by the amended motion above.)

(3.20 pm Councillor Freeman retired)

FUNDING POLICY

Councillor O'Rourke moved by way of amendment "*That the ratios for sub-function:*

- *Economic development be 50% general benefit, 50% direct benefit.*
- *Employment and training be 20% general benefit, 80% direct benefit.*
- *Promotion of the city centre be 50% general benefit, 50% direct benefit.*

Because these are the more accurate division of benefits (as per draft Annual Plan)

Note: This would at present result in these rates increasing:

Residential 3.06%
Commercial .71%"

The amendment was seconded by Councillor Anderton and when put to the meeting was declared **lost** on division no 1 by 12 votes to 8, the voting being as follows:

Against (12): Councillors Alpers, Berry, Buist, Close, Cox, Dodge, Fahey, Ganda, Harrow, Howell, Keast and Wright.

For (8): Councillors Anderton, Condon, Evans, Manning, Moore, O'Rourke, Sheriff and the Mayor.

OTHER REQUESTS/INITIATIVES SUPPORTED BY THE WORKING PARTY

It was **resolved** on the motion of Councillor O'Rourke seconded by Councillor Wright
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1. That the amount of \$30,000 shown for the Waltham Community Cottage be for year 1.
2. That the amount shown for Canterbury Dialogues be increased from \$20,000 to \$30,000. (Recommendation 32 refers.)

3. **Theatre Royal**

Funding be as per page 16 of the agenda ie \$100,000 by interest free loan from the Community Organisation Loan Scheme and \$100,000 by way of a grant from the Heritage Building Fund.

4. **Cathedral Strengthening**

That the Council's contribution of \$1M be recorded as a separate line item and factored in at \$200,000 per year for years 1-5 inclusive.

5. **Summit Road Protection Authority**

That an additional \$6,000 be provided to cover the additional cost of preparing maps.

6. **CLAS Review**

It was agreed that the necessary amendments to the budget to allow for the establishment of the Community Relations Unit be approved.

7. **Jazz Festival**

That in relation to recommendation 17 the sum of \$22,500 be approved for the 1998/99 financial year for the Jazz Festival budget. (Note: This sum is as previously approved and was omitted from the budget in error and does not represent an increase in the Council grant to the festival.)

The remaining changes recommended by the working party as per Schedule 1, refer recommendation 54, were adopted.

YEAR 2000 COMPLIANCE

Recommendation 6(a) of the Working Party's report was amended to refer to paragraph 6(e).

EARTHQUAKE STRENGTHENING CHRISTCHURCH CATHEDRAL

It was **resolved** that a report be provided to the Strategy and Resources Committee on the amount of Council funding provided to date on the Cathedral and Cathedral grounds.

CARDIO-THORACIC INTENSIVE CARE UNIT APPEAL

Councillor Anderton moved by way of amendment "*That the sum of \$20,000 be allocated to the Cardio-Thoracic Intensive Care Unit for the 1998/99 financial year and the three following financial years, a total of \$80,000*". The amendment was seconded by Councillor Evans and when put to the meeting was declared **carried** on division no 2 by 9 votes to 8, the voting being as follows:

For (9): Councillors Alpers, Anderton, Berry, Buist, Close, Condon, Evans, Ganda and Keast.

Against (8): Councillors Cox, Dodge, Harrow, Howell, Manning, Sheriff, Wright and the Mayor.

Absent: Councillors Fahey, Freeman, James, Moore and O'Rourke.

FUNDING POLICY

Councillor Manning moved by way of amendment "*That recommendation 52 be amended as follows: 'That uniform annual general charge be raised to the amount required for the Funding Policy over four years and that the 1998/99 uniform annual general charge be \$105.'*". The motion was seconded by Councillor Wright and when put to the meeting was declared **carried** on division no 3 by 16 votes to 3, the voting being as follows:

For (16): Councillors Buist, Close, Cox, Dodge, Evans, Freeman, Ganda, Harrow, Howell, James, Keast, Manning, Moore, Sheriff, Wright and the Mayor.

Against (3): Councillors Alpers, Anderton and O'Rourke.

Absent: Councillors Berry and Condon.

CAPITAL WORKS PROGRAMME

It was **resolved** on the motion of Councillor Close seconded by Councillor Harrow that a review of the entire capital works programme be carried out for years 4 to 10.

BAKER STREET KERB AND CHANNELLING AND BOWER AVENUE STREET LIGHTING

Councillor Evans moved by way of amendment "*That Baker Street kerb and channelling be substituted into the 2002/03 financial year and that Wainoni Road/Union Street be rescheduled to the 2003/04 financial year and that Bower Avenue street lighting be reinstated into the 2001/02 financial year*". The amendment was seconded by Councillor James and when put to the meeting was declared **carried**.

NET REQUIREMENT FROM RATES

The Mayor moved by way of amendment:

“(a) To achieve a greater degree of fairness and equity (s122G(b) Local Government Act 1974).

(b) To respect the obligations to act in the interest of all residents (s122G(a) Local Government Act 1974).

- (c) *To avoid the significant adjustment difficulties for the residential sector which would come from a sudden and significant change from the advertised 1.88% to a suggested 3.64% (s122G(d) Local Government Act 1974).*

That the Council adjust the 1998/99 impact of the rating rise for the residential sector to 2.45% with the expected impact for the commercial sector being 2.18% and work towards the full implementation of the Funding Policy over the next four years."

The motion was seconded by Councillor Close and when put to the meeting was declared **carried**.

Subject to the above amendments the report of the Working Party was adopted and in addition it was **resolved**:

1. That the Council adopt a 1.95% rate increase.
2. That the Christchurch City Council Plan : 1998 Edition, as amended, be adopted.
3. That the Christchurch City Council Corporate Plan : 1998 Edition, as amended, be adopted.
4. That the Funding Policy, as amended, be adopted.
5. That public notice be given that at its meeting on 26 August 1998 the Council will consider a resolution to make and levy rates in accordance with the approved Christchurch City Council Plan : 1998 Edition.

2. REPORT OF THE PARKS AND RECREATION COMMITTEE ON THE DEVELOPMENT PLAN FOR AQUATIC FACILITIES AT QEII PARK

Resolved: That the Committee's report be adopted.

3. SUPPLEMENTARY ITEM

The Mayor referred to the following supplementary item which had been separately circulated after the main agenda had been sent out:

- Supplementary report by the City Streets Manager – Cathedral Square Environs and Bus Stops.

The Mayor advised that this item had not been included in the main agenda for the reason that it had not been available at that time but it was essential that it be dealt with at the present meeting rather than being deferred to a subsequent meeting.

It was **resolved** that the item concerned be received and considered at the present meeting.

4. REPORT OF THE CITY STREETS MANAGER – CATHEDRAL SQUARE ENVIRONS AND BUS STOPS

It was **resolved**:

1. That pursuant to section 114P(1) of the Local Government Act 1974 the Council appoints a Bus Stop Special Committee.
2. That the Mayor and all Councillors are appointed members of this Special Committee.
3. The Chairperson of this special committee shall be Councillor Murray.
4. That pursuant to section 114Q of the Local Government Act 1974 the Council delegates to the Bus Stop Special Committee the powers of the Council, under the Transport Act 1962, the Traffic Regulations 1974 and the Christchurch City Traffic and Parking Bylaw 1991, to place bus stops and taxi stands, together with appropriate signage, in:
 - (i) Gloucester Street between Manchester Street and Oxford Terrace;
 - (ii) Colombo Street between Armagh street and Hereford Street (including Cathedral Square); and
 - (iii) Worcester Street between Manchester Street and Oxford Terrace.

In addition in relation to the above resolution it was **resolved** that the Central City Committee at its meeting on 2 July 1998 should act as the special committee referred to above.

In addition it was **resolved** that a report should also be brought to the August meeting of the Central City Committee by the Major Projects Co-ordinator updating members on the Cathedral Square redevelopment project budget.

5. CONCLUSION

The meeting concluded at 5.30 pm.

CONFIRMED THIS 22ND DAY OF JULY 1998

MAYOR