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STRATEGY AND RESOURCES ANNUAL PLAN WORKING PARTY

**Meetings of the Strategy and Resources Annual Plan Working Party
were held on 21, 22, 23, 28, 29 February, 2 and 13 March 2000**

PRESENT: Councillor David Close (Chairman),
The Mayor,
Councillors Carole Anderton, Graham Condon,
Anna Crighton, Carole Evans, Pat Harrow,
Ian Howell, Alister James, Denis O'Rourke,
Gail Sheriff, Barbara Stewart and Ron Wright.

APOLOGIES: Apologies for absence were received and accepted
from the Mayor (28, 29 February), Councillor
Ian Howell (21, 22, 23, 28 February), Councillor
Carole Anderton (23 February) and Councillor
Alister James (21, 29 February, 2, 13 March).

DRAFT CHRISTCHURCH CITY COUNCIL PLAN : 2000 EDITION

1. INTRODUCTION

At a series of meetings held on 21, 22, 23, 28, 29 February, 2 and 13 March the working party gave consideration to:

- Standing Committee bids for the unspecified capital and operating sums.
- The draft Corporate Plan Volumes.
- The draft pink pages.
- The draft budget tables.
- Long term operating projections.
- Reports of the Strategy and Resources Committee, City Services Committee, Environment Committee and Resource Management Committee, Community Services Committee, Parks and Recreation Committee, Projects and Property Committee and the Metropolitan Funding Sub-Committee.
- Staff reports on a range of issues including: Long Term Financial Issues, Overview of Draft Annual Plan, Central City Interim Development Board, Options for the Extension of Metered Parking Areas, New Brighton Mall Redevelopment, Art Gallery Fund Raising, QEII Fun Park, Streetworks Associated with Jade Stadium and Christchurch Art Gallery, Landscape Maintenance, Community Board Funding of Community Groups, CDC: Proposed New Initiatives, Canterbury Hockey Association - Funding Artificial Turfs, E-Council Project, Councillors' Internet Charges, Youth Recreation Programmes, "What's the Big Idea": An Initiative to Encourage Children's Input into Council Projects, Lighting Enhancements: Cathedral Square, Amendments to the Funding Policy, Impact of Funding Policy on 2000/01 Rates.

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- Canterbury Museum draft Annual Plan for the financial year 1 July 2000 to 30 June 2001.
- Presentations by Chris Pickrill, Canterbury Development Corporation, on proposed new economic development initiatives and Murray Spackman on "Innovation Acceleration" - an economic development initiative of the "Bright Future Group".

2. PROPOSED AMENDMENTS TO THE DRAFT PLAN

A schedule of the operating and capital changes recommended by the working party is attached as Appendix I. Also included in the schedule are a number of further savings identified by staff in late February. The changes and savings have been incorporated in the draft CCC Plan which has been separately circulated to Councillors. The results of the work done by the working party and staff is to present a draft plan with an overall rate increase of 2.38% which is .36% less than the increase of 2.74% projected for 2000/01 in the 1999/2000 Annual Plan.

3. BRIEF OVERVIEW OF DRAFT PLAN

In summary, the draft Plan provides for:

- The delivery of services to the Christchurch community at least at the current level.
- The delivery of a number of additional services to cater for increased demand arising from city growth.
- The continuation of the major works programme.
- Net operating adjustments due to growth - \$1.24M.
- Net operating adjustments already committed to - \$2.88M.

In addition, the draft Plan includes some significant new initiatives, capital works and service enhancements for the forthcoming year, including:

- Establishment of an emergency fund for the protection of heritage buildings.
- Establishment of an Environment Centre.
- Continuation of the urban renewal programme.
- Additional funding for street landscape maintenance.
- Expansion of the kerbside recycling scheme. Under the enhanced scheme domestic putrescibles, mixed paper and more types of plastics will be collected.
- Replacement of the Murray Aynsley Reservoir.
- Completion of the Templeton stormwater drainage scheme - a four year project.
- Indicative provision in years 6 and 7 for modifications to the Christchurch Wastewater Treatment Plant ponds.
- Introduction of a commuter parking scheme in the central city.
- Redevelopment of the New Brighton commercial area.
- An additional \$4M over the next five years for new roading projects.
- Completion of the Oxford Terrace amenity improvements.

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- Financial assistance to Canterbury Cricket for five years for the development of the Village Green at QEII Park.
- Provision of toilet facilities at the QEII Village Green to complement the facilities being developed by Canterbury Cricket.
- Ongoing financial assistance to Canterbury Hockey Association for the replacement of existing artificial surfaces and the provision of an additional surface at Porritt Park.
- Upgrading of Porritt Park Stadium in years 2 and 3.
- Additional older children's (tweenagers) recreation programmes.
- Further support for Children's Millennium Games.
- Increased funding for the city's sesqui-centennial celebrations.
- An additional \$460,000 over next five years for cemetery improvements.
- A range of additional parks improvement projects.
- Provision of \$8M in year 5 and \$6M and \$3M in years 11 and 12 respectively for additional aquatic/leisure facilities.
- Increased funds for ongoing funding of local community groups via Community Boards.
- Implementation of "E-Council" Project - this project will introduce further electronic methods of completing service transactions and doing business with the Council via the Internet.
- An additional \$150,000 for new economic development initiatives.

4. EFFICIENCY GAINS

Efficiency gains of the order of \$3.28M were achieved in the last financial year with significant savings being made in a number of areas, including:

• Efficiency review of car parking buildings	\$150,000
• Road marking tendering	\$100,000
• Infrastructural maintenance - Contract savings	\$448,500
• Sewer repair savings	\$75,000

The above savings have been incorporated in the draft plan. All efficiency savings are detailed on page 20 of the draft Plan.

5. LONG TERM FINANCIAL ISSUES

The Director of Finance reported:

5.1 Mix of Funding for Capital Expenditure

In 1999 the Council introduced a policy of funding 55% of average capital expenditure from revenue sources, these being funds generated from depreciation and surpluses on the operating account.

This is considered to be a minimum percentage of revenue funding. The more that is funded from revenue the lower the level of the debt in the long term.

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While it is appropriate to fund a reasonable proportion from loan to meet the inter-generational equity argument of spreading today's costs over the generation which uses the assets provided, I would ideally like to see the revenue funding proportion raised to about 60%. I recognise, however, that an increase of this magnitude would have a significant impact on rating levels and that this is unlikely to be acceptable in one hit. However I would request that the Council consider the possibility of phasing in an increased level over say five years. Due to a projected higher than normal rate increase for 2002 it would be reasonable to commence the change from 2003. The impact of such a change is illustrated in the following table with the smaller comparative figures being the current projections without a policy change.

Year Ended June	2001	2002	2003	2004	2005	2010
Rate Increase	2.38%	3.32%	2.08%	4.78%	3.58%	2.35%
	2.38%	3.32%	1.48%	4.26%	3.15%	2.63%
Operating Surplus	10.50M	11.12M	10.81M	12.77M	14.87M	22.39M
	10.50M	11.12M	9.95M	11.05M	12.28M	18.28M
Net Debt	97.69M	117.3M	152.13M	181.53M	205.19M	278.4M
CCC/CCHL	97.69M	117.3M	152.98M	184.11M	210.36M	303.98M

(Note: This table has been updated to reflect the final work of the Annual Plan Working Party.)

5.2 Status of Identified Capital Repatriation

The Council will recall that a series of capital repatriations from trading subsidiaries has been budgeted for in previous years based on the re-gearing of Orion, CIAL, LPC and Redbus. In addition proceeds of the Orion retail sale have been taken into projections. The total amounts involved have been approximately \$230 million.

As far as possible these repatriations have been paid as special dividends with imputation credits attached. In this way approximately \$67 million has been paid to the Council. The remainder requires a repayment of subscribed capital and because of the large sums involved both Orion and CCHL have sought binding rulings from the IRD to provide assurance that IRD will not at some later stage seek to impose tax on the transactions. There are considerable delays in obtaining these rulings and to date two of three have been obtained. However, until the final approval is obtained the transactions cannot be completed. As a result CCC has been unable to reach its interest earnings budget and cash flow for the Council's capital expenditure programme has been extremely tight for the last 12 months. It is hoped that the transfer of capital will be able to be completed by June 2000 but this is still not certain.

The lesson to be learned from this is that the Council should not seek to recognise the receipt of such capital too early in its long term plan and with this issue unresolved it would be most unwise to anticipate further funding of this nature until detailed planning can be completed.

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5.3 Sale of Orion Gas Network Assets

Councillors will be aware that Orion is currently considering the sale of its North Island gas networks. A final decision on this is not expected until the end of March. In addition to the lessons learned on the existing capital repatriation process, as outlined above, the following points should be noted in relation to this transaction:

- A final decision by Orion to sell the gas network will depend entirely on whether the prices offered are acceptable.
- We don't yet know what the proceeds will be.
- Some reinvestment needs to be considered so that ongoing income streams of Council are not reduced. The gas networks are providing a reasonable portion of the dividend income from Orion.
- There is insufficient remaining subscribed capital available to repatriate all the proceeds directly back to the Council and other solutions need to be sought to ensure that the amounts are not taxable.
- Orion need to consider the amount of its debt which should be reduced with the proceeds.
- No commitments will be made without reference to the Council but in the meantime CCHL is undertaking a wide range of analysis so that balanced advice can be given to the Council in due course.
- The time frame for decision making on the use of the proceeds from this sale should be kept outside the annual plan timetable and if public consultation is needed then it should be a separate process.
- Until these issues are fully researched it would be inappropriate to build up public expectations on this funding.

- Recommendation:**
1. That the information be received.
 2. That the formula for funding capital expenditure from revenue sources be amended so that the contribution is increased from 55% to 60% over the period 2003 to 2008.

6. GRANTS SUBCOMMITTEE

2000/02 Major Grants Programme

The schedule of 2000/01 grants is contained on pages 60 and 61 of the draft plan.

It will be noted that the schedule includes funding of \$100,000 for the Conference and Similar Events Bridging Loan Fund - a new scheme approved by the Council in 1999. Excluding this funding, the increase in the grants budget is under the 2% ceiling set by the Council in November 1999.

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Amongst the applications considered by the Grants Committee was a request for assistance from Birdlands Sanctuary Trust. As this attraction is outside the city the working party considered that the application should be dealt with when the results of the amalgamation poll are known.

The Science Centre applied for an additional grant of \$325,000 to commence the first stage of a four stage development programme. The Council is already making a significant contribution to the centre's ongoing operational costs and the working party felt that it would not be in a position to consider the merits of this additional application until an assessment of the present operation has been completed.

- Recommendation:**
1. That the schedule of 2000/01 grants be adopted.
 2. That the question of financial assistance for Birdlands Sanctuary Trust be considered in the event of a favourable outcome of the amalgamation poll.
 3. That further Council funding support for the Science Centre be subject to an assessment of the extent to which the Science Centre is meeting its objectives and the requirements set down by the Council.

7. **PARKING ISSUES**

7.1 **Extension of Metered Parking Areas**

The Parking Operations Manager reported, recommending that the area controlled by parking meters be extended and that meters be installed in the following streets:

- Rolleston Avenue (both sides) between Worcester and Armagh Streets.
- Montreal Street between Oxford Terrace and Armagh Street
Note: West side only, with the exception of the block between Gloucester and Worcester Streets
- Kilmore Street (north side) between Durham and Montreal Streets
Note: The Council has previously approved the metering of Kilmore Street between Colombo and Manchester Streets, although to date this has not been actioned pending the replacement of all mechanical meters.
- Montreal Street (both sides) between Peterborough and Conference Streets
- St Asaph Colombo/Durham Street
- Salisbury Street (both sides) between Montreal and Durham Streets
- Durham Street (both sides) between Peterborough and Salisbury Streets
- Colombo Street (both sides) between Peterborough and Salisbury Streets
- Madras Street (both sides) between Gloucester Street and Chester Street East

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- Oxford Terrace (south side) between Antigua and Montreal Streets
- Oxford Terrace (north side) between Montreal and Durham Streets
- Tuam Street (both sides) between Durham and Antigua Streets
- Welles Street (both sides)

Approximately 350-360 additional metered spaces would be created if the Council approves the above proposal. It is estimated that installation costs will be in the order of \$250,000. The cost can be met by reallocating a portion of the capital provision for metering suburban shopping areas as this project is unlikely to go ahead in the current year.

Metering the above areas is expected to generate net revenue of \$100,000 in year 1 and \$200,000 in year 2 and beyond.

Recommendation: That the proposal to install parking meters in the areas listed above be approved.

7.2 Introduction of Commuter Coupon Parking Areas

The City Services Committee recommended to the working party that a commuter coupon parking scheme be introduced in selected unmetered areas within the four avenues, with the first two hours parking being free of charge. The scheme is expected to generate revenue of \$125,000 in year 1 and \$250,000 in year 2 and beyond.

Recommendation: That implementation of the commuter coupon parking scheme be subject to a full report to the Council via the City Services Committee.

**7.3 Car Parking Buildings
Incentive Scheme**

The working party endorsed the recommendation of the City Services Committee that, to encourage use of Council parking buildings in the Central Business District, charges be waived for the first hour. The annual cost of this initiative would be in the order of \$1.435M based on current usage patterns. The City Services Committee suggested that the funding shortfall be met by a special rate on Central Business District properties.

Recommendation: That the Council make the first hour of parking free of charge in Central Business District parking buildings, subject to the broad support of central city businesses to the introduction of a special rate on Central Business District properties and the resolution of legal and practical issues.

(Note: At this stage this item has not been taken account of in the draft budget.)

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7.4 Colombo Street - On Street Parking

The City Services Committee also recommended to the working party that a number of parking meters be removed from Colombo Street between Armagh and St Asaph Streets and be replaced, where appropriate, with short term pick up and drop off zones. This proposal would result in a net loss of parking meter revenue of \$20,000 in year 1 and \$30,000 in year 2 and beyond.

Note: The actual number of meters to be removed was specified in the report "Colombo Street (Moorhouse-Gloucester) Measures to Improve the Traffic Environment" which was presented to the City Services Committee in February 2000.

Recommendation: That the Council approve the above proposal.

8. CITY STREETS

8.1 Additional Capital Funding

The City Services Committee submitted bids totalling \$5.15M for the unspecified capital sum for a range of road improvement projects and safety works.

Following a careful assessment of the future budgetary implications, the working party is proposing that an additional \$4M be allowed for city streets projects over the next five years. The projects which will be funded from this additional financial provision are listed on pages 72-80 of the draft Plan.

Recommendation: That \$4M additional capital be allowed for the city streets works programme over the next five years.

8.2 Gloucester Street Road Works for Art Gallery

Additional funding of \$120,600 has been provisionally allocated in 2002/03 for the above purpose. The working party will readdress the funding source in next year's Annual Plan round with a view to funding the work from the Art Gallery project contingency fund.

8.3 Landscape Maintenance

In response to concerns raised by the Parks and Recreation Committee regarding the standard of maintenance of street landscaping, the working party is recommending that a further \$100,000 be allocated to raise the maintenance standards of this landscaping.

This expenditure would be funded as follows:

Savings from change in weed spraying	30,000
Removal of provision to trial alternative weedicides	36,000
Additional funding	34,000

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Since 1994 the City Streets Unit has experimented with different types of weed control including the Waipuna system (hot water) and a hot air method. Both trials were abandoned because the costs were 3¹/₂ times higher than the existing spray systems. In 1996 City Streets started using a combination of organic and non-organic sprays for street weed spraying, with organic sprays being used from November to May and non-organic (Roundup) from June to October. Over this trial period to date it has been highlighted that the organic spray "Greenscape" does not perform well in cooler weather such as has been experienced this summer. This year organic sprays have not been effective. As organic sprays are also more expensive the working party recommends that Roundup be used all year round.

- Recommendation:**
1. That the Council revert to the use of Roundup for street weed spraying and the consequent savings of \$66,000 be allocated for improved maintenance of street trees and plantings.
 2. That an additional \$34,000 be allocated for improved landscape maintenance.
 3. That residents' groups and city residents be encouraged to assist with the maintenance of street plantings.

8.4 Oxford Terrace - Amenity Improvements

Following an emergency meeting on 13 March, the City Services Committee reported to the working party, recommending:

1. That the footpath improvements in Oxford Terrace in the block between Hereford Street and Gloucester Street be investigated on the basis that ³/₄ of the cost of capital be fully recovered either by rents over a period or a direct capital contribution or a combination of both.
2. That the work be carried out by the end of October 2000.

The working party was advised that the work has the potential to generate income of between \$33,000 and \$45,000 pa from the hire of the widened footpath space to adjacent cafes. While the revenue stream is insufficient to cover loan servicing charges and depreciation it will go some way to offsetting these costs unlike most other road enhancement projects. The project also meets other inner city goals by helping to promote a more vibrant central city.

- Recommendation:**
1. That an additional \$500,000 be allowed in year 1 for additional capital works in Oxford Terrace between Hereford Street and Gloucester Street, subject to the Council being satisfied as to the adequacy of the toilet facilities for the café/bars.
 2. That revenue of \$13,500 be allowed in year 1 and \$36,000 in year 2 and beyond.

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9. **LEISURE UNIT**

9.1 **Canterbury Cricket Association - Grant**

It will be noted that the working party is recommending that a grant of \$100,000 p.a. for five years be made to the Canterbury Cricket Association towards the cost of servicing the loan the Association proposes to raise to fund the cost of developing the Village Green cricket amenity block at QEII. The Association proposes to use this venue for domestic cricket matches and possibly international cricket tests. Major one day fixtures will continue to be played at Jade Stadium.

Recommendation: That a grant of \$100,000 p.a. be made to the Canterbury Cricket Association for the next five years subject to:

- (a) The Association submitting a business plan.
- (b) The satisfactory outcome of lease negotiations including rental and conditions of use, ground maintenance and car parking.
- (c) Consultation with local residents.
- (d) Preparation of landscape plans for the area surrounding the cricket ground.

9.2 **Canterbury Hockey Association - Grant**

Included on the schedule of changes recommended by the working party is provision for an annual inflation-adjusted grant of \$80,000 to the Canterbury Hockey Association to assist the Association meet the cost of installing a second artificial turf at Porritt Park and to help fund the future replacement of the Association's artificial turfs over a 12-14 year replacement cycle. The working party was provided with a cashflow projection which confirmed that the programme proposed by the Canterbury Hockey Association was achievable if funding assistance of the level recommended is provided by the Council. It is considered that this funding mechanism is the most appropriate way of supporting this sports body. The advantage of artificial turfs is that they release sports grounds for use by other winter sports codes. On this basis a Council contribution to the installation and ongoing replacement costs is justified.

Recommendation: That an annual inflation-adjusted grant of \$80,000 be made to the Canterbury Hockey Association towards the replacement of the existing artificial turf surfaces and the development of a new artificial turf surface subject to:

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1. Canterbury Hockey forming a body or trust to control the construction and replacement of the Porritt Park and Nunweek Park turfs and Council funding being paid to this body.
2. The Canterbury Hockey Association furnishing the Council with audited annual accounts.
3. A 15 year cashflow projection sufficient to cover debt servicing and a programme of future turf replacements being submitted annually.

9.3 Sunbed Replacement

The working party deferred consideration of a bid for capital funding of \$15,000 in years 1-3 for the replacement of sunbeds at Council leisure centre pending a report to the Parks and Recreation Committee on health and safety issues associated with the use of sunbeds.

9.4 QEII Revenue

The Leisure Manager reported to the working party recommending that the revenue projections for QEII be reviewed in light of the current year's performances, and the impact of the new indoor pools on this facility. As well, work on the new 50 metre pool is ahead of schedule which could result in the existing pools being closed earlier than anticipated. If this occurs then this could also adversely affect next year's pool revenue. The loss in revenue resulting from the anticipated downturn in patronage has been incorporated in the draft Plan. Compensatory savings have been found elsewhere in the Leisure sub-budget.

10. CIVIC OFFICES

The Projects and Property Committee submitted bids for an allocation from the unspecified capital sum for further structural strengthening of the Civic Offices. The working party deferred consideration of this request until the future accommodation needs of the Council have been determined.

11. ENVIRONMENTAL ISSUES

11.1 Environment Centre

A subcommittee of the Environment Committee has been investigating the establishment of an Environment Centre in central Christchurch to provide information, education and displays on the past, present and future development of Christchurch.

Provision of \$100,000 and \$140,000 has been made in years 1 and 2 respectively for the operational costs of the new Environment Centre. Capital provision of \$150,000 has been included to cover the fitout costs.

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- Recommendation:**
1. That the above funding be confirmed, subject to:
 - The Property Manager, in consultation with the Environmental Policy and Planning Manager, reporting to the Environment Committee on the options for the location of the Environment Centre within the existing budget.
 - A comprehensive feasibility study and a condition report on the preferred building.
 2. That the body which operates the present Environment Centre be invited to participate in the new centre as a lead partner.
 3. That the grant to the present Environment Centre be reduced to \$10,000 in year 2 and subsequent years.

11.2 Urban Renewal

The Environment Committee submitted a bid for an allocation from the unspecified capital sum for the continuation of the Urban Renewal Programme beyond 2000/01. This programme was introduced in 1995 for five years. However, in light of the significant environmental improvements which have been achieved in a number of the older areas of the city, the working party is of the view that this funding should be provided on an ongoing basis.

- Recommendation:**
1. That the Urban Renewal Programme be continued and that \$500,000 pa be allocated from year 2.
 2. That the work be closely co-ordinated with the City Streets kerb and channel renewal programme.
 3. That the programme for the next five years be submitted to the Environment Committee.
 4. That special consideration be given to allocating funds to the Charleston area in 2001/02.

11.3 Historic Building Emergency Fund

In 1999 heritage building issues attracted a significant number of submissions. It will be noted from the attached schedule that the working party is going some way to respond to these submissions by recommending that \$200,000 pa be allocated for the establishment of the above fund. The fund will be used to assist with major grants to be used for the retention of significant listed buildings under imminent threat of demolition. If unused in any one year the grant monies will roll over and accumulate.

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- Recommendation:**
1. That the funding of \$200,000 pa be confirmed.
 2. That the Environmental Policy and Planning Manager, in consultation with the Director of Finance, prepare criteria for the use of the fund for approval by the Council.
 3. That a review of the criteria for the two existing heritage building retention funds (operating and capital) be carried out concurrently.

11.4 Cathedral Square Redevelopment - Stage V

To enable the planning for Stage V of the project to proceed \$50,000 has been included in the draft plan.

- Recommendation:**
1. That the above funding be confirmed.
 2. That a report be brought to the Council through the Environment Committee on the parameters for the design.

11.5 Cathedral Square Redevelopment - Lighting Enhancements

It will be recalled that at its 25 February 1999 meeting, the Council decided to review the need for further lighting of Cathedral Square at the completion of the Stage 4 project. Since the Council meeting the Environmental Policy and Planning Unit has identified that the enhancement items in descending order of priority are:

- Wash lighting (\$64,000)
- Uplighting of trees (\$23,610)
- Feature lighting of heritage buildings (\$94,000)
- Feature lighting of Cathedral (\$350,000)
- Street lighting in Colombo Street entrances (\$78,000)

The final account for the Stage 4 contract will not be finalised until about the end of March 2000. However it is anticipated that the wash lighting (\$64,000) and uplighting of trees (\$23,610) will be able to be funded from the remaining contingency. A recommendation on this will be made to the Projects and Property Committee once the Stage 4 final account is agreed.

With regard to the allocation of funding for the remaining lighting enhancements, the working party considered that this question should be addressed at the next stage of the project.

- Recommendation:** That the provision of additional lighting in Cathedral Square be considered as part of Stage 5 of the redevelopment.

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12. **ECONOMIC DEVELOPMENT AND EMPLOYMENT**

12.1 **Canterbury Development Corporation**

The Chief Executive, CDC, sought additional Council funding for a range of new employment and economic development initiatives. In considering this request the working party noted that the new Government sees economic development as a key strategy for sustained economic growth and employment and has signalled its intention to channel increased resources into this area. The Government also sees partnerships between central and local government as an effective means of delivering this service. The majority of the new initiatives proposed by the CDC have the potential to attract significant external funding.

- Recommendation:**
1. That additional funding of \$150,000 be provided in years 1 and 2 for new economic development and employment initiatives.
 2. That the Canterbury Development Corporation be requested to give priority to funding those initiatives which attract funding from outside partners.

12.2 **Innovation Acceleration**

Mr Murray Spackman presented the above proposal on behalf of Canterbury Bright Futures. Briefly, the aim of the proposal is to assist local companies to access funding from the Technology New Zealand scheme. The Council funding would cover the cost of employing two project analysts who will identify companies with potential for expansion and assist them in preparing their funding applications.

The working party considered that the Council was not in the best position to judge how this initiative ranked against the various initiatives proposed by the Canterbury Development Corporation. Accordingly, it is recommending that this decision be made by the Canterbury Development Corporation.

- Recommendation:** That the proposal be referred to the Canterbury Development Corporation with the suggestion that if CDC wish to support it then it be funded from the additional funding being provided for economic development and employment initiatives.

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13. **COMMUNITY BOARD FUNDING OF COMMUNITY GROUPS**

The Director of Policy and the Community Relations Manager reported as follows on a possible approach to funding local community groups via Community Boards:

1. **The Issues**

- The perception at the moment is that local community groups can seek funding either via the Community Board's funds or via the metropolitan funding arrangements. There is no consistency as to what goes to which, and it has been known for those who have been turned down at one level to apply and be successful at the other.
- Community Boards often use their funds as a 'seeding fund' to support a local project for two or three years to establish its viability in the hope that it can then be moved to metropolitan funding.
- Community Boards with some exceptions tend to look at the allocation of their funding from a zero base every year and give no surety of continuity of funding to those groups undertaking multi-year projects. There is a greater chance of getting multi-year funding from metropolitan sources.
- Because of the way the timetable operates the Annual Plan Working Party, when preparing its draft budget, does not have the benefit of knowing where the Community Boards have decided to allocate their funds.

2. **A New Approach**

Of all the Council elected member committees, Community Boards should be the ones that are in the best position to know and understand the needs of community groups based in their areas. It seems therefore logical that determining the priority for allocation of the limited funds available to local groups should rest with the relevant Community Board. This could be achieved by 'ring fencing' support to local community groups and saying that such groups wishing to obtain Council support for operating costs and operating projects must apply to their local Community Board and not to the Council.

For these purposes we would suggest that "local community groups and local projects" be defined as support for projects and proposals where the main focus is meeting local community need, and where the Council's reasons for supporting them is that the outputs produced are designed to contribute towards achieving the outcomes of the Council's Community Development and Social Wellbeing and/or Sport and Recreation Policies. This would obviously include such things as operational support to child care centres, out-of-school care programmes, recreation programmes and youth programmes.

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Community Boards currently receive funding of \$300,000 per year. Under current policy not less than \$250,000 (project funding) must be allocated by the Community Boards before the Annual Plan is confirmed. Up to \$50,000 (discretionary funding) may be kept aside for allocation during the year as needs and projects arise. In addition each Community Board area has \$20,000 in the current year, proposed to rise to \$30,000 in the 2000/01 year for implementing projects designed to achieve the outcomes of the Strengthening Community Action Plans (SCAP). It is suggested that under the new approach the allocation of funds could be increased by \$50,000 per Board per annum. This would give each Community Board total funds for 2000/01 of \$380,000.

3. Parameters of the Proposal

- Community Boards should allocate their funding to both one off projects (that is those with a defined finishing point) and to support the ongoing work of community groups.

Community groups need to be able to plan and develop on a medium term time line, which means that they benefit from security of funding beyond a 12 month cycle. With metropolitan funding this has been recognised, and increasingly, subject to achieving defined outputs (and often outcomes as well), groups have been funded on a multi-year renewable basis. If this proposal is to work, Community Boards need to accept that they will be allocating at least some of their funds on a multi-year basis.

- Community Boards are part of the Council's overall political and policy making structure. Their decisions are, and should be, implemented in the same way that decisions by standing committees and full Council are implemented. Therefore the practice for the administration of these projects and the employment of any staff involved should be governed by the same parameters as decisions made anywhere else within the Council structure.
- In order to get a better understanding of the Council-wide support for community groups, it is desirable that the timetable for decision-making be adjusted so that the Community Board decisions on allocation of their funds are available to the Annual Plan Working Party when it prepares the draft plan (i.e. by mid February).
- The Community Boards should continue to keep some funding aside for allocation during the year, as metropolitan experience shows that deserving and urgent needs often arise at short notice. It is suggested that Community Boards could hold back up to \$60,000 each for discretionary funding during the year.

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4. Risks with the Proposal

- This proposal assumes that the needs in each Community Board area for support for community groups are all equal. This may not be the case.
- Community Boards will face the same difficulty as the Council in deciding to stop funding worthy organisation “A” in order to fund worthy organisation “B”, and there is a risk that as time goes on the amount of funding that is available for allocation in any year will diminish as most of it will be taken up with commitments to ongoing projects. Linked to this there will be more money available for allocation in the first year than in later years. This effect may be cushioned somewhat because at the moment Community Boards allocate around \$70,000 - \$90,000 of their funds to capital projects which are one-off. Over time this cushion could be used to move from capital to operating projects.
- There will still be questions of whether a funding proposal is local or metropolitan. Most obviously these will arise in the Hagley Ward where a number of organisations with either a central city focus or a metropolitan-wide focus are based. It seems to us that it should be accepted that where these groups are located in the city but really do not have a specific focus on the residential areas within the Hagley Ward then they should be seen as metropolitan groups. For example, groups dealing with glue sniffers who tend to congregate and live in the central city area, could be seen as a local Hagley matter but it is more fairly seen as a metropolitan issue. Likewise there will be some organisations and projects which cross ward boundaries. Again it seems that these groups should, when they seek Community Board funding, specify their geographical target areas and where these cross Community Board boundaries be eligible to seek funding from all Community Boards involved on the explicit understanding that they clearly explain to the Community Boards that they are making a joint application to them. For example, the YMCA Youth Centre on Greers Road could well run a holiday programme that is aimed at Fendalton/Waimairi, Riccarton/Wigram and Shirley/Papanui residents.

- Recommendation:**
1. That the Community Board Funding Policy adopted by Council in December 1989 (as updated in 1991 and 1996/97) be amended by:
 - (i) Increasing the total (including SCAP) by \$50,000 to \$380,000 per board per annum.
 - (ii) Providing for up to \$60,000 per Board to be used for unbudgeted expenditure provided it is supported by a resolution of the Community Board. The remainder to be allocated to projects by the Board before the Annual Plan Working party meets to prepare its draft plan (i.e. by mid- February).

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2. That Community Boards be advised that:
 - (i) They have the same ability to make multi-year funding commitments as the Council Standing Committees and full Council and that where appropriate they should do so to support community groups in their area.
 - (ii) The additional \$50,000 should be used as a contribution towards the funding of community worker positions within community based organisations on an ongoing basis.
 - (iii) The Council expects priorities and funding for local community groups to be determined by Community Boards and that the provision of the additional \$50,000 is intended to avoid the need for Community Boards to request additional funds from the Council.
 - (iv) All projects should be subject to:
 - (a) Specification of clear performance indicators, outcome expectations and reporting requirements.
 - (b) Where the funding is for a position with a community group, confirmation that the appointee is adequately experienced and qualified.
 - (c) Funding for second or subsequent years being conditional on satisfactory performance.
3. That a review of how this policy revision is working be carried out in time for any changes to be made in the 2003/04 Annual Plan round.

14. PARKLANDS COMMUNITY CENTRE

The Community Advocate, Burwood/Pegasus, reported that, following extensive consultation, agreement had been reached on a design for the centre which best meets the needs of the local community and efficiently uses the limited open space available in Parklands Reserve. The preferred option has been costed at \$878,000. The Council has made provision of \$677,000 for the project and the project team has lodged an application for a Lotteries Board grant to meet the shortfall. However, as this funding is not assured the Parklands Project Team has requested that the Council underwrite any shortfall which may arise to enable the project to proceed.

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- Recommendation:**
1. That provision of \$200,000 be made in 2000/01 for underwriting the above project.
 2. That pre- and post-tender value management workshops be held as required to minimise any funding shortfall.
 3. That the Burwood/Pegasus Community Board be kept informed of the financial position of the project.

15. **RICCARTON BUSH TRUST - CAPITAL GRANT**

In 1992 the Trust Board approached the Council with a proposal to redevelop Riccarton House and the surrounding gardens. The cost of the redevelopment was \$750,000. The Council agreed to fund the work over a four year period in the following manner:

1993/94	\$250,000
1994/95	\$100,000
1995/96	\$250,000
1996/97	\$150,000
Total	\$750,000

Capital grants which have been made since then have been on a year-by-year basis as follows:

1997/98	\$150,000
1998/99	\$200,000
1999/2000	\$200,000

The request for 2000/01 is for a continuation of the capital grant at the same level as the previous two years (i.e. \$200,000).

This amount is required to complete the restoration of Riccarton House. This includes the creation of an interpretation gallery which tells the history of the house and its inhabitants. The capital grant will also be used to complete the restoration of the gardens surrounding the house.

In view of the generous levels of funding the trust has received over the past seven years the working party felt that the completion of the restoration work should be staged over the next three years, with the work programme for each year being submitted to the Council for approval.

- Recommendation:** That \$100,000 be allocated in 2000/01 and \$50,000 in 2001/02 and 2002/03 for the completion of the restoration work at Riccarton House, subject to a report justifying the expenditure and detailing any outside funding sources.

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16. **CHANGES TO COUNCIL FUNDING POLICY STATEMENT**

The Council is required to maintain a funding policy statement. The statement describes the benefits of each of the outputs (services) the Council delivers to the Christchurch community and allocates these benefits to the ratepaying sectors, as well as determining the methods of funding the outputs (i.e. user charges or rates). The funding policy must be reviewed every three years and the first full review will commence later this year.

In the meantime, several amendments are required to the present statement to incorporate a new output - the Bus Exchange - and to reflect some significant changes to the following outputs:

- Environmental Services Unit - Consents and Applications - Appeals
- Environmental Services Unit - Dog Control
- Water Services - Waterways and Wetlands - Plans and Policy Statements
- Convention and Entertainment Facilities - Venue Operations

After considering an analysis and associated template prepared by the Funding and Financial Policy Manager, the working party concluded that the benefits should be allocated as follows:

Bus Exchange

General benefit 40%
Direct benefit 60%
Costs to be recovered by capital value rating

Environmental Services Unit - Resource Consents

General benefit 100%
Cost to be recovered by capital value rating

Environmental Services Unit - Dog Control

General benefit 5%
Direct benefit 50%
Negative effects 45%
General benefit proportion to be recovered by capital value rating
Surplus from direct benefits to be credited to the Dog Control fund

Waterways and Wetlands - Plans and Policy Statements

Advance Planning
General benefit 100%
All costs to be recovered by capital value rating

City Plan/Regional Plan

General benefit 100%
All costs to be recovered by capital value rating

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Convention and Entertainment Facilities - Venue Operations

General benefit 100%

Costs to be recovered by capital value rating apportioned as follows:

Residential 60%

Commercial 40%

It should be noted that the costs to be recovered under this item are residual costs, after user charges have been received from hirers and attendees.

Recommendation: That the above amendments to the Funding Policy be approved.

17. IMPACT OF FUNDING POLICY ON RATES

The draft plan proposes that the Council fund its services for 2000/01 as follows (1999/2000 is included for comparison purposes):

	1999/2000	2000/01
User Charges	36.52%	35.96%
Grants and Subsidies	4.07%	3.67%
Net Corporate Revenues	13.97%	15.60%
Capital Value Rating	41.07%	40.51%
Uniform Annual General Charge	4.37%	4.25%

When the Funding Policy was first introduced in 1998 an intersector transitional modifier was put in place to modify the significant increase which would have been experienced by the residential sector. The modifier transferred \$933,300 of rates from the residential to the commercial sector. This modifier was left in place for 1999/00. However, for 2000/01 the working party is recommending that the Council remove it and allow the Funding Policy to determine each sector increase.

The uniform annual general charge has been left at \$105.

The rationale for the continuation of the uniform annual general charge at this level is to avoid significant adjustment difficulties (s111G(d) Local Government Act 1974). This decision does not affect the allocation of costs among sectors but has the effect of increasing the incidence of rates within a sector (i.e. increases the revenue collected through capital value rating and decreases the revenue collected through the uniform annual general charge).

Rates for 2000/01 will be shared among the ratepaying sectors as follows:

Residential	71.69%	Rural	1.46%
Commercial/Industrial	26.06%	Institutions	0.80%

The different sectors will experience changes to their rates from 1999/00 as follows:

Residential	+2.25%	Rural	-1.41%
Commercial/Industrial	+3.04%	Institutions	+0.22%

Recommendation: That the commercial intersector transitional modifier be completely removed in the 2000/01 year.

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18. **2000/01 RATES INCREASE**

Implementation of the new initiatives and service enhancements detailed in the draft Plan will ensure that the city continues to move ahead and the efforts of the progressive Councils of the 1990s to make Christchurch a great place to live and work continue in the new millennium.

To assist fund this progress, the working party is recommending a modest overall rate increase of 2.38%.

- Recommendation:**
1. That the Council adopt the adjustments listed in Appendix I and the recommendations contained in the foregoing report.
 2. That the Council approve an overall rate increase of 2.38% in 2000/01.
 3. That the Uniform Annual General Charge remain at \$105 for the 2000 year and the Differential Rating Scheme be amended to comply with the Funding Policy (see pages 26 and 27 of the draft Annual Plan).
 4. That the draft CCC Plan : 2000 Edition be approved in terms of section 223D of the Local Government Act 1974.
 5. That the Director of Finance be authorised to make any amendments to the draft Plan for correction purposes.
 6. That the City Manager publish the draft CCC Plan : 2000 Edition and that, pursuant to section 716A(1)(b) of the Local Government Act 1974 he give public notice on Wednesday 26 April 2000 calling for submissions from interested persons in accordance with section 716A; such submissions to close on at 5.00 pm on Monday 29 May 2000.
 7. That the members of the Strategy and Resources Committee be appointed to hear public submissions on the draft CCC Plan : 2000 Edition on Monday 19, Tuesday 20 and Wednesday 21 (and Friday 23 June and Monday 26 June 2000 if necessary) and to report thereon to the Council at its meeting on Thursday 6 July 2000.

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8. That pursuant to section 716A(1)(a) of the Local Government Act 1974 notice be given that the CCC Plan : 2000 Edition will be considered by the Council at its meeting to be held on Thursday 6 July 2000.
9. That in terms of section 223D of the Local Government Act the draft CCC Plan : 2000 Edition be available to the public free of charge. Copies to be available at the Civic Offices, Service Centres, the Central Library and community libraries.
10. That the draft CCC Corporate Plan : 2000 Edition as amended which provides the detail of Business Unit plans be approved by the Council and be made available for public inspection at the Civic Offices and Service Centres from Thursday 27 April 2000.

CONSIDERED THIS 24TH DAY OF MARCH 2000

MAYOR