

16. 7. 2002

ANNUAL PLAN SUBCOMMITTEE

**Meetings of the Annual Plan Subcommittee
were held on 24, 25, 26 and 28 June, 1, 2, 3 and 4 July 2002**

PRESENT: Councillor Alister James (Chair),
The Mayor,
Councillors Carole Anderton, Paddy Austin, Graham Condon,
Barry Corbett, Anna Crighton, Ishwar Ganda, Pat Harrow,
Denis O'Rourke, Barbara Stewart and Ron Wright.

APOLOGIES: Apologies for absence were received and accepted from the Mayor
(24, 25, 26 and 28 June, 1 and 4 July 2002), Councillors Erin Baker
and Paddy Austin (28 June, 3 and 4 July 2002).

DRAFT CHRISTCHURCH CITY COUNCIL FINANCIAL PLAN AND PROGRAMME : 2003 EDITION

1. INTRODUCTION

The draft plan for 2003 was released on Monday 29 April 2002 and was available for public comment until Thursday 30 May 2002.

In an effort to encourage more people to 'have their say' on the plan, the submission form was published in the May edition of City Scene and also on the Council's web site. Both innovations proved very popular with 316 (46%) submitters using the City Scene form and 218 (31.7%), the web form.

It is also worth recording the huge growth in the use of modern technology for transmitting submissions. In 2000 email submissions reached double figures for the first time, with 18 submissions being received by this medium. In 2001 67 (8%) submissions were emailed. This year a total of 230 submitters (33%) either used the web form or emailed their submissions. The increased use of this technology is pleasing as it results in quite significant administrative efficiencies.

2. PUBLIC SUBMISSIONS

This year 687 submissions were received with submitters raising a total of 890 issues. It will be seen for the table below that this year's level of public participation compares reasonably favourably with the levels of previous years.

1991/92	187
1992/93	216
1993/94	301
1994/95	2,360
1995/96	295
1996/97	179
1997/98	551
1998/99	440
1999/2000	1,355
2000/01	284
2001/02	801
2002/03	687

2 Cont'd

Two aquatic issues – public boating facilities at Lyttelton and the proposed artificial reef at New Brighton - attracted the greatest number of submissions. Roading issues continue to generate a large number of submissions, with many requests being received for the rescheduling of road improvements and other projects in the capital works programme and, to a lesser degree, the undergrounding of overhead reticulation.

This year there was an increase in the number of submissions making strong generalised criticisms about rating levels and Council spending, prompted no doubt by the forecast rate increases for the next three years. This is a little disappointing as submissions on these issues had been trending down in the last two years.

However, not all submitters were unhappy with the Council, as the following submission from a Bryndwr resident illustrates:

"In my opinion, the Council does a pretty good job – keep up the good work. (We are not all fault-finding moaners.) (And ignore 'The Press')."

The submissions raising concerns about rate increases were, however, far outnumbered by the requests for additional Council spending on a host of existing projects and new initiatives. In addition, a significant number of requests for funding support were received from religious, welfare, community, cultural groups and charitable trusts. While many of these were for quite modest grants a number of groups were seeking grants in excess of \$50,000.

A breakdown of submissions by topic for the past six years is detailed below:

TOPIC	2002	2001	2000	1999	1998	1997
Art Gallery	8	2		366	1	10
Capital Repatriation/Capital Endowment Fund	3	94		544		
Central City	21	32		25	17	26
City Streets #	204	196	145	115	61	138
Community/Social Issues	24	98	39	68	3	116
Economic Development	7	1	5	54	7	34
Environment	32	15	41	28	14	47
Financial/Rates/Council Spending	56	23	35	53	34	52
Grants	48	39	16	30	26	19
Heritage	6	12	6	15	4	18
Housing	12	10	14	6	5	15
Lancaster Park					199	
Leisure/Events	31	171	35	14	8	38
Libraries	8	68	1	120	2	62
Miscellaneous	18	12	1	11	3	14
Museum		38		2	4	1
Parking	19	15	11	13	15	20
Parks *	227	89	47	89	11	77
Public Boating Facilities at Lyttelton	125	38				
Waste/Sewerage	39	153	39	114	16	41
Water Services	2	3	8	16	10	51
TOTALS	890	1,109	443	1,683	440	779

Includes 49 submissions on Bryndwr Road and 18 on Nortons Road.

* Includes 175 submissions on the artificial reef.

3. CITY SCENE QUESTIONNAIRE

The May issue of 'City Scene' included a questionnaire which gave readers a chance to respond to some of the proposals in the Annual Plan. Readers were invited to indicate their support or otherwise for the following:

Proposals for Additional Spending on Services	Proposed Spending	Responses For	Responses Against	Neutral/No Comment
Speed Signs Outside Schools	80,000	76%	6%	8%
Fire Safety Upgrades – Pensioner Housing	550,000	71%	8%	11%
Lighting Avon River Bridges	30,000	66%	10%	24%
First Hour Free Parking	505,000	69%	14%	17%
Extra Rubbish Bins in the Central City	100,000	60%	8%	32%
Increased Planting along Main Road	75,000	52%	15%	33%
Central Library Heating and Air Conditioning Upgrade	60,000	44%	16%	40%
Upgrade QEII Grounds and Stadium	700,000	41%	24%	35%
Jellie Park Upgrade	100,000	32%	17%	41%
Heathcote Valley Park	309,000	32%	22%	46%
Boating Facilities in Lyttelton	1,000,000	45%	39%	16%
New Garden Festival	250,000	27%	37%	36%
St Albans Creche Renewal	350,000	17%	28%	55%
Additional Services at New Art Gallery	178,000	23%	39%	38%
Art in Public Places	50,000	21%	51%	28%
Proposals for Additional Revenue	Proposed Revenue	Responses For	Responses Against	Neutral/No Comment
Gold Coin Parking Meter Charges	240,000	40%	35%	25%
Increased Charges for Indoor Pools	366,200	31%	37%	32%

Altogether 934 responses to the questionnaire were received. 197 or just over 20%, were entered via the Council's web site. This was the first time the questionnaire was available on the web. Clearly many respondents found it a very convenient way to participate in the Annual Plan consultation. Also electronic entry produces significant administrative efficiencies as the responses do not have to be entered into the data base.

It will be noted from the above table, that, of the proposals to increase spending on services, 11 of the 15 received more support than opposition. Of the proposals to increase revenues, 1 received more support than opposition, the other received more opposition than support.

It is commonly accepted that the responses to questionnaires such as that in 'City Scene' where the respondents are not selected at random, do not necessarily reflect the views of the majority of the population. On the other hand, considerable confidence can be held in surveys such as the residents' survey where the respondents are selected in a statistically-valid manner.

In some cases it was possible to compare the results of the Annual Residents' Survey and the questionnaire feedback, and thus get some indication as to how closely the responses to the City Scene questionnaire may reflect the views of the majority of the population.

These comparisons showed that those who responded to the questionnaire held stronger views than the community at large, both positive and negative. The percentage of respondents with neutral views was much higher for the residents' survey than the City Scene questionnaire.

4. ANNUAL RESIDENTS SURVEY

A graphical analysis of selected results from the above survey was presented to the Subcommittee on 2 July 2002. The results have been circulated to Councillors.

5. FOCUS GROUPS

In response to requests from several Councillors at the Subcommittee's February round of meetings two focus groups were set up to obtain feedback from a cross-section of residents on some key Annual Plan issues, including:

- Public Boating Facilities at Lyttelton
- Rubbish Bag Collection Costs
- Central City Parking
- City Festivals
- Heathcote Valley Park
- Roothing/Street Upgrading
- Art in Public Places
- Projected Rate Increases

Each focus group consisted of nine residents, one in the 18-39 age group and the other in the 40 plus age group.

The results were presented to the Subcommittee by the facilitator, Ms Brenda Snook, on 2 July 2002. A summary of the feedback on each of the above issues is attached as appendix I.

6. HEARING OF SUBMISSIONS

The 12 volumes of submissions, most accompanied by staff comments, were circulated to the Subcommittee prior to the hearing.

Submissions were heard on 24, 25, 26 and 28 June 2002 and 1 July 2002, with 114 submissions being presented to the Subcommittee.

Submissions from groups and individuals seeking funding for new initiatives, additional funding for existing projects and, in the case of roading improvements, the earlier scheduling of projects dominated the hearings.

Strong representations were also made to the Subcommittee by rural ratepayers for a review of the present method of allocating costs to the rural sector on the grounds that the Council's funding policy did not, in their view, meet the fairness and equity tests of the Local Government Act.

The Canterbury Employers' Chamber of Commerce and the Canterbury Manufacturers' Association urged the Council to work towards reducing the projected rate increases and containing expenditure.

The Subcommittee would like to record its appreciation to the groups and individuals who took the time and trouble to participate in this year's consultation. The oral presentations were excellent with submitters articulating their requests eloquently and persuasively. Clearly, a good deal of thought and effort had been put into many submissions.

7. COUNCIL POLICY ON FUNDING OF NEW INITIATIVES

Councillors will be aware that in March 2001 the previous Council put in place measures to suppress proposals for significant new expenditure in an effort to contain the rates rises in 2003/04 and 2004/05 when the costs of three major projects – the new art gallery, the upgrade of the waste treatment plant and the new landfill – start to impact on the Council's budget.

7 Cont'd

The resolution passed by the Council to give effect to these measures is quoted below:

- “1. *That in the coming three years all capital and operating budgets be contained within the projections in the Financial Plan, adjusted for inflation.*
2. *That the provision for unspecified capital projects be deleted and the funding be held in a capital contingency fund to meet unforeseen costs.*
3. *That the unspecified operating sums in years 2, 3 and 4 be deleted.”*

As indicated above, a large number of submissions were received seeking funding support for a wide range of projects and activities. Given the constraints of the above policy and the level of the 2002/03 rates increase, the Subcommittee has been able to accommodate only a small number of these requests.

The following table confirms that the draft plan conforms with the above policy. The measures being recommended by the Subcommittee for reducing the year 3 rate ‘spike’ are outlined elsewhere in this report.

Year	2002 Plan	2003 Plan
2002/03	3.87%	3.70%
2003/04	4.86%	3.87%
2004/05	6.70%	3.85%

8. POST HEARING DELIBERATIONS

The Subcommittee met on Tuesday 2 July 2002, Wednesday 3 July 2002 and Thursday 4 July 2002 to consider the issues raised in the public submissions and the in-house requests for amendments to the 2003 plan. The remainder of this report addresses these matters.

The changes to the plan recommended by the Subcommittee are listed in Appendix II.

9. AMENDMENTS/CORRECTION TO THE 2003 PLAN

The Financial Services Manager submitted a report seeking a number of amendments to the final version of the plan. These changes have arisen since the draft plan was adopted on 8 April 2002 and relate to Council decisions, corrections and amendments since that time. The changes are listed in Appendix III.

10. REDUCING THE COSTS OF COUNCIL OPERATIONS

The Director of Operations reported to the June meeting of the Budget Scrutiny and Audit Special Committee proposing that the Committee recommend to the Annual Plan Subcommittee an appropriate target in order to achieve an acceptable level of rate increases over the next few years.

At its budget meeting in March, the Council resolved:

“That the Budget Scrutiny and Audit Special Committee work with each of the Standing Committees and Community Boards to identify cost reductions and the priority setting of expenditure, with the Budget Scrutiny and Audit Special Committee to submit a series of reports on this topic to the Council over the next 10 months.”

The series of significant activity reviews being undertaken by the Budget Scrutiny and Audit Special Committee will form the basis of that series of reports to the Council.

10 Cont'd

At this stage there is no target or agreement as to the level of savings necessary to achieve an "acceptable level of rate increases".

The report noted that achieving savings is often not easy and past experience has shown that identified opportunities for achieving savings are not always acceptable. The report suggested that having an explicit commitment to the achievement of a savings total, set out in the Annual Plan, would help ensure that sufficient political and management effort was put into achieving at least that level of cost reduction.

Savings will need to be achieved by a number of methods:

- Continuation of further efficiencies.
- Reductions in services or levels of service, particularly in areas of more discretionary expenditure.
- Alternative or modified sources of funding, including consideration of the Council's revenue policy under the new Local Government Act.

The Budget Scrutiny and Audit Special Committee supported the savings target of \$10m by 2005/06 recommended by the Director of Operations and referred the report to the Annual Plan Subcommittee.

Recommendation: That the following statement be included in the 2003 Financial Plan and Programme.

"The Council will set in place processes to identify opportunities to achieve cost reductions and revenue increases in its operational budget to ensure that by 2005/06 the projected budget is reduced by \$10m."

11. QEII CAPITAL SPENDING REVIEW

The Director of Operations reported to the June meeting of the Budget Scrutiny and Audit Special Committee on the outcome of the review of the proposed capital spending at Queen Elizabeth II Park. The report was prepared in response to a resolution passed by the Council at its meeting on 8 April 2002.

The report noted that the funding for the additional work at QEII had been found from capital funds set aside in future years for the development of a new leisure pool and concluded that, as a separate report was being prepared on the options for capital spending at a number of facilities, including the need for the new leisure facility, it would seem inappropriate to consider one-off discretionary funding bids for QEII Park outside the overall process and without an agreed asset management plan in place.

The report, however, supported the spending on renewals and replacements on the grounds that increased costs for the Council were likely if this work was not undertaken as planned. Similarly, the spending on the Village Green was also supported provided this expenditure is contained within the available funds. The report recommended:

1. That the capital expenditure programme be:

2002/03		
Village Green	\$300,000	(\$200,000 of the amount is being carried forward from 2001/02)
2003/04		
Village Green	\$100,000	
2004/05		
Village Green	\$100,000	
HVAC Replacement	\$650,000	
Main Stadium Ceiling Renewal	\$230,000	

2. That the remainder of \$1,255,000 be returned to new facility development.

11 Cont'd

The Leisure Manager reported to the Subcommittee on:

1. The basis of the original grant to the Canterbury Cricket Association.
2. An update on the current negotiations with Canterbury Cricket, particularly with regard to the need for the Village Green toilets.
3. The Canterbury Cricket Association's commitment to the Village Green development, complete with written confirmation.

The Leisure Manager commented as follows on the need for a separate toilet block:

"A separate toilet block on the Village Green has always been seen as a necessity for this area. This block would replace toilet facilities that were demolished in 1999, and would provide the only outdoor toilets on the 49 ha site. Because of the need to have the toilets open at all times and the vandalism in the area it is important that this facility is stand-alone and not linked to another building."

Also before the Subcommittee was a letter from Canterbury Cricket confirming its commitment to a cricket facility at QEII for all types of representative cricket.

- Recommendation:**
1. That the Council give priority to the implementation of an Asset Management Plan for QEII Park.
 2. That the revised capital expenditure programme, as set out above, be adopted with \$1,255,000 being returned to the budget for facility development.
 3. That the Community and Leisure Committee review the funding bid for discretionary capital items for QEII Park in conjunction with its report on general facility spending needs.
 4. That the Civil Defence building be relocated to the proposed site adjacent to the Village Green for use as offices and for changing room facilities for cricket and other sports.
 5. That the provision of a separate toilet block for the Village Green be confirmed.
 6. That funding of the Village Green development be subject to Canterbury Cricket entering into a lease, to be approved by the Community and Leisure Committee.

12. TAMAKI TOURS LTD

In September 2001 the Council gave approval for Tamaki Tours to establish a tourism venture at Ferrymead on a block of Council-owned land known as 'Woodhill'. The property is an old landfill and as such presents all the challenges inherent in such sites ie resource consent issues, contamination and construction difficulties.

Tamaki Tours have requested funding from the Council (over and above that allowed in the draft plan) to ensure the establishment of their pre-European (Maori) Village tourism venture at Ferrymead. The further funding is required to cover additional abnormal costs related to construction on an old landfill site.

Tamaki Tours Limited have advised that these additional costs would affect the viability of the project and their project contingencies would be significantly depleted, if not totally exhausted, if used on this one item.

12 Cont'd

The funding request is for \$508,042. This comprises \$346,709 for the additional foundation costs and \$161,333 for re-contouring. Council officers consider the former amount a legitimate site-specific claim for abnormal costs. However, the latter is debatable. Staff considered that if the Council made provision for a contribution of \$346,000 the project would not be jeopardised.

The Subcommittee considers that it is important for the venture to proceed and that it maintains viability as the benefits to the community substantially outweigh the costs.

During the discussion on this request, the Subcommittee noted that, while funding has been budgeted for remediation and restoration of the Burwood landfill, similar provision does not appear to have been made for other old landfills. The Subcommittee believes that it would be prudent for the Sustainable Transport and Utilities Committee to investigate the funding requirements for such work.

- Recommendation:**
1. That the Council continue to support the lease of the land at Ferrymead to Tamaki Tours Ltd.
 2. That the funding be provided to Tamaki Tours Ltd up to a maximum of \$346,000 plus GST to cover the abnormal incremental cost of erecting foundations on a landfill; the funding not to cover re-contouring and to be the final contribution by the Council to the site development works.
 3. That such payment be made in one lump sum upon completion of the foundation work and certification of at least that amount of expenditure.
 4. That the balance of the unbudgeted revenue of \$185,000 from the Canterbury Technology Park joint venture in 2001/02 be carried forward and assigned to this project.
 5. That the annual grant to Ferrymead Heritage Park not be reduced to meet any additional funding to Tamaki Tours Ltd.
 6. That the Sustainable Transport and Utilities Committee be requested to review the funding required for remediation and restoration of old landfills.

13. CATHEDRAL OF THE BLESSED SACRAMENT - SEISMIC STRENGTHENING

Consideration was given to a recommendation from the Arts, Culture and Heritage Committee that provision be made for a grant of \$140,000 per annum for five years for the seismic strengthening of the Cathedral of the Blessed Sacrament.

Seismic securing costs for the Church are a significant burden that are required to be met both for public safety and for the retention of the heritage fabric of the building. The Cathedral of the Blessed Sacrament and the Christchurch Cathedral are the two most significant ecclesiastic heritage buildings in Christchurch. In the case of the Christchurch Cathedral, the Council has provided a sum of \$1,000,000 for seismic strengthening over a period of five years. Consideration of assistance to the Cathedral of the Blessed Sacrament would appear to be necessary and appropriate. The Subcommittee had before it a breakdown of the costs of the strengthening work provided by a quantity surveyor, as well as a letter from a Catholic Diocese giving an assurance that the Church will continue to do all it can to conserve the Cathedral.

- Recommendation:**
1. That the sum of \$140,000 per annum be provided for a five year period from 2003/04 to continue the Cathedral seismic strengthening programme.
 2. That the Council support and assist the Cathedral of the Blessed Sacrament with an application for a grant to the New Zealand Lotteries Board and other appropriate funding sources.
 3. That any heritage grants received be a deduction from the Council grant.

14. **ACCOMMODATION FOR BURWOOD/PEGASUS COMMUNITY BOARD**

The Director of Operations and the Community Advocate reported on behalf on the Board, seeking the allocation of funding in 2002/03 to resolve the long-standing accommodation needs of the Burwood/Pegasus Community Board and the Advocacy Team.

While the Subcommittee was most sympathetic to the Board's predicament, the members were of the unanimous view that, given the pending review of the electoral system, it would not be prudent to allocate funding for new accommodation for the Board in the current year.

- Recommendation:**
1. That the Burwood/Pegasus Community Board request be reconsidered after the review on the electoral system has been completed.
 2. That, in the meantime, the Board be invited to hold meetings at the Civic Offices.

15. **MULTI-CULTURALISM**

The Community Relations Manager reported on behalf of the Multicultural City Subcommittee, seeking the allocation of funding to resource the programme which has been developed to meet the objectives of this Council initiative. It was advised that while some of the objectives are able to be achieved by sourcing information or by advocating locally or nationally, others will require a commitment of resources. At present, no dedicated resources are readily available to support the proposed programme.

Accordingly, the Multicultural City Subcommittee asked that a further request be submitted for funding of \$50,000 to resource its work programme.

This request was supported by the Annual Plan Subcommittee. The Subcommittee also endorsed a suggestion by Councillor Stewart that an in-house review be undertaken to ensure that support for minority groups is delivered cost-effectively and in a coordinated way by all Council units.

- Recommendation:**
1. That provision of \$50,000 be made from 2002/03 to resource the Multicultural City Subcommittee programme.
 2. That the City Manager be asked to report to the appropriate committee on ways in which the work being undertaken to support minority groups and other areas of social need, can be taken into account by all Council units in the development of their ordinary projects and programmes.

16. **CITY STREETS – KERB AND CHANNEL RENEWALS**

In the last two years there has been a marked increase in the number of submissions raising concerns about the state of kerb and channels throughout the city. The current asset management plan provides for 20 km of the old 'dish' style channels to be replaced annually. To accelerate this rate of replacement the Subcommittee suggests that an additional \$2m per annum be provided for this work for ten years from year four. The rates 'spike' in years two and three is the reason for delaying the introduction of new funding.

Several submitters questioned the assessment criteria used by City Streets to prioritise this work. To address these concerns the Subcommittee is recommending that the current criteria be re-examined by the Sustainable Transport and Utilities Committee, in consultation with the Community Boards, with a view to a formal framework being adopted by the Council within which the Community Boards can prioritise the five year kerb and channel renewal programme for their areas.

- Recommendation:**
1. That the budget provision for kerb and channel renewal programme be increased by \$2m per annum from 2005/06 for ten years.

16 Cont'd

2. That, following consultation with the Community Boards, the Sustainable Transport and Utilities Committee develop a policy framework for prioritising kerb and channel renewals for the Council's approval.
3. That Community Boards be provided with the kerb and channel renewal programme to enable them to prioritise this work.
4. That the City Streets Manager be authorised to fund a component of the Living Streets programme from the City Street kerb and channel renewal output.
5. That, in future, the cost of roading projects be included in the 'start work' notices to residents.

17. METROPOLITAN TRANSPORT STRATEGY

Councillor O'Rourke drew Councillors' attention to the need to address the long term funding requirements for network improvements and the implementation of the strategy.

Recommendation: That staff prepare, as part of the Metropolitan Transport Strategy, action plans and long term capital and operating budgets for its implementation.

18. RUBBISH BAGS

The Subcommittee considered the impact of the new landfill arrangements on the 2004/05 rates. The draft plan had forecast a rate increase in that year of 6.8%. It also heard various submissions expressing concern about this significant increase.

Consideration was given to the effect of introducing a 'waster-pays' regime on not only reducing this rates 'spike' but also encouraging the community to become more committed to a reduction in waste sent to the landfill.

The Subcommittee is therefore proposing that, with effect from 2004/05, residents be required to purchase black bags or stickers at a price which reflects the cost of collection and disposal. The last provision of rates-funded bags would be in April 2003 to cover the 2003/04 year.

It is recognised that there will need to be significant public consultation and education on this proposal before it could be implemented. As proposed start date is July 2004, plenty of time will be available for adequate consultation. Provision of a budget of \$200,000 to support this is proposed.

A proposal was also considered to restructure the financial arrangements for accounting and funding of waste minimisation and recycling. This is set out in the recommendations below. The Subcommittee has requested that staff report on the implications for the Council's budget on this proposal and that principles be implemented subject to consideration of that report. The financial implications of the proposals in recommendation 2 below have not been factored into the plan at this stage.

- Recommendation:**
1. That the Council change to the 'waster-pays' system for rubbish bags, with effect from 2004/05, on the following basis:
 - (a) Comprehensive public consultation and information supported by a budget of \$200,000 in 2003/04.
 - (b) Integration with the solid waste strategy in the statutory Waste Management Plan to be revised this year, to show how the waster-pays system forms part of the action plans to be incorporated in the strategy.

18 Cont'd

2. That the Council agree, in principle, to a more transparent system for solid waste accounting based on:
 - (a) All waste minimisation operations being provided for from waste levies (incentive and disincentive charges), not rates, via a dedicated fund incorporating both the levies and the Transwaste dividend.
 - (b) Household collections of recyclables paid from rates.
 - (c) Refuse collection and disposal paid from the waster pays revenue.
3. That the adoption of the principles set out in clause 2 be subject to consideration of a staff report on the implications for the Council's budget and implementation issues.
4. That, to eliminate the personal dumping of unwanted household rubbish and taking into account social issues, a line item be provided in the budget for the supply of rubbish bags and/or stickers to address cases of hardship.
5. That the Council devise a process for the distribution of rubbish bags and/or stickers.
6. That recycling systems be investigated and set up for those living in apartment blocks.

(Note: Councillor Corbett requested that his vote against the foregoing recommendation be recorded.)

19. **TREES FOR CANTERBURY**

The Property Manager submitted a request from Trees for Canterbury for Council funding assistance of \$177,000 to cover the costs of filling the Council-owned land in Charlesworth Street to which the group will eventually be relocating their operations. At its September 2001 meeting the Council resolved to offer Trees for Canterbury a lease over the Charlesworth Street site.

The Property Unit considers that the cost to fill the site should be funded by Council (as it improves a Council asset) but that cheaper options for filling the site should be explored and that an appropriate return on the Council's investment can be obtained.

The report recommended that the Council fill the site in the most cost-effective manner and enter into a lease with Trees for Canterbury, with the rental being set at \$14,000 initially. Opportunities for increasing the rental will be canvassed during the lease negotiations.

- Recommendation:**
1. That the Council continue to support a commercial lease of the Charlesworth Street land to Trees for Canterbury.
 2. That funding be provided by way of loan or within the Council's budget to a maximum of \$100,000 to fill the Charlesworth Street site on the basis that the annual lease payments by Trees for Canterbury will not exceed \$14,000 per annum for the first rental term of the lease.
 3. That staff explore opportunities for obtaining the fill from Council resources.

20. **CHRISTCHURCH CITY HOLDINGS LTD**

Advice was received that CCHL was expecting to receive a special dividend from Christchurch International Airport during 2002 which had not been fully factored into earlier budget projections. Consultation with CCHL has now taken place and, subject to the dividend being received by CCHL, it has agreed that a special dividend of \$3.4 million will be paid to the Council during the 2002/03 year.

The Council had earlier established a policy that 50% of any unbudgeted special dividends be allocated to the Capital Endowment Reserve. On the advice of the Director of Finance it was agreed that the other 50% be allocated to the Debt Repayment Reserve to reduce the need for future borrowing and reduce net interest costs.

Recommendation: That provision be made for receipt of a special dividend from CCHL of \$3.4m to be allocated 50/50 between the Capital Endowment Fund and the Debt Repayment Reserve.

21. **VALUATION SERVICES**

Staff advised that the following savings arising from the new valuation services contract have been factored into the budget. These savings are after provision has been made to a number of contingencies.

\$50,000 2002/03
\$400,000 2003/04
\$400,000 2004/05
\$200,000 2005/06 and beyond

Recommendation: That the information be received.

22. **PARKS AND WATERWAYS UNIT**

Discussion took place on the future of the Green Edge Project if the Council is required to build an ocean outfall and it was agreed that the Sustainable Transport and Utilities Committee be asked to investigate the implications.

The Subcommittee endorsed a suggestion by Councillor Harrow that the Parks and Waterways Unit budget be reviewed to identify opportunities for smoothing the capital programme to soften the impact of future rates increases.

Recommendation:

1. That the Sustainable Transport and Utilities Committee report to the Council on the impact of an ocean outfall on the Green Edge Project, the report to detail all budget allocations relating to the project.
2. That the Parks and Waterways capital and operating budgets be reviewed by the Budget Scrutiny and Audit Special Committee.

23. **WATER SUPPLY – REPLACEMENT OF MAINS**

Staff advised that following a management review of the asset management plan for Water Supply it is now possible to reduce the capital provision for replacement water mains by \$4.145m spread over the years 2003/04 to 2011/12. The detailed amounts are reflected in Appendix II.

Recommendation: That the information be received.

24. **GRANTS**

A range of religious, welfare, community, cultural and sporting organisations took advantage of the Annual Plan process to make late applications for grants or to seek what is essentially a review of the decisions in respect of their original applications. However, as the Council has capped the grants fund at the level provided in the draft plan, the Subcommittee had no alternative but to recommend that, with one small exception, all these applications be declined. It will be noted that recommendation 2 below proposes an additional allocation of \$25,000 to the Mayor's Welfare Fund. The Metropolitan Funding Subcommittee reduced this grant by \$70,000 because it had been incorrectly advised that the fund could manage with less. As demand on the fund is increasing the Subcommittee considers that, in the circumstances, the grant should be partly restored to the 2001 level.

The Chair reported:

I am concerned about the increasing demand for funding by Community Groups, all of whom I recognise are undertaking valuable work in the community.

Councillors will be aware of a significant decline in funding that will be available from the Community Trust (a reduction of \$7 million) as well as a likelihood of a decline in lotteries-related funding.

In addition, the Community Sport and Recreation Fund administered by local government on behalf of the former Hillary Commission has been abolished by its successor, the Sport and Recreation Council.

It is my opinion that the demand upon the Council by community groups for funding will increase. I am concerned that in spite of the Council's 'social wellbeing' outputs over many years, that we do not seem to be achieving the level of social and economic development progress that might have been expected. The submission and information provided by the Family Help Trust highlights the growing level of 'at risk' families and its impact on our community. Despite its excellent work, it is not supported at Government level.

The Local Government Bill, if and when enacted, will require the Council to prepare long term Council Community Plans. This will also require greater collaboration with the Government and other agencies. The Community Plans Special Committee has embarked on developing plans and policies involving government agencies relating to the Aranui Renewal Project (Housing NZ) and Healthy Christchurch/Injury Prevention Programme (Crown Public Health, ACC). Other projects involving government and non-government agencies are also being progressed. Such plans result in further demands on our budget at a time when we have set a target of achieving savings of at least \$10 million.

I am aware that in the current term of Government, Coalition Government Ministers have met with elected local government members in the Wellington and Auckland regions to discuss issues of concern. Given the significant population in Christchurch I consider that a full day workshop should be held between this council and the incoming Government to discuss relevant issues including social development policies and programmes.

- Recommendation:**
1. That the grants to community organisations as listed on page 89 of the draft plan be confirmed.
 2. That the grant to the Mayor's Welfare Fund be increased from \$175,000 to \$200,000.
 3. That all remaining applications for grants be declined.
 4. That the submission from the Antarctic Heritage Trust be referred to the Christchurch International Airport Board for consideration for sponsorship.
 5. That a report on the submission from ChristChurch Cathedral be prepared for the consideration of the Projects and Property Committee.
 6. That following the general election, the Council request a full day workshop with Government Ministers and that the issues the Council wishes to include on the agenda be identified.

25. **PUBLIC SUBMISSIONS**

The Subcommittee makes the following recommendations in response to the major issues raised in the public submissions.

1. **Innes-May Residents' Group** (and associated submissions):

Safety Issues and Kerb and Channel Replacement – Weston Road

- (a) That City Streets staff investigate the installation of 'give way' signs at the Weston Road/Bretts Road intersection.
- (b) That it be recommended to the Fendalton/Waimairi and Shirley/Papanui Community Boards that they consider reprioritising the kerb and channel replacement programme with a view to bringing forward the Weston Road project.

2. **Colin Bartlett:**

Marblewood Reserve – Reallocation of Funding

That the submission be referred to the Shirley-Papanui Community Board with the request that Mr Bartlett be involved in assisting the board as part of community consultation.

3. **Canterbury Employers' Chamber of Commerce:**

Support for Business

That staff report further to the Strategy and Finance Committee and the Chamber on the concept of the Council proclaiming itself the most business-friendly unit of local government in New Zealand in conjunction with further reporting on the proposed ethical purchasing and contracting policy.

4. **Canterbury Manufacturers Association:**

Membership of Budget Scrutiny and Audit Subcommittee

That independent external advisers be consulted, as required, to assist the Budget Scrutiny and Audit Special Committee in its review of significant activities.

5. **Housing New Zealand:**

Hampshire Street, Wainoni Park and School Speed Zone

- (a) That funding for Hampshire Street as a living street be increased to \$100,000 from \$70,000 and be brought forward from 2004/2005 to 2003/2004, subject to efforts being made to fund the shortfall by way of substitution.
- (b) That staff report both to the Burwood-Pegasus Community Board and the Sustainable Transport and Utilities Committee on park lighting in Wainoni Park and street lighting in Hampshire Street.
- (c) That \$20,000 be budgeted for a school speed zone in Breezes Road in 2002/2003 subject to a further report to either the Sustainable Transport and Utilities Committee or the Burwood/Pegasus Community Board.

6. **Cathedral Square Consultative Group** (and related submissions):

One Hour Free Parking Initiative/Cathedral Square

- (a) That the one hour free off-street parking initiative be continued in 2002/2003 and be offset with the budgeted increases in other charges.

25 Cont'd

(b) That staff report to a future meeting of the Strategy and Finance Committee (to which all Councillors are invited) on the 'Athfield' proposal for Cathedral Square including costs, and also on feature, safety and tree lighting.

(c) That a revised budget provision be considered in 2003/04.

7. **Central City Business Association Working Party** (and related submissions):

Application for Grant of \$25,000

That the working party be advised that the Council, while supportive of its establishment, declines to provide funding for a Central City Business Association.

8. **New Brighton Commercial Ratepayers and Retailers Association
New Brighton Taskforce** (and related submissions):

Revitalisation of New Brighton

(a) That a New Brighton Taskforce be requested to work with:

- The Council in developing a ten year master plan for New Brighton,
- The Pegasus Bay Artificial Reef Trust in developing the artificial reef proposal, on the basis that the funding for the reef is included in the funding allocated for the revitalisation of New Brighton.

(b) That the budget provision of \$1.39m be carried forward to 2002/2003 and that the specific expenditure of the budget item(s) be further considered at a joint meeting of the relevant committees when the master plan has been developed.

(c) That additional funding as sought (\$400,000 per annum for 4 years) be declined.

(d) That the Council note that a special New Brighton commercial rate may be levied by agreement with the New Brighton Commercial Ratepayers and Retailers Association and if levied shall be additional to the \$1.39m and in terms of any master plan outcomes as agreed with that association.

9. **Riccarton Bush Trust:**

Annual Funding

(a) That the Strategy and Finance Committee hold further discussions with Riccarton Bush Trust, when the legal opinion from the Legal Services Manager on tax and constitutional issues is available.

(b) That, in the meantime, the additional funding provided by the Council remain in the plan as a grant.

10. **Transpower New Zealand Limited:
Telco Asset Management Ltd:**

Utility Rating

That a review of differentials be undertaken as part of the funding policy review following the enactment of the Local Government Bill and for the 2004/2005 year.

25 Cont'd

11. **Yaldhurst Rural Residents Association (Incorporated):
Yaldhurst & Districts Rural Ratepayers Associations:
Federated Farmers of New Zealand (Inc):
Rural Ratepayers:**

Rural Rates

- (a) That there be no change to the Uniform Annual General Charge.
- (b) That there be no change to the general rate as allocated to the rural sector.

12. **K T & D J McIntosh:**

Sealing of Miners Road

That this submission be referred to the Fendalton/Waimairi Community Board for consideration.

13. **Aranui Community Renewal Committee:**

Roading/Traffic/Safety/Street Lighting/Litter/Mobile Library Services/Bus Service

The Aranui Community Renewal Committee requested:

- That the impact of increased traffic in Aranui from closure of Eureka and Carisbrooke Streets be anticipated and mitigated.
- That speed restrictions in other areas be planned and implemented.
- That funds allocated in 2004/05 for the Aranui High 'Bubble' be brought forward.
- That the condition of footpaths be assessed and remedial action taken.
- That Aranui be included in the areas listed for street lighting improvement.
- Street flooding (which is not due to blocked sump gratings) be alleviated.

- Recommendation:**
- (a) That the City Streets Unit be urged to allocate sufficient staff resources to urgently complete the assessment of effects or likely effects referred to above and that the funds already allocated be brought forward, by way of substitution, or allocated from maintenance sums where appropriate.
 - (b) That the Education and Promotions Co-ordinator and Keep Christchurch Beautiful Co-ordinator investigate the introduction of an anti-litter education programme; the emphasis to be on discouraging the practice of disposing of domestic rubbish in street bins rather than increasing street cleaning resources.
 - (c) That the use of Breezes Road by heavy traffic be kept under review by the Sustainable Transport and Utilities Committee.
 - (d) That the Libraries Manager consult with the Aranui CRC and report both to the Community Board and the Arts, Culture and Heritage Committee on ways of meeting the library needs of the Aranui Community Renewal Committee.
 - (e) That the submission seeking an improvement to the Aranui bus service be referred to the CCC/ECAN Public Transport Working Party.

14. **Awatea Residents Association:**

Christchurch Kart Club - Noise

That staff report both to the Community Board and the appropriate standing committee regarding noise reduction options and costs.

25 Cont'd

15. **Halswell Residents Association and J M Anderson:**

New Subdivisions – Provision of Pedestrian Linkages

That the construction of footpaths in Halswell be the subject of a report, including costs, to the Riccarton/Wigram Community Board and the Sustainable Transport and Utilities Committee for consideration as to inclusion in subsequent budgets.

16. **Inner City East Neighbourhood Group (ICENG):**

Road/Traffic/Reserves

(a) That the submitters be advised that:

- As Worcester Street is designated as a local road in the City Plan and has been constructed as such, it cannot be changed to an arterial.
- Because of cost considerations Worcester Street cannot be upgraded to the standard of the Worcester Boulevard.

(b) That the request for traffic signals to be installed at the intersection of Worcester Street/Linwood Avenue be declined on the grounds that as the roundabout at the Gloucester Street/Linwood Avenue intersection is to be replaced with traffic signals there is no need from a network or safety perspective to install signals at this intersection.

(c) That the submitters be advised that the request to change Avonside Drive to a riverside park cannot be considered now or in the foreseeable future because of the requirements of the City's traffic system.

(d) That the requests relating to the purchase of land for reserve purposes in Hereford Street and the future use of the green space at 325 Worcester Street be referred to the Parks Gardens and Waterways Committee.

(e) That, because of the cost implications, the request to develop an east/west shuttle route be declined.

17. **St Albans Community Resource Centre:**

Car Park for the Centre

That the request for funding to be allocated for the purchase of land and the construction of a car park in Colombo Street, St Albans be declined but that the City Streets Unit report to the Shirley/Papanui Community Board and the Sustainable Transport and Utilities Committee on the possible introduction of two hour limited parking on this part of Colombo Street.

18. **Everybody's Cultural Centre and Mrs Daphne Crampton:**

That the above submitters be advised that the Council has allocated funding of \$50,000 to the Multicultural City Subcommittee to implement multicultural initiatives.

19. **Greypower Christchurch Superannuitants Association (Inc):**

(a) That the request for the allocation of funding for an older persons' advocate be declined.

(b) That the Housing Subcommittee be requested to meet with Greypower Christchurch and Age Concern to discuss housing issues, including the asset management plan currently being completed.

20. **Avon Loop Planning Association:**

That the request for a Neighbourhood Improvement Co-ordinator be referred to the City Manager.

25 Cont'd

21. **Environment Canterbury:**

Meeting Arrangements/Bus Services

- (a) That the Urban Planning and Growth Special Committee review current membership of Future Path Canterbury.
- (b) That the Central City Mayoral Forum consider ECAN's request to be a contributor to the forum.
- (c) That the Strategy and Finance Committee review its present meeting arrangements with ECAN with a view to holding a series of regular meetings to discuss matters of mutual interest rather than forming a joint standing committee.
- (d) That the issue of extending the Orbiter Bus Route to encompass QEII Park, the new Christchurch South Library and the Bishopdale Shopping Centre be referred to the CCC/ECAN Public Transport Joint Working Party.

22. **Banks Peninsula District Council:**

- (a) That funding provision for the breakwater and public ramp facilities at Magazine Bay remain at \$3m and the request for additional funding be declined.
- (b) That the request for funding towards marine farm legal costs and a toilet at Hickory Bay be declined.

23. **Janet Begg:**

That the Council Secretary report further on the installation of an amplification system for Committee Room 2 only.

24. **Christchurch International Rowing Centre Charitable Trust:**

Funding for International Rowing Centre

- (a) That the Council express its support for an international rowing centre in Christchurch
- (b) That, subject to a positive outcome of the Christchurch International Airport Board's study on bird strikes, the following provision be made for the project:

2002/03	\$100,000
2005/06	\$100,000
2006/07	\$200,000
2007/08	\$200,000

(Councillor Wright abstained from the discussion and voting on the above recommendation.)

25. **Yani Johanson:**

Youth Issues/Call Centre Music

- (a) That the Housing Subcommittee consider the submission relating to housing for young people in need or at risk.
- (b) That the submission regarding economic development and employment be referred to the Canterbury Development Corporation.
- (c) That the Customer Centre Network Manager endeavour, within current budget, to increase the local and New Zealand based music content.

25 Cont'd

26. **Our City Management Team:**

Operating Budget

That the operating budget be increased by \$42,000 as from 2002/2003.

27. **Rutherford's Den Trust Board:**

Rutherford Memorial

That the submission be referred to the Art in Public Places Working Party.

28. **New Zealand Academy of Sport:**

That the application for a grant of \$10,000 be declined.

29. **Rotary Club of Riccarton:**

Inner City Produce Market

That the submission be referred to the appropriate Subcommittee.

30. **Pegasus Bay Recreational Reef Trust** (and related submissions):

That the request for funding be considered by the New Brighton Taskforce in terms of a masterplan for New Brighton and that any funding be allocated from the \$1.39m provided in 2002/03.

31. **Birdlands Foundation Trust:**

Request to Purchase Birdlands Sanctuary

That the application for funding be declined.

32. **Friends of the Christchurch Botanic Gardens:**

Funding/Revenue

(a) That the following funding be brought forward to 2002/03.

- | | | |
|------|--------------------------------|----------|
| i) | Botanic Gardens Nursery | \$4,000 |
| ii) | Botanic Gardens Interpretation | \$10,000 |
| iii) | Botanic Garden Nursery Upgrade | \$25,000 |

(b) That the submission be referred to the Parks, Gardens and Waterways Committee for a substantive report on current operations, with a view to any new initiatives being considered 2003/2004.

(c) That the Council not proceed with the introduction of admission charges for the Botanic Gardens.

33. **Urban Landscapes Group:**

That the submission be referred to the Parks, Gardens and Waterways Committee for its consideration and also to the appropriate CCC/ECAN Working Party for any input by ECAN.

34. **Canterbury Youth Workers Collective:**

That the submission be considered by the appropriate standing committee or Subcommittee.

25 Cont'd

35. **OSCAR Network in Christchurch (Inc):**

That the capital project funding be maintained at \$20,000.

36. **St Albans Educare Pre-School:**

That the funding for the above project be maintained at \$350,000.

37. **Tui Street Residents Group:**

Undergrounding of Overhead Reticulation - Cost Increases

Last year, the residents of Tui Street agreed to contribute \$41,000 towards the cost of undergrounding the overhead reticulation in their street based on staff advice that this sum was their half share of the cost. However their half share of the lowest tender received for the work was \$67,547. The residents have requested that the Council meet the shortfall (\$26,547). In the circumstances the Subcommittee believes the Council should accede to the residents request.

- (a) That the above work be retendered or alternatively negotiated with the successful tenderer for the Fendalton Road reconstruction in an effort to achieve economics.
- (b) That the Council accept the residents' contribution of \$41,000 towards the cost of the undergrounding.

38. **Wai-iti Terrace (West) Residents:**

Undergrounding of Overhead Reticulation - Cost Increases

The Wai-iti Terrace residents are in the same position as the Tui Street residents. In this case \$40,000 has been contributed by residents, based on the costings supplied by staff. However, the residents' half share of the lowest tender was \$67,550. Again the residents have requested that the Council meet the shortfall (\$27,550).

- (a) That the work be re-tendered or re-negotiated.
- (b) That the Council accept the residents' contribution of \$40,000 towards the cost of the undergrounding.

39. **Thornycroft Street Residents:**

Kerb and Channel Replacement/Undergrounding of Overhead Reticulation

- (a) That the submission be referred to the Fendalton/Waimairi Community Board for consideration for substitution within the five year kerb and channel replacement programme.
- (b) That the conversion of the overhead reticulation be programmed for the preceding year.

40. **Hamilton Avenue Residents:**

Kerb and Channel Replacement

That the submission be referred to the Fendalton/Waimairi Community Board for consideration for substitution within the five year kerb and channel replacement programme.

41. **W G A & H F Watkins (and other residents of Bryndwr Road):**

Kerb and Channel Replacement

That the submission be referred to the Fendalton/Waimairi Community Board for consideration for substitution within the five year kerb and channel replacement programme.

25 Cont'd

42. **Col Pearson:**

Pedestrian Crossing – Hagley Avenue

That the submission be referred to the Sustainable Transport and Utilities Committee, with the request that the work be programmed as soon as possible.

43. **J C Spencer:**

Street Lighting - Substitution

That the Waimairi Road street lighting project be brought forward to 2002/2003 and the Blighs Road work be deferred until 2006/2007 to coincide with kerb and channel renewal.

44. **Canterbury Yachting Association Incorporated:**

Lyttelton Sailing School:

Naval Point Club Lyttelton (and related submissions):

That the budget provision for public ramp facilities and breakwater at Magazine Bay be confirmed at \$3 million but reallocated as follows:

2002-03 \$1.5 m

2003-04 \$1.5 m

45. That responses be forwarded to submitters as per the above recommendations and the comments provided by staff.

(Note: Councillor Wright abstained from the discussion and voting on the submissions from Awatea Residents' Association, Environment Canterbury, Multicultural City Subcommittee and Christchurch International Rowing Centre Charitable Trust.

Councillor Corbett abstained from the discussion and voting on the submissions from Anglican Care and Te Whare Roimata.

Councillor Condon abstained from the discussion and voting on the New Zealand Academy of Sport Submission.)

26. **COMMUNITY BOARD SUBMISSIONS**

The Subcommittee makes the following recommendations in response to the major issues raised in the community board submissions:

1. **Burwood/Pegasus Community Board:**

Breezes Road School Speed Zone/New Brighton Revitalisation/Aranui Community Renewal

That the Council's decisions in respect of the above submissions be conveyed to the Board.

2. **Fendalton/Waimairi Community Board:**

(a) That the Council's decisions in respect of Weston Road traffic safety, rural rates and city street issues within the Board's area be conveyed to the board.

(b) That the current provision for undergrounding not be increased for 2002/2003, but the matter be the subject of a review by the Sustainable Transport and Utilities Committee within the next 12 months and to involve Orion New Zealand Limited.

26 Cont'd

(c) That the \$30,000 provided from the Board's Project Funding for unspecified work in Weston Road be re-allocated as follows:

- \$5,000 – Canterbury Neighbourhood Support
- \$25,000 – Street safety/pedestrian projects

3. **Hagley/Ferrymead Community Board:**

Computer Provision for Community Board Chairs/Roading Improvements/Street Sculpture

- (a) That the request for funding for computers for Community Board Chairs be declined in the meantime and be reviewed when the electoral review and the review of elected member remuneration have been completed.
- (b) That the City Streets Manager prepare a budget proposal for the 2003/04 financial year for the section of road between the Ferrymead Bridge and the causeway.
- (c) That the street sculpture proposal be referred to the Arts Culture and Heritage Committee.

4. **Riccarton Wigram Community Board:**

Rural Rates/Riccarton Bush Trust/Little River Cycleway/Ruapuna Park

- (a) That the Council's decisions on the submissions from rural ratepayers and the Riccarton Bush Trust be conveyed to the Board.
- (b) That the submission on the Little River cycleway be referred to the Sustainable Transport and Utilities Committee.
- (c) That staff report to both the Community Board and the Parks, Gardens and Waterways Committee on a Landscaping Amenity Plan for Ruapuna Park.

5. **Shirley/Papanui Community Board:**

St Albans Community Resource Centre/Local Reserve – Morrison Avenue

- (a) The Council's decision of the submission from the St Albans Community Resource Centre be conveyed to the Board.
- (b) That funding of \$250,000 be allocated from the Capital Reserves Purchase Fund in 2002/03 for the purchase of a local reserve in Morrison Avenue.

6. **Spreydon/Heathcote Community Board:**

Forbes Street

That provision for kerb and channel renewal in Forbes Street be brought forward to 2003/2004.

27. **SCHEDULE OF CHANGES**

Appendices II and III contain all the changes being recommended by the Subcommittee, most of which are specifically dealt with in the preceding clauses.

Recommendation: That the remaining changes recommended by the Annual Plan Subcommittee, as detailed in appendices II and III be approved.

28. **IMPACT ON RATING SECTORS**

The percentage rate increases on each of the four rating sectors is influenced by the amount of change that takes place in the proposed budget. Each output that is changed can have a different impact on the rating for each sector depending on how the Council's funding policy adopted in 2001 is structured.

The following table shows a comparison of the expected rate increases for each sector as published in the draft plan compared to what they would be with the changes proposed in this report.

Rating Sector	Draft Plan	Following Changes
Commercial Industrial	1.28%	2.87%
Residential and Other	4.24%	3.84%
Rural	11.65%	12.00%
Non rateable	3.37%	3.43%
Overall rate Increase	3.55%	3.70%

These changes are adverse and significant for the commercial/industrial sector and the rural sector.

There are transitional modifiers in place to smooth the transition from subsidisation of the residential and rural sectors by the commercial/industrial sectors. These are being phased out over a three year period and the draft plan provided for a modification which added \$1,236,667 to the commercial/industrial sector and reduced the residential sector by \$596,667 and the rural sector by \$640,000.

In order to keep faith with the commercial/industrial sector and the rural sector and not have the sector rate increases vary dramatically from those forecast in the draft plan, it is proposed that further changes be made to the transitional modifiers. This will reduce what would otherwise be an adverse change for these two sectors. The following table sets out the proposed changes:

Rating Sector	Transitional Modifier per draft Plan	Proposed Transitional Modifier	Forecast Rate Increase for Sectors
	\$	\$	%
Commercial Industrial	1,236,667	841,667	1.93
Residential and Other	(596,667)	(196,667)	4.20
Rural	(640,000)	(645,000)	11.78
Non rateable	0	0	3.43

Recommendation: That the proposed amendments to the transitional modifier set out in column 3 of the preceding table be approved.

29. **FINANCIAL SUMMARY**

Following this report is a financial summary which provides a 10 year forecast of the Council's finances and details operating costs and revenues, capital expenditure, borrowing and long-term debt forecasts. This summary incorporates all the recommendations included in this report.

The rates spike in 2004/05 forecast in the draft plan has been removed primarily due to the proposed changes in charging for refuse bags. (refer clause 18). Term debt has increased by approximately \$10 million over the 10 year forecast period primarily as a result of the decision to increase the provision for kerb and channel renewal. Given the asset base of the Council at \$3.7 billion, term debt of \$185 million is very modest. The forecast financial ratios published in the Financial Plan document are all well below the maximums established by the Council in 1993.

30. **NET REQUIREMENT FROM RATES**

The net overall rate increase, including the changes recommended by the Subcommittee, is 3.70%. This represents a rate requirement of \$145.51m GST exclusive.

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- Recommendation:**
1. That the Council adopt a 3.70% overall rate increase.
 2. That the Christchurch City Council Financial Plan and Programme: 2003 Edition, as amended, be adopted.
 3. That the Christchurch City Council Corporate Plan: 2003 Edition, as amended, be adopted.
 4. That authority be delegated to the Director of Finance to make any necessary corrections to the Corporate Plan or Financial Plan and Programme.
 5. That public notice be given that at its meeting on Monday 23 September 2002 the Council will consider a resolution to make and levy rates in accordance with the approved Christchurch City Council Financial Plan and Programme: 2003 Edition.

CONSIDERED THIS 16TH DAY OF JULY 2002

MAYOR