



15. 7. 2003

ANNUAL PLAN SUBCOMMITTEE

**Meetings of the Annual Plan Subcommittee
were held on 23, 24, 25, 27 and 30 June, 1, 2 and 3 July 2003**

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 Councillor
Graham Condon (2 July) and Councillor Barry Corbett (3 July from
9am–12 noon).

An apology for lateness was received and accepted from Councillor
Barbara Stewart for 1 July (arrived at 9.30am).

An apology for absence was received and accepted from Councillor
Paddy Austin for 30 June and for lateness on 1 July (arrived at
9.35am).

DRAFT CHRISTCHURCH CITY COUNCIL FINANCIAL PLAN AND PROGRAMME: 2004 EDITION

1. INTRODUCTION

The draft plan for 2004 was released on the Council's website on Thursday 10 April 2003 and was available in printed form for public comment from Wednesday 23 April until Wednesday 28 May 2003.

In an effort to encourage more people to 'have their say' on the plan, information on making a submission was published in the April edition of City Scene, on the Council's web site and in the draft plan itself. The submission form in the draft plan proved popular with 86 (28%) submitters using this form.

It is also worth noting the growth in the use of electronic technology for transmitting submissions. In 2000 a total of 18 emailed submissions were received by this medium. This figure increased to 67 (8%) in 2001 and 230 (33%) in 2002. This year 77 submitters (25%) either used the web form or emailed their submissions to the Council. Although a slight decrease on last year, there was also a decrease in the overall number of submissions received.

2. PUBLIC SUBMISSIONS

This year 308 submissions were received with submitters raising a total of 455 issues. Although this number was considerably down on recent years the number of submitters who wanted to be heard by the Annual Plan Subcommittee was 125 (41%) of all submissions received. This was greater than the number of submissions heard in 2002 (114) both in terms of numbers and as a percentage of submissions received. It will be seen from 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
1999/00	1,355
2000/01	284
2001/02	801
2002/03	687
2003/04	308

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 2 -

2 Cont'd

Almost two thirds of the submissions this year were requests for additional Council spending on a large number of existing projects and new initiatives. These included a significant number of requests for funding from community organisations. In part some of this may reflect the decreasing amount of money previously available from other funders.

While many submitters sought quite modest grants, a number of funding requests were received for amounts in excess of \$50,000. Those in excess of \$500,000 included a request from the Theatre Royal for \$2,300,000 and from the Lake Isaac Watersports Park for \$12,400,000.

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.

A number of submissions were received requesting funds for the refurbishment and seismic upgrade of the North New Brighton War Memorial Hall.

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

TOPIC	2003	2002	2001	2000	1999	1998	1997
Art Gallery	1	8	2		366	1	10
Capital Repatriation/Capital Endowment Fund	1	3	94		544		
Central City	1	21	32		25	17	26
City Streets	99	204	196	145	115	61	138
Community/Social Issues	27	24	98	39	68	3	116
Economic Development	5	7	1	5	54	7	34
Environment	9	32	15	41	28	14	47
Financial/Rates/Council Spending	36	56	23	35	53	34	52
Grants	82	48	39	16	30	26	19
Heritage	8	6	12	6	15	4	18
Housing/Property/Urban Renewal	78	12	10	14	6	5	15
Lancaster Park						199	
Leisure/Events	26	31	171	35	14	8	38
Libraries	6	8	68	1	120	2	62
Miscellaneous		18	12	1	11	3	14
Museum			38		2	4	1
Parking	3	19	15	11	13	15	20
Parks/Waterways	26	227	89	47	89	11	77
Public Boating Facilities at Lyttelton		125	38				
Public Accountability	9						
Public Consultation	6						
Trading Activities	11						
Waste/Sewerage	17	39	153	39	114	16	41
Water Services	4	2	3	8	16	10	51
TOTALS	455	890	1,109	443	1,683	440	779

3. HEARING OF SUBMISSIONS

The 10 volumes of submissions, most accompanied by staff comments, were circulated to the Subcommittee prior to the hearing of submissions.

Submissions were heard on 23, 24, 25, 27 and 30 June 2003, with 125 submissions being presented to the Subcommittee.

Most of the submissions received were from groups and individuals seeking funding for new initiatives, additional funding for existing projects or the earlier scheduling of roading improvement projects.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 3 -

3 Cont'd

The Canterbury Employers' Chamber of Commerce noted the positive and constructive relationship it has with the Council. Its submission sought, amongst other things, the removal of the rural transitional modifier. The Subcommittee noted that the funding policy will be reviewed in 2004. The Canterbury Employers' Chamber of Commerce also recommended that a section in the Annual Plan should be set aside for Christchurch City Holdings Limited to report on Council activities that are conducted through CCHL for funding reasons.

It was pleasing to see that a number of submissions referred to the impact of the Local Government Act 2002 and the opportunities it will provide to further develop relationships with the Council through the Long Term Council Community Plan.

The Subcommittee records its appreciation to the groups and individuals who took the time to participate in this year's consultation on the Annual Plan. The oral presentations were excellent with submitters articulating their requests well. A good deal of thought and effort had been put into many submissions.

4. ANNUAL RESIDENTS SURVEY

Members of the Subcommittee received highlights from the results of the 2003 Annual Residents Survey on Tuesday 1 July 2003. The full results will be circulated to all Councillors by the end of July.

This is an independent survey of Christchurch residents undertaken in March and April each year. About 800 residents are interviewed on a variety of issues, some of which are topical and some of which are asked each year. In statistical terms the survey is accurate to $\pm 3\%$. This survey assists the Council to track trends over the long term.

5. COUNCIL POLICY ON SIGNIFICANCE

The Local Government Act 2002 required the Council to adopt a Policy on Significance by 30 June 2003. A draft was included in the draft Annual Plan and set out the Council's proposed policy for determining the significance of proposals and decisions in relation to issues, assets and other matters.

Five submissions were considered at a special meeting of the Annual Plan Subcommittee held on 16 June and the Policy on Significance was formally adopted at the ordinary meeting of the Council on Thursday 26 June 2003.

6. POST HEARING DELIBERATIONS

The Annual Plan Subcommittee met on 2, 3, and 4 July 2003 to consider the issues raised in the public submissions and the in-house requests for amendments to the 2004 plan. The remainder of this report makes recommendations in relation to these issues.

Recommended changes as a result of these deliberations are outlined in Appendix 1.

7. AMENDMENTS/CORRECTIONS TO THE 2004 PLAN

A report was provided by the Financial Services Manager seeking a number of amendments to the final version of the 2004 plan. These changes relate to Council decisions, corrections and new information that have arisen since the draft plan was adopted on 25 March 2003.

The changes to the 2004 plan recommended by the Subcommittee are listed in Appendix 2.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 4 -

8. ACCOUNTING FOR FINANCIAL AND DEVELOPMENT CONTRIBUTIONS UNDER THE LOCAL GOVERNMENT ACT 2002

The Accounting Manager submitted a report seeking approval to create the appropriate special funds to accumulate the development of contributions for network or community infrastructure capital expenditure where this is currently not occurring.

Under the Local Government 2002, s106, the Council must adopt a policy explaining how the capital expenditure identified in the Long Term Council Community Plan (LTCCP) will be funded by financial and development contributions.

A key accounting issue for financial and development contributions is the restriction on how they can be used. Section 204 of the Act notes that contributions must be used for the capital expenditure, for which the contribution was required. These contributions cannot be used for maintenance.

Currently, the contributions listed as follows for network or community infrastructure, amounting to about \$1.5 million per annum, are not transferred to special funds.

1. Cost Share Contributions for Drainage Schemes
2. Subdivision Contributions for Rooding
3. Wastewater Reticulation Capacity Upgrade Fees
4. Wastewater CWTP Capacity Upgrade Fees
5. Cost Share Contributions for Wastewater
6. Cost Share Contributions for Water Supply

Transfer of these contributions to special funds and the use of existing accounting processes will ensure these monies are spent on their designated purpose and will fulfil the requirements of the Local Government Act 2002.

In most instances the contributions received are either capital expenditure that has been incurred or will be incurred in that year so the impact on rates will be neutral.

- Recommendation:**
1. That the Council approve the creation of special funds to accept the contributions for network or community infrastructure capital expenditure for items 1–6 listed above from 1 July 2003.
 2. That authority be delegated to the Director of Finance to establish appropriate special funds to accept any additional cost sharing schemes or contributions in the future.

9. RATING FOR 2003/04 GST TREATMENT OF RATES REMISSIONS

The Associate Director of Finance reported to the June meetings of the Strategy and Finance Committee and the Council recommending a change in the transaction treatment of rate remissions from 1 July 2003 following rulings from Inland Revenue and the Audit Office. The change in treatment will require a change to the remission policy disclosure in the Annual Plan.

The remission treatment now proposed is determined by the impact on each of the land groupings set out below. In some cases it is proposed that there will no longer be a rate remission as such.

Where rate remissions are no longer made, the Council will generally provide a grant to assist the general objectives of the 'not for profit' organisation. These will be outside of the remission policy and process and will be called a 'Rates Grant'.

Categories for the revised remission/grant treatment proposed are based on the following land use groups:

9 Cont'd

Council Land Used for Public Good

Examples of Council land used for public good includes parks, libraries and the art gallery. The draft Annual Plan Remission Policy (Remission 5, page 184) shows an intention to fully remit rates in this group.

It is now proposed that the Council should pay the rates in full rather than action a remission. The Annual Plan expenditure will increase by the rates payable and be offset by rates revenue growth.

Council Land Used for Housing

The 2,600 housing units owned by the Council are fully liable for all rates including Canterbury Regional Council rates. The draft Annual Plan Remission Policy (Remission 5, page 184) also shows an intention to fully remit rates in this group.

Again the Council will now pay the rates in full rather than action a remission grant.

Land Used by 'Not for Profit' Community Organisations for Public Good Purposes

Examples in this category include clubs, churches and associations for sport or community benefit. These are currently either fully non rateable properties or 50% fully rateable (all rates including CCC general rates and ECan rates) and 50% non rateable (but liable for water and sewerage rates). As the organisations in this group could be confused about the Council's reasons for this changed treatment it is intended that a letter explaining the process will be sent to them.

The new process will be:

- There should be no rates remission actioned for this group.
- The Council may make a rates grant to the organisation to assist in the general 'not for profit' objectives of the organisation.
- The grant would not include any GST and would be limited to part of the rates levied.
- The organisation would be expected to pay the rates as invoiced in full, net of any rates grant.
- The GST on the full rates paid can be recovered by the organisation (assuming they are registered).
- The Annual Plan expenditure will increase by the grants proposed and be offset by rates revenue growth.

Remission of Rates Penalties

Rates penalties include GST and are imposed for late payment. The Draft Annual Plan Remission Policy (Remission 1, 2 and 3, page 181 to 182) shows an intention to remit penalties where the preconditions are met. It proposes to make a rates remission to remit the penalties as per the Draft Remission Policy.

It is now proposed that penalties will not be imposed where it is known that a remission would automatically occur (under the policy). There is no point in incurring GST which cannot be recovered.

The conclusion is that residential ratepayers and others who are not registered for GST should have any GST inclusive penalty remitted and registered GST ratepayers will have the GST exclusive portion remitted. It would be unfair to both remit the penalty including GST and allow the ratepayer to claim the GST from the IRD.

The recommended new process:

- The Council action a rates remission for the GST inclusive penalty remitted for residential ratepayers and others who certify that GST cannot be recovered from the IRD.

9 Cont'd

- The Council action a rates remission for the GST exclusive penalty remitted for all other ratepayers unless the GST content of the remission is less than \$30 in which case an inclusive remission will be allowed.
- The Annual Plan expenditure will increase by the remissions proposed offset by higher rates revenue through treating remission penalties as an expense rather than a deduction from rates revenue.

Excess Water Charges Remissions and Other Rates Where the Council Considers it Just and Equitable

The Draft Annual Plan Remission Policy (Remission 6, page 184) shows an intention to remit rates where the preconditions are met. Examples include inappropriate Uniform Annual General Charges (UAGC) imposed and Excess Water Charge allowance not utilised for properties in common use. Where it is not possible to suppress the additional charges it is proposed to make a Rates Remission Grant to remit in line with the Draft Remission Policy.

Residential ratepayers and others who are not GST registered should have the GST inclusive UAGC and rates remitted. Registered GST ratepayers should have the GST exclusive portion remitted, subject to the \$30 GST content rule. It would be unfair to both remit the penalty including GST and allow the ratepayer to claim the GST from the IRD.

Other Proposed Changes

Other changes necessary to the draft rating policies to meet the new IRD and Audit Office rulings are:

1. Uniform Annual General Charge

The rate types definition appearing on page 175 of the draft Annual Plan referring to UAGC's will be amended by inserting the term "The Council may impose a UAGC on every separately used or inhabited rating unit provided such UAGC will not be subject to a rate remission under the policy".

2. Rate penalties not imposed where the Council believes there will be a remission granted.

The policy on page 180 of the draft plan will be amended to recognise that no penalty will be imposed where it is virtually certain a remission will be granted under the remission policy.

3. All remission statements to include the term 'The Council may allow a remission' rather than 'will grant a remission'.

This is to allow discretion as to remission treatment and to allow no remission but contemplate a general grant instead.

Recommendation: That the amended remission treatment proposed above be adopted and that the Council amend the Remission Policy in the final Annual Plan to implement the changes, as follows:

1. The Council will pay rates on Council land, where previously remissions were allowed.
2. Remissions to public good ratepayers will be replaced by rates grants.
3. Penalty remissions will be made by GST inclusive remissions to residential sector ratepayers and net of GST remissions to others except where:

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 7 -

9 Cont'd

- (a) the GST content of the remission is less than \$30, in which case a GST inclusive remission may be granted
 - (b) where the ratepayer certifies in writing that they are not able to claim the GST on the remission.
- 4. The rate types definition on page 175 referring to Uniform Annual General Charges will be amended by inserting the term "The Council may impose a UAGC on every separately used or inhabited rating unit provided such UAGC will not be subject to a rate remission under the policy".
 - 5. The policy will be amended to recognise that no penalty will be imposed where it is virtually certain a remission will be granted under the remission policy.
 - 6. All remission statements to include the term 'the Council may allow a remission' rather than 'will grant a remission'.

10. CITY STREETS CAPITAL PROGRAMME - BUDGET INCREASES

In February 2003 the Council agreed to a 14% increase for most categories of the City Streets Capital Programme to accommodate rising construction industry costs over the past year as a result of the large amount of work available to the industry and this was provided for in the draft Annual Plan.

Kerb and Channel Projects

The kerb and channel renewal and enhancement projects have a budget of about \$14.16 million per year (including the 14% increase). Estimated costs received to date for the kerb and channel programme (about 65%) indicate that overall the costs for the programme will be about \$1.2 million over-budget.

Under-budget projects are within \$10,000 to \$20,000 of the budget, but these tend to be smaller budget projects. Most of the over-budget projects are about 10% to 15% over, with a few between 40% to 100% over.

At these levels it is not anticipated that the kerb and channel programme can be achieved at the current budget level. While it is encouraging that the majority of under and over budget projects are in the same range, the fact that some projects are significantly over budget tends to indicate that overall the category budget is set too low to smooth out the large over-expenditures.

There are two primary reasons for the kerb and channelling programme exceeding its current budget:

1. Road Surface Work

During kerb and channel work, either the road shoulders only are reconstructed or the full carriageway is rebuilt, depending on the condition of the road. In order to minimise disruption to the residents and road users and to keep long term maintenance costs down, road reconstructions need to be carried out at the same time as kerb and channel work.

The Asset Management Plan review indicates that many of the city's roads have insufficient strength and it is likely that many will need rebuilding. Road reconstructions cost about 40% more than shoulder work. As about 70% of the 2003/04 programme are full road reconstructions, a higher proportion than the average, the 2003/04 budget has increased by about \$400,000 above the original budget. It is expected that this will be similar in following years.

10 Cont'd

2. **Overall Construction Industry Price Rises**

Although 14% has been added to the kerb and channel budget category, construction industry prices have risen by about 20% during the year. These costs have not been able to be absorbed during a critical review of all kerb and channel projects. This additional 6% increase (above the 14% already included in the budget) has added almost \$800,000 to the 2003/04 programme.

With no particular indicators to show costs trending downwards at the current time, it is prudent for the capital budget to meet this cost increase for this coming year (03/04) and for future years.

The Subcommittee recommends that the kerb and channel capital budget be increased by \$1.2m per year in order to achieve the service level provision of 20km of kerb and channel replacement per year.

Street Lighting – Safety

Projects in the street lighting category have increased in cost on average by 15%. This is due to increases in costs in the civil construction industry and the need for street lighting in new subdivisions, combined with a higher than usual percentage of lighting pole replacements.

Other City Streets Capital Projects

The Subcommittee considered a number of other increased costs and other proposed changes to the City Streets programme as outlined in Appendices 1 and 2. These are as follows:

- Kerb and Channel Project Timing Changes
- Latimer Square
- Mathers Road
- Lochee Road
- Clarence/Riccarton/Straven
- Opawa Road
- Blenheim Road Related
- Hills/Innes

Overall, the changes listed above are a transfer of budgets between years and do not add further capital requirements to the City Streets budget. The two projects that do increase the programme's capital requirement are the additional \$1.2m per year for kerb and channel road reconstruction and construction industry cost increases, and an additional 15% per year for the street lighting – safety budget.

Recommendation: That the City Streets Unit budget increases and project timing changes as outlined in Appendices 1 and 2 be approved.

11. **POLE CRASHES AT INTERSECTIONS**

The City Streets Manager reported on an agreement reached with Orion for a 50/50 cost share towards relocating poles and/or undergrounding at intersections where there have been vehicle collisions with power poles.

Each year a number of these collisions occur, some causing serious injury, but with the majority causing minor or no injury. Pole related crashes have been identified as a problem in Christchurch by the Land Transport Safety Authority.

The Subcommittee was of the view that from the Council's perspective it is better value in terms of safety and amenity to underground longer lengths of streets, particularly on arterial and collector roads, in association with kerb and channel renewal.

11 Cont'd

Recommendation: That a new line item be added to the Safety Improvements section of the City Street budget – 'Pole Crash Safety Projects' and that it be funded at \$50,000 per year and be conditional on equivalent funding from Orion.

12. UPDATES TO SOLID WASTE

The Solid Waste Manager reported to the Subcommittee with updated information on the Solid Waste budget and a request to reallocate some funding for the 2003/04 year.

Following changes made in expected tonnages of greenwaste and increases in general refuse there is an expected net increase in external revenue of \$494,676. Once matching expenditure is deducted (e.g. Burwood Aftercare Fund, Business Development Fund), \$367,350 of unallocated revenue remains. These updated forecasts have been included in the plan.

REVENUE FROM CLEANFILL LICENSING

A report on the licensing of privately owned cleanfill sites in Christchurch is to be presented to the Sustainable Transport and Utilities Committee in July 2003. There are 14 sites receiving about 300,000 cubic metres of mainly hardfill, construction waste, cover materials, trees and tree stumps.

This project aims to promote the diversion of materials away from disposal at the cleanfill sites through the proposed introduction of a set of differentiated waste minimisation levies on cleanfill disposal. The resulting revenue is proposed to be used to supplement waste minimisation initiatives and therefore amounts to extending the current waste minimisation levy on waste going to Burwood, also to a levy on cleanfill sites.

The 2003/04 budget includes an expected 12 month revenue of \$1,000,000, which was included in the 2002 Long Term Operating Plan. However, the period when revenue is likely to be collected (15 November 2003 to 30 June 2004) is less than 12 months reducing the estimated income to \$680,000. This is a reduction of external revenue of \$320,000.

RECOVERED MATERIALS FOUNDATION

Recycling Centre Leases

During the review of Solid Waste activities carried out in 2002 for presentation to the Budget Scrutiny and Audit Special Committee, considerable work was done on renegotiating the general principles of the Christchurch City Council – Recovered Materials Foundation contract due for renewal in July 2003.

There is currently a lease value of \$49,000 shown as revenue for the Council in the 2003/04 draft budget, but the Recovered Materials Foundation has no corresponding expenditure in their budget. The Recovered Materials Foundation has written to the Council requesting that this lease cost be waived in consideration of the following factors:

- (a) The Recovered Materials Foundation no longer requires operational funding from the Christchurch City Council for the running of the SuperShed or the recycling centres (\$160,000 for the 2002/03 financial year).
- (b) The Recovered Materials Foundation provides additional services at the recycling centres not funded by the Christchurch City Council such as hazardous waste management and waste oil handling.
- (c) Staff training for these additional services is funded by the Recovered Materials Foundation.

The SuperShed and recycling centres currently achieve a marginal positive cashflow of about \$37,000 in the current year. Should the additional burden of a lease be imposed these operations will quickly return to a loss situation. In addition, any surplus would normally be allocated to further improving the operation. New activities envisaged over the next 12-24 months include:

12 Cont'd

- (a) Establishing a second SuperShed.
- (b) Increasing the range of materials taken through enhanced repair facilities.
- (c) Providing training/education opportunities for staff and community groups.

These activities would obviously not proceed if a surplus could not be achieved. It is proposed that the waiver should apply provided the operation's annual cashflow surplus remains under \$200,000. If the surplus exceeds this figure the situation will be reappraised through a further report to Sustainable Transport and Utilities Committee and the Annual Plan Subcommittee. The effect of accepting this request would be an increase in the City Water and Waste 2003/04 and subsequent budgets of \$49,000 per annum.

Kerbside Promotion and Education Services

The Subcommittee considered a request for \$60,000 for Solid Waste educational services, to be provided through the Recovered Materials Foundation contract (i.e. \$40,000 for kerbside promotion and \$20,000 for refuse site education).

A further outcome of the Budget Scrutiny and Audit Special Committee was that the Recovered Materials Foundation be contracted to manage the kerbside promotion programme "funded per the existing budget". Prior to this decision the Solid Waste budget contribution to this activity was \$85,000 and the Recovered Materials Foundation contributed \$40,000 in its budget. Now a total funding from the Council of \$125,000 is proposed.

Another option to overcome this situation was to reduce the kerbside promotion programme. This was not recommended as maintaining the public's knowledge of what to recycle and in what state to put that material out remains an ongoing issue.

Following the recent internal restructure of the Solid Waste section together with the move of the Kerbside Promotion output to the Recovered Materials Foundation a decision was made in January 2003 to also contract the Recovered Materials Foundation to carry out the Council's refuse site education programmes.

An assessment was made at the time that the value of the service was \$30,000 per annum with a review period. That review has now taken place and the Recovered Materials Foundation is seeking a further \$20,000.

Councillor James moved by way of amendment that *"That additional funding of \$60,000 be provided to the Recovered Materials Foundation for kerbside promotion and refuse site education"*.

The amendment was seconded by Councillor O'Rourke and when put to the meeting was declared **lost** by five votes to four.

Capital Funding

The City Water and Waste Manager sought an increase in the capital funding to the Recovered Materials Foundation for the 2003/04 year.

The Council's capital funding for 2003/04 to the Recovered Materials Foundation was as follows:

- (a) In the 2002/03 City Water & Waste capital budget \$104,000 (for 2003/04)
- (b) In the 2003/04 draft City Water & Waste capital budget \$500,000 (for 2003/04)

The increase in funding from \$104,000 to \$500,000 occurred as a result of a complete revamp of the Recovered Materials Foundation funding following the Budget Scrutiny and Audit Subcommittee's 2002 review of Solid Waste activities and reported to the Sustainable Transport and Utilities Committee in October 2002.

12 Cont'd

However, following the Budget Scrutiny and Audit Subcommittee review, a misunderstanding arose with the Recovered Materials Foundation who thought that the previous \$104,000 had been increased by \$500,000 to \$604,000 total, (whereas the actual decision was to provide a replacement \$500,000 total). This put the Recovered Materials Foundation in a difficult position as they have already committed the one-off \$104,000 to their Projects and Technology building (total cost around \$350,000).

The \$500,000 is earmarked in the Council/Recovered Materials Foundation draft contract as Project Funding to be spent on projects approved by the Council on a triple bottom line basis. This \$500,000 sum is funded in 2003/04 from the City Water and Waste Unit capital budget and in subsequent years from the waste minimisation fund (which starts up in 2004/05 from waste minimisation fee revenue).

The Recovered Materials Foundation has requested a one-off extra capital payment of \$104,000 in 2003/04 to fund its Projects and Technology building. (Note that this is not the same additional \$50,000 approved by 20 June Sustainable Transport and Utilities Committee from surplus 2002/03 City Water & Waste funds towards a materials sorting plant.)

- Recommendation:**
1. That provision be made for \$49,000 rent waiver.
 2. That one-off extra capital funding in the 2003/04 of \$104,000 be made to the Recovered Materials Foundation.
 3. That the Director of Finance report to the Strategy and Finance Committee on accountability issues related to the Recovered Materials Foundation.

13. WASTER PAYS CONSULTATION, SUBMISSIONS RECEIVED AND OFFICER RESPONSE

An update was provided to the Subcommittee on the education and consultation programme that has been undertaken concerning the proposed move to waster pays, to provide an analysis of the submissions received and a response to the issues raised (attached as Appendix 3).

Over the past 12 months the Council has been considering a proposal to reduce household waste by cutting the numbers of rates-funded rubbish bags being allocated to Christchurch properties. In the February 2003 Annual Plan deliberations the Council favoured a staged reduction of rate-funded rubbish bags (e.g. moving from 52 bags per property per year to 26 bags and to zero bags over consecutive years).

The Subcommittee has noted that the Council has undertaken an extensive programme of education and consultation on waster pays over the last year and has been receiving submissions on an ongoing basis from November 2002. The Council has actively sought feedback from three consultation processes and through a city-wide advertising campaign.

- Recommendation:** That the Council proceed with the proposed staged introduction of waster pays.

(Note: Councillor Carole Anderton asked that her vote against this recommendation be recorded.)

14. WATER SUPPLY CONTAMINATION

A report was received from the Sustainable Transport and Utilities Committee on actions taken following the recent water supply contamination incident in Upper Riccarton and Ilam, and to recommend a budget increase for an expanded programme of water supply security measures.

14 Cont'd

It is also noted that a major review of well head security has been under way since 2002 on a programmed basis as part of a Ministry of Health requirement to confirm the Christchurch water supply status as 'Secure' in terms of likelihood of contamination at source and to ensure well water drawn from the wells is over 12 months old. This programme covering all 160 wells has been reviewed, and well inspections re-prioritised based in order of risk for suction, pumped or free flowing wells, and as a result the programme for completion of the suction wells brought forward to 30 April 2003.

Learning Points from Recent Contamination Event

A number of learning points have come directly and indirectly from this incident. These include:

- The need to modify some wellheads and other items to reduce risk;
- The need for improved inspection and testing procedures to identify potential problem areas and deal with them before the problem occurs;
- Increased electronic surveillance to assist with overall security;
- Increased physical site security (fencing, locks, etc);
- Preparation, documentation and training of staff to manage and control emergency events;
- Standardisation of certain details for security measures and replacement of substandard items.

Emergency procedures are being enhanced as follows:

Public Health Risk Management Plan (PHRMP)

Recent events have highlighted the importance of our water supply PHRMP currently in the process of being finalised. This plan may identify the need for increased funding above that shown below (for example even more backflow preventer installations). If this proves to be the case a further report will be submitted to this Committee later in the year.

Financial Requirements

Currently the City Water and Waste Unit's budget includes around \$25,000 per year for these security improvements. It is recommended this be increased to \$100,000 per year for the next five years based on the table below. Such increased funding will include the learning points from the recent incident, as well as generally reducing ongoing security risks.

Item	2003/04	2004/05	2005/06	2006/07	2007/08
Capital					
Wellhead etc improvements	40,000	40,000	40,000	40,000	40,000
Physical/electronic security	20,000	40,000	40,000	40,000	40,000
Total Capital	60,000	80,000	80,000	80,000	80,000
Operational					
Standardisation of equipment	10,000				
Planning/training etc	30,000	20,000	20,000	20,000	20,000
Total Operational	40,000	20,000	20,000	20,000	20,000
Total	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

(Note that the operational part of this funding can be found from within the City Water and Waste Unit's existing budget but the capital funding is recommended as additional.)

Recommendation: That capital expenditure in the City Water and Waste Unit draft budget be increased by an additional \$60,000 per year for a five year period to fund a programme of water site security measures.

15. **TAYLORS MISTAKE BACHES**

The Property Services Manager presented a report seeking a budget provision of \$50,000 to enable the Council to deal with the issues associated with the Taylors Mistake baches in its capacity as a landowner.

Issues associated with the Taylors Mistake baches have until now been addressed by the Council through the Environmental Services Unit as a planning matter.

However, recently the Environment Court has issued its planning decision on this matter which now requires the Council to consider its position as landowner. This will involve investigations and subsequent negotiations to either formalise occupancy and tenure or removal of the baches. Irrespective, the process will incur staff time and legal fees for which the Property Unit is seeking budget provision of \$50,000.

The Subcommittee noted that Peter Mitchell (Director of Legal and Secretariat Services) will be reporting to the Council on this issue in the near future.

Recommendation: That a one-year budget provision of \$50,000 be allocated to manage the future land tenure issues associated with the Taylors Mistake baches to be established in the Special Projects output under the Property Management budget.

16. **REG ADAMS AND PROCTOR STREET**

The Property Services Manager sought approval from the Subcommittee to combine Trust Housing into Elderly Persons Housing and Public Rental Housing within the 2003/04 City Housing budget.

Research into the background of two Trust properties, being Reg Adams and Proctor Street, has been concluded and as a result there are no legal constraints on combining Trust Housing into the one output, Elderly Persons Housing and Public Rental in the 2003/04 budget.

As the Council built the housing units in the Reg Adams and Proctor Street complexes, they met the terms of the bequests and there are no ongoing requirements to account to the respective estates. Given this and the fact that they are essentially treated and managed as any other Elderly Persons Housing and Public Rental Housing complex it is appropriate that these be combined into the one output.

Recommendation:

1. That the two Trust properties, Reg Adams Courts and Proctor Street Trust, described as the output Trust Housing be merged into the output Elderly Persons Housing and Public Rental Housing in the 2003/04 budget and subsequent budgets.
2. That the Reg Adams Special Fund be merged with the Housing Development Fund.

17. **ACHESON AVENUE SHOPS**

A number of submissions to the draft Annual Plan related to issues associated with the Acheson Avenue shopping area. The Property Services Manager reported to the Subcommittee on the need to coordinate staff responses to those submissions and to seek a resolution on the form of future Council involvement.

The Acheson Avenue shops are situated in Shirley on the corner of Acheson Avenue and Emmett Street in front of MacFarlane Park. The shops consist of 12 units which have struggled to maintain full occupancy over a number of years. These units are individually owned and vary considerably in terms of maintenance and standard of repair. In general they are run down and tired. The surrounding area largely consists of state housing developed in the 1940s and 50s.

17 Cont'd

This area has a general feeling of neglect and the shops at Acheson Avenue act as a focal point for vandalism, anti-social behaviour, gang related activities and incidents involving the Police.

Annual Plan submissions were made on the issue of Acheson Avenue by the Shirley/Papanui Community Board, Tim Barnett MP, New Zealand Police, Mr Ralph Ross, Shirley Community Trust and Housing New Zealand. The submissions request Council involvement to undertake a study or review to develop some form of action or strategic plan for the area.

The Council therefore has the option at this stage to either:

- (a) Do nothing and leave the matters in this area to be resolved over time by general market forces or hope that one of the other stakeholders shows some leadership; or
- (b) Take the initiative and show some leadership by developing a specific project, with clear processes and objectives, that engages all stakeholders.

In respect of option (a) none of the other stakeholders are as well resourced or have the depth of knowledge and capabilities to coordinate a project of this nature. With the exception of Housing New Zealand the Council is the largest asset stakeholder in this area.

Ignoring the issues and problems to be dealt with over time by market forces may not provide a satisfactory outcome and is likely to take an unacceptable length of time.

Two needs analyses have already been undertaken and in isolation these have, and will, effect little change. The fundamental problem has been the lack of a specific project structure. It is clear that a number of stakeholders in this area are desirous of some form of improvement but lack the ability and resources to implement change individually. Collectively there is a possibility of influencing change so long as leadership is shown and the issues are approached in a structured manner identifying a specific project that is managed utilising best practices.

It is unlikely, unless the Council shows some leadership by developing a project brief that engages all stakeholders and is to be managed in accordance with good practices, that any significant advances towards resolving the issues in this area will be achieved.

- Recommendation:**
- 1. That an officer team be formed to develop and manage a project brief that:
 - (a) engages all stakeholders.
 - (b) results in an issues and opportunities study to be reported to the Council with recommendations.
 - 2. That the project be subject to Shirley/Papanui Community Board funding the full disbursement costs of the work required from its Discretionary Funding.

18. CREATIVE INDUSTRIES EXPO

The Subcommittee considered a request from CDC Chief Executive, Chris Pickrill, and Acting Chair of the Creative Industries Trust, seeking funding for a Creative Industries Expo proposed to be held in Christchurch over several weeks in 2005.

Since filing the initial application for \$75,000 of funding to do the feasibility on the Creative Industries Expo as part of the new initiatives application in the Annual Plan round, significant progress has already been made, allowing a more thoroughly researched application for funding support to be put forward in the 2003/04 and 2004/05 Annual Plan.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 15 -

18 Cont'd

If supported this event has the potential to lift the creative industries in Christchurch and Canterbury to a new level. The creative industries are extremely important to the economic and social development of the community for a number of reasons including:

- Creative Industries create the ideas that fuel tomorrow's economy.
- Creativity is the foundation on which our leading edge technologies are based.
- Creativity is competitive advantage.
- The Creative Industries are socially inclusive and create employment opportunities for many people who do not fit well into other forms of employment.
- Creative Industries are recognised worldwide as being a magnet for skills attraction which leads to investment and business attraction and retention.

A format for the event has been developed and a working title of Creative Industries On The Edge has been formed reflecting the leading edge technology focus of the event.

The event will be held over several weeks in 2005 and will have a primary focus of promoting growth in the creative industries, building profile and attracting foreign investment and skills relocation to the region.

A trust is currently being formed comprising a group of well respected leaders representing a wide cross sector of the key stakeholders in Canterbury, including the University of Canterbury, CPIT, the Council, Canterbury Development Corporation, industry representatives and other key parties. Bruce Irvine from Deloitte has agreed to chair this trust board which will have an important advisory function for the event.

The budget for the event has been tentatively established at \$1,500,000. Of this the management board believe they can source significant contributory funding from a number of other major parties, and they believe that the event will have a significant self funding component.

Work has already begun on identifying and securing some of the cornerstone events around which the expo will be built. These include consortia summits for Human Interface Technology Laboratory New Zealand (HIT Lab) and Ultralab and an International Creative Industries Cluster Conference. The consortia summits are expected to attract attendees from some of the largest leading edge companies in the world and the creative industries cluster conference is targeted to attract 500 representatives of CI clusters from around the world.

Supporting these events will be a range of world class workshops called a knowledge exchange, a collaborative events programme in which the public will be invited to participate and a showcase of leading edge technologies from the creative sectors.

Schools will be asked to get involved throughout the programme with one of the key outcomes being sought being the promotion and awareness of creative industries to young people as a serious career opportunity.

In addition to the initial \$75,000 of feasibility funding that was sought, the Trust needs to secure additional funding from the Council for \$225,000 in the 2003/2004 financial year and a further \$200,000 in the 2004/2005 year, \$100,000 of which will be by way of underwriting. A preliminary broad-based indicative budget follows:

PRELIMINARY BUDGET

Expenditure

Research and Development	\$50,000
Establishment of Web Portal	\$125,000
Marketing, Advertising, Promotions	\$150,000
Project Management, Contractors	\$250,000
Creative Clusters Conference	\$425,000
Event Costs	\$450,000
Contingency	\$50,000
Total	\$1,500,000

18 Cont'd

Income

Conference Registrations	\$425,000
Christchurch City Council 2003-05	\$500,000
Community Trust & Other Funding	\$300,000
Industry Sponsorship	\$275,000
Total	\$1,500,000

- Recommendation:**
1. That the Council approve additional funding for the Creative Industries Expo of \$225,000 in 2003/04 and \$200,000 in 2004/05 of which \$100,000 will be by way of underwriting.
 2. That the grant be subject to confirmation of Canterbury Economic Development Fund funding and that the funding be applied to public event marketing and development.

19. **REPORT ON PERCENT FOR ART SCHEME FOR COUNCIL**

The Subcommittee considered a report from the Arts, Culture and Heritage Committee outlining options for a percent for art scheme for introducing more public art in public places.

The outcome sought from a percent for art scheme is aimed at increasing public art in project developments. Generally a percent for art scheme applies a percentage of capital budgets for public infrastructure toward commissioning public art projects and integrated artworks in planned infrastructure upgrades. Typically the schemes vary from 0.25% to 2% of capital budgets.

The Subcommittee considered the percentage scheme and impact on Christchurch City Council rates. The Council's Annual Capital Budget is about \$100 million per year and a one percent (1%) art scheme would equate with \$1 million capital for public artwork per year. The possible range of percent for art schemes were identified as follows:

Table 1

Percentage of Capital Budget	Annual Amount on \$100 Million Capital Budget (\$million)	Average CCC Rate Increase
0.25%	\$0.25	0.015%
0.5%	\$0.5	0.03%
1.0%	\$1	0.06%
2.0%	\$2	0.12%

Benefits

The benefits of the scheme were identified as follows:

- Increases public art and related community benefits by significantly increasing artworks for: major public artwork, integrated artwork in infrastructure development, and where appropriate, community artworks in local locations.
- Cities, such as Christchurch, gain a tremendous local, national and at times international recognition with well developed public art work programmes. Christchurch has the potential to significantly add to its cultural vitality and sense of place with additional public artwork, and a percent for art scheme is one successful model used in a number of cities for achieving additional art in public places.

19 Cont'd

- Supports the Council adopted policies including:

The Artworks in Public Places Policy Statement: *"To enhance the public spaces of Christchurch by the introduction of artworks in to the city environment as a means to enhance city and community identity and to promote the City as a centre of artistic and cultural excellence."*

The Arts Strategy, Arts and the Natural and Built Environment goal: *"Buildings and public spaces that reflect the past, celebrate the present and provide a legacy for the future" has an objective "Ensure that the Council as a developer leads by example in achieving excellence in design and incorporating public artworks in its capital programmes".*

Disadvantages

- Increase in rates cost.
- If introduced for private development, can increase complexity/difficulty of commissioning artwork, as well as increase possible objections.

There would also need to be some operational money made available for maintenance of any new public art works associated with this scheme. It is estimated by staff that based upon current experience with public artwork typically about 2-4% of the cost of an artwork will be required for annual maintenance (thus for a \$100,000 capital artwork an annual operating cost of \$2,000-\$4,000 will be required annually for maintenance). Staff had recommended that an operational budget provision of 3% of the capital artworks budget be made.

To give focus and experience with implementation, officers proposed that if adopted this percent for art scheme funding be applied for 2003/04 and 2005/06 to the following projects:

- New Brighton redevelopment
- Aranui and Wainoni Park development
- Turners and Growers site redevelopment
- City Mall redevelopment.

The Subcommittee considered the various options put before it on the percent for arts scheme and considered that at this stage it was more appropriate to make a set capital allocation for Arts In Public Places projects until a further review could take place.

Recommendation: That \$250,000 capital and \$7,500 operational funding be allocated annually for Art In Public Places projects for 2003/04, 2004/05 and 2005/06, replacing current capital budget provisions, and that a review take place of this programme at the end of the three years.

(Note: Councillors Carole Anderton and Barry Corbett requested that their votes against this recommendation be recorded).

20. OUR CITY OPENING HOURS

The Subcommittee considered a report from the Arts, Culture and Heritage Committee on Our City - O-Tautahi opening hours. The Arts, Culture and Heritage Committee had received a report at its 12 June 2003 meeting which included a section on opening hours.

The report noted that since opening in August 2002, Our City O-Tautahi had received a large number of enquires regarding weekend opening. Many enquiries came from residents unable to visit during the week while others were from tour organisations. A letter was received from the Christchurch Personal Guiding Service asking the Council to consider funding the opening of Our City O-Tautahi seven days a week.

20 Cont'd

Our City O-Tautahi aims to provide a space to inform and educate residents and visitors on the city's environment and past, present and future developments. It also provides opportunities for existing agencies to communicate information and issues with a local, regional and global perspective. Exhibitions, displays and seminars held at Our City O-Tautahi encourage an exchange of ideas and knowledge about urban development and environmental issues between the Council, Environment Canterbury, Christchurch Environment Centre, Tangata Whenua, and residents.

Increasingly bookings have been received to hold functions during the weekend. This alone brings a considerable number of local and national visitors to the building. However, while security is provided for such events funded by the hire rate, there are insufficient funds for staffing and the exhibition spaces are not able to be opened. The opening of Our City during the weekend would meet the needs of local residents and allow for a wide range of visitors to the building to visit the exhibition spaces.

Currently there is no budget provision for staff costs to open the building at the weekend and an estimated additional funding of \$22,000 would be required to meet opening hours of 10am to 4pm on Saturday and Sunday.

Recommendation: That an additional budget of \$22,000 be provided to fund the opening of Our City – O-Tautahi during the weekends.

(Councillor Anna Crighton declared an interest in this clause and withdrew from the discussion and voting thereon).

21. PARKLANDS LIBRARY

The Libraries Manager presented a report to the Subcommittee on the development of a library service in Parklands which is scheduled for the 2004/05 financial year. The current plan was to extend and refurbish the building on Queenspark Drive, purchased by the Council some years ago for this purpose.

In preparation for this work to be completed in the 2004/05 year it will be necessary to have an engineer's report on the building and concept designs developed during 2003/04. A request was sought for \$70,000 to be brought forward from the \$510,000 allocated in 2004/05 in the Property Unit budget.

In addition, the purchase of bookstock would be better spread over a period of time, and to this end a request was made for \$150,000 to be brought forward from the \$800,000 allocated in the Libraries Unit budget.

Recommendation:

1. That \$70,000 be brought forward to 2003/04 from the \$510,000 allocated in 2004/05 in the Property Unit budget.
2. That \$150,000 be brought forward to 2003/04 from the \$800,000 allocated in the Libraries Unit budget.

22. HOLLISS AVENUE – TARGETED RATE

Several submissions were received on the draft Annual Plan objecting to the proposal to introduce a targeted rate for the Hollis Avenue Extension. A report was presented by Karilyn Shutt (Solicitor) on various options available to the Council in relation to the formation of the proposed legal road.

The initial proposal was for the rate to be assessed on all rating units (including the Council reserve) which adjoin the Hollis Avenue right of way (Lot 14 DP 49657). There are 13 units which have a right of way over Lot 14 DP 49657 (the access way).

22 Cont'd

The Council set a targeted rate to recover the costs of upgrading Lot 14 to legal road. As part of that proposal, the Council would make a 15% cash contribution towards the total cost of the upgrade, levy the rate over a term of 15 years at a fixed interest rate of 7%, meet any upgrade costs which exceeded \$250,000 and provide project management services at no cost. The proposed targeted rate area would expand to include subsequent subdivision of any of the 13 rating units and any future rating units which connect to or adjoin the Holliss Avenue road extension.

The Subcommittee was of the view, following the hearing of submissions, that the complexity of this arrangement warranted the Council meeting the cost in the interest of getting a solution. However, the deferred maintenance component should be met by the existing landowners.

Recommendation: That, in view of the unusual circumstances of this right of way, the Council legalise and form the road with costs of \$270,000 (an additional \$20,000 over that contained in the draft plan) spread evenly between 2003/04 and 2004/05, subject to residents funding maintenance that has been deferred to date.

(Councillor Barry Corbett was not present during discussions on this clause).

23. MISCELLANEOUS AND CONTINGENCY LINE ITEMS - COUNCILLORS COX AND SHERIFF

The Subcommittee considered the amendment proposed at the February 2003 Annual Plan meeting by Councillors Cox and Sheriff. The Subcommittee considered and voted on each of the proposals put forward in the submission as follows:

1. Elimination of fees paid to elected members where their (trust, board, committee) colleagues give time voluntarily (declared lost by four votes to three).
2. The elimination of funding for any project where there is no more than an 80% chance of completion (declared lost by four votes to three).

However, the Subcommittee expressed concern at the number of the projects that were delayed and requested that officers make their best endeavours to review forward planning to ensure that only projects that can be realistically be completed be put forward as future plans.

3. Elimination of miscellaneous and contingency line items and apply cost savings on contracts to a fund to cover cost overruns (declared lost by four votes to three).

The Subcommittee noted that the identification of miscellaneous and contingency line items within the budgets was necessary to cover items which otherwise did not have specific line items. It was acknowledged that it was more effective to provide accurate cost estimates in preparing budgets.

4. On street parking meter spaces be increased by a targeted 10% through reduction in space occupied by dotted and solid yellow lines (declared lost by four votes to three). It was noted that yellow lines are generally marked for safety reasons.
5. Moratorium on creation of new cycleways **except** within 100 metres of either side of the school's main gate (declared lost by five votes to four).
6. Moratorium on creation of new on-street blips and buildouts (declared lost by five votes to four).
7. Reduction by $\frac{1}{3}$ allocations to consultation and communication (declared lost by five votes to four).

24. **REVENUE ADDITIONS TO PARKING UNIT 2003/04 BUDGET**

A report was provided by the Parking Operations Manager on anticipated net revenue of about \$250,000 over that which was included in the 2003/04 draft Annual Plan.

The additional revenue is made up of productivity gains (from infringement fees and fines) of \$150,000 over and above the gains that have already been identified in the draft plan, plus an added \$100,000 in meter revenue above the increase currently included in the draft plan.

Recommendation: That the \$250,000 additional revenue be included in the Annual Plan.

25. **NEW RESOURCE CONSENT FEE**

Recently the Resource Management Amendment Bill was passed and takes effect on 1 August 2003.

One of the changes introduced by the amendment necessitates the setting of a new fee. This relates to "limited notification", which is intended for situations where the effects of an activity will be minor, but where an affected party approval is not obtained. The application would then be notified to those parties the Council identified as being affected, and any of those parties could make a submission and be heard on the application. This differs from publicly notified applications in that there is no requirement for newspaper advertising and those who can participate are limited to those identified by the Council as being affected.

The Environmental Services Unit currently has a fee schedule for applications required to be publicly notified. It is proposed that this same fee schedule be applied to limited notification applications, with one exception – the minimum fee for publicly notified applications (which is paid when the application is lodged) is \$1,200. It is proposed that the minimum fee for limited notification applications be \$800.

Whilst at first glance the fee schedule may suggest the two different types of application will incur roughly the same costs, limited notification applications are likely to be significantly cheaper because the administration costs will be lower and the hearing times shorter. As can be seen from the attached fee schedule, the charges are based on actual costs.

Recommendation: That the resource management fees schedule attached as Appendix 4 showing the addition of limited notification applications be adopted.

26. **LAND INFORMATION MEMORANDA (LIMS)**

With the latest economic forecasts and the current high volume of Land Information Memoranda (LIMs) being processed, the Subcommittee has recommended that the net cost of LIMs be reduced by \$250,000 for the 2003/04 year.

The budget was originally prepared for an anticipated 10,500 LIMs applications being received (revenue of \$1,400,000). In light of the current numbers being processed, the recent favourable economic forecasts of activity levels, levels of immigration and further lowering of interest rates a volume of around 13,000 LIMs is now expected. There will be increased contracted staff costs of \$40,000 to process this level and maintain timelines targets.

Recommendation: That the budget adjustments for the 2003/04 year only increase LIMs revenue by \$290,000 (up to \$1,690,000) and increase expenditure by \$40,000, to achieve an overall net reduction of \$250,000.

27. **GRANTS**

At the request of the Subcommittee, the Director of Finance presented a table of requests for additional grants received during the Annual Plan process. They totalled \$40.7 million, comprised in part of \$11.6m operational and \$13.0m in capital. This figure would add a figure of 8.4% to the rate increase, taking the amended total rates forecast increase to 10.37%.

27 Cont'd

Issues for consideration were whether or not major changes could be made to the budget when these had not been consulted on. It was noted that the Policy on Significance needed to be applied to some of the items given the requested level of expenditure.

Recommendation: That \$100,000 be added to the Metropolitan Grants – base funding increase from 2004/05 onwards on the basis that the Metropolitan fund has a delegated role to examine in detail and prioritise grants and that further funding not be granted during the next Annual Plan round.

28. PUBLIC SUBMISSIONS

The Subcommittee makes the following recommendations in response to specific issues raised in the public submissions:

1. North New Brighton War Memorial Hall

- (a) That additional funding of \$540,000 be provided in 2003/04 to complete seismic and other upgrades of the hall.
- (b) That the Community Board be requested to provide from its own project and discretionary funding, the costs of installing a commercially equipped kitchen or/and to seek funding from other available sources.
- (c) That the Nga Ngaru Trust be thanked for its submission and in particular the contribution from Kim Money, its Healthy School Lunch Projects and other proposals for the hall. That the submissions be considered for inclusion in City Scene Publication of Annual Plan Highlights.
- (d) That the Property Unit report on the sale of land in Mairehau Road and the availability of Property Unit unspecified budget funds.

2. Rotary Club of Bishopdale – Burnside - Kitchen Upgrade

- (a) That the Bishopdale Community Centre kitchen be upgraded during 2003/04 and funded from the appropriate Property Unit budget in conjunction with the HVAC upgrade and the floor covering replacement.
- (b) That provision of \$10,000 be included in the Annual Plan towards the cost of the Bishopdale Community Centre kitchen upgrade.

3. Canterbury Youth Workers Collective

That the funding of the CYWC be increased by \$11,000 from \$39,000 to \$50,000.

4. Youth and Cultural Development

- (a) That the funding for the YCD be increased from \$50,000 to \$70,000.
- (b) That the YCD recognise the funding contribution made by the Christchurch City Council by displaying the Council's logo on their entrance noticeboard.

5. Ferrymead – Brookhaven Residents Association and Submissions 37-39

That all submissions relating to the provision of aquatic facilities in the Ferrymead Ward, South West Christchurch and the Papanui Ward be referred to the Community and Leisure Committee for a report on the requests for aquatic facilities and issues relating to future community pools and a programme for closure, with a report back to the Annual Plan Subcommittee for 2004/05.

28 Cont'd

6. **St Albans Community Resource Centre (Submissions 33 & 34) - Car Parking Provisions**

That the request for purchase of a neighbouring property for use as a car park be favourably considered for funding by the Property Unit in terms of the Property Budget (\$300,000) for unspecified funds.

7. **Canterbury Employers' Chamber of Commerce**

(a) That the request for removal of the transitional modifier (\$645,000) between rural and commercial sectors be declined.

(b) That the Annual Report contain a more detailed section on Christchurch City Holdings Ltd activities.

(c) That the Canterbury Employers' Chamber of Commerce be advised of the officer's comments.

8. **Housing New Zealand**

That Acheson Avenue be considered as a Community Renewal Project in partnership with Housing New Zealand.

9. **Central City Mayoral Forum**

That officers work with the Central City Mayoral Forum to develop a costed proposal on the upgrade of the City Mall and report to the Property and Major Projects Committee with a view to including funding provision in the 2004/05 draft Plan.

10. **St Albans Educare Preschool**

That officers report to the Property and Major Projects Committee on the acquisition of a suitable site for the preschool including the adequacy of current budget provisions.

11. **Crichton Cobbers Youth Club Inc**

That \$75,000 be allocated over two years from 2003/04 and 2004/05 from within the current heritage budget.

12. **Lifeline Christchurch**

That a grant of \$25,000 be allocated for 2003/04 only.

13. **Orana Park Wildlife Trust**

That the grant to Orana Park be confirmed as a three year commitment.

14. **New Beginnings Pre-School**

That the application for \$50,000 for building alterations be considered for funding from the property capital works programme unspecified provision for community facilities.

15. **Nga Hau E Wha National Marae**

That the request for funding of a training venue be declined but that officers report on a collaborative approach in partnership with Te Runanga O Ngai Tahu and Te Puni Kokiri towards the development of the marae.

28 Cont'd

16. **North Avon Property Trust**

That the Council make a grant of \$10,000 per annum being a three year commitment to meet interest and principal payments on the Council loan with years 2 and 3 being met from the Metropolitan Grant fund.

(Councillor Barry Corbett withdrew from the discussions and voting on this item).

17. **Seabrook Mckenzie Trust**

(a) That the submission be considered for grant of loan finance through the Community Loans Scheme for 2004/05.

(b) That the Council assist the Trust to secure government funding, both operating and capital and that a letter be sent to the Minister of Education and the Minister of Health.

18. **Warners Heritage Hotel**

That a loan of \$652,000 be granted in accordance with the Council's resolutions of 27 July 2000 and in particular, the loan be interest free, secured by mortgage and for a term of 10 years but repayable upon earlier sale or disposition of the land or any part of it.

19. **198 Youth Health Trust**

That a grant of \$45,000 be allocated in 2003/04 only and that representations at elected member level be made to the Canterbury District Health Board for continuation of adequate funding for the Trust.

20. **Cats Protection League**

That the officers be asked to investigate all aspects of cat control and responsibilities of the Christchurch City Council and report back to the Annual Plan Subcommittee.

21. **Arts Canterbury Incorporated**

Arts Canterbury Incorporated is an arts organisation set up under the umbrella of the Christchurch Community Arts Council for the specific purposes of providing a Canterbury Regional Arts Guide. The Arts Guide will promote the arts and creativity of Christchurch and the nine distinct regions which surround it. This publication will be of benefit to the tourist sector, both international and domestic, as well as a promotion tool for the creative industries. The guide will bring Christchurch and Canterbury in line with the Nelson and Otago areas whose recent publications have been outstandingly successful.

Recommendation: That a grant of \$10,000 be allocated in 2003/04 only towards the cost of producing a regional arts guide.

This recommendation above was **adopted** on a division, the voting being as follows:

For (7): Councillors Anderton, Austin, Crighton, Ganda, Harrow, James and Stewart.

Against (2): Councillors O'Rourke and Wright.

22. **Frontiers Group Australasia (Clearwater Classic)**

The Subcommittee considered a submission from Frontiers Group Australasia seeking funding from the Council to assist in the Clearwater Classic golf event. The Clearwater Classic is the only USPGA/Australasian PGA co-sanctioned golf event in New Zealand, and is one of only three USPGA co-sanctioned events worldwide (outside of the USA).

With \$1,200,000 in prize money, the Clearwater Classic has New Zealand's richest purse, and attracts quality professional golfers from all over the world. The tournament winner receives a two-year exemption on the PGA Tour of Australasia, while the top three on the Tour's Order of Merit are invited to compete in the British Open.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 24 -

28 Cont'd

The 2003 event attracted a crowd of 17,175. The inaugural 2002 event attracted 14,903 spectators. The event received an international television audience in excess of 150 million households, showcasing Clearwater Resort, Christchurch and New Zealand. This event is televised in more countries than the Rally of New Zealand.

Frontiers Group has a contractual agreement with PGA to conduct the event to 2004 with an option for 2005 and 2006. The PGA is very happy with the management and promotion of the event to date and would like to see other international golf events hosted at Clearwater Resort.

Frontiers Groups commissioned the research and management company APR Consultants for an analysis of the economic impact associated with hosting the 2003 Clearwater Classic and some of the findings follow:

Television Broadcast

Value of total expenditure - \$11.2 million

Reach – worldwide audience of 336 million people

14 hours of live coverage on TNZ

10 hours of prime time coverage on the Golf Channel in the USA, Japan and Canada

4 hours coverage on CNBC in the UK and Europe

3 hours coverage on CNBC Asia

13 hours coverage (live & delayed) on Fox Sports in Australia

Social & Tourism Specific to the Event

Total attendee spend - \$13.5 million

National wide spend - \$4.2 million

Jobs created - 235

Volunteers – 400

Travel expenditure - \$2.7 million

Accommodation expenditure - \$3.2 million

Meals & Beverage expenditure - \$5.5 million

Sightseeing expenditure - \$1 million

Grant to Canterbury Women's Golf - \$10,000

Future Benefits

Potential to host Golf World Cup Championship events

Potential to host the Presidents Cup, which would be the greatest sporting event in the history of NZ sport (including the America's Cup)

Currently determining diligence and critical path studies for the establishment of a NZ Golf Academy

Christchurch City Council Support

Frontiers Group are seeking funding from the Council of \$500,000 for each of three years (2004, 2005, and 2006). The recommendation from the Annual Plan Subcommittee is \$300,000 plus \$100,000 underwrite per annum.

The 2002 and 2003 Clearwater Classic events have run at a loss to the level of \$600,000. The 2004 event must break even and the extra funding must be secured by 1 August 2003.

The following budget is for the 2004 event and does not carry past liabilities:

Total Cost of Tournament \$1,644,000.00

Confirmed Revenue

Clearwater Resort \$200,000.00

ANZ \$200,000.00

Orlando \$150,000.00

Steinlager \$90,000.00

Hospitality Sales \$75,000.00

Pro-Am \$50,000.00

Casino \$30,000.00

Total \$795,000.00

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 25 -

28 Cont'd

<u>Revenue to Secure</u>	
Tourism NZ	\$50,000.00
Industry NZ	\$50,000.00
Car Company	<u>\$50,000.00</u>
Total	\$150,000.00
 <u>Revenue Subject to Council Funding</u>	
Company 1	\$150,000.00
Company 2	<u>\$150,000.00</u>
Total	<u>\$300,000.00</u>
 TOTAL REVENUE	 <u>\$1,245,000.00</u>
 Shortfall	 -\$399,000.00

If the Council confirms its funding commitment not only will the event proceed but the potential exists for at least an additional \$300,000 from other parties. It is further believed that with Council support Tourism NZ and Industry NZ will increase their contribution.

Without Council support of this event, the submitters emphasised that there would be no Clearwater Classic in Christchurch in 2004 and it would be impossible to secure here again. All television contracts include vignettes on Christchurch and Canterbury. This event represents the biggest annual international sporting event in New Zealand, possibly second only to the Rally of New Zealand.

Recommendation: That \$1.2m be allocated over 2003/04, 2004/05, and 2005/06 consisting in each year of a \$300,000 grant plus a \$100,000 underwrite. After allowing for the existing budget provisions contained in the draft plan the net addition is \$350,000 for each of the three years.

This recommendation above was **adopted** on a division, the voting being as follows:

For (7): Councillors Anderton, Austin, Condon, Corbett, Harrow, Stewart and the Mayor.

Against (5): Councillors Crighton, Ganda, James, O'Rourke and Wright.

23. **Theatre Royal**

The Theatre Royal requested that consideration be given to the provision of funding totalling \$2,300,000 towards major improvements to the Theatre which have a total estimated cost of \$7 million.

The Theatre Royal invited the Subcommittee to view the backstage condition of the existing theatre and its plans for redevelopment with a view to ensuring that Christchurch will continue to be included on the circuit for shows which need a theatre of this capacity. The Subcommittee was very concerned about the poor state of performers' facilities.

The Theatre Royal Trust initially requested that funding be provided over three years for work to be carried out in 2004/05.

The Director of Finance advised the Subcommittee:

"If the Council is to make a direct grant then it would be an operating expense for the Council and would have a direct impact on rates.

The Trust has indicated that it would be prepared to issue some form of shares in the charitable operating company in exchange for funding for the project. These shares would not pay a dividend but it is unlikely that any other investment in physical assets which were designed to provide a community facility would do so either.

28 Cont'd

From the Council's point of view a structure which gave the Council shares in the Theatre Royal Foundation would enable the Council's \$2.3 million funding to be treated as capital. This would significantly reduce the immediate impact on the level of rates and would have the added advantage of spreading the cost over future years which is appropriate for the purposes of intergenerational equity.

The impact on the rates of providing the full capital requested of \$2.3 million in the 2004/05 year would be to add the following percentages:

Year	Percentage Rate Increase
2003/04	0.08
2004/05	0.04
2005/06	0.09"

- Recommendation:**
1. That the Council make provision of \$2.3 million in its capital budget for 2004/05 to provide a form of equity funding for the Theatre Royal to provide a contribution to its redevelopment proposal.
 2. That the provision of this funding to the Theatre Royal be subject to the Council being satisfied, after full investigation during 2003/04, that suitable arrangements can be made which meet the Council's need to capitalise its contribution to this project.

24. **Centre of Contemporary Art**

The Centre of Contemporary Art has applied to the Council for funds to contribute to renovations of their building. The renovations include the provision of a lift to all levels of the gallery, wheelchair access, safety and fire facilities.

The Centre plays an important role in the education, support and promotion of local artists and their work from primary school level to professional working artists. The Centre complements the role of the city's other cultural groups and the public art gallery.

- Recommendation:** That a one off grant of \$100,000 be granted for 2003/04.

25. **Lake Isaac Watersports Park**

The Lake Isaac Watersports Trust made submissions requesting the Council to make a commitment to fund \$12.4 million (inclusive of GST) for the development of a major watersports facility. This was not included in the draft plan although the Council had funded \$600,000 over six years to provide for initial research and design (2003.04 being the second year).

Key points made in support of the project were:

Lake Isaac is needed to replace inadequate and unsafe passive watersports courses at Kerr's Reach and Lyttelton Harbour. Triathlons and multisport events also suffer from safety issues arising from the use of public roads. The Council is aware of the safety concerns and wrote in May 2003 to Canterbury Rowing supporting endeavours to find an alternative to Kerr's Reach.

The opportunity that Lake Isaac presents is significant for Christchurch. Hagley Park was gifted over 130 years ago as a green buffer to the city, and Lady Isaac's vision for her land, including Lake Isaac, is of a comparable scale.

Lake Isaac is also of national importance. There is currently no world class, passive water sport venue in New Zealand. There is an opportunity for Christchurch to become a centre of excellence for passive watersport and recreation, and as a centre for water safety education.

Land for Lake Isaac does not have to be purchased by the Trust or the Council. The right to use land (valued at \$1.8m) owned by The Diana Isaac Wildlife Trust provides a solid foundation for the Trust.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 27 -

28 Cont'd

Key sports are triathlon, rowing, kayak, dragon boating and waka ama (outrigger canoes). The clustering of five key sports at Lake Isaac will ensure long term sustainability.

Fully developed, Lake Isaac would qualify as a host venue for several international events. There is potential for economic impact to be derived on a regular basis. Twelve national and ten international sporting events have been identified. APR Consultants estimate an annual impact of \$3.5 million from national events, and a total impact of \$68 million from a major international event, such as a world championship.

FISA (rowing's international governing body) has favourably reviewed the plans for Lake Isaac, and confirmed that Christchurch has the other attributes necessary to host a major championship.

Christchurch City Council committed \$600,000 over five years in 2002/03. Subsequently the Trust has been advised by the Council to reapply for funds sufficient to relocate from the current venues, in recognition of the growth in school sport and the potential for regional benefit.

Lake Isaac Watersports Park is a "not for profit" organisation. Income generated from affordable access charges will be used to offset operational expenditure.

Total capital funding in the range \$23.625m to \$31.5m (inclusive GST) is needed. The Trust is seeking funds from central and local government, funding agencies, corporates, communities and private individuals. The attaining of resource consent is a major hurdle. \$12.4 million (including GST) over three years has been requested in order to fund the formation of the lake. The Trust believes, with this commitment from the Council, that the balance of funds needed to complete the venue can be raised.

Should Lake Isaac not receive Council commitment, then Lady Isaac's offer of land use will be withdrawn. No alternative site has been identified. It is unlikely that a site more suited could be found in any major New Zealand city. Passive watersport in Canterbury will be unable to cater for growth and may as a result of regulations be forced to leave the current inadequate venues. As with flat water kayaking in the South Island, passive water sports will not be taken up by schools and will over time, die off.

This is a major budget request which has been received after the issuing of the draft Annual Plan and therefore the public has not been consulted on it. In the form it has been received it is equivalent to a 7.6% rate increase.

The project has not been formally assessed against the Policy of Significance but superficially it would appear to be significant and therefore it is considered that the public must be consulted on this matter before any final commitment is made. The most appropriate form of consultation would be as part of next year's LTCCP. (A copy of the report dated 3 July 2003 provided by the Director of Finance on this issue is attached as Appendix 5).

- Recommendation:**
1. That the Council make provision in its capital budget for 2004/05 and 2005/06 of an amount of \$5,512,000 each year for the building of a Christchurch Passive Watersports Facility.
 2. That this funding be clearly noted in the Annual Plan to be provisional only and subject to consultation as part of the 2004/05 Long Term Council Community Plan.
 3. That a sum of \$75,000 be included in 2003/04 for investigation to be undertaken.
 4. That inclusion of this item in the 2004/05 plan for consultation be subject to the Council being satisfied with the outcome of its investigations into:

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 28 -

28 Cont'd

- (a) Satisfactory tenure of the land to enable capitalisation of the Council contribution.
- (b) A structure which does not commit the Council to the provision of associated facilities.
- (c) An independently reviewed business case which proves the demand for the facility and the operational viability of it and other land options available, and traffic plans and infrastructural impacts and transport analysis be investigated.
- (d) Ways of ensuring that the cost of construction can be established on a competitive basis.
- (e) The compatibility of the land use issues surrounding this land, the airport and the Clearwater resort.
- (f) Investigation of alternative sites.

This recommendation above was **adopted** on a division, the voting being as follows:

For (10): Councillors Anderton, Austin, Condon, Corbett, Ganda, Harrow, James, Stewart Wright and the Mayor.

Against (2): Councillors Crighton and O'Rourke.

26. Canterbury Shooting Federation Inc

That this request for \$93,000 be supported by way of the Community Loan Scheme and that the interest rate be set at 2% and that the Council provide \$100,000 to the loan scheme to facilitate this loan.

27. Submissions 246-250, 264, 267, 270, 271, 276-283 all relating to Hamilton Avenue kerb and channels

A number of submissions requesting that Hamilton Avenue and other streets be advanced on the kerb and channel programme were considered. The Subcommittee noted that a new policy for prioritising such works has recently been adopted and work on reprioritisation will proceed over the next year.

That the work currently programmed for 2003/04 and 2004/05 be confirmed and that new policy framework for prioritising work be applied from 2005/06 onwards.

29. COMMUNITY BOARD SUBMISSIONS

The Subcommittee considered submissions from Community Boards. Many of the issues raised are covered elsewhere in this report. The following specific recommendations are in response to the major issues raised in the community board submissions:

1. That all the submissions relating to the Uniform Annual Charge be considered as part of the review of the funding policy in 2004.
2. That the City Streets Unit be requested to report to Community Boards on the prioritisation process for underground reticulation.
3. That the funding of the Jellie Park Upgrade capital allocation in 2005/06 be brought forward and evenly split between 2004/05 and 2005/06 and that the Fendalton/Waimairi Community Board be consulted on issues relating to the upgrade.

29 Cont'd

4. That the funding of Film South be subject to review for the 2006/07 budget and a letter of appreciation be sent from the Council to the Hon Jim Anderton for his support.
5. That the Shirley/Papanui Community Board be requested to give consideration to contributing \$10,000 towards the Acheson Avenue needs analysis from its SCAP funds.

30. SCHEDULE OF CHANGES

Attached as Appendices 1 and 2 are schedules of all changes made by the Subcommittee. Most of these have been specifically referred to in preceding clauses.

Recommendation: That the changes detailed in Appendices 1 and 2 be approved.

31. IMPACT ON RATING SECTORS

The overall rate increase proposed by the Subcommittee is 3.12%.

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	0.44%	-0.53%
Residential and Other	3.87%	4.22%
Rural	3.05%	4.77%
Non rateable	17.56%	15.11%
Overall rate Increase	3.09%	3.12%

(Councillor O'Rourke requested that his opposition to the rate changes above be recorded.)

32. FINANCIAL SUMMARY

Following this report is a financial summary (Appendix 6) 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.

Given the asset base of the Council at \$3.8 billion, current term debt of \$58 million is very modest. The forecast financial ratios published in the Financial Plan document for the next 10 years are all well below the maximums established by the Council in 1993.

33. NET REQUIREMENT FROM RATES

- Recommendation:**
1. That the Council adopt a 3.12% overall rate increase.
 2. That the Christchurch City Council Financial Plan and Programme: 2004 Edition, as amended, be adopted.
 3. That the Christchurch City Council Corporate Plan: 2004 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.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 30 -

34. SCHEDULE OF RATES FOR 2003/04

Under Section 23 of the Local Government (Rating) Act (2002) and Section 281 of the Local Government Act (2002) the rates setting process is now part of the Annual Plan process. There is no requirement to advertise the intention to set rates other than certain prescribed contents for the Annual Plan.

The liability for rates will be detailed on a rates assessment which will be delivered with the second instalment rates invoice.

A rates assessment is a notice to the ratepayer that they will be liable for rates on a particular rating unit. The assessment contains information on the amount of rates that will be levied on the rating unit, their type and the information that a local authority is using to calculate those rates (differential categories, values, land area etc), and information regarding payment options, remissions and postponements (where these are operative).

The 2003/04 rate requirement is \$174.79M as shown in the recommendation. The rates are allocated to rate types as listed below. This allocation generates the rate decimal and uniform annual general charge. Assessments will use these rate types and decimals.

Recommendation: That the Christchurch City Council set the following rates under the Local Government (Rating) Act 2002 on rating units within the City Council boundaries for the financial year commencing on 1 July 2003 and ending on 30 June 2004.

SCHEDULE OF RATES FOR 2003/04	CENTS IN THE \$ OF CAPITAL VALUE 2003/04 PER RATING UNIT	REVENUE SOUGHT* FROM INTENDED RATES (GST INCLUDED) \$
-------------------------------	---	---

GENERAL RATES

General Rate by differential sector:

Sector A - Commercial/Industrial	.575606	33,416,093
Sector B - Residential and Other	.357988	77,502,622
Sector C - Rural	.265484	2,105,166

The General Rate is set under Section 13(2)(b) of the Local Government (Rating) Act 2002. Purpose of General Rate: To fund the general operations of the Council beyond that funded by user charges, other revenue, the Uniform Annual General Charge, and targeted rates as detailed below. The detail of the requirement is contained within the Financial Overview Policy Summary and Funding Impact Summary in the Financial Plan and Programme 2004 Edition.

Uniform Annual General Charge \$105 15,648,885
of \$105 on each separate rating unit or if relevant on each separately used or inhabited part of a rating unit. The Uniform Annual General Charge (UAGC) is set under Section 15(1)(b) of the Local Government (Rating) Act 2002. Purpose of the UAGC: To fund the general operations of the Council beyond that funded by user charges, other revenue, general rates, and targeted rates as detailed below.

TARGETED RATES

Water Supply Targeted Rate – Full Charge:

Sector A - Commercial/Industrial	.039774	2,021,686
Sector B - Residential and Other	.042564	8,978,916
Sector C - Rural	.038670	98,635
Sector D - Institutions (Non-rateable)	.041842	715,983

Rate Factor used - on every separately rated property within each differential sector to which water is supplied. The Water Supply Targeted Rate is set under Section 16(4)(b) of the Local Government (Rating) Act 2002. Purpose of Water Rates: To recover the water supply costs.

34 Cont'd

SCHEDULE OF RATES FOR 2003/04	CENTS IN THE \$ OF CAPITAL VALUE 2003/04 PER RATING UNIT	REVENUE SOUGHT* FROM INTENDED RATES (GST INCLUDED) \$
-------------------------------	---	---

Water Supply Targeted Rate – Half Charge:

Sector A - Commercial/Industrial	.019887	90,885
Sector B - Residential and Other	.021282	137,821
Sector C - Rural	.019335	11,821
Sector D - Institutions (Non-rateable)	.020921	20,232

Rate Factor used - the half charge is assessed to every rating unit situated within 100 metres from any part of the waterworks where a connection is not made. The Water Supply Targeted Rate is set under Section 16(4)(b) of the Local Government (Rating) Act 2002. Purpose of Water Rates: To recover the water supply costs.

Land Drainage Targeted Rate:

Sector A - Commercial/Industrial	.039949	2,200,401
Sector B - Residential and Other	.039949	8,631,859
Sector C - Rural	.039949	203,068

Rate Factor used - on every separately rated property, within each differential sector, which is in the serviced area. The Land Drainage Targeted Rate is set under Section 16(4)(b) of the Local Government (Rating) Act 2002. Purpose of Land Drainage Targeted Rate: To recover the land drainage costs.

Sewerage Targeted Rate:

Sector A - Commercial/Industrial	.078773	4,310,097
Sector B - Residential and Other	.078738	16,993,747
Sector C - Rural	.081303	121,392
Sector D - Institutions (Non Rateable)	.078736	1,425,845

Rate Factor used - on every separately rated property, within each differential sector, which is in the serviced area. The Sewerage Targeted Rate is set under Section 16(4)(b) of the Local Government (Rating) Act 2002. Purpose of Sewerage Targeted Rate: To recover the sewer drainage and sewage treatment costs.

Water Supply Fire Connection Targeted Rate:

Assessed as a uniform charge of \$100 per connection.	\$100	111,700
---	-------	---------

Rate Factor used - on every separately rated property which has one or more connections. The Water Supply Fire Connection Targeted Rate is set under Section 16(4)(a) of the Local Government (Rating) Act 2002. Purpose of the Water Supply Fire Connection Targeted Rate: To recover costs of water supply fire connection on a per-connection basis.

Excess Water Supply Targeted Rate: To be invoiced

Assessed on water consumption as the water meters are read for each rating unit in accordance with scale of charges set out in section 37 below. Rate Factor used - on every separately rated property within the defined group, which has a water supply. Purpose of the Excess Water Supply Targeted Rate: To recover water supply costs beyond those in the water-supply rates. This is effectively a user charge.

Total Revenue Sought from Intended Rates **\$174,791,851**

* Excludes expected rate remissions

For a definition of the differential categories used for general and targeted rates, see under "Determination of Differential Rating System".

35. **EXCESS WATER SUPPLY TARGETED RATE**

This targeted rate is set under Section 19(2)(b) of the Local Government (Rating) Act 2002 which allows for a "scale of charges". Invoices are raised for this rate as the result of water-meter readings on liable properties. The Christchurch City Water Related Services Bylaw 2001 outlines the intention to charge.

The annual rates assessment will identify and inform the ratepayers who are potentially liable for excess water charges. It will not, however, be able to include the calculated liability as the water reading will not coincide with the assessment. Water meters will be read progressively throughout the year. Following each reading, a water-excess charge invoice will be issued for those rating units liable. The invoice will refer to the assessment and will 'bill' for the consumption for the period of the reading. The latest water allowance will be used, calculated on a daily basis.

Recommendation: That the scale of charges for the Excess Water Supply Targeted Rate be:

1. Water used in excess of the water allowance, be charged at the rate of .33c per cubic metre to all consumers having an extraordinary supply, as defined in the Christchurch City Water Related Services Bylaw 2001. These are the liable rating units.
2. The water allowance is determined annually by dividing the Water Supply Targeted Rate assessed on the rating unit by an allowance factor. The allowance factor unit rate will be determined by Council resolution from time to time and is now 27 cents. The water allowance is 1 cubic metre for each complete 27c (the factor) of the targeted water rate assessed.
3. The water allowance is determined following the annual rates assessment and is expressed as a daily allowance, that is the total water allowance for the rating unit divided by 365 with a minimum of .6986 cubic metres per day.
4. The daily allowance shall continue until the next rates assessment is issued for the rating unit.
5. Rating units having an "ordinary supply" as defined in the Christchurch City Water Related Services Bylaw 2001, i.e. non-commercial consumers being principally residential single units on a rating unit, will not be charged an excess water supply targeted rate.
6. Where two or more rating units share a water meter and have, in the opinion of the Council, a common usage, the readings and allowances may be aggregated, notwithstanding the charge is payable by the ratepayer of the rating unit to which the meter is attached.

36. **DETERMINATION OF DIFFERENTIAL RATING SYSTEM**

Differential rating will be used for both general rates and some targeted rates. Each rating unit is assigned to a category, based on land use, and the sum of all capital values within each category is the basis of allocation of rates in the Funding Impact Statement, formally known as the Funding Policy.

The differential categories used are:

- Sector A - Residential and other
- Sector B - Commercial/Industrial
- Sector C - Rural
- Sector D - Non-rateable

36 Cont'd

The quantum of rates required from each differential sector is based on the Funding Impact Statement calculations on an activity-by-activity basis and added up to the Council wide-rate requirement as expressed in the table called 'Summary of the Funding Impact Statement' in the Financial Plan and Programme 2004 edition.

The rates payable by a rating unit will be assessed on the capital value of each rating unit within the differential sector based on its relative Capital Value (plus UAGCs and special targeted rates).

Recommendation: That the rating Differential Sectors will be:

Sector A - Commercial and Industrial Properties

Any rating unit which is:

- (a) used for a commercial or industrial purpose (including travellers and special-purpose accommodation, offices and administrative and associated functions, and commercially owned and operated utility networks); or
- (b) vacant land zoned commercial, industrial or rural-industrial under the transitional district plan administered by the Council.

Sector B - Residential and Other Properties

Includes any rating unit which is:

- (a) used for residential purposes (including home-ownership flats); or
- (b) vacant land zoned residential or rural-residential under the transitional district plan administered by the Council; or
- (c) Council operated utility networks; or
- (d) land not otherwise classified under sectors A, C or D.

Sector C - Rural Properties

Includes any rating unit which is:

- (a) used solely or principally for:
 - (i) agricultural or horticultural or pastoral purposes; or
 - (ii) for the keeping of bees or poultry; or
- (b) zoned rural under the transitional district plan administered by the Council, but does not include any separately rateable property which is:
 - (i) zoned rural industrial or rural-residential under the transitional district plan administered by the Council; or
 - (ii) zoned rural and used principally for residential purposes (including home-ownership flats).

Sector D - Institutions (non-rateable)

These are rating units described in Section 8 of the Local Government (Rating) Act 2002.

Although this sector is exempt from paying general rates, it is still liable for targeted rates for water and sewerage.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 34 -

37. DUE DATES FOR PAYMENT OF RATES

The due dates for rates follow the pattern of previous years with four instalments a year and instalment one being based on the previous year's rates.

- Recommendation:**
1. Where a due date falls on a day that is not a working day then the next working day convention applies i.e. Interpretation Act 1999 applies.
 2. The due date for excess water supply rates will be the 20th of the month following the invoice date. The due date for any amended rates invoice issued outside of the normal dates shall be specified on that rate invoice as determined by the Council.
 3. The imposition of the current penalty occurs two business days later than the due dates above.

The Council will issue an interim instalment which will be calculated in accordance with Section 50. It will be based on 25% of rates payable in the previous rating year. This is because it will not be possible to issue an assessment based on the new year's Annual Plan prior to the issuing of the instalment one rate invoice.

4. The instalments due dates will be:
 - Area One, Instalment One - 15 August 2003
 - Area One, Instalment Two - 15 November 2003
 - Area One, Instalment Three - 15 February 2004
 - Area One, Instalment Four - 15 May 2004
 - Area Two, Instalment One - 15 September 2003
 - Area Two, Instalment Two - 15 December 2003
 - Area Two, Instalment Three - 15 March 2004
 - Area Two, Instalment Four - 15 June 2004
 - Area Three, Instalment One - 31 August 2003
 - Area Three, Instalment Two - 30 November 2003
 - Area Three, Instalment Three - 29 February 2004
 - Area Three, Instalment Four - 31 May 2004

The areas are defined by the Valuation Roll districts as contained in the resolution dated 29 June 1994, but:

- Area 1: includes generally the Central City and the suburbs of Street Albans, Merivale, Mairehau, Papanui, Riccarton, Addington, Spreydon, Sydenham, Beckenham and Opawa;
- Area 2: includes generally the suburbs of Shirley, New Brighton, Linwood, Woolston, Mt Pleasant, Sumner, Cashmere and Heathcote;
- Area 3: includes generally the suburbs of Belfast, Parklands, Harewood, Avonhead, Bishopdale, Ilam, Fendalton, Hornby, Templeton and Halswell.

15. 7. 2003

Annual Plan Subcommittee 23.6.2003 - 3.7.2003

- 35 -

38. **RATE PENALTIES**

Rates penalties will be imposed on the same basis as previous years.

Once imposed, penalties become rates and may be subject to rates remissions. Where the penalty imposition date falls on a day that is not a working day then the next working day convention applies i.e. Interpretation Act 1999 Section 35 (6).

Recommendation: Where rates are not paid on time, penalties will be imposed to provide incentives for payments by due dates.

- 'Current penalties' - A penalty of 10 per cent on so much of any instalment that has been invoiced after 1 July 2003 and which is unpaid after the due date plus two working days;
- 'First arrears penalty' - A further penalty of 10 per cent on so much of any rates (including penalties) assessed in any previous financial year and which are unpaid as at 1 October 2003; and
- 'Second arrears penalty' - A further penalty of 10 per cent on any rates to which the 'first arrears penalty' has been added and which remain unpaid as at 1 April 2004.
- Penalties will not be imposed on rates postponed or on current years rates where payment is being made by monthly direct debit nor on any excess water supply targeted rate, or where Council believes a remission will be granted.

39. **RATING POLICIES**

The Rates Remission and Rates Postponement Policies were included in the Draft Plan. Clause 9 has detailed a changed approach to GST treatment of rate remissions and this required amendments to the Rates Remission Policy. In addition a recent review of the Rates Remission Policy has highlighted the need to extend the delegations. Some changes have been made in the interests of operational efficiencies. The amendments have now been included in the Rates Remission Policy and are highlighted by shading. Both policies are attached (Appendix 7).

Recommendation: That the Rates Remission Policy (attached) as amended be adopted.

CONSIDERED THIS 15TH DAY OF JULY 2003

MAYOR