

**MINUTES OF A MEETING OF THE CHRISTCHURCH CITY COUNCIL
HELD AT 9AM ON FRIDAY 23 MARCH 2001**

PRESENT: The Mayor, Garry Moore (Chairperson).
Councillors Carole Anderton, Paddy Austin, Erin Baker, Robin Booth, Sally Buck, David Buist, David Close, Graham Condon, Barry Corbett, Anna Crichton, Carole Evans, Ishwar Ganda, Pat Harrow, Ian Howell, Alister James, Lesley Keast, Charles Manning, Denis O'Rourke, Gail Sheriff, Barbara Stewart, Ingrid Stonhill, Sally Thompson, Sue Wells and Ron Wright.

APOLOGIES: Nil.

1. SUSPENSION OF STANDING ORDERS

It was **resolved** that Standing Orders be suspended for the duration of the present meeting.

2. CONSIDERATION AND ADOPTION OF THE DRAFT FINANCIAL PLAN AND PROGRAMME : 2002 EDITION

Councillor Close read the following statement:

"The draft annual plan for 2001-2002 (or Financial Plan and Programme : 2002 Edition) which the Council is to consider today can be characterised as one of consolidation.

The 11 years since local government reform and the creation of Christchurch as a single city have been years of great change. Decision-making and service delivery have been decentralised through Community Boards and suburban service centres; Council units have been transformed into trading enterprises; extensive areas of open space have been purchased and over 100 new parks established; drains have been transformed into waterways; a convention centre, an indoor stadium, two swimming pools, six libraries, six community creches, and a bus interchange have been built; a third swimming complex is near completion and a new art gallery is under construction; Council-funded trusts and companies are taking major initiatives in economic development and waste minimisation; social initiatives, usually in partnership with community groups, schools, the police or government agencies, have been developed to support young people and others at risk. Nor has the future been neglected; asset plans have guided the preparation of 10 year capital works programmes for roads, water supply, sewerage, parks, waterways and buildings; provision has also been made for a new landfill and an upgraded wastewater treatment plant, both to be built to the highest environmental standards.

The list represents a significant achievement, especially when it is recognised that, over the period, rate increases have been contained within the rate of inflation. The development of strong revenue streams from successful trading enterprises has enabled this to happen. It is time now to consolidate the achievement – to 'make strong' what we have gained. How does the draft plan do this?

First of all it reduces the Council's dependence on borrowing in the short, medium and long term. Term debt is down by \$38m in 2009-2010; interest charges on borrowing, which took 5% of the Council's income in 1997-98, and threatened to break the 8% limit, will now peak at 2% in 2010-2011. This has been achieved by continuing to build operating surpluses to fund capital works and by following the Council's practice with the previous capital repatriation, that is, allocating the greater proportion of the funds (\$100m) due from Orion to the debt repayment reserve for repayment of debt or avoidance of borrowing. It will be noted that this recommendation from the Annual Plan Working Party departs from the provisional decision of the Council to allocate \$75m to the debt repayment reserve. Allocating the larger sum to the debt repayment reserve gives ratepayers a more immediate benefit. It can, in effect, pay for the capital cost of both the art gallery and the wastewater treatment upgrade.

Secondly, the Council's financial strength is consolidated by the creation of an endowment fund with initial capital of \$75m. With a proportion of the income reinvested each year, this fund will produce steadily rising revenue which can be applied to a range of projects, subject, of course, to the normal consultation processes of the annual plan. It is also recommended that at least 50% of future unbudgeted special dividends should be paid into the fund. The capital of the fund will remain intact, boosting reserve funds, but the income from it will fund economic and civic development projects that would otherwise be a charge on rates.

Thirdly, the Working Party has endeavoured to limit the growth in capital expenditure, which inevitably increases operating expenditure also. In this year's plan, new capital expenditure over the next 10 years is limited to funding major pavement renewals (\$3.75m), Blenheim Road deviation (\$6m), additional space at or near the Civic Offices (\$10m), community projects (about \$2m), central city projects, including the final stage of Cathedral Square (about \$2m), additional land purchase for waterways (\$800,000), and a number of minor capital projects.

The sum of \$10m for additional space at or near the Civic Offices may seem a lot of money to ratepayers, but, in the judgement of the Property Manager and of the Working Party, it is the minimum sum required to relieve the cramped working conditions of many of our staff. I invite any member of the public or the media who doubts the need for more office space to join me on a tour of the Civic Offices. I hasten to add that not a dollar of the \$10m has been allocated to improve elected member areas of the building.

The Working Party is of the view that the restraint should be carried forward into the next three year term. To this end it is recommending that operating and capital expenditure should be confined within the projections of the financial model, and that the unspecified capital fund within the model should be renamed capital contingency fund. To put it very simply, the Working Party is recommending that there be a moratorium on new projects for a period and that staff and elected members should concentrate on the successful implementation of the projects and programmes which are already planned and committed. That does not preclude, of course, proposals to save funds in one area and reallocate them to another.

Given the return of capital funds from Orion, and the savings made from the efficiency review, some ratepayers will ask, quite understandably, why there need be any rate increase at all for the next few years. There are several reasons. The first is that inflation, as measured by the consumer price index, was at 4.1% in the December 2000 quarter, and this increase is flowing through into a lot of the Council's costs. What is more, the cost of diesel and bitumen, both consumed in large quantities by Council activities, has risen by many times the rate of ordinary inflation, increasing the cost of roading, street-cleaning, refuse and recycling collections, building and parks maintenance contracts.

The second reason for rate increases in coming years is that the major capital projects (art gallery, new landfill, wastewater plant, libraries, pools, bus interchange) will, collectively, increase annual operating expenditure by several million dollars a year. These costs have been provided for in the years when they will come to charge.

Thirdly, the Working Party, on the recommendation of standing committees and the output and standards review, recommended some increased spending on employment initiatives, road safety projects for schools, abolition of most charges for Council sports grounds, reduced lease costs for most sports clubs on council land, and reduced rates for sports clubs on private land. The purpose of these concessions, at a cost of \$166,000, is to assist clubs financially as they work to attract more people, especially young people, to engage in sport. An additional \$180,000 has been allocated to "Warmer Homes", the programme under which low-income households are assisted to convert cleaner (usually electric) heating. Funding for the very successful social initiatives has also been augmented by ramping up the allocation by \$125,000 in each of the next four years to reach a total of \$500,000 in Year 4. This money will be spent in partnerships with schools, the police and community groups largely to support children and young people at risk. It is, in my view, the most important investment we can make.

How does this plan affect the ratepayers in the coming year? The overall rate increase is 2.39%, which is slightly lower than the 2.47% predicted in last year's plan. As a result of the funding policy, which allocates costs to different rating sectors, the residential rate increase is marginally higher at 2.56%. (For the median residential property (\$142,000) the increase is 37 cents a week; for a residential property at the upper end of the market (\$400,000) the increase is \$1.02 a week.) The commercial-industrial rate increase is lower at 0.71%. Rural ratepayers face an increase of 11.7%; I trust that their memories will be good enough to recall the rate decrease they enjoyed last year.

These variations between the sectors would have been greater if the Working Party had not supported a transitional "modifier" to mitigate the impact of the funding policy, as recommended by the Director of Finance, in accordance with provisions in the Local Government Amendment Act No 3 of 1996.

The variations have also been accentuated by the impact of the new requirement to charge rates on infrastructural services. We had expected a bonanza from rates on telecommunications companies, but the reality is that the owner of most underground services is the Council, which must now charge rates on water mains, sewers and drains. In the draft plan, the rates levied against these assets have

been credited to the commercial sector, thus reducing the rate requirement from the rest of that sector. I do not consider that not-for-profit services fall properly within the commercial sector and I intend to move that the Director of Finance investigate the creation of a new "infrastructural assets" rating sector to reduce the distortionary effect described above.

I am grateful to the many staff who worked long hours to prepare this draft annual plan. This Council and this city is fortunate to have such competent and dedicated staff. I am also grateful to the members of the Working Party, who worked "overtime" on the task. Often we reached consensus. At other times we debated and discussed and argued till we reached decisions to which everyone had contributed even when not all could agree with the final recommendation. The outcome is a consolidation of the Council's achievements in recent years and a platform for future progress. I have pleasure in moving the adoption of the Financial Plan and Programme: 2002 Edition, and the recommendations pertaining to it."

Councillor Close then moved "That the recommendations of the Strategy and Resources Annual Plan Working Party be adopted". The motion was seconded by Councillor Austin.

3. **AMENDMENTS TO SCHEDULE OF CHANGES RECOMMENDED BY ANNUAL PLAN WORKING PARTY**

Following a request by Councillor Close, it was **resolved** that the draft provision for the following items shown in the schedule of changes recommended by the Annual Plan Working Party be amended to provide for the allocation of the amounts shown over a period of three years only, as shown:

New Water Sports Development: Aquatic Development Group

2001/02	\$10,000
2002/03	\$10,000
2003/04	\$10,000

Triple Bottom Line Reporting

2001/02	\$30,000
2002/03	\$30,000
2003/04	\$30,000

Other Sustainable Christchurch Initiatives

2001/02	\$60,000
2002/03	\$60,000
2003/04	\$60,000

Aranui Community Renewal Project

2001/02	\$40,000
2002/03	\$40,000
2003/04	\$40,000

4. **ESTABLISHMENT OF A CAPITAL ENDOWMENT FUND (Clause 5 of report)**

Councillor Evans moved by way of amendment "That a further schedule postulating a number of other possible proposals for the utilisation of the Orion funds be incorporated in the draft Annual Plan, based on:

- A draft schedule tabled at the meeting providing for the following scenarios:
 - No cash
 - Debt Repayment Reserve \$100M/Capital Endowment Fund \$75M
 - Debt Repayment Reserve \$125M/Capital Endowment Fund \$50M
 - Debt Repayment Reserve \$175M/Capital Endowment Fund \$0M
- A further alternative previously postulated by Christchurch City Holdings Ltd"

The amendment was seconded by Councillor Howell and when put to the meeting was declared **carried**.

The 12 recommendations made by the working party were then adopted, subject to incorporation of the foregoing amendment.

(Note: Councillor Booth recorded his vote against the adoption of recommendation 1 made by the working party.)

5. 2001/02 MAJOR GRANTS PROGRAMME (Clause 6)

Councillor Sheriff moved by way of amendment "*That the proposed grant for the Nga Hau E Wha National Marae for 2001/02 be reduced from \$73,000 to \$50,000*". The amendment was seconded by Councillor Booth and when put to the meeting was declared **lost** on division no 1 by 5 votes to 16, the voting being as follows:

Against (16): Councillors Anderton, Austin, Baker, Buck, Close, Condon, Crighton, Harrow, Howell, James, Keast, Manning, O'Rourke, Stonhill, Thompson and the Mayor.

For (5): Councillors Booth, Corbett, Evans, Sheriff and Wright.

Temporarily Absent (4): Councillors Buist, Ganda, Stewart and Wells.

The recommendation contained in clause 6 was then adopted without amendment.

6. SOCIAL INITIATIVES (Clause 7)

Adopted.

7. NEW YOUTH FACILITY - PAPANUI (Clause 8)

Adopted.

8. LIBRARY, SERVICE CENTRE AND LEARNING CENTRE IN SOUTH CHRISTCHURCH (Clause 9)

This clause was held over to a later stage of the meeting.

9. CANTERBURY MUSEUM REVITALISATION PROJECT (Clause 10)

Adopted.

10. CITY STREETS (Clause 11)

Adopted.

11. CHRISTCHURCH AND CANTERBURY MARKETING LIMITED (Clause 12)

Councillor Anderton moved by way of amendment "*That the draft plan be amended to provide for a provisional allocation of \$175,000 in years 1 and 2 from the Unspecified Economic Redevelopment, Civic and Business Development Projects operating provision, to allow a domestic tourism campaign to be undertaken in 2001/02, with final approval of this allocation to be subject to the outcome of public consultation on the draft plan*". The amendment was seconded by Councillor Ganda and when put to the meeting was declared **carried** on division no 2 by 15 votes to 7, the voting being as follows:

For (15): Councillors Anderton, Austin, Buck, Close, Condon, Crighton, Evans, Ganda, James, Keast, Manning, O'Rourke, Sheriff, Thompson and Wright.

Against (7): Councillors Booth, Buist, Corbett, Harrow, Howell, Stewart and Wells.

Abstain (3): Councillors Baker, Stonhill and the Mayor.

12. CLEAN AIR PROGRAMME: LOW INCOME ASSISTANCE (Clause 13)

This clause was held over to a later stage of the meeting.

13. WATERWAYS AND WETLANDS NATURAL ASSET MANAGEMENT STRATEGY (Clause 14)

On being put to the meeting, recommendation 1 was declared **carried** on division no 3 by 14 votes to 11, the voting being as follows:

For (14): Councillors Anderton, Austin, Baker, Close, Condon, Crighton, Ganda, James, Keast, Manning, O'Rourke, Stonhill, Thompson and the Mayor.

Against (11): Councillors Booth, Buck, Buist, Corbett, Evans, Harrow, Howell, Sheriff, Stewart, Wells, and Wright.

Recommendation 2 was also adopted without amendment.

(10.55am Councillors Corbett and James retired)

14. WASTE CHARGES: IMPACT ON FORWARD BUDGETS (Clause 15)

Councillor Harrow moved by way of amendment *"That recommendation 1 be amended to provide that current waste minimisation initiatives in excess of the amount currently levied for the CCC waste minimisation levy be funded from the ramped up charges until 2005/06"*. The amendment was seconded by Councillor Stewart and when put to the meeting was declared **lost** on division no 4 by 4 votes to 16, the voting being as follows:

Against (16): Councillors Anderton, Austin, Baker, Close, Condon, Crighton, Evans, Ganda, Keast, Manning, O'Rourke, Sheriff, Stonhill, Thompson, Wells and the Mayor.

For (4): Councillors Buist, Harrow, Stewart and Wright.

Abstain (1): Councillor Booth.

Temporarily Absent (2): Councillors Buck and Howell.

The four recommendations made by the working party were then adopted without amendment.

15. CLEAN AIR PROGRAMME: LOW INCOME ASSISTANCE (Clause 13)

The Director of Policy advised that in view of the incentives proposed by Environment Canterbury it would be logical for the City Council to limit the additional allocation proposed for low income households to year 1 only.

Councillor Evans therefore moved by way of amendment:

- "1. That the Council allocate an additional \$180,000 in year 1 only for the implementation of the plan to assist low income households.*
- 2. That the additional funding proposed for year 2 and beyond be deleted.*
- 3. That the existing clean air and energy efficiency budget provisions for year 2 and beyond be deleted."*

The amendment was seconded by Councillor Close and when put to the meeting was declared **carried** as the substantive motion in substitution for recommendation 2 made by the working party.

Recommendation 1 made by the working party was then adopted without amendment.

16. CENTRAL CITY ISSUES (Clause 16)

Separate Rate

Councillor Close moved by way of amendment *“That any separate rate implemented as a result of the recommendations made by the working party be limited to a three year trial period”*. The amendment was seconded by Councillor Sheriff and when put to the meeting was declared **carried**.

The four recommendations made by the working party were then adopted, subject to the incorporation of the foregoing amendment.

Parking Initiative

Adopted.

(Note: Councillors Evans and Wells recorded their votes against the adoption of this recommendation.)

Revitalisation Initiatives

Councillor Sheriff moved by way of amendment *“That \$1M of the \$2M allocated for 2000/01 be rolled over to 2001/02 to form the basis of a joint venture development fund”*. The amendment was seconded by Councillor Evans and when put to the meeting was declared **lost** on division no 5 by 9 votes to 14, the voting being as follows:

Against (14): Councillors Anderton, Austin, Baker, Buck, Close, Condon, Crighton, Ganda, Keast, Manning, O'Rourke, Stonhill, Thompson and the Mayor.

For (9): Councillors Booth, Buist, Evans, Harrow, Howell, Sheriff, Stewart, Wells and Wright.

Security

Adopted, subject to the allocation of \$30,000 per annum proposed in recommendation 1 being limited to three years only, in the years 2001/02, 2002/03 and 2003/04.

17. THREE DAY EVENT: WESTPAC CENTRE (Clause 17)

Adopted.

18. CIVIC OFFICES ACCOMMODATION (Clause 18)

Councillor Wright moved by way of amendment *“That the provision for this item be reduced to \$7.5M in years 1 and 2, and that a report be submitted to the 28 June Council meeting on other options for the provision of additional space to reduce overcrowding in the Civic Offices, including the possibility of providing new accommodation within this sum through a design and build contract”*. The amendment was seconded by Councillor Harrow and when put to the meeting was declared **lost** on division no 6 by 10 votes to 13, the voting being as follows:

Against (13): Councillors Anderton, Austin, Baker, Buck, Close, Condon, Crighton, Ganda, Keast, Manning, O'Rourke, Stonhill and Thompson.

For (10): Councillors Booth, Buist, Evans, Harrow, Howell, Sheriff, Stewart, Wells, Wright and the Mayor.

19. E-COUNCIL PROJECT (Clause 19)

Adopted.

20. RECOVERED MATERIALS FOUNDATION (Clause 20)

Adopted.

(12.30pm Councillors Corbett and James returned)

21. SUMNER REDCLIFFS CRECHE (Clause 21)

Adopted.

22. LIBRARY, SERVICE CENTRE AND LEARNING CENTRE IN SOUTH CHRISTCHURCH (Clause 9)

Also considered in conjunction with this clause was a supplementary report by the Chairman of the Annual Plan Working Party, responding to a suggestion by the working party that the provision for the Parklands Library be reduced to two thirds and that a "boutique" library be considered.

(1.05pm Councillor Wells retired)

Councillor Close moved by way of amendment:

- "1. That the original capital provision for the Parklands Library be reduced by \$911,684 and that the current building be extended to provide a library of 500m².*
- 2. That the capital provision of \$1,484,000 for Parklands be provided in 2004/05.*
- 3. That the Upper Riccarton/Avonhead Library be provided in 2006/07 and 2007/08.*
- 4. That the operating provision for Parklands be reduced from \$250,000 to \$200,000 per annum.*
- 5. That the additional provision remain at \$600,658 for the South Christchurch Library."*

The amendment was seconded by Councillor Anderton.

Councillor Evans moved by way of further amendment:

- "1. That the capital provision of \$1,484,000 for Parklands be provided in 2002/03.*
- 2. That the Upper Riccarton/Avonhead Library be provided in 2003/04 and 2004/05."*

The further amendment was seconded by Councillor Sheriff and when put to the meeting was declared **lost** on division no 7 by 10 votes to 14, the voting being as follows:

Against (14): Councillors Anderton, Baker, Buck, Close, Condon, Crighton, Ganda, James, Keast, Manning, O'Rourke, Stonhill, Thompson and the Mayor.

For (10): Councillors Austin, Booth, Buist, Corbett, Evans, Harrow, Howell, Sheriff, Stewart and Wright.

The amendment moved by Councillor Close and seconded by Councillor Anderton was then put to the meeting and declared **carried** as the substantive motion.

(Note: The effect of this resolution is to delete the proposed reduction of \$200,000 in the provision for the new South of the City Library shown in the schedule of changes recommended by the working party.)

23. RECREATION AND SPORT ORGANISATIONS: RATING, GROUND CHARGES AND LEASE COSTS (Clause 22)

Adopted.

24. LEISURE UNIT FEE SCHEDULE (Clause 23)

Adopted, subject to the deletion of recommendation 3 (the effect of this deletion being that concession card rates for NZ Swimming Federation affiliated members will remain at their current levels).

25. PARKS AND WATERWAYS UNIT: PROPOSED INCREASE IN FEES (Clause 24)

Adopted.

26. CHARGE FOR VALUATION ROLL DETAILS (Clause 25)

Adopted.

27. COMMUNITY PLANS (Clause 26)

Adopted.

28. RATING OF INFRASTRUCTURAL ASSETS (Clause 27)

Received.

It was **resolved** further on the motion of Councillor Close, seconded by Councillor Austin that the Director of Finance be asked to report on the creation of a new rating sector of infrastructural utilities to reduce the distortionary impact of including such utilities within the commercial sector.

29. NEW BRIGHTON MALL REDEVELOPMENT: SEPARATE RATE (Clause 28)

Received.

30. FUTURE RATE INCREASES (Clause 29)

Adopted.

It was **resolved** further that the City Manager be requested to report to the April meeting of the Strategy and Resources Committee recommending a procedure for reviewing the present Annual Plan process.

31. UNIFORM ANNUAL GENERAL CHARGE

Councillor Stewart moved by way of amendment *"That the uniform annual general charge be increased to \$110 for 2001/02 and that it be adjusted annually thereafter in accordance with changes in the CPI"*. The amendment was seconded by Councillor Wright and when put to the meeting was declared **lost** on division no 8 by 10 votes to 13, the voting being as follows:

Against (13): Councillors Anderton, Austin, Baker, Close, Condon, Crighton, James, Keast, Manning, O'Rourke, Stonhill, Thompson and the Mayor.

For (10): Councillors Booth, Buck, Buist, Evans, Ganda, Harrow, Howell, Sheriff, Stewart and Wright.

Temporarily Absent (1): Councillor Corbett.

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32. CHAIRMANSHIP OF ANNUAL PLAN WORKING PARTY: COUNCILLOR DAVID CLOSE

Councillor Wright and other Councillors expressed their sincere appreciation to Councillor David Close for his untiring efforts and patience as Chairman of the Annual Plan Working Party.

A resolution formally recording the Council's appreciation to Councillor Close was carried by acclamation.

33. 2001/02 RATES INCREASE (Clause 32)

It was **resolved**:

1. That the Director of Finance be delegated power to effect any further adjustments required to keep the rates increase below 5% in year 3.
2. That in future years, the photographs to be incorporated in the draft Plan be selected earlier in the year.

Report adopted as amended.

34. CONCLUSION

The meeting concluded at 2.04pm.

CONFIRMED THIS 26TH DAY OF APRIL 2001

MAYOR