

# Christchurch City Council Strategic Statement 2002 Edition



**CHRISTCHURCH**  
CITY COUNCIL • YOUR PEOPLE • YOUR CITY





**Christchurch City Council  
Strategic Statement  
2002 Edition**

**Adopted by the Council  
on 12 July 2001**



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# introduction

This Strategic Statement expresses the Vision, Mission, Strategic goals and objectives of Council and its relationship with the community it serves. In the context of this it then sets out an overview of Council operations and financing for the next ten years. This is expressed in the Long Term Financial Strategy.

Also included is the Funding Policy which details how the Council proposes to fund its operations.

These policies together with the Borrowing Management Policy and the Investment Policy are contained in the revised Strategic Statement.



A companion document, the Financial Plan, reflects the budget intentions of Council for the next year. Together they present a comprehensive view of Council in meeting community needs in the next decade.

In formulating plans to meet its clear vision for the future the Council is forecasting a continuing strong financial position. Some key points are:

- The total assets of Council are over \$4,102m, with realisable assets at \$2,435m.
- The proposed net debt is forecast at a modest \$39m in ten years.
- There are forecast rate increases which are necessary to maintain cash flow requirements but, with the exception of Year 4, these are modest and start off from a low rating base.
- Dividend income averaging \$33m p.a. from trading enterprises.
- Capital projects average \$97 million per annum primarily focused on regular renewal of infrastructure. Nearly \$60 million per annum is financed from depreciation funds.
- Unlike other major cities in New Zealand, Christchurch has infrastructure generally adequate to meet our needs. We therefore do not need the major expenditures in water, sewerage, roading and parks that other cities are facing to deal with deferred maintenance, congestion or rapid growth. The basic infrastructure of the city is in place. Our program now is for improvements and expansions at the margin.
- There are significant expenditures planned to further improve the sewerage discharge quality and to provide land fill capacity for the next 20 years.

- There are also some discretionary projects planned which are generally of the nature of community facilities. These include the new Art Gallery and a continuation of the programme to provide for upgrading the suburban library network.

Christchurch has a well planned strategy for the future which is soundly based and will ensure a well provided for city with a strong financial future.

## Long Term Financial Strategy

This is the financial plan and forecast for the next ten years. The summary on page 17 outlines the key forecasts.

Some of the key issues facing Council over the next ten years are:

- Population growth in Christchurch will slow during the period from a current 0.8% to a projected 0.3% pa. In ten years the population is estimated to be 346,500.
- Land for urban development is available and as taken up will impact on the operating costs of Council.
- Facilitating social, environmental and economic needs arising from community change.
- Improving the city infrastructure to meet the needs of the expanded community.
- The sustainable management of the city's resources including water, sewerage, refuse disposal, land drainage, and parks.
- Sustainable management of the services of Council including prioritising the demand for services.
- Facilitating and leading change in the city so that the whole community functions in sustainable ways.

- Refuse disposal through the development of a new regional landfill.
- Completing new community facilities including the new Art Gallery, new libraries at Beckenham, Avonhead and Parklands. Jade Stadium redevelopment will be supported by lending to Jade Stadium Limited on commercial terms.

The financial impact of the strategy over ten years will be:

- Capital expenditure will average approximately \$97m pa .
- Rates will increase this year by 2.28% and range from 1.84% to 6.70% with an average of 3.44%.
- The net debt of Council will rise from minus \$93m to \$39m
- Over this period the total assets of the Council and CCHC grow from \$3,827m to \$4,102m.
- Standard & Poors credit rating is targeted to remain at AA (long term)
- Council will invest the proceeds of capital repatriation from the sale of Orion North Island gas network assets in a mix of debt repayment and reserve funds.
- The income from the proposed \$75m Capital Endowment Reserve, established from the Orion gas network proceeds, will be used to fund economic development and civic projects.

## Funding Policy

The Council has undertaken a thorough review of this policy statement and the draft policy reflects the Council's view of the most appropriate funding source for each of our service outputs. The beneficiaries of each output are identified and a charging mechanism most suited is developed – either user charges or rates. The cost after user charges is the city's rate requirement.

The net cost of each output is generally allocated amongst ratepayer groups according to relative property values or by some other formula, where that is practical and more accurately reflects benefit received. In some cases the charges are uniform (i.e., a fixed rate per property).

The very basis of local government is service to the community which is not easily reduced to formulae. Therefore value judgements by the elected Councillors have been applied in many cases.

This year's Funding Policy has resulted in shifts in rates between sectors caused by:

- Change in the sector allocations for each service output.
- Change in the costs to provide the outputs compared to last year's plan.
- A significant increase in the rating capacity of the city by the rating of network utilities for the first time.

- The change in the mix of user charges proportional to the gross cost of an output.

Also:

- Rates remain the primary funding source at 44.86% of revenues.
- In 2001/02 a one-off special dividend of \$128m is expected which is part of the capital repatriation of the proceeds from sale of the gas network assets. These funds are being transferred to reserves as they represent capital.

The changes in rates between sectors was considered by the Council to be too severe this year. Council has decided to modify the rates requirement to smooth out the impact of that change between the sectors by a transfer of:

- \$1.890m to the commercial sector,
- \$1,150m from the residential sector,
- \$640,000 from the rural sector,
- \$100,000 from Institutions (on the Sewerage rate)

This is a temporary change in rates incidence. It will be phased out over the next three years. Also it is proposed that the Uniform Annual General Charge of \$105 per property will continue.

The combined result of these changes produces different rate increases for different sectors and properties within those sectors. A sample of rates for properties at various capital values is listed on page 68 .

The total rate requirement (including GST) has increased from \$144.8m to \$154.8m. However when the capital growth in the rating base is allowed for, the increase in 2001/02 is 2.28%. The sector increases are:

Commercial/Industrial	1.54%
Residential/Base	2.32%
Rural	9.85%
Non-rateable/Institutions	10.42%

As noted above, the rating of network utilities has had an impact on the incidence of rates as between the different sectors. The change is particularly noticeable for the non-rateable sector (schools, hospitals etc.) which pays only water and sewerage rates.

It should be noted that the rural sector had a decrease in rates last year.

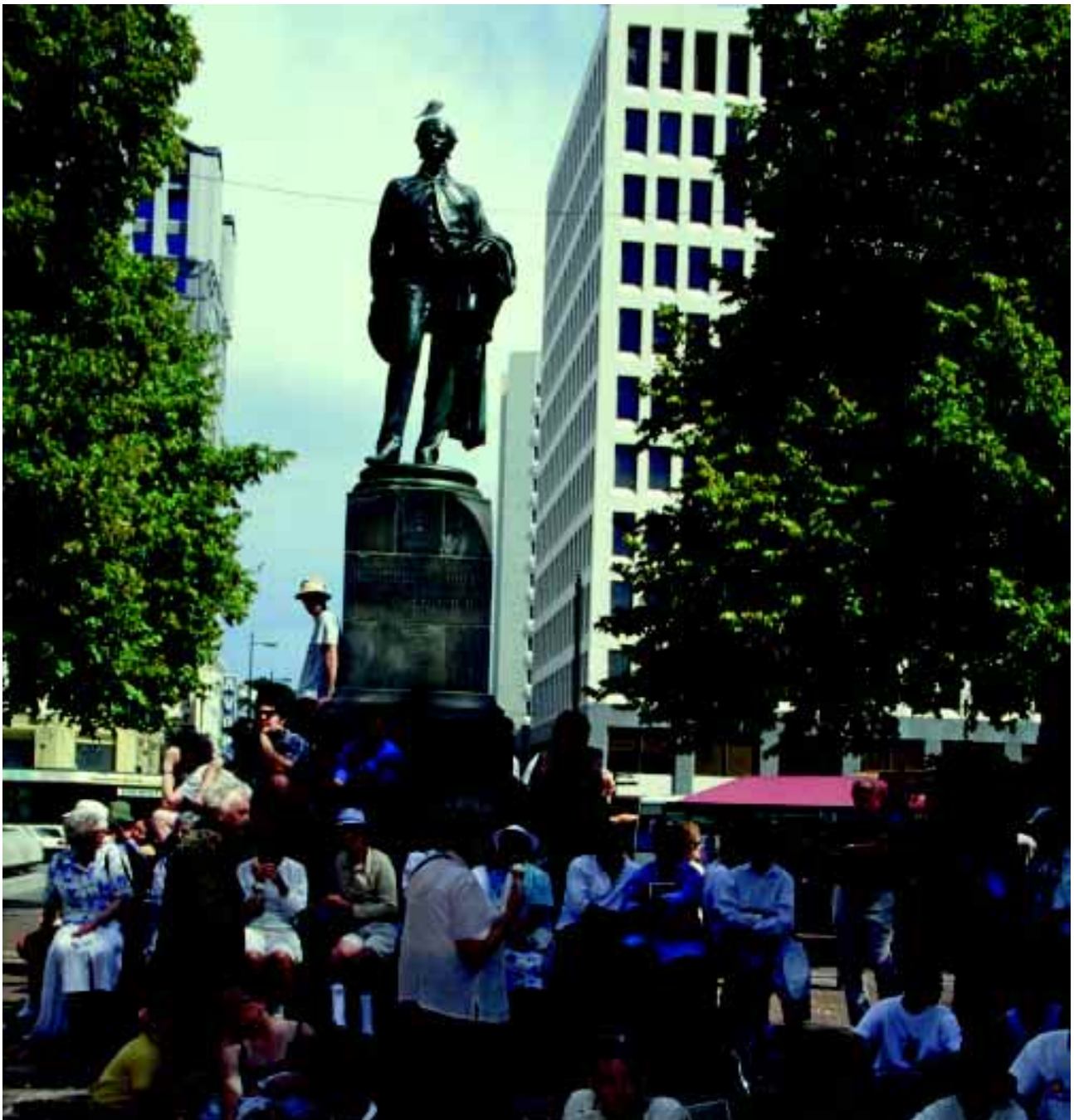
## Conclusion

This Strategic Statement and the accompanying Financial Plan reflects the forecast financial stability of the city for the next decade. Christchurch has the lowest rates for both residential and commercial properties, of any of the main centres. We believe the Council services represent good value when compared to other charges that members of the community pay for other services. In essence the Strategic Statement is about your community's future.

*Garry Moore*  
Garry Moore - MAYOR

*David Close*  
David Close - CHAIRMAN, STRATEGY AND RESOURCES COMMITTEE

*Mike Richardson*  
Mike Richardson - CITY MANAGER



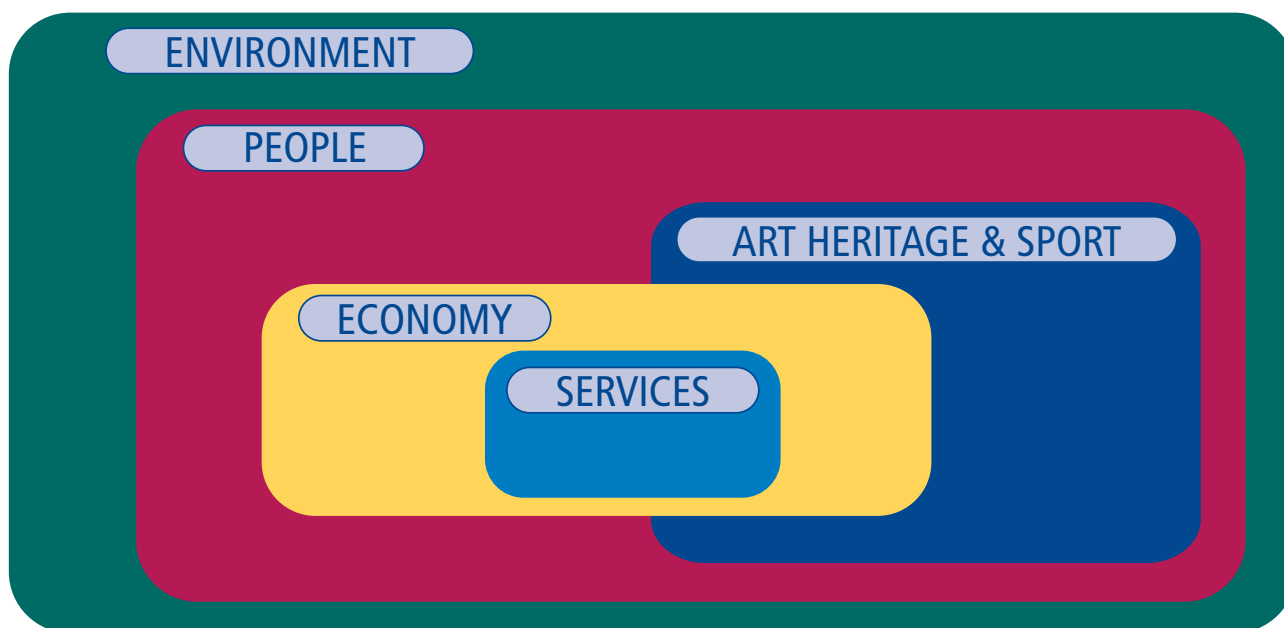


# Vision, Mission, Strategic Goals and Objectives

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# Vision for Christchurch



Christchurch is a place for people at one with each other and the environment, becoming one of the world's leading sustainable cities, socially, environmentally and economically. We recognise the need to preserve our natural ecosystems or ENVIRONMENT, on which all life depends, including PEOPLE. People in turn see the ECONOMY, SERVICES, and ART, HERITAGE & SPORT as important aspects of community life.

## A Vision for Christchurch as We Want It To Be

1. Christchurch people enjoy belonging to their local community, to their city and to Canterbury.
2. All people - of whatever background - feel welcome here.
3. The unique position of the tangata whenua is acknowledged and respected.
4. Children are nurtured, young people are encouraged and the elderly are respected.
5. Neighbours help each other and join together to achieve shared aims.
6. People are free from the threat of crime or injury.
7. Unique characteristics - including heritage buildings and natural features - are preserved.
8. Everyone has access to good housing, health care and education and to sufficient resources for their well-being.
9. Everyone has opportunities for fun, sport, recreation, art and culture.
10. Convenient and efficient transport is available for individuals and for business.
11. Christchurch has a thriving economy and full employment.
12. The beauty of our garden city - its trees, flowers and open spaces - are enhanced.
13. The quality of air, water and soils, of hills, plains, streams and open spaces is improved.

## Indicators

- Satisfaction with Christchurch as a place to live, work and spend time (Residents' Survey).
- Participation by people of all cultures in Council decision making bodies and processes.
- Consultation with tangata whenua in Council decision making processes.
- Participation in community based activity (Residents Survey).
- Crime rates (NZ Police).
- Casualty rates (Road Survey Report).
- Heritage buildings, places and objects listed in City Plan.
- Number of sites in city that have natural value.
- Multiple Hardship Index.
- Household expenditure on housing, health care, and education.
- Sport and spare-time activities (Residents Survey).
- Satisfaction with transport networks (City Streets Survey).
- Labour force participation rates.
- Regional Economic Activity (National Bank Survey).
- Satisfaction with building, alterations, extensions or developments (Residents Survey).
- Total hectares of parks per head of population (Parks Database).
- Number of high smog days (Environment Canterbury).
- Quality of water from aquifers and in rivers, streams and coastlines.

# mission statement

## MISSION STATEMENT OF THE CHRISTCHURCH CITY COUNCIL

Providing leadership to achieve the vision for Christchurch through effective local governance and the delivery of high quality services.

In achieving the mission the Council will:

- be responsive to local needs;
- give strong expression to local identity;
- be democratic, effective and efficient;
- be highly accountable for its actions;
- advocate in the interest of the whole community;
- add value to the city's economy;
- enhance the quality of the city's environment;
- use sustainable management principles;
- be efficient in its delivery of high quality services;
- work constructively towards common goals held with central government and the regional unit of local government;
- be both a good corporate citizen and a good employer.



## TE PŪRONGO TIKANGA Ā TE KAUNIHERA O ŌTAUTAHĪ

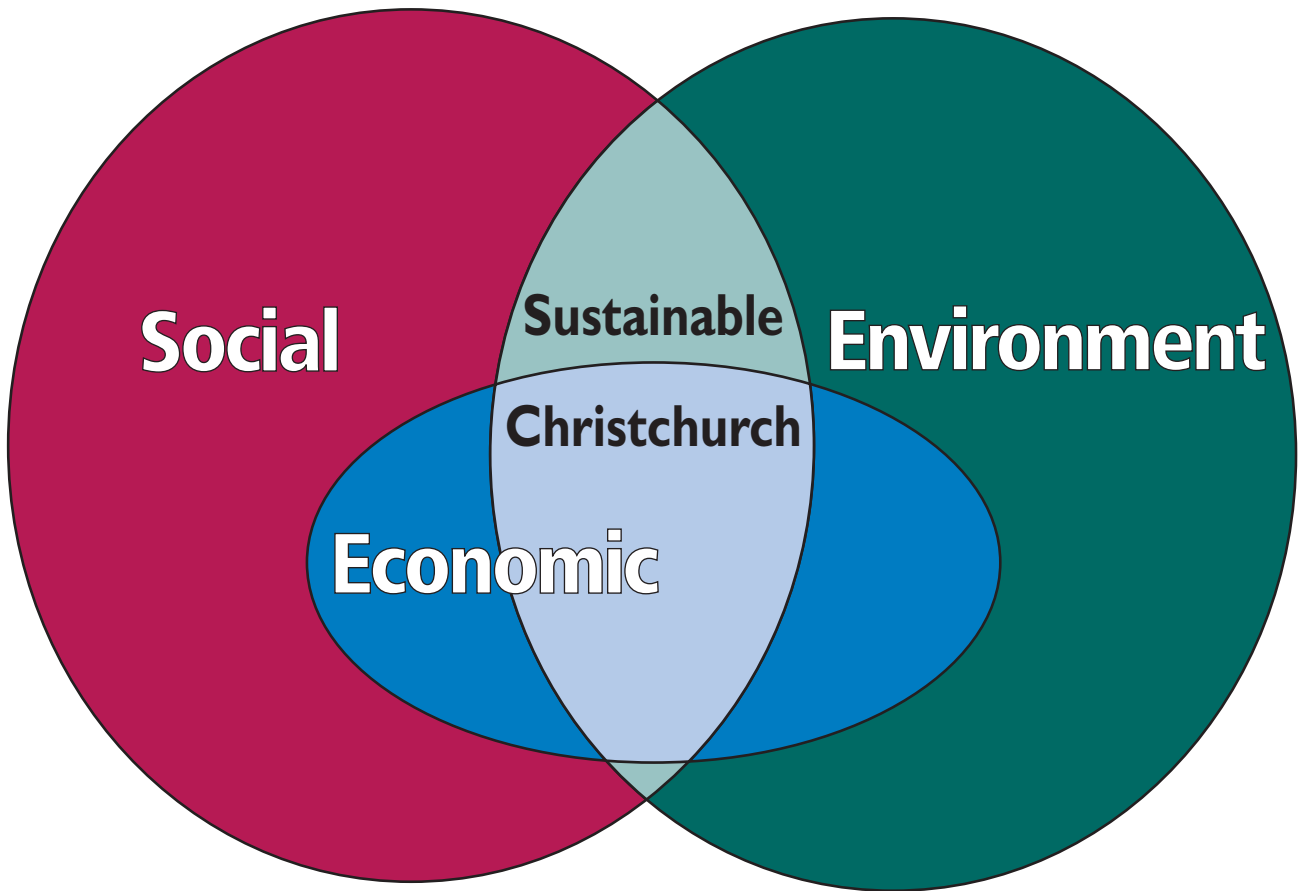
Mā te hāngai tonu o ngā ture ā-rohe me te tuku i te ratonga hiranga e whakakaha ake i te toiora o ngā tāngata katoa me te taone nui o Ōtautahi.

Te tutukitanga pai o ngā tikanga o te Kaunihera ka:

- tahuri mai ki ngā hiahia o te iwi kāinga
- tautoko kaha i te tuakiri o te iwi kāinga
- whakahaere ngātahi ai te manapori, te whakatutuki, te whakahaere i ngā kaupapa
- whakatau tika i āna mahi katoa
- kaiwawao i ngā kaupapa hei painga mo te iwi kāinga
- whai hua ake ki te ao ohanga o te taone nui
- whakakaha ake i te pai o te taiao o te taone nui
- whakahaere i ngā kaupapa mahi hāpai kia pūmau ai
- whakahaere tika ai i āna ratonga katoa
- mahi ngātahi ai ki te whakatutuki i ngā whāinga e whāia nei e te Kāwanatanga me te Wāhanga ā rohe o te Kaunihera ā rohe
- tū hei rangatira tōpū, hei kaituku mahi



## Triple Bottom Line

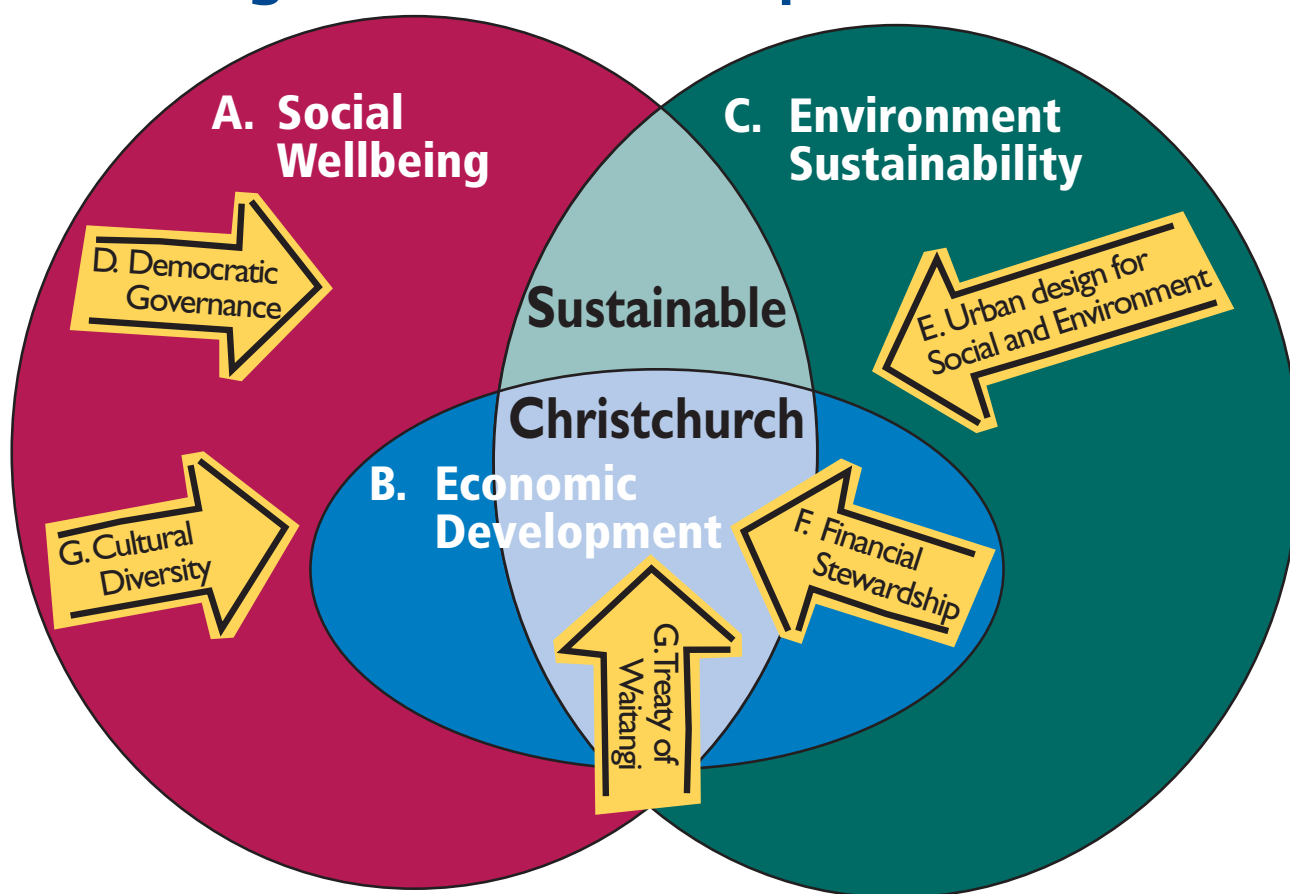


### The Triple Bottom Line

When making decisions and planning the Christchurch City Council will take into consideration the social impact, the environmental impact and the economic benefits. This process is referred to in planning as the triple bottom line and will assist us in creating a sustainable city for the future. The aim is to have as many activities as practical providing

social, environmental and economic benefits all at the same time. The council will be publishing its 2003 annual report on a triple bottom line basis rather than just presenting the financial bottom line. This means that the next Annual Plan, for 2002/03, will highlight the social, environmental and economic impacts and benefits of all Council activities.

## Strategic Goals in the Triple Bottom Line



This is an action diagram.

The three circles, A. SOCIAL, B. ENVIRONMENTAL, and C. ECONOMIC are like telescope sights showing three areas on which to focus. To make our city more sustainable is important. The closer the circles, the closer we are to our vision of a Sustainable Christchurch.

The arrows show actions the Council is taking to move the circles closer.

D. DEMOCRATIC GOVERNANCE, E. URBAN DESIGN (eg essential infrastructure) FOR SOCIAL AND ENVIRONMENTAL benefits, F. FINANCIAL STEWARDSHIP, G. TREATY OF WAITANGI and CULTURAL DIVERSITY actions.

## Strategic Goals

The following goals have been identified as being vital to the community and the Council:

### OUTCOMES

- A Community Cohesion and Well-being**  
Provide or facilitate the delivery of services and opportunities in order to enhance the safety, health and well-being of Christchurch people.
- B Economic Development**  
Foster opportunities for sustainable economic development in order to generate employment and income and enhance the quality of life of all residents.
- C Environmental Sustainability**  
Conserve and where practicable restore the natural environment and develop the built environment to enhance the distinct character of Christchurch and maximise the quality of life for current and future generations.

### PROCESSES

which we will or have put in place to help deliver the outcomes

- D Democratic Governance**  
Provide high quality consultative leadership and advocacy to ensure that Christchurch residents achieve their desired outcomes.
- E Essential Infrastructure**  
Maintain and improve the physical and service infrastructure of the city in order to generate wealth, promote health and safety, reduce hazards and facilitate social opportunities.
- F Financial Stewardship**  
Maintain an asset and investment base and ensure that appropriate levels of income match commitments to expenditure in order to support long term goals.
- G Treaty of Waitangi and Cultural Diversity**  
Respect the unique position of tangata whenua and value the contribution of all peoples in Christchurch.

Strategic Objectives for each of these goals follow.

# strategic objectives

## A COMMUNITY COHESION AND WELL-BEING

The City Council will enhance community cohesion and well-being through:

- A1 Maximising opportunities for residents to participate in learning and leisure activities by
- providing access to books and other information through the city's public libraries
  - supporting and providing visual and performing arts
  - facilitating education and learning opportunities especially pre-schools and pre-employment activities
  - advocating for quality provision of education and training at all levels.
- A2 Strengthening communities by
- funding and supporting community initiatives, festivals and community organisations
  - initiating and supporting community development projects
  - facilitating collaboration between public, private and community agencies
  - advocating for an equitable share of national resources
  - advocating for provision of social and income support that is adequate to meet residents needs and allow them to participate in the life of the community
  - working with community groups, government agencies and other funding bodies to address key areas of social need.
- A3 Contributing to safe and healthy lifestyles by
- promoting and protecting health standards
  - providing parks, festivals and recreation and leisure services
  - supporting self help initiatives
  - advocating for quality health and disability services
  - supporting crime reduction and public safety initiatives
  - providing affordable housing for those on low incomes.
- A4 Celebrating, protecting and increasing understanding of cultural diversity by
- supporting a range of arts, festivals and events
  - facilitating the cultural expression of ethnic and cultural groups
  - recognising the unique role of tangata whenua.
- A5 Ensuring that the needs and aspirations of children, youth, elderly and people with disabilities are taken into account in all Council activities.

## B ECONOMIC DEVELOPMENT

The City Council, recognising that economic growth is not an end in itself but a means to achieve social goals, will:

- B1 Foster broad-based sustainable economic development that generates real employment, income and social opportunities for all residents
- B2 Create an environment that encourages enterprise, innovation and development of new ideas and technologies and minimises barriers to economic development
- B3 Create an environment in which businesses flourish
- B4 Support the contribution the public, private and voluntary sectors make to the local economy and promote cooperation within and between these sectors.

## C ENVIRONMENTAL SUSTAINABILITY

The City Council will contribute to Christchurch's environmental sustainability through:

- C1 Managing our impact on the environment in order to
- enhance air quality in the city
  - protect artesian water resources
  - maintain water quality in streams and rivers
  - maintain production potential of fertile soils
  - minimise erosion.
- C2 Ensuring that the development and redevelopment of the built environment
- enhances the unique qualities of the city particularly the physical characteristics such as the parks, gardens, riverbank and buildings
  - provides for accessible working and leisure activities and facilities
  - offers a range of desirable residential choices
  - stimulates economic activity
  - increases the central city's role as the heart of the city
  - enhances health and safety.
- C3 Protecting significant natural features of the physical environment (such as the Port Hills and the estuary), open spaces and landscape elements, native habitat and ecosystems, significant buildings and sites and other taonga.
- C4 Promoting efficient use of physical resources, an increase in recycling and material recovery, and a reduction of waste.
- C5 Minimising the risks from earthquake, flood, fire and other natural hazards.

## D DEMOCRATIC GOVERNANCE

The City Council will facilitate democratic governance for the residents of Christchurch by:

- D1 Creating and maintaining mechanisms for citizens' participation in decision-making and policy development.
- D2 Protecting the rights of all citizens.
- D3 Developing cross-sector networks at local, regional, national and international level which will deliver positive outcomes for the people of Christchurch.
- D4 Providing leadership and advocacy in partnership with public, private and voluntary agencies which ensure the city's interests are reflected in regional and national decisions.
- D5 Developing a fair, cost-effective regulatory framework which protects health and safety, maintains environmental standards, and promotes business and social opportunities.

## E ESSENTIAL INFRASTRUCTURE

The Council will improve and sustain essential infrastructure services which will:

- E1 Ensure high quality utilities (water supply, sewerage, and waste and stormwater management) meet the reasonable service demands of residents at efficient prices.
- E2 Develop a network of roads, cycleways, footways and passenger transport to provide both for personal mobility and the needs of commerce and industry.
- E3 Design projects to enhance environmental and social sustainability and otherwise avoid or mitigate, where possible, adverse effects of both natural and technological hazards on people, property and the environment.
- E4 Where possible recognise and report on social, environmental and economic impacts and benefits.

## F FINANCIAL STEWARDSHIP

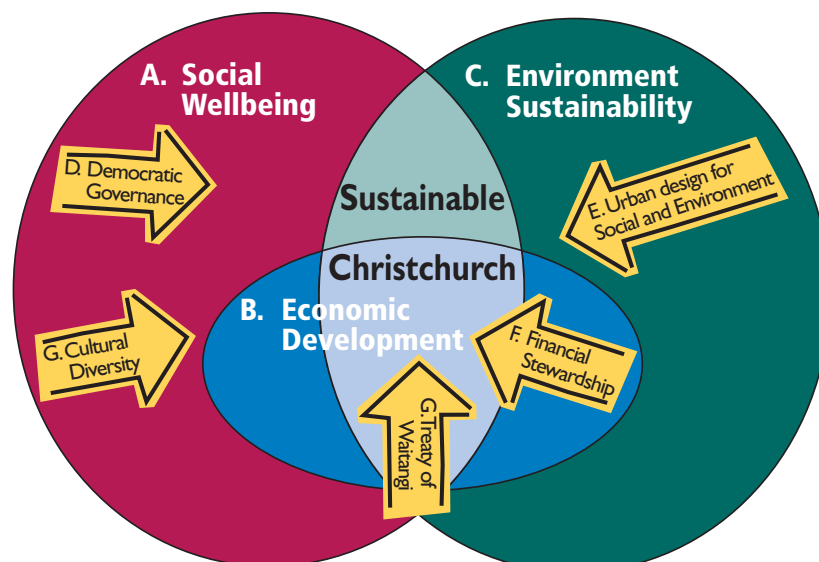
The Council will practise good financial stewardship by:

- F1 Applying financial policies which maintain or enhance the value of the Council's asset base.
- F2 Ensuring that financial assets, liabilities and cash flows are sustainable in the long term.
- F3 Operating under accounting procedures which
  - are consistent with generally accepted accounting practice
  - comply in all respects with external financial reporting requirements
  - enable the true costs of goods and services produced to be determined.
- F4 Maintaining a controlling interest in those trading activities where it is critical that they are managed in a way that has regard, not only to commercial requirements, but also to wider social and economic objectives.
- F5 Operating a funding and charging system which ensures that Council services are accessible to all residents.
- F6 Assess whether programmes and activities are achieving the desired outcomes in the most effective, efficient and financially prudent manner.
- F7 Continuing to improve efficiency in the delivery of Council activities and programmes and measuring the value created through efficiency gains.

## G TREATY OF WAITANGI AND CULTURAL DIVERSITY

The Council will recognise the Treaty of Waitangi and value cultural diversity through

- G1 Protecting the rights of tangata whenua under the Treaty of Waitangi.
- G2 Maintaining mutually acceptable consultation procedures with the tangata whenua.
- G3 Considering and protecting the aspirations of all people in all the planning and delivery of all Council activity.



# Long Term Financial Strategy

## The key issues of the Strategy over the next 10 years are:

- Capital expenditure will range from \$141.6m to \$90.3m.
- The rate increase per annum will range from 1.84% to 6.70%, an average of 3.44%.
- The net debt of the Council and CCHL increase to \$143.21m after 10 years.
- This includes \$41m raised to on lend to Jade Stadium Ltd.
- The population is estimated to grow to 346,500 or 0.3% per annum.
- The major capital projects are expected to be:
  - New Art Gallery
  - Expansion of the sewerage treatment works
  - Development of the roading network
  - New library at Beckenham
  - Completion of Jade Stadium
  - Parks and waterway expansion
- The Council will continue to develop ways and means to manage a sustainable city both for the community at large and the Council operations.
- The Standard and Poor's Credit Rating at AA long term will remain.
- The financial ratios will be maintained within prudent limits.
- Submissions, as part of the Annual Plan Consultation, are sought on the Long Term Financial Strategy.





# long term financial strategy forecasts

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>CITY COUNCIL OPERATING ACCOUNT</b>										
Operating Expenditure	261.23	270.82	274.31	289.72	295.73	301.96	308.88	313.45	318.85	325.06
Rates	(137.58)	(144.97)	(154.11)	(166.57)	(174.28)	(182.45)	(190.31)	(195.85)	(202.00)	(209.40)
Other Revenue	(259.81)	(137.29)	(136.96)	(133.38)	(133.76)	(133.79)	(135.19)	(136.06)	(137.06)	(138.08)
<b>Deficit/(Surplus)</b>	<b>(136.16)</b>	<b>(11.45)</b>	<b>(16.76)</b>	<b>(10.23)</b>	<b>(12.31)</b>	<b>(14.28)</b>	<b>(16.62)</b>	<b>(18.46)</b>	<b>(20.21)</b>	<b>(22.42)</b>
Percentage Rate Increase (Excludes Central City Rate)	2.28%	3.87%	4.86%	6.70%	3.39%	3.50%	3.18%	1.84%	2.10%	2.65%
<b>CITY COUNCIL CAPITAL ACCOUNT</b>										
Capital Expenditure	117.07	112.46	95.58	96.62	88.50	92.58	87.11	86.14	91.10	99.49
Provision for Debt Repayment	2.13	1.95	1.74	1.71	2.46	3.11	3.83	4.16	4.39	4.72
Loan to Jade Stadium *	22.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Capital Cost</b>	<b>141.61</b>	<b>114.41</b>	<b>97.33</b>	<b>98.33</b>	<b>90.95</b>	<b>95.70</b>	<b>90.94</b>	<b>90.30</b>	<b>95.49</b>	<b>104.20</b>
<b>Funded by:</b>										
Depreciation and Surplus/(Deficit) on Operations	(180.47)	(60.81)	(67.30)	(61.56)	(64.32)	(66.83)	(69.79)	(72.12)	(74.38)	(77.12)
Provision to Fund Landfill Aftercare	(0.75)	(0.75)	(0.74)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Repayment/Sale of Assets in Total	(47.00)	(1.50)	(1.50)	(1.50)	(1.50)	(1.50)	(7.00)	(7.00)	(7.00)	(8.00)
Surplus Capital to Reserve for Investment	43.71	(44.50)	(22.79)	(6.51)	0.00	0.00	0.00	0.00	0.00	0.00
Reserves	68.77	(4.95)	(3.76)	(3.76)	(3.29)	(3.37)	(3.33)	(3.30)	(3.26)	(3.23)
External Funding for Capital Projects	(1.99)	(0.49)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	0.00	0.00	0.00
<b>Borrowing Required for the Annual Programme</b>	<b>23.88</b>	<b>1.41</b>	<b>1.22</b>	<b>24.97</b>	<b>21.82</b>	<b>23.98</b>	<b>10.80</b>	<b>7.88</b>	<b>10.85</b>	<b>15.85</b>
<b>KEY ASSETS/LIABILITIES OF CCC</b>										
Gross Debt	101.54	94.61	93.30	117.97	139.68	163.57	174.31	182.15	192.94	208.73
Less Sinking Funds and Debt Repayment Reserves	(93.37)	(43.09)	(19.92)	(16.22)	(19.63)	(23.92)	(29.19)	(35.09)	(41.59)	(48.67)
Term Debt	8.16	51.52	73.38	101.75	120.05	139.65	145.12	147.05	151.35	160.06
Less Reserve Funds	(101.10)	(101.97)	(103.86)	(106.94)	(110.38)	(113.04)	(115.80)	(117.51)	(119.25)	(121.02)
<b>Net Debt</b>	<b>(92.94)</b>	<b>(50.45)</b>	<b>(30.48)</b>	<b>(5.19)</b>	<b>9.67</b>	<b>26.61</b>	<b>29.32</b>	<b>29.55</b>	<b>32.10</b>	<b>39.03</b>
Net Debt (CCC and CCHL)	16.21	57.92	77.63	103.35	118.34	130.43	133.25	133.60	136.27	143.21
Total Assets	3,827	3,882	3,919	3,955	3,983	4,014	4,034	4,052	4,074	4,103
Realisable Assets	1,992	2,057	2,110	2,162	2,212	2,263	2,307	2,351	2,394	2,436
<b>FINANCIAL RATIOS</b>										
Term Debt/Total Assets	3.03%	4.08%	4.60%	5.27%	5.70%	6.02%	6.13%	6.15%	6.22%	6.39%
Term Debt/Realisable Assets	5.82%	7.70%	8.54%	9.65%	10.26%	10.68%	10.71%	10.60%	10.58%	10.76%
Net Interest Paid/Operating Revenue	(1.36%)	(0.68%)	(0.02%)	0.47%	0.84%	1.08%	1.18%	1.18%	1.18%	1.22%
Net Debt/Funds Flow from Operations	0.07	0.84	1.05	1.48	1.63	1.70	1.67	1.62	1.60	1.62

\* Gross and Net Debt has increased by \$41m reflecting Council borrowing to on lend to Jade Stadium Ltd (JSL). Repayments from JSL have been factored in from 2001/02. The interest costs on the borrowings are fully serviced by JSL.

# overview

- The Council maintains a 20 year financial model which takes account of all plans and financial arrangements. The Model enables the impact of projects and borrowing to be evaluated and monitored to ensure these are sustainable in the long term.
- The Financial Summary tracks revenues and expenditures, borrowings and debt levels up to the year 2010/11.
- At the heart of the Long Term Financial Strategy (LTFS) are four ratios. These ratios provide financial limits which the Council is committed to operating within over a 20 year time frame.
- The four key ratios and the maximum limits are:

Term Debt as a percentage of			
Total Assets	- Maximum	12%	
Term Debt as a percentage of			
Realisable Assets	- Maximum	33%	

Net Interest as a percentage of			
Operating Revenue	- Maximum	8%	
Net Debt in relation to			
funds flow	- Maximum	5 times	

- The graphs on page 27 clearly illustrate that the projected ratios are within the maximum levels.
- A fundamental principle of the LTFS is to reduce the degree of dependence on borrowing.
- The LTFS has built into it provision for inflation at the rate of 2% per annum.
- The LTFS includes a project contingency in year 2 of \$2m and \$4m thereafter.
- Confirming the strength of the Council's overall financial position is the current AA international credit rating. This was first given by Standard and Poor's in 1993 and reconfirmed in 2000.



## introduction

The Local Government Act requires Councils to prepare at three yearly intervals a Long Term Financial Strategy disclosing the intentions over the next 10 years. It is required to address:

- the estimated expenses, cashflows, asset creation funding and borrowings
- the reasons why the Council engages in each activity
- the forecasting assumptions and potential effects

The purpose of the Act is to promote prudent, effective and efficient financial management by local authorities. In essence, its provisions require the Council's decisions on financial matters to take account of some basic principles which include:

- prudent management

- sustainability
- other options
- funding
- maintenance of debt at prudent levels in accordance with policy
- balancing of the books

There is a clear intention under the Act that the Long Term Financial Strategy (LTFS) will reflect the assumptions, objectives and anticipated outcomes set down in the Investment Management Policy, the Borrowing Management Policy, and the Funding Policy. These policies are also included in this Strategic Statement booklet.

# factors considered when preparing the Long Term Financial Strategy (LTFS)

Whereas the Financial Plan tends to focus on specific projects or programmes, the LTFS reflects the Council’s vision for the future. It reflects the Council’s judgement as to the way in which the changing needs and demands of the community should be accommodated. The factors which were considered when preparing this LTFS are outlined under the headings:

- Population Growth
- Urban Growth
- Economic Factors

## Population Growth

The pattern of demographic change can be expected to have a substantial influence on the demand for the Council’s services over the next two decades. These changes will include significant increases in the overall population base of the City, a gradual decline in the population aged under 15 years and a progressive ageing of the population.

The current population of the city is estimated to be in excess of 324,900 (June 2000). The next census will occur this year, with the results later in 2001.

Latest population estimates show that while the number of people living in the City is still growing, the rate of growth has slowed markedly in recent years. The estimated rate of current growth is 0.8% with an estimate of growth ranging down to 0.3% per annum over the next 10 years. The total population in 2011 is estimated to be 346,500.

For further details on the factors contributing to the population changes, see Appendix 1.

## Urban Growth

The distribution of urban growth and development over the next 10 years will have significant implications for managing natural and physical resources as well as affecting the demand for Council services. Considerable work has been done to develop an urban growth strategy, incorporated in the City Plan, which minimises adverse effects on the environment while enabling the people and communities of Christchurch to pursue their social and economic objectives.

The main points of the strategy are:

- An emphasis on urban consolidation through developing vacant land in the existing built up area and redeveloping some suburbs at higher densities.
- Selected areas of fringe development for urban purposes where adverse effects are minimal. Originally it was intended that, in addition to numerous relatively small areas of fringe development, only one major new expansion area would be included in the City Plan – at Halswell.

However, following the hearing of submissions the Council has added two others – at Yaldhurst and Belfast, although the former is subject to appeal.

- Retention of the focus of commercial development on the Central City and suburban focal points.

The existing urban growth strategy has taken into account rates of expansion above those considered to be most likely at the time of formulation (ie 1996 medium projections). However, if population growth significantly exceeds this, consideration will need to be given to identifying additional land for residential and possibly industrial and commercial use.

The Policy Directorate will continue to closely monitor trends in City growth.

## Economic Factors and Assumptions

### Real GDP

Nationally the economy is expected to grow by 2.5% in 2001, peaking at 3.4% in 2002 and declining to 2.7% in 2004. This growth is driven by higher export returns flowing through to the domestic sector reflected in higher wages and higher employment. The New Zealand Institute of Economic Research (NZIER) has forecast growth of:

	2001	2002	2003	2004	2005
Annual % GDP growth	2.5	3.4	3.1	2.7	2.9

### Government

The Government’s operating surplus is projected to increase gradually from \$720 million in fiscal year 2001 to \$3.2 billion in fiscal year 2005. This may encourage increased social spending.

### Inflation

Consumer price inflation is estimated to peak at 4.3% in June 2001, before declining to the middle of the Reserve Bank’s inflation target band by mid-2003. Oil prices will remain an issue in the medium term.

The NZIER forecasts inflation to be (this is the same as the Reserve Bank Target):

### Prices

(Annual % change)	2001	2002	2003	2004	2005
CPI (As at December 2000)	4.2	2.7	1.8	1.3	1.6

### Interest Rates

Interest rates are expected to be stable at around 7% with a

modest fall over time. Current NZIER forecasts for key interest rates are:

**Interest Rates**

(for year ending March)	2001	2002	2003	2004	2005
90 day bills	7.0	7.0	6.4	6.3	6.0
Current Rates (Feb 2001)	6.5				

**Business**

Demand for business products and services will vary significantly across sectors over the next year. Export demand is robust and export returns are being boosted by the low NZ dollar. But domestic demand is weak and will be slow to pick up owing to weakness in the household sector.

**Households**

Private consumption growth will be constrained in the short term, slowing to 1.4% in the year to March 2001. Consumption growth will improve to 2.5% in the following year as employment and wage growth lift and higher export earnings find their way into consumers' pockets.

**Labour Market**

Employment growth is predicted to peak at 2.1% in 2002. The unemployment rate will dip to a seasonally adjusted 5.7% during 2002, then increase, reaching 6.1% by 2005.

- Inflation of 2% on both operating projections and capital projections.
- An annual increase in the rating base of \$2m for ordinary rate income growth net of GST.
- An increase in the rating base of \$3.78m (net GST) in 2001/02 as a result of infrastructural utilities such as sewage, water, telecom and power networks.
- Costings for 2001/02 capital projects based on developed plans.
- Costings for capital projects in subsequent years based on estimates which will be revised as more detailed planning work is undertaken.
- The impacts of asset management plans are reflected in asset maintenance, replacement and creation programmes for all major infrastructural assets.
- The capital programme for the next year is regarded as committed, with subsequent years supported by the Council but should not be regarded as committed.
- Provision is made for capital expenditures contingencies. This provision has been made to provide for some flexibility in costs as plans are fully developed. The capital contingency provision is between \$2m and \$4m per annum.



**Significant Assumptions and Provisions**

In establishing the financial forecasts and projections, a number of provisions and assumptions have been made. The main ones are:

- Interest rates for borrowing of 7% and 6% for earnings.
- Debt is to be repaid on a rolling basis within 20 years.
- Full depreciation is charged on all operating and infrastructural assets.

**Key Issues**

The key issues addressed by the LTFS are described below:

**Land for Urban Development**

Private households in the city are forecast to increase from 117,800 in 1996 (adjusted 1996 figure) to 146,800 by 2021. During the next two decades household growth will become progressively slower. Between 2001 and 2006 household numbers will grow on average by 1.3% each year, falling to 0.7% annually between 2016 and 2021.



As a result of the proposed City Plan, the availability of land for urban development is adequate to meet the needs of the city in the immediate future but extra costs on the Council to service these properties will arise.

### Social Initiatives

The role of the Council in facilitating community involvement is expected to change with the passing of the proposed Local Government legislation. The Council expects it will emphasise the rights of and opportunities for, community participation and consultation on accountability and governance, both of service delivery and community change.

The City Council does not accept that it has sole responsibility for addressing issues of community stress. It is vital that Central Government exercises leadership and also that the community at large, including a very wide range of voluntary groups and the commercial sector, recognise that they have a role to play. The Council's primary role will be that of a catalyst and facilitator, although at the margin the Council sees its role as making targeted interventions especially to support initiatives developed within the voluntary sector of the community.

This issue will continue to be a priority for the Council. Examples of the social programmes included in the LTFS include:

- Joint programmes with Central Government to provide supervised work placement for 'high risk' young people.
- Provision of support funding for community development facilitators to strengthen community ties and support community activities.
- Funding of a Youth Advocate and anti graffiti programmes.
- Developing the Housing stock for targeted sectors of the community.

### Improving the City Basic Infrastructure

During the next 10 years the Council will be improving the assets capability to meet the needs of the city. Asset management planning addressing the Council's Water and Wastewater networks, Waterways, Roading, Parks, Buildings and Sports Facilities will be benchmarked against best New Zealand practice and upgraded where shortcomings are identified. Improvements are expected in the quality and completeness of our asset registers, in the community consultation process that sets levels of service and in the accuracy of asset valuation, expected asset life and depreciation calculations. The Council also anticipates a better linkage and matching of the asset management plans to its long term financial projections and an outcome of improved decision making and community satisfaction. The expansion of the services through growth demands will be monitored and met.

Significant projects are:

- A major programme of land purchase and protecting, stabilising, improving and revegetating Christchurch's waterways and wetlands to provide an environmentally sustainable asset condition.
- Increasing the rate of land purchase for new sports grounds, new cemeteries, neighbourhood parks and natural areas such as the Port Hills.



- A major upgrade of the capacity, discharge quality and odour control of the Bromley Treatment Plant. The Plant receives the majority of the liquid waste from residences and businesses around Christchurch.
- City Streets developments of, for example, Fendalton Road, Blenheim Road, Woolston Burwood Expressway, Pages and Ferrymead Bridges, and associated work with the southern motorway.

There will be continuing need to expand and maintain the city's networks to meet user demands and increased standards. The Regional Land Transport Strategy will soon be released. This may result in a change in the priorities of projects.

The Council remains concerned about the adequacy of funding for roads and has programmed expenditure on city streets totalling \$27m over nine years provided the Government increases its contribution to Roothing to finance these works.

### An Environmentally Sustainable City

The Council is committed to improving the contribution to sustainability of Christchurch. It has already done many things but there are many other opportunities to improve the way the Council does things. There is a need to think differently about the way we operate so that we can make the City better for people, the environment and reduce costs by considering these three aims together.

A good example, which the Council has started to apply, is the different way that waterways and

wetlands can be developed using natural beautification of drainage areas instead of laying concrete pipes. Not only is this more attractive but it has the potential to save money and provide more community involvement and use all in one project. Doing more projects like this will help make Christchurch a more sustainable environment as well as making it a better place to live and do business.

The community is continuing to want services and facilities to reduce the quantity and type of rubbish collected and disposed of. The Council is intending to continue to facilitate this with kerbside recycling and in partnership with the private sector and the Recovered Materials Foundation intends to focus on the most effective way of reusing and recycling materials. The Council will also develop an undercover composting plant to improve the processing and quality of compost production from its greenwaste collection.



### A New Landfill

The existing landfill at Burwood has a limited life and planning over the last few years has resulted in the formation of Transwaste Canterbury Ltd., a company jointly owned by Canterbury local authorities and two private sector waste contractors. A site for waste disposal at Kate Valley, North Canterbury has been acquired, and, following resource consents, plans to develop a new landfill there for operation in 2004/05 to the highest environmental standards. This will significantly impact the rates with effect from that year as the increased cost of the landfill and transport to it first come to charge.

### A Vibrant City Centre

This continues to be a principal objective of the Council and the LTFS provides for a continuation of environmental improvements, including the completion of refurbishment of Cathedral Square. The Mayoral Forum is taking initiatives to promote progress which revitalises the central city and make it attractive for inner city living, for business and for visitors. A vibrant city centre is seen as essential for the growth and wellbeing of Christchurch as a whole. Central city marketing and other similar initiatives are designed to encourage Christchurch people to continue to see the city centre as the heart of the community.

### Community Facilities

The Council will continue with the library network development by the construction of a new library and service centre at Beckenham together with a learning centre (in partnership with the Government). Other suburban libraries are programmed, for Avonhead and Parklands.

The Council is completing a major rebuild of QEII Pool and plans to continue with the swimming pool development programme by a further development in the west of the city towards the end of the decade. The site is yet to be determined.



Jade Stadium Ltd will continue the redevelopment of the former Lancaster Park with assistance from Council loans fully serviced by the company.

The new Art Gallery is under construction to be commissioned in March 2003 with a capital cost of \$39.8m. This will significantly expand the presentation of the visual arts in Christchurch. There will be an increase in the operating expenditure for the Art Gallery over the current budget.



## Water Supply

The city has an artesian water supply of extraordinary purity. Conservation measures have stabilised total consumption over the past decade but a succession of dry years could put the supply aquifers under pressure. Long-term planning has been commenced for supply from artesian wells outside the city area, if necessary, to meet growth needs.

## Housing

The city has a stock of about 2,500 of public rental and elderly persons housing units. The housing is financed entirely from rents, which are set at 60-85% of the market level. In the past annual surpluses of about \$2m have been used to renovate and upgrade older stock and to build or purchase new units. It is planned, towards the end of the decade, to direct expenditure to the replacement of pre-1950s stock. In recent years an increasing number of people with special needs have been accommodated in Council housing. Partnerships have been formed with other organisations to provide care and supervision, a practice which is likely to be extended in response to changing social needs.

## Economic Development and Employment

For more than a decade the Council has directed resources into tourist promotion, skills training, job schemes and economic development. The persistence of unemployment has led the Council to establish an economic development fund. It is the intention of the Council, in committing additional resources, to require more direct outcomes in terms of additional production and additional jobs. Investment is expected to be made in the context of the Canterbury Economic Development Strategy, which has been the fruit of co-operation amongst local authorities.

## Relationships with Other Local Authorities

Recent co-operative ventures between and among Canterbury local authorities are expected to continue and to develop. In addition to co-operation in waste minimisation, waste disposal, and economic development, as described elsewhere in this statement, councils are working together on civil defence, emergency management, and road reform, and, in some cases, providing services such as dog control under contract. In particular, co-operation in the management of roads has the potential to allow for sharing of professional resources, better allocation of funds and better achievement of regional priorities.

## Trading Company Ownership

The Council owns several companies which produce substantial dividend income for the City. The ownership of the companies has a two-fold purpose - a retention in local public ownership of significant infrastructure assets; and the provision of ongoing and significant income stream to reduce the level of rating.

The Council holds its interest in Orion Group, Christchurch International Airport, Lyttelton Port Company and Redbus through its wholly owned subsidiary Christchurch City

Holdings Limited. The trading companies operate on a commercial basis, at arms length from the Council, subject to regular monitoring and reporting. The income stream from these companies is significant and is approximately 22% of rates income over the next three years.

## Council Activities

The Act requires each local authority to justify why it is undertaking its range of activities.

The *detailed* reasons why the Council operates each activity are set out in Appendix 2. At a more general level the rationale proceeds from the basic purpose for which local government exists, namely to enable people to do collectively those things which it is more difficult, more expensive or perhaps impossible for them to achieve as individuals. The reasons are put in context by the vision for the future (in general terms), the mission statement (which stresses the responsiveness to local needs), and the strategic goals (which are more specific). In reality, however, most Council activities are related to the wide range of services, facilities and functions, including regulatory functions, which the Council is specifically required or empowered by law to provide.

## Financial Analysis

The LTFS is a planning document. There are, however, detailed budgets for the first year sitting behind the long term financial projections. All the financial data including a detailed capital works programme has been built into a financial planning model which produces projected balance sheets, cashflows, debt levels, investments and rate requirements. Many scenarios have been modelled and the Council's preferred options relating to each activity are reflected in the Strategy. There is an underlying assumption of continuing business.

The overall objective of the financial analysis is to portray the impact of a complex range of decisions in a way that is financially achievable and economically affordable for the city's ratepayers.

The financial model is updated every year in conjunction with the preparation of the Financial Plan, a summary of the updated model and formal projections is published with the Financial Plan each year.

The paragraphs which follow explain in detail the financial summary which is included in the introductory section of the Strategy.

### Operational Expenditure

Operational expenditure includes all the day-to-day costs necessary to run a large multi-function organisation.

Operational expenditure is made up of:

- Direct Operating Costs. These costs include staff costs, insurance, energy, computing and maintenance work on the city's infrastructural assets.
- Debt Servicing Costs. These costs are the interest costs



incurred as a result of the Council's borrowing programme. They are projected to decline (when netted against retained earnings) in years 1, 2, 3 and to increase in subsequent years once the Council recommences borrowing for capital expenditure in 2004/05.

- An inflation provision. A 2% provision per annum has been incorporated within the Model to ensure that the projections are realistic.
- Depreciation. This has also been included within the operating costs and is explained in more detail in the next section.

### Depreciation

This is charged on both operational and infrastructural assets. The depreciation on operational assets is based on straight line and of infrastructural assets on long run average renewals (LRARA). Accounting standards have been issued for the latter, which now requires straight line depreciation. Up to 2003/04 LRARA will be used, with straight line being applied thereafter. The impact is estimated to be an increase of \$3.7m per annum.

The total for all depreciation for 2001/02 is \$52.15m and will grow to \$65.11m by 2010/11.

Revenue raised to fund depreciation is used to fund the renewal of assets (less funds appropriated to reserves and separate accounts).

### Operational Revenue

The primary operating revenue is and will be property based rates. Other operating revenues include user charge revenues, Transfund subsidies and dividends from Christchurch City Holdings Limited (CCHL).

There is only modest change in total ordinary revenues proposed over the next 10 years although there will be changes in the individual items.

In 2001/02 a one off special dividend revenue of \$128m is proposed as the draw down of capital funds from CCHL. This is in addition to the ordinary dividends of \$30.6m. This is referred to under the heading of Capital restructuring below.

### Surpluses

The LTFS forecasts (ordinary) operating surpluses in each year over the next 10, rising from \$8.16m to \$22.42m. In the current year the special dividend of \$128m is included in the surplus in addition to the ordinary operating surplus.

Surpluses will help to progressively reduce the need to borrow for capital works. They will also provide a significant contribution to the annual repayment of debt.

A formula has been established which ensures that the funds generated from a combination of depreciation (less funds appropriated back to reserves and separate accounts) plus the balance of the operating surplus in excess of debt repayment provision) is sufficient to fund 55% to 66% of the average annual forecast capital expenditure over the next 20 year period.

### Capital Expenditure

The capital expenditure programme includes a number of large projects. These include the Bromley Sewage Treatment Plant expansion, the new landfill, upgrading roads and parks, the Art Gallery, and the Beckenham Library.

Like the operating budgets, the capital projects also include a 2% inflation provision and capital contingency from year 2 onwards. The capital contingency of \$2m in year 2 and \$4m per annum thereafter enable the Council to meet unforeseen issues and cost increases.

Details of the first five years of the capital expenditure programme are to be found in the capital budget of the Financial Plan.

### Borrowing and Consolidated Debt

Provision for the repayment of Council debt is made by annual contributions to sinking fund and loan repayment reserves. These contributions are calculated to ensure tranches of debt are repaid no later than 20 years after they are initially borrowed. The financial model assumes sinking funds are accumulated in perpetuity whereas in practice opportunity will be taken to repay portions of the debt from accumulated sinking funds as shorter term maturities are refinanced, typically each 3 - 5 years.

For the purpose of presentation it is essential to recognise debt repayment reserves and sinking funds as an offset against gross debt. The net result, called 'Term Debt', reflects the actual projected indebtedness each year.

The Council also has reserve funds set aside for future projects and consistent with normal commercial practice this is offset to determine the 'Net Debt' of the Council.

### Intergenerational Equity

The principle of intergenerational equity requires today's users to meet the true costs of utilising Council assets but does not expect them to meet the full cost of long term assets that will benefit future generations.

The Council has put in place the following mechanisms to ensure intergenerational equity:

- All assets are depreciated at a rate assessed to reflect the life of particular assets.
- Between 34 and 45% of capital works are funded by loans serviced (or debt repayment reserve funds) and repaid over a 20 year period from surpluses and depreciation generated in the operating account.
- Revenue of the Council is required to be sufficient to meet the operational expenses in each year including
  - depreciation on capital assets employed
  - interest on outstanding debt
  - surpluses sufficient to fund the repayment of outstanding debt over a 20 year cycle.

- Asset Management Plans have been developed for all major assets types to ensure that an appropriate rate of renewal of existing assets is planned for and carried out. This renewal work is generally funded by a first call on depreciation funds generated by revenue.

### Capital Restructuring

During 2001/02 Christchurch City Holdings Ltd, a 100% Council owned holding company, will receive from Orion Group Ltd, \$175m being (essentially) its share of the surplus from the sale of Enerco Gas Networks. This has been reported extensively in the Statement of Corporate Intent between CCHL and Orion, the February 2001 Council Meeting Agenda and commented on in the media.

The Council has considered how best to return this to the City and has proposed to have CCHL declare a special dividend of \$128m in 2001/02, in addition to the ordinary dividends and also to have CCHL purchase the Council's shareholding in Selwyn Plantation Board and if necessary, City Care Limited, at valuation which is currently assumed to be \$47m for the two enterprises. In this way the total \$175m will be transferred to the Council.

Council have concluded that the proceeds are applied:

- \$100m to the Debt Repayment Reserve to repay debt or to avoid debt as a result of capital expenditure, and
- \$75m to be invested in a Capital Endowment Fund managed to ensure income is available after the provision for inflation, to provide for economic development and civic and community projects that will enhance the city or region as identified by the Council in the future.

An objective of the Capital Endowment Fund is to ensure the capital remains intact for future generations to enjoy.

- That the income from the Capital Endowment Fund be applied to:
  - (i) maintaining the value of the fund after inflation; and
  - (ii) providing for:
    - economic development projects - 70%
    - civic and community projects - 30%
- That the Capital Endowment Fund requires an 80% voting majority of the Council before the capital can be used.
- That to maintain accountability for the protection of the capital and use of the proceeds of the Capital Endowment Fund, the structure of the Fund be outlined in the Council's Funding Policy and reported on separately in the Financial Plan and Annual Report of the Council.

At this stage there are no further specific capital restructuring proposals with CCHL or the subsidiaries. However, the Council believes that it is reasonable to expect modest special dividends from its trading enterprises on a seven year cycle and has provided for \$20m to be recovered spread over years

7 to 10 of the plan.

The Council is considering the best method of financing Jade Stadium Ltd (JSL) with \$41m loan funds, either by loans financed externally or via CCHL debt funds. The net effect on the Council is the same; it will be fully serviced by JSL. This will be the largest Council loan investment financed fully by debt. As security, the Council owns all of the equity of JSL and holds a debenture over its assets. The title to the underlying land is due to be vested in the Council as a Reserve following the enactment of a local Bill of Parliament. JSL has an operating plan to service the Council loans fully from revenues.

### Financial Statement Projections

The detailed long term projections are to be found in Appendix 4. They should be read in conjunction with the Statement of Accounting Policies. The Statement of Accounting Policies is published in Financial Plan.

The financial projections have been prepared in accordance with the Institute of Chartered Accountants of New Zealand Reporting Standard 29 (FRS 29). Disclosures relating to FRS 29 are detailed in Appendix 3 (Page 37).

### Credit Rating

In 1993 the Council received an AA international credit rating from Standard and Poor's. This rating was last reviewed and confirmed by Standard and Poor's in 2000.

This high rating reflects the strong overall financial position of the Council and the commitment to achieve an annual operating surplus and control the level of debt through a clearly defined debt management policy.

### Financial Ratios

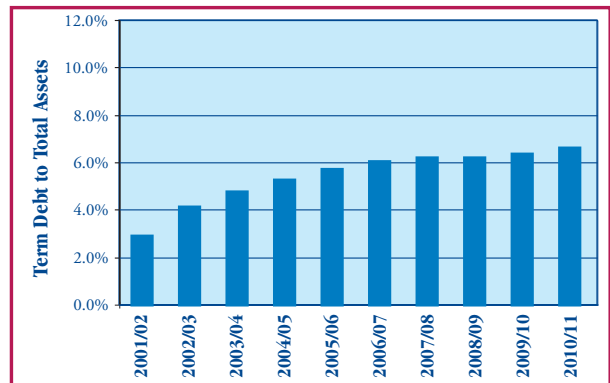
The impact which the Council's LTFS has on the four key financial ratios are graphed at the right. These ratios relate to the Christchurch City Council and CCHL combined. The policy limits are defined in the statement alongside each graph. These limits represent the outer bench marks for the Council to live within over the long term.

The ratio limits are highlighted by the top line on each graph.

## Term Debt to Total Assets Ratio Policy Limit 12%

This graph compares the term debt (ie gross debt, less the dedicated debt repayment reserves) with the total assets of the Council and sets a maximum of 12 per cent.

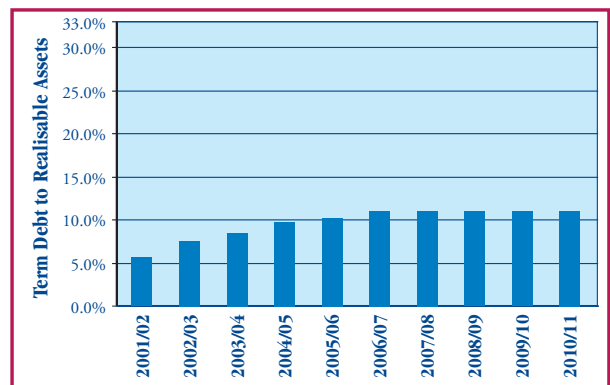
This is like saying how large your mortgage is compared to the value of all your assets. The ratio is currently 3.03 per cent and reaches a peak of 6.39 per cent in 2010/11. Over a 20 year period it reaches a peak of 8.0 per cent in 2020/21.



## Term Debt to Realisable Assets Ratio Policy Limit 33%

This graph compares total debt with a significantly reduced category of assets which are more normal business type assets.

The assets used as the measurement base exclude those which are basic to the needs of the city, such as roads, sewers, parks and water supply but includes property, vehicles and trading investments. The ratio has a maximum of 33 per cent. It is currently 5.82 per cent and reaches a peak of 10.76 per cent in 2010/11. Over a 20 year period it reaches a peak of 12.51 per cent in 2020/21 and declines thereafter.

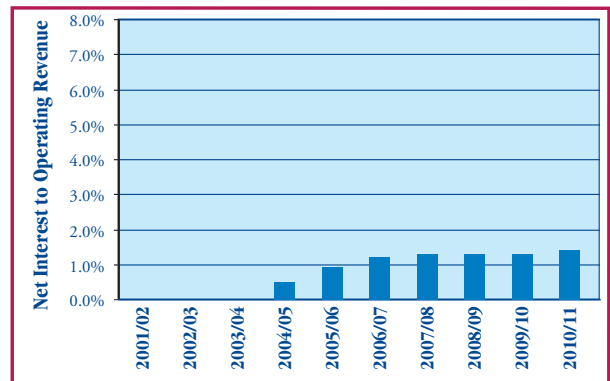


## Net Interest to Operating Revenue Ratio Policy Limit 8%

This graph measures how much of the Council’s income is spent on interest.

It is like comparing how much of your income goes towards servicing your mortgage.

The ratio maximum is 8 per cent. The ratio is currently -1.36 per cent and reaches a peak of 1.22 per cent in 2010/11. Over a 20 year period it reaches a peak of 2.13 per cent in 2020/21.

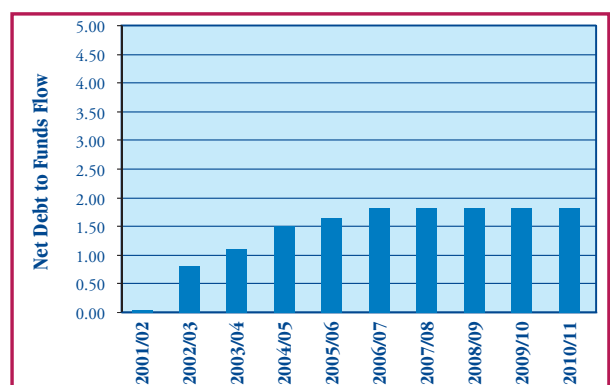


## Net Debt to Funds Flow Ratio Policy Limit 5 times

Net debt is total debt less all other cash reserve funds which the Council holds. The ratio compares this with the annual cash flow of the Council.

It is like checking how many years’ cashflow would be necessary to repay net debt or comparing how many years’ total income it would take to repay your mortgage.

The maximum of 5 indicates that net debt could be repaid with five times the annual cashflow. Currently the ratio is 0.07 times and reaches a peak at 1.70 times in 2006/07. Over a 20 year period it reaches a peak of 1.89 times in 2019/20 and declines thereafter.



# appendix I

## Population Growth

The pattern of demographic change can be expected to have a substantial influence on demand for the Council’s services in the next two decades. These changes will include an increase in the overall population base of the City, but a relatively slow rate of population growth, a gradual decline in the population aged under 15 years and progressive ageing of the population.

### Future Population Growth

Population projections (prepared using the adjusted 1996 base) suggest that Christchurch’s population will continue to grow over the next century, reaching 358,000 people by 2021. (Tables 1 and 2).

Although the City’s population is expected to grow, the rate at which growth occurs will continue to decline from an annual average rate of 0.8 percent in 1996-2001 to 0.3 per cent in 2016-2021. Slower growth will result from a gradual reduction in natural increase and also relatively low migration from other parts of the country and from overseas.

### Projected Net Migration (Internal and External)

While migration is the largest component of projected population growth, historically it is also the most volatile. The net gain from people moving to the City is expected to be around 4,000 people per five year period from 2001 to

2021 (Table 2). However, it is important to note that predicting long term net migration gains is particularly difficult. Any changes to immigration policy by Central Government or changes in social, political and economic conditions both nationally and internationally could significantly impact on future migration flows.

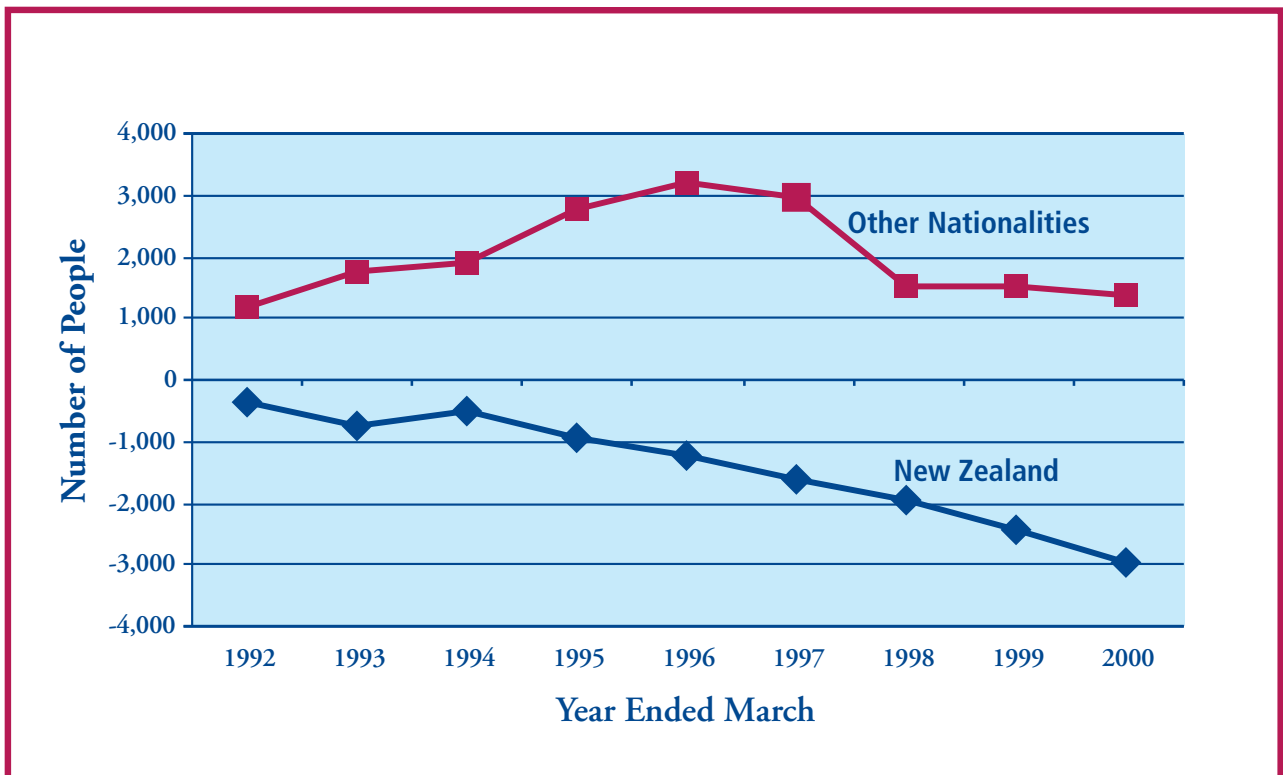
### Projected Natural Increase

The net population gain from natural increase is projected to shrink from 6,390 for the period 1996-2001 to 1,290 people between 2016 and 2021. This will result from fewer births during this period and more deaths (Table 2).

The projected decline in births reflects a range of current demographic, social and economic trends such as the shift to different family formation patterns, later marriage, delayed childbearing and the increasing participation of women in the labour force. An increase in the number of deaths is attributable to the larger overall size of the population, particularly the higher number of elderly as the population ages.

The downward trend in natural increase highlights the importance of migration for Christchurch if the City is to continue to grow.

**Table 1. Historical and Projected Population (Medium)**



Source: Statistics New Zealand, Census of Population and Dwellings 1981-96 and Population Projections (Adjusted 1996 Base)

**Table 2. Population Projection Summary for Christchurch City**

Year	Usually Resident Population	Population Change	Population Change Average Annual Change	Births	Births (Annual Rate)	Deaths	Deaths (Annual Rate)	Natural Increase	Total Fertility Rate	Net Migration
<b>Historical</b>										
1986	282,216	6243	0.4	18,272	13.1	12,721	9.1	5551	1.6	710
1991	289,077	6861	0.5	20,638	14.5	13,359	9.4	7279	1.76	-400
1996	309,030	19,953	1.3	20,766	13.9	13,405	9	7361	1.69	12,590
	(Unadjusted)									
1996	316,500									
	(Adjusted March 1996)									
<b>Medium Projection</b>										
2001	330,000	13,500	0.8	20,075	12.4	13,685	8.5	6,390	1.54	7,000
2006	339,000	9,000	0.5	19,140	11.4	14,120	8.4	5,020	1.50	4,000
2011	346,500	7,500	0.4	17,955	10.5	14,600	8.5	3,355	1.48	4,000
2016	352,500	6,000	0.3	17,170	9.8	15,170	8.7	2,000	1.47	4,000
2021	358,000	5,500	0.3	17,065	9.6	15,775	8.9	1,290	1.47	4,000

Usually resident population figures have been rounded. Source: Statistics New Zealand, Population Projections (Adjusted 1996 Base)

### Age Composition

The age structure of Christchurch’s population has undergone major changes in recent decades. In line with national trends the City’s population is progressively ageing. Table 3 provides a series of indices which demonstrate this phenomenon. The median age, or the point at which half the population is older, is a particularly useful summary of change. Table 3 shows that the City’s median age has increased substantially from 27.9 years in 1976 to nearly 34 years in 1996. Over the next few decades the median age is expected to increase further to 42.1 years.

Table 3 highlights a general reduction in the proportion of people aged 0-14 years (children)<sup>2</sup> and an increase in the population aged 65 years and over. The changing balance of

young and old is also reflected in the drop in the children / elderly ratio from two children for every person aged over 65 years in 1981 to 1.4 per elderly person in 1996. These trends are a result of lower fertility, the passage of the large baby boom generation up the age scale (those born between 1946 and 1965), and increases in life expectancy. Long term, both the number and proportion of children is expected to shrink while the City’s elderly population will continue to swell. The wide-ranging effects of Christchurch’s ageing population will become much more pronounced from 2011 when the baby boomers start to reach retirement age.

**Table 3. Historical and Projected Usually Resident Population**

Year	0-14 years	%	15-64 years	%	65+ years	%	Total	Median Age	Ratio Children per Elderly Person*
<b>Historical</b>									
1976								27.9	
1981	63,531	23.1	179,889	65.3	32,070	11.6	275,490	30.0	2.0:1
1986	58,020	20.6	187,950	66.8	35,313	12.6	281,283	31.7	1.6:1
1991	56,448	19.5	193,662	67.0	38,793	13.4	288,903	32.8	1.5:1
1996	59,997	19.4	207,129	67.0	41,904	13.6	309,030	33.7	1.4:1
							(Unadjusted)		
<b>Medium Projection</b>									
2001	63,000	19.1	223,450	67.7	43,650	13.2	330,100	35.2	1.4:1
2006	61,200	18.0	232,350	68.5	45,550	13.4	339,100	37.0	1.3:1
2011	58,600	16.9	238,900	68.9	49,000	14.1	346,500	38.9	1.2:1
2016	55,450	15.7	240,450	68.2	56,550	16.0	352,450	40.8	1.0:1
2021	53,400	14.9	239,850	67.0	64,600	18.1	357,850	42.1	0.8:1

\* Children = 0-14 yrs. Elderly = 65 years and over Source: Statistics New Zealand, Population Projections (Adjusted 1996 Base)

<sup>2</sup> The actual number of children grew during the early 1990s in response to a brief increase in births.

# appendix 2

## Rationale for Council Activities

Local government enables the community to do together what people are not able to do individually.

### 1. Art Gallery

This activity provides for the maintenance and development of some 5,200 items of artwork, mounting of regular exhibitions from the permanent collection and temporary touring exhibitions. It also involves the provision of information and advice on the visual arts.

There is no statutory requirement for the Council to be in the business of Art Galleries. However, certain legal

obligations have been imposed on the city in respect of bequests and trusts made to the city in the past. This means that the Council becomes responsible for the collection items and donations which have been gifted to the city.

The Robert McDougall Art Gallery aims to enhance the cultural well-being of the community through the cost effective provision and development of an art museum to maximise enjoyment of visual art exhibitions. This also involves promoting public appreciation of the Canterbury region's art heritage by collecting, conserving, studying and disseminating knowledge of works of art.



The Council has commenced the construction of a new Art Gallery for the city. Virtually all the existing activities of this function will be operated out of this new facility and these will be greatly enhanced by the increased size and facility of the new building.

## 2. Car Parking

This activity provides for the management and operation of off-street parking facilities (3,600 spaces) and on-street parking meters (2,350 spaces); the fair enforcement of traffic regulations and parking by-laws; policing stationary vehicles; administering the removal and disposal of abandoned vehicles; the control of revenue from these activities.

The statutory requirement to engage in these activities is delegated to local authorities by Central Government through the Transport Act 1962 and pursuant to the provisions of the Local Government Act (1974).

The aim of the car parking activity is to enhance the amenity and accessibility of commercial areas. It also aims to ensure an efficient safe operation of the city's roading system by managing public parking resources and fair enforcement of traffic regulations and parking by-laws.

In the future there will be consideration of Suburban Parking initiatives, Inner City Parking initiatives in conjunction with developing inner city development initiatives including the development of further parking buildings.

## 3. City Streets

This activity provides management and maintenance of the city's roading system, including road and footpath surfaces, kerbs and channels, traffic signals and street lighting; traffic safety education, planning of new roads, and provision of the tram tracks in the inner city which are used by a commercial operator to run trams.

Statutory requirements to engage in these activities are contained in the Transit New Zealand Act (1989), the Land Transport Act (1993), the Local Government Act (1974), the Transport Act (1962) and the Resource Management Act (1991).

The long term transport vision of the Council aims to provide a city which has a sustainable, safe, convenient and efficient system of roads, cycleways, footways and passenger transport services ... so that ...

- People are satisfied with the level of service for personal mobility, and they have freedom of choice of transport mode - by car, bus, cycle or on foot.
- Businesses (and therefore the economy) are supported by levels of service for goods movement which are consistent with efficient business operations.
- Christchurch is the safest city in New Zealand, as perceived by road users and as judged by crash data.
- Christchurch is the most cycle friendly city - anywhere.
- People use passenger transport much more than they do today - and it keeps growing as a proportion of all trips.
- Christchurch is the most pedestrian friendly city, anywhere - especially for children, the elderly and the disabled.
- Physical assets on streets meet agreed community expectations and they are managed in the most cost effective way.
- The City's natural and physical environment is protected and enhanced.

## 4. Community Services

The objective is to provide for Community interaction through facilitation and advocacy services within communities and the Council Business Units. This is provided by:

- Advocacy including liaison and facilitation in the areas of
  - Metropolitan Groups
  - Local Communities
  - Youth



- Children
- Maori

- Organising and managing community activities and facilities for defined communities.
- The provision of Early Childhood Education through three Council owned and operated facilities and financially supporting other community managed childcare facilities.
- Advice on applications for metropolitan and community funding in accordance with established policy and guidelines.

Service delivery is from the Civic Offices and six suburban service centres. Administrative support to the Community Boards that are based at the six locations. These arrangements maximise the opportunity for the community to participate in the Council process affecting their area.

The Council believes the service delivery network is a key element in providing accessible local government to its communities.

- Provision and dissemination of Christchurch City promotion and marketing material.
- Promotion and co-ordination of, including seeking additional opportunities, for a wide variety of variety of exchanges with Christchurch's sister cities.

## 5. Economic Development and Employment

The overall service objective in the economic development and employment area is to provide sustainable economic development and increased employment through ensuring the co-ordinated provision of information, advisory, support and marketing services which result in the level of investment and the number of jobs in the city being greater than would otherwise be the case.

The Council develops policies and funds the implementation of service delivery. In some cases the Council directly delivers services, in most cases the services are delivered by others under contract.

The Council funds the Canterbury Development Corporation Ltd, which facilitates the creation of employment opportunities for young people and adults, assists with employment creation and provides a range of services to enhance the sustainability of small businesses by focusing on improved management capability.

70% of the distributable income from the Capital Endowment Fund is to be applied to economic development projects.

The Council also contributes to the work of Christchurch and Canterbury Marketing Ltd which provides services to visitors to the city, including convention marketing, tourism marketing and visitor information services.

These activities are carried out pursuant to the Council's policies of 'Business Policy - Attracting New Business To Christchurch'; and 'Employment and Economic Development Strategies'.

This activity also includes the promotion and operation of the Town Hall, Convention Centre and the WestpacTrust Sport and Entertainment Centre which are managed for the Council through Christchurch City Facilities Ltd by NCC (New Zealand) Ltd. These multi-functional facilities are designed to attract major sporting and entertainment events and any other shows or exhibitions requiring extensive indoor space.

The Council has recently formed Jade Stadium Ltd to overview the redevelopment and management of the park to ensure major outdoor sporting events continue to come to Christchurch.

The aim of these facilities is to provide cultural, social and economic benefits to the Christchurch community by promoting the convention and entertainment facilities as pre-eminent venues for presenting the performing arts, conventions, trade exhibitions, sports and entertainment.

## 6. Environmental Policy and Services

The service objective of the Council for this activity is to manage and plan the use, development and protection of the natural and physical resources of the city in a sustainable way which:

- meets the reasonable foreseeable needs of future generations;
- provides effective opportunities for business and other economic activities;
- protects and enhances the significant natural environmental qualities of the city;
- provides for a diverse range of housing needs;
- maintains and enhances the amenity values of the city;
- enhances the landscape, visual and heritage qualities of the city;
- limits the adverse effects of activities on the environment;
- provides for a pattern of community, recreation and shopping facilities that effectively services the needs of the city;
- co-ordinates development with the provision of services;
- provides effectively for movement around the city;
- balances the right of landowners to develop activities and the rights of the community to have external effects minimised;
- applies the principles of environmental health in ways which promote the health, safety, comfort and well-being of the citizens of the city;

This activity undertakes to:

- prepare, review, monitor and administer the objectives, policies and rules of the City Plan prepared under the Resource Management Act 1991;
- process land use and subdivision consents;
- administer the Building Act and Code;





- administer environmental health and animal control statutes and bylaws;
- monitor the preparation and administration of policy statements and plans prepared by Environment Canterbury and adjacent local authorities;
- prepare concept plans for urban renewal and environmental improvements of the city, including the Central City;
- provide policy advice on planning and development, conservation, design and heritage, transportation and environmental health issues, that affect the city;
- develop projects and prepare feasibility studies for achieving the objectives and policies of the City Plan, other than by regulation;
- administer funds set aside for promoting heritage retention and the removal of non-conforming activities;
- provide information and advice on statutes and regulations;
- process applications for land information memoranda;
- monitor and control adverse environmental effects;
- promote an awareness of the environmental issues and values of the city.

This service arises from community desires to maintain and enhance the environment in which we all live, work and play.

Statutory requirements to engage in these activities are contained in the following: Resource Management Act (City Plan and planning administration); Building Act 1991; Dog Control Act 1996; Food Act 1981; Heath Act 1956; Sale of Liquor Act 1989; Dangerous Goods Act 1974; and the Hazardous Substances and New Organisms Act 1996.

The Council endeavours to manage the use, development and protection of the natural and physical resources of the city in a manner which enables the city, and its communities and people, to provide in a sustainable, healthy and safe way, for their social, economic and cultural needs. It also undertakes to ensure that the statutory purposes and principles of building control, health, dangerous goods and liquor licensing, and of animal control, are achieved with minimal compliance costs.

The functions listed above are linked to change and growth of the city, which requires continuous management. Over the next decade it is anticipated that the Proposed City Plan will become operative and changes to that document will be on-going.

## 7. Housing

The overall service objective of the Housing Activity is to provide safe, accessible and affordable housing to elderly persons, people with disabilities and people on low income thus ensuring their personal welfare and contribute to the community’s social well-being.

This activity provides for the management and enhancement of Council owned elderly persons housing stock, public rental housing and some general housing and administering of its tenancy.

The Christchurch City Council has chosen as a matter of policy to continue to be engaged in providing affordable quality housing for qualifying individuals and groups. All tenants are of limited means, and most are elderly. Rental levels are below “market”. However, they are such that this function is self-funding and is therefore not a charge on rates.

The Council is currently completing a Housing Asset Management Plan which will ensure the housing portfolio

remains sustainable in perpetuity. Surplus funds are held in the Housing Development Fund and will be utilised to ensure sufficient funds are available to meet the future needs of replacement of the ageing housing stock.

The significant trends in the Council provision of Housing include:

- The gradual integration of age groups
- A higher level of tenant support including organised activities
- Increasing financial support / partnership with community organisations who provide housing.

## 8. Library and Information Services

The Council operates a Central Library, 12 community libraries, one children's library and two mobile libraries which issue over five million items each year to 222,000 registered members. Services include lending a wide range of books, magazines, compact discs, videos and software; access to and assistance with information, both print and electronic; programmes and initiatives which support literacy, education, culture, arts and literature; and research and reference facilities for Canterbury and New Zealand material.

Statutory reference to libraries is made in the Local Government Act 1974, under S 601 (4), which provides for councils to run libraries. The Act allows for charges to be made for certain services, but states that membership shall be free to all residents.

The overall service objective for this activity is to develop the knowledge, literacy and information skills of the city's residents and to contribute to the city's cultural, economic and social well-being and cultural understanding by providing and promoting accessible, non-exclusive, high quality and cost effective library and information services. There is also an objective to continue to provide effective lending and information services to clients of the library system.

## 9. Public Accountability

The public accountability activity provides for the government of the city by the Mayor, Councillors and Community Board members. This function of the Council aims to achieve the purposes of local government, including recognising the identity, values and rights of the Christchurch community, providing for choice in the provision of public facilities and services, and encouraging effective public participation in the governance of the city. Public accountability also includes publishing the Annual Plan and Annual Report to enable the public to assess the effectiveness and performance of the Council. It also covers the monitoring of the Council's trading activities such as Orion, Christchurch International Airport, Red Bus, Lyttelton Port Company, Selwyn Plantation Board and City Care Limited. This monitoring is undertaken by Councils wholly owned subsidiary Christchurch City Holdings Ltd.

The Council has a statutory responsibility to engage in this activity under the Local Government Act 1974 and the Local Government Official Information and Meetings Act 1987.

The overall service objective for this activity is to achieve the purposes of local government, including recognising identity, values and rights of the Christchurch community, providing for choice in the provision of public facilities and services, and encouraging effective public participation in local government.

## 10. Sewerage

Specific activities relating to the provision of liquid waste services include sewage and other wastewater collection, reticulation, pumping, sewage treatment re-use and disposal. These activities have a significant impact on the maintenance of the health of the citizens of Christchurch and the quality of their environment. The network consists of:

- 80 sewer pumping stations;
- 1,562km of sewer mains in public roads;
- 1,180km of sewer laterals in public roads (117,036 connections);
- 22,105 manholes;
- 1,600 flush tanks;
- Three treatment works;
- Total replacement value is \$582M, current depreciated value \$291m as at June 2000;

Liquid waste services are provided by the Council under the requirements of the Health Act 1956, Local Government Act 1974, and Resource Management Act 1991.

In summary, the aim is the provision of liquid waste management services for the community in an efficient, safe, and environmentally responsible manner.

## 11. Solid and Hazardous Waste Minimisation and Disposal

Specific activities of the Council with regard to solid refuse are carried out under a Solid and Hazardous Waste Management Strategy. This includes operation of the following facilities:

- Three Refuse Stations
- Compost Manufacturing plant
- Three Recycling Centres and one retail outlet for recycled goods (Supershed)
- One Landfill

The size of the operation is indicated by the input of approximately 250,000 tonnes per year of refuse to the landfill.

Solid waste minimisation and disposal services are provided by the Council under the requirements of the Health Act 1956, Local Government Act 1974 and the Resource Management Act 1991. Part of this activity is to educate the public to be responsible in the recycling of materials.

In summary the aim is the provision of solid and hazardous waste management services for the community in an efficient, safe and environmentally responsible manner.

## 12. Water Supply

Specific assets operated by the Council in this area include:

- 1,300km of water mains;
- 2,000km of water sub-mains;
- 111,606 connections;
- 54 primary pumping stations (sites with wells that abstract water) plus 32 secondary pumping stations (many, but not all are located at reservoirs);
- 7 principal bulk storage reservoirs plus 24 secondary reservoirs;
- Instrumentation and Control system
- Total replacement value \$310M, current depreciated value \$165m as at June 2000

While there is no mandatory requirement that the Council provides these services, empowerment to undertake the activity is provided by the Local Government Act 1974. The ability to fund the services derives from the Rating Powers Act 1988.

The overall service objective for this activity is to provide a sufficient, reliable and cost effective supply of high quality potable water to the Christchurch business and residential communities.

## 13. Sport, Leisure, and Events

The service objectives of the Leisure function is to promote healthy and enjoyable lifestyles through the direct and indirect

provision of recreation, sport, arts and events in the city.

### (a) Sports, Recreation and Arts

This activity provides for the operation and maintenance of a variety of swimming pools, recreation facilities and sports stadia including the management of leased facilities such as camping grounds, stadia and golf courses and also includes the provision and facilitation of recreation, sports and arts activities in the community including Community Board funded programmes and activities focusing on meeting the needs of the local communities in their own locations.

This activity also includes the attraction of major sports events to the city and working with organisers to ensure they are a success.

These activities are significant ways in which the Council achieves the outcomes of the Recreation and Sports Policy, ie contributing to the quality of life of residents, particularly youth and children by supporting a broad range of recreation and sport services, facilities and programmes.

### (b) Festivals and Events

Festivals and Events activities include the direct provision of major events and festivals eg Summertimes, the administration of core funded festivals eg International Buskers Festival and the promotion of the Christchurch Events Calendar – ‘Be There’.

These activities contribute to the achievement of the Festivals and Events Policy outcomes, increasing the well-being of residents, attracting economic benefits through visitors and



promoting the development of the events industry.

## 14. Parks and Waterways

The purpose of this activity is to manage and plan the city's parks, waterways and greenspace assets and services in accordance with legislative requirements and Council Strategic Objectives and, in a manner that contributes to the sustainability of environmental, economic, recreational, cultural, amenity, social and community values.

This activity includes:

- Maintenance and development of the city's parks, reserves and greenspace areas.
- Preservation and development of the city's urban tree resource.
- Provision of facilities for informal recreation and organised sport.
- Maintenance and operation of cemeteries.
- Maintenance and development of the city's Botanic Gardens and the preservation of plant collections.
- Management and provision of an effective drainage network for the city.
- Protection and enhancement of waterways, wetlands, ecological sites and other natural features.
- Provision of opportunities for community education, participation and guardianship education.
- Management of rural fire fighting responsibilities.
- Delivery of related planning and regulatory functions.

Statutory requirements to engage in these activities are contained in the Reserves Act (1977), Local Government Act (1974), Resource Management Act (1991), Forest and Rural Fires Act (1977), Burial and Cremation Act (1964) and the Christchurch District Drainage Act.

Significant components of growth in this activity include:

- Provision of additional reserve areas to meet community requirements for recreational open space.
- Purchase and protection of significant ecological heritage sites to maintain and enhance the city's biodiversity.
- Purchase, protection and restoration of waterways and wetlands to enhance drainage, landscape, recreational, cultural, ecological and heritage values.
- Purchase and development of a new cemetery site to service the needs of the city's residents.
- Planning, provision and management of sustainable storm water solutions for new and existing residential subdivisions.
- Storm water pumping station stabilisation from earthquake induced liquefaction.



# appendix 3

## Financial Reporting Standard No. 29 (FRS 29) Disclosures

In accordance with the Institute of Chartered Accountants of New Zealand Financial Reporting Standard 29, the following information is provided in respect of the Long Term Financial Strategy:

### (a) Cautionary Note

The Long Term Financial Strategy and financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

### (b) Nature of Prospective Information

The financial information has been prepared on the basis of best estimate assumptions as to future events which the Council expects to take place.

The financial information presented consists of both forecasts and projections. The financials for 2001/02 and subsequent years are projections. They are based upon varying assumptions about the conditions that might exist and possible courses of action.

### (c) Assumptions

The principal assumptions underlying the forecasts and projections are noted on page 19. These assumptions were valid as at the date this Long Term Financial Strategy was adopted.

### (d) Extent to which Prospective Information Incorporates Actual Results

Although the period covered by the Long Term Financial Strategy contains no actual operating results, some financial information has however been extrapolated from the Council's audited Financial Statements as at 30 June 2000.

### (e) Purpose for which the Prospective Information is Prepared

The Long Term Financial Strategy has been prepared in accordance with the Local Government Act 1974. The purpose of this legislation is to promote prudent, effective, and efficient financial management by local authorities.



# appendix 4

## Long Term Financial Projections

Statement of Financial Performance	Page 38
Statement of Financial Position	Page 39
Statement of Movements in Equity	Page 39
Statement of Cash Flows	Page 40

## STATEMENT OF FINANCIAL PERFORMANCE

Christchurch City Council Forecast for:	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	
Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
<b>INCOME</b>											
Significant Activities	(1)	79.68	82.70	84.61	83.33	83.16	82.88	82.97	82.49	82.16	82.18
Rates		138.69	146.09	155.22	167.88	175.39	183.56	191.42	196.96	203.11	210.51
Other Income	(1)	179.67	54.13	51.88	49.58	50.12	50.44	51.74	53.10	54.43	55.44
<b>Total Operating Income</b>		<b>398.03</b>	<b>282.91</b>	<b>291.71</b>	<b>300.60</b>	<b>308.68</b>	<b>316.87</b>	<b>326.14</b>	<b>332.55</b>	<b>339.70</b>	<b>348.12</b>
<b>EXPENDITURE</b>											
Significant Activities	(2)	252.24	262.07	265.93	280.48	285.17	289.93	295.68	299.73	304.58	310.10
Other	(2)	9.44	8.92	8.55	9.41	10.73	12.19	13.36	13.89	14.44	15.12
<b>Total Operating Expenditure</b>		<b>261.67</b>	<b>270.98</b>	<b>274.48</b>	<b>289.89</b>	<b>295.90</b>	<b>302.12</b>	<b>309.05</b>	<b>313.62</b>	<b>319.02</b>	<b>325.23</b>
<b>Operating Surplus</b>		<b>136.36</b>	<b>11.92</b>	<b>17.23</b>	<b>10.70</b>	<b>12.78</b>	<b>14.75</b>	<b>17.10</b>	<b>18.93</b>	<b>20.68</b>	<b>22.90</b>
Vested Assets	(8)	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Grants/Contributions to Major Projects		1.99	0.49	0.02	0.02	0.02	0.02	0.02	0.00	0.00	0.00
<b>Surplus before taxation</b>		<b>153.35</b>	<b>27.41</b>	<b>32.25</b>	<b>25.72</b>	<b>27.80</b>	<b>29.77</b>	<b>32.12</b>	<b>33.93</b>	<b>35.68</b>	<b>37.90</b>
Less Tax Expense		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Surplus after taxation</b>		<b>153.35</b>	<b>27.41</b>	<b>32.25</b>	<b>25.72</b>	<b>27.80</b>	<b>29.77</b>	<b>32.12</b>	<b>33.93</b>	<b>35.68</b>	<b>37.90</b>
<b>Net Surplus for year</b>		<b>153.35</b>	<b>27.41</b>	<b>32.25</b>	<b>25.72</b>	<b>27.80</b>	<b>29.77</b>	<b>32.12</b>	<b>33.93</b>	<b>35.68</b>	<b>37.90</b>

## STATEMENT OF FINANCIAL POSITION

<b>Christchurch City Council Forecast for:</b>	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Note	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Equity	3,611.53	3,638.94	3,671.19	3,696.92	3,724.72	3,754.49	3,786.61	3,820.54	3,856.22	3,894.12
Non-current Liabilities	(4) 112.80	113.09	114.76	138.41	158.79	181.76	191.73	199.05	209.32	224.59
Current Liabilities	(5) 73.26	66.32	63.50	63.80	64.10	63.70	63.55	63.30	63.30	63.30
<b>Total Equity and Liabilities</b>	<b>3,797.59</b>	<b>3,318.35</b>	<b>3,849.46</b>	<b>3,899.13</b>	<b>3,947.62</b>	<b>3,999.95</b>	<b>4,041.89</b>	<b>4,082.89</b>	<b>4,128.84</b>	<b>4,182.01</b>
<b>Represented by:</b>										
Current Assets	(6) 173.41	121.79	99.06	93.98	96.13	97.99	95.34	92.92	90.72	88.65
<b>Non-Current Assets</b>										
Investments	(7) 1,202.98	1,205.42	1,207.50	1,210.39	1,213.92	1,218.36	1,223.30	1,228.93	1,235.17	1,241.04
Operational Assets	536.72	564.96	580.63	595.32	599.81	608.85	621.79	632.18	645.94	665.89
Infrastructural Assets	1,593.78	1,628.76	1,658.84	1,689.56	1,721.53	1,752.09	1,771.85	1,792.22	1,813.13	1,835.12
Restricted Assets	290.69	297.42	303.43	309.88	316.23	322.67	329.60	336.65	343.88	351.31
<b>Total Non-Current Assets</b>	<b>3,624.18</b>	<b>3,696.56</b>	<b>3,750.40</b>	<b>3,805.15</b>	<b>3,851.48</b>	<b>3,901.96</b>	<b>3,946.55</b>	<b>3,989.97</b>	<b>4,038.12</b>	<b>4,093.36</b>
<b>Total Assets</b>	<b>3,797.59</b>	<b>3,818.35</b>	<b>3,849.46</b>	<b>3,899.13</b>	<b>3,947.62</b>	<b>3,999.95</b>	<b>4,041.89</b>	<b>4,082.89</b>	<b>4,128.84</b>	<b>4,182.01</b>

## STATEMENT OF MOVEMENTS IN EQUITY

<b>Christchurch City Council Forecast for:</b>	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Equity at 1 July	3,458.19	3,611.53	3,638.94	3,671.19	3,696.92	3,724.72	3,754.49	3,786.61	3,820.54	3,856.22
Net Surplus Attributable to:										
Parent Entity Shareholders	153.35	27.41	32.25	25.72	27.80	29.77	32.12	33.93	35.68	37.90
Total Recognised Revenues and Expenses for the Year	153.35	27.41	32.25	25.72	27.80	29.77	32.12	33.93	35.68	37.90
<b>Equity at 30 June</b>	<b>3,611.53</b>	<b>3,638.94</b>	<b>3,671.19</b>	<b>3,696.92</b>	<b>3,724.72</b>	<b>3,754.49</b>	<b>3,786.61</b>	<b>3,820.54</b>	<b>3,856.22</b>	<b>3,894.12</b>

# STATEMENT OF CASH FLOWS

<b>Christchurch City Council Forecast for:</b>	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>OPERATING ACTIVITIES</b>										
Cash was provided from:										
Rates, Grants, Subsidies and Other Sources	253.72	264.04	276.08	288.81	297.98	307.57	317.33	324.25	332.05	341.54
Interest Received	15.35	15.42	13.18	12.40	12.44	12.75	13.06	13.41	13.74	14.07
Dividends	158.63	33.03	33.03	31.53	32.03	32.03	33.03	34.03	35.03	35.71
	427.70	312.48	322.29	332.73	342.44	352.35	363.42	371.69	380.82	391.32
Cash was disbursed to:										
Payments to Suppliers and Employees	232.16	235.59	239.76	256.08	261.55	267.44	273.66	278.57	284.34	290.99
Interest Paid	4.97	7.15	6.76	7.35	8.90	10.38	11.55	12.09	12.58	13.31
	237.12	242.74	246.53	263.43	270.45	277.83	285.22	290.66	296.93	304.30
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>190.58</b>	<b>69.74</b>	<b>75.77</b>	<b>69.30</b>	<b>72.00</b>	<b>74.52</b>	<b>78.20</b>	<b>81.03</b>	<b>83.89</b>	<b>87.02</b>
<b>INVESTING ACTIVITIES</b>										
Cash was provided from:										
Sale of Assets	2.42	6.89	0.78	5.89	1.51	1.31	1.28	1.34	0.70	0.72
Investments Realised	47.40	1.90	1.90	1.90	1.90	1.90	2.40	2.40	2.40	3.40
	49.82	8.79	2.68	7.79	3.41	3.21	3.68	3.74	3.10	4.12
Cash was applied to:										
Purchase of Assets	121.66	121.30	97.91	104.86	92.94	97.72	93.19	92.92	97.84	106.82
Purchase of Investments	98.53	1.92	1.95	1.98	2.02	2.05	2.08	2.11	2.15	2.18
	220.19	123.22	99.87	106.84	94.96	99.77	95.27	95.04	99.98	109.01
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(170.37)</b>	<b>(114.43)</b>	<b>(97.19)</b>	<b>(99.05)</b>	<b>(91.55)</b>	<b>(96.56)</b>	<b>(91.59)</b>	<b>(91.30)</b>	<b>(96.88)</b>	<b>(104.88)</b>
<b>FINANCING ACTIVITIES</b>										
Cash was provided from:										
Raising of Loans	68.39	1.41	1.22	24.97	21.82	23.98	10.80	7.88	10.85	15.85
	68.39	1.41	1.22	24.97	21.82	23.98	10.80	7.88	10.85	15.85
Cash was applied to:										
Repayment of Term Liabilities	51.30	8.34	2.53	0.30	0.11	0.09	0.06	0.04	0.06	0.06
	51.30	8.34	2.53	0.30	0.11	0.09	0.06	0.04	0.06	0.06
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>17.10</b>	<b>(6.93)</b>	<b>(1.31)</b>	<b>24.67</b>	<b>21.71</b>	<b>23.89</b>	<b>10.74</b>	<b>7.84</b>	<b>10.79</b>	<b>15.79</b>
Increase/(Decrease) in Cash	37.31	(51.62)	(22.73)	(5.08)	2.16	1.86	(2.65)	(2.42)	(2.20)	(2.07)
Add Opening Cash	91.13	128.43	76.81	54.08	49.00	51.16	53.02	50.36	47.94	45.74
<b>ENDING CASH BALANCE</b>	<b>128.43</b>	<b>76.81</b>	<b>54.08</b>	<b>49.00</b>	<b>51.16</b>	<b>53.02</b>	<b>50.36</b>	<b>47.94</b>	<b>45.74</b>	<b>43.67</b>
Represented by:										
Cash and Short Term Investments	128.43	76.81	54.08	49.00	51.16	53.02	50.36	47.94	45.74	43.67



# NOTES TO THE FINANCIAL STATEMENTS

**Christchurch City Council Forecast for:** 2001/02 2002/03 2003/04 2004/05 2005/06 2006/07 2007/08 2008/09 2009/10 2010/11  
**NOTE 1:** \$M \$M \$M \$M \$M \$M \$M \$M \$M \$M

## Income

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Significant Activity Income</b>	79.68	82.70	84.61	83.33	83.16	82.88	82.97	82.49	82.16	82.18

## Other Income

### Interest Income:

Subsidiaries	3.58	3.47	3.36	3.26	3.15	3.05	2.92	2.78	2.64	2.46
Loan Repayment Investments	0.47	0.46	0.60	0.74	0.89	1.09	1.34	1.66	2.01	2.39
Short Term Investments	10.59	10.45	8.22	7.38	7.30	7.41	7.53	7.64	7.76	7.89
Special and Other Fund Investments	1.19	1.50	1.46	1.48	1.57	1.68	1.74	1.80	1.80	1.80

<b>Total Interest Income</b>	15.82	15.88	13.65	12.86	12.91	13.22	13.53	13.88	14.21	14.54
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### Dividend Income:

Christchurch City Holdings Ltd										
Ordinary	30.60	33.00	33.00	31.50	32.00	32.00	33.00	34.00	35.00	35.68
Special	128.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Government Insurance Corporation Ltd	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

<b>Total Dividend Income</b>	158.63	33.03	33.03	31.53	32.03	32.03	33.03	34.03	35.03	35.71
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### Sundry Income:

Petroleum Tax	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.02
Sundry	0.00	0.00	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Grants	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20

<b>Total Sundry Income</b>	5.22	5.22	5.20	5.19	5.19	5.19	5.19	5.19	5.19	5.19
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<b>Total Other Income</b>	179.67	54.13	51.88	49.58	50.12	50.44	51.74	53.10	54.43	55.44
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## NOTE 2:

### Expenditure

<b>Significant Activity Expenditure</b>	252.24	262.07	265.93	280.48	285.17	289.93	295.68	299.73	304.58	310.10
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### Other Expenditure:

Levies	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59	3.59
Sundry	5.85	5.32	4.95	5.82	7.14	8.60	9.77	10.30	10.85	11.53

<b>Total Other Expenditure</b>	9.44	8.92	8.55	9.41	10.73	12.19	13.36	13.89	14.44	15.12
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## NOTE 3:

### Expenditure above includes:

Audit Fees	0.16	0.17	0.17	0.17	0.18	0.18	0.18	0.19	0.19	0.20
Depreciation	52.15	57.52	58.82	59.77	60.69	61.54	62.47	63.34	64.20	65.11

## NOTE 4:

### Non-Current Liabilities

Term Debt	91.45	91.57	93.22	117.89	139.60	163.49	174.23	182.07	192.86	208.65
Provision for Landfill Aftercare	14.20	14.38	14.39	13.37	12.05	11.13	10.36	9.83	9.31	8.79
Provision for Employee Entitlements	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14

<b>Total Non-Current Liabilities</b>	112.80	113.09	114.76	138.41	158.79	181.76	191.73	199.05	209.32	224.59
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# NOTES TO THE FINANCIAL STATEMENTS cont...

**Christchurch City Council Forecast for:** 2001/02 2002/03 2003/04 2004/05 2005/06 2006/07 2007/08 2008/09 2009/10 2010/11  
\$M \$M \$M \$M \$M \$M \$M \$M \$M \$M

## NOTE 5:

### Current Liabilities

Trade Creditors	32.26	32.26	32.26	32.26	32.26	32.26	32.26	32.26	32.26	32.26
Owing to Subsidiaries	20.88	20.88	20.88	20.88	20.88	20.88	20.88	20.88	20.88	20.88
Provision for Taxation	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64	0.64
Current Portion of Term Debt	10.08	3.04	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Other	0.47	0.57	0.72	1.02	1.32	0.92	0.77	0.52	0.52	0.52

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	64.33	57.39	54.58	54.87	55.17	54.77	54.62	54.37	54.37	54.37
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### Employee Entitlements:

Accrued Pay	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69
Annual Leave	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24

### Total Employee Entitlements

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	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93	8.93
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### Total Current Liabilities

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	73.26	66.32	63.50	63.80	64.10	63.70	63.55	63.30	63.30	63.30
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## NOTE 6:

### Current Assets

#### Cash at Bank, and Short Term

Investments	128.43	76.81	54.08	49.00	51.16	53.02	50.36	47.94	45.74	43.67
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#### Receivables and Prepayments

Rates Debtors	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74	6.74
Other Trade Debtors	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24	6.24
Amount owing by Subsidiaries	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Amount owing by Associates	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Other Receivables/Prepayments	8.04	8.04	8.04	8.04	8.04	8.04	8.04	8.04	8.04	8.04
GST Receivable	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Dividends Receivable	21.44	21.44	21.44	21.44	21.44	21.44	21.44	21.44	21.44	21.44

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	43.22	43.22	43.22	43.22	43.22	43.22	43.22	43.22	43.22	43.22
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#### Less Provision for Doubtful Debts

	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)
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#### Total Receivables and Prepayments

	42.97	42.97	42.97	42.97	42.97	42.97	42.97	42.97	42.97	42.97
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#### Inventories

General Stores	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Livestock and Feed	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Souvenirs and Food	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27
Development Land	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16

#### Total Inventories

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	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01	2.01
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#### Total Current Assets

	173.41	121.79	99.06	93.98	96.13	97.99	95.54	92.92	90.72	88.65
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# Funding Policy

## The key issues of the Funding Policy are:

- This Policy is required to be reviewed every three years.
- The allocations have been revised resulting in a new funding requirement mix.
- Rates are still the primary funding source at 44.86% of total funding.
- This year a one-off special dividend of \$128m is expected from CCHL. This is applied to debt repayment and a long term reserve fund.
- The Commercial sector rates will decrease and other sectors will increase under the Funding Policy.
- The Council has resolved on a special temporary modifier to reduce the rate increase from Residential, Rural and Institutions and transfer \$1.89m rates on Commercial properties.
- The Uniform Annual General Charge will remain at \$105 per property.



# purpose of the funding policy

The purpose of this policy statement is to set out a rationale for the funding of the Council functions both now and in the future.

## Background

The Funding Policy has been developed by the Council pursuant to the requirements of legislation and the financial management policies. It provides for each of the service delivery outputs to be grouped into like functions, to review the purpose, beneficiaries and the most appropriate funding source, predominantly either user charges or property based rates.

Typically each output has unique issues. However there has been an attempt to establish funding policies which are consistent, rational and fair given the various communities in the City. The individual Outputs are grouped, summarised and published as 'functions'. The full detail of the Output Statements is available on request.

There are approximately 285 outputs. While this review is based on these, the results have been summarised into 17 functions for the purpose of publication.

## Legislative Requirements

The Funding Policy has been developed under the requirements of the Local Government Act. This Act describes in detail a process which is required to be followed to achieve a systematic review of the funding mechanisms for all activities or functions of the Council so that the funding is derived as closely as possible from the beneficiaries of those activities or functions.

The gross expenditure of a function is assumed to equate to the benefits derived and is then assigned to a benefit type.

The Act identifies three types of benefits / expenditure:

- That which is independent of the number of persons who benefit from the expenditure, or generates benefits which do not accrue to identifiable persons or groups of persons, or which generates benefits to the community generally (general benefits); and
- That which provides direct benefits to persons or categories of persons (direct benefits); and
- That which is needed to control negative effects caused by the action or inaction of persons or categories of persons (negative effects).

The Act then requires local authorities to identify how the costs of the above expenditure should be allocated to the persons or categories of persons to which it delivers services.

The Act then goes on to prescribe how each type of expenditure should be funded:

- Expenditure which gives rise to general benefits may be

funded from rates.

- Expenditure which gives rise to direct benefits generally should be funded by contributions from the persons or categories of persons who benefit from that expenditure either by user charges or targeted rates including uniform charges.
- Expenditure necessary to control negative effects should be funded by those whose action or inaction caused the negative effects to occur and failing recovery, rates.

The Act also identifies considerations which may, if the local authority so chooses, allow the local authority to modify the allocation of costs arrived at above:

- The obligation of the local authority to act in the interests of its residents and ratepayers.
- The fairness and equity arising from any allocation of costs.
- Any lawful policy of the local authority, to the extent that allocating costs may effectively promote that policy.
- Provide for transition from an existing funding regime to a new funding regime.

Finally, the Act allows the local authority to consider issues of practicability and efficiency when choosing funding mechanisms. Generally for many services the Council provides, charging the users is impracticable as the cost of monitoring use and collection would either defeat the purpose of the Service or not be possible.

# general principles

The Act sets out a range of broad principles which must be considered in establishing a funding policy. The Council in establishing its own specific policy has adopted the following definitions, principles and procedures.

## Who is the Beneficiary of a Function

The Council has formed an opinion on who are the beneficiaries. They will be either:

- The community as a whole in which case the benefits are likely to be General benefits.
- Individuals who are customers of the Council service and are capable of separate identity. There is therefore a Direct Benefit.
- Categories of persons in receipt of a Direct Benefit. In this case the Council has used the Rate Differential groupings of Residential, Commercial / Industrial and Rural as the definition of categories. These are referred to as the rate sectors.

## General Benefits

Defined as expenditure which:

- provides benefits which are independent of the number of persons who benefit from the expenditure; or
- generates benefits which do not accrue to identifiable persons or groups of persons; or
- which generates benefits to the community generally

These benefits will generally be funded by the community as a whole using capital value rates payable in the main by properties liable for General Rates because :

- The general benefits relate to the community as a whole.
- Capital value represents the stakeholders (general community) interest.
- Capital value has a broad correlation with the ability to pay.
- Capital value is independently assessed.
- It is considered by the Council to be the most suitable rating mechanism available to Council through the Rating Powers Act.

## Direct Benefits

- Direct benefits are defined as expenditure which provides benefits to persons or categories of persons in a manner which matches the extent to which the direct benefits accrue to persons or categories of persons.
- These benefits will be charged to the direct beneficiary through the making of a user charge where this is practicable, and where direct charging is consistent with Council policy, and with fairness and equity for that particular service. In other circumstances, direct benefits will be funded from rates.
- Direct benefits will be largely, if not wholly, funded by user charges for consents processes (to the extent

permitted by law), Council housing, refuse disposal (ie the cost of operating transfer stations and the landfill), and certain services delivered directly to individuals or groups.

- Direct benefits will be partially funded from rates for those services the Council wishes to make available to the whole community regardless of ability to pay, where the Council seeks to assist or encourage organisations or individuals, or where the Council is seeking to influence developments and trends in the City.
- User Charges for all of the Council's services are reviewed every year as part of the budget process on the basis of:
  - the cost of the service
  - the market acceptability of the current charge
  - fairness and equity of charges
  - Council Policy regarding the impact of user charges on the community and the Council's purpose in providing the service.
- Where direct benefits will not be fully funded by user charges, then the following mechanisms may be used (this is further discussed in the section on Modifications):
  - Separate rates based on capital values for those properties within the serviced area
  - Uniform charges
  - Capital Value rating to defined user groups
- Separate rates will generally be used as a mechanism for allocation of the cost of direct benefits when:
  - a user group can be defined or benefits are available to a defined area
  - a standard service is available
  - there is generally no alternative supplier
- Uniform Annual Charges (UAGC) will generally be used as a mechanism for allocation of the cost of direct benefits when:
  - The benefit is people related.
  - There is a reasonable correlation between the number of properties and the spread of benefits in the community.
  - Consumption of Benefits is relatively uniform by the inhabitants of the community.
- Capital value rating to defined user groups will generally be used as a mechanism for allocation of the cost of direct benefits when:
  - Individual beneficiaries are difficult to identify, but are part of one of the ratepaying sectors recognised by the Council – the rate sector is the category of persons.
  - Services are property related and hence add value to a property.
  - Availability of services lead to the enhancement of properties or the amenity of the City as a whole.
  - The Council seeks to assist individuals or organisations, or seeks to influence trends and developments in the City.

- The Council wishes services to be widely available regardless of ability to pay.

### Control of Negative Effects

- Where costs are needed to control negative effects caused by the action or inaction of persons or categories of persons then those costs will be allocated to those persons by:
  - Firstly a direct charge to the exacerbator (ie person who caused the cost to be incurred. This is the polluter pays approach.); or
  - Where a direct charge is not possible, then by the use of one of the following rating mechanisms according to similar principle outlined for direct benefits in the preceding section:
    - Separate rates
    - Uniform charges
    - Capital Value rating

### Modifications

- In accordance with the provisions of the Local Government Act, where appropriate, the Council has given consideration to modifying the allocation of costs to take account of:
  - The obligation of the Council to act in the interests of its residents and ratepayers.
  - The fairness and equity arising from any allocation of costs.
  - Policies of the local authority which can be effectively promoted through the utilisation of particular charging mechanisms.
  - Transition from an existing funding regime to a new funding regime.
  - The suitability of a mechanism to:
    - achieve an appropriate allocation of costs
    - be an efficient mechanism
    - be effective and efficient as a separate funding mechanism
    - help identify the expenditure needs to which costs relate.
- Modifications may be made in respect of particular functions and these are described on the function pages.

The main modifications used are:

- to recognise under recovery of user charges over Direct Benefits
- to apply benefits accruing to the institution sector to the other fully rateable sectors. The Rating Powers Act only allows water, refuse and sewerage costs to be levied against the institutions. All other functions must be reallocated to the other sectors.
- a transitional modifier to avoid sudden changes to the rate paying sectors

### Capital Funding

- Capital Expenditure will be funded from the following sources:
  - Surplus Cash Flow principally generated from depreciation plus or minus any operating surplus or deficit.
  - Reserve Funds and bequests.
  - Capital Grants received from external parties.
  - Loans raised as per the Council's borrowing policy.

Capital funding is not seen as a Function in its own right but is expressed within each of the operating functions

through the depreciation charge and interest costs.

### Intergenerational Equity

Within the Funding policy is a recognition that today's users pay today's costs of utilising the Council's assets. To prevent costs being incurred by the current generation which are for the benefit of future generations, the following mechanisms are employed by the Council:

- All assets are depreciated at a rate assessed to reflect the life of particular assets. This depreciation is included in the operating costs of the functions using the assets, along with the annual interest costs on loans used to fund the assets.
- Loans raised to fund new capital works are repaid on a rolling basis over a 20 year period from surpluses generated in the operating account
- Therefore revenue of the Council is required to be sufficient to meet:
  - Depreciation on capital assets employed.
  - Interest on outstanding debt.
  - Surpluses available to fund the proportion of outstanding debt due to be repaid each year.

### Corporate Revenues

- The Council receives a significant amount of corporate revenue, the principal revenue types being dividends, interest and petrol tax.
- These revenues are independent of any specific function of the Council but generally relate to returns on investments which the Council holds on behalf of the community such as its major trading enterprises - Orion Group, Christchurch International Airport, Lyttelton Port Company and Red Bus Company.
- These Revenues are allocated as a credit against General Rates in proportion to capital value because capital value reflects the ratepayers stake (share) in the city.
- The Council receives from time to time significant special dividends by way of capital repatriation from Christchurch City holdings Ltd and possibly other LATEs. These are sourced from surplus capital of the subsidiary companies. On each occasion the Council makes a decision on the use of these funds but generally they will be treated (from a Funding Policy perspective) as capital funds not as operating revenue which offsets General Rates. Therefore they will not reduce the rate requirement in the year of receipt and are transferred to capital as part of the operating surplus.

### Capital Endowment Fund

In 2001/02 the Council will receive funds totalling \$175 million as a result of Orion selling its North Island gas networks. These funds will be repatriated by Christchurch City Holdings Limited to Council by way of a special dividend of \$128 million and through the purchase of trading assets from Council of \$47 million.

The Council will apply \$100 million to the reduction of current and forecast debt and to place \$75 million in a Capital Endowment Fund for the benefit of current and future generations.

The Council has committed to retain the capital of this fund intact and apply the income to:

- Maintaining the value of the fund after inflation; and
- Providing for economic development and civic and community projects that will enhance the city or region.

To maintain accountability for the fund the Council has agreed that the structure of the fund as outlined above will be recorded in the Funding Policy at each review and reported on separately in the Financial Plan and Annual report of the Council each year.

If the Council wishes to change the policy of not using the capital from the fund it has agreed that an 80% voting majority of the Council is needed.

## details of the funding policy

The Council will fund its services for the 2001/02 financial year as follows:

User Charges	33.39%
Grants and Subsidies	4.20%
Net Corporate Revenues	17.56%
Capital Value Rating	40.89%
Uniform Annual Charge	3.97%

These have been adjusted for the Special Dividend of \$128m from Christchurch City Holdings Ltd.

The Council has applied the analyses described above to each of the outputs recognised by its accounting system, and aggregated these into 17 functions. If costs were to be allocated in the way suggested by the sum of the individual analyses, rates to the residential sector would have increased by 3.39%, the rural sector increased by 41.48%, institutional sectors by 18.42%, and the commercial sector would have decreased by 3.17%. The Council was concerned that only one sector would experience a rate decrease and resolved as follows:

- To achieve a greater degree of fairness and equity (s122G(b) Local Government Act 1974).
- To respect the obligations to act in the interest of all residents (s122G(a) Local Government Act 1974).
- To avoid the significant adjustment difficulties for the residential and rural sectors which would come from a sudden and significant change from the 2.28% in total rates together with the new funding policy, the following modifications are implemented:
  - Uniform Annual General Charge to remain at \$105 and
  - a modification transfer of (GST inc.):
    - \$1.89m to the commercial sector,
    - \$1.15m from the residential sector,
    - \$640,000 from the rural sector and
    - \$100,000 from Institutions (on the Sewerage rate)

- The modifications are to phase out over three years subject to the impact of the next capital value revaluation due to affect next year's rate allocation.

As a result of the Council's resolution:

Rates for 2001/02 will be shared among the ratepaying sectors as follows:

Residential	71.35%
Commercial/Industrial	26.32%
Rural	1.44%
Institutions	0.89%

The different sectors will experience increases in their rates from 2000/01 as follows:

Residential	2.32%
Commercial / Industrial	1.54%
Rural	9.85%
Institutions	10.42%

The following summary table shows how the costs of benefits and modifications to the cost of benefits have been calculated for the Council's operations as a whole, together with the funding to be received from user charges, grants and subsidies, net corporate revenues, capital value rating, and the uniform annual charge.

Details of the funding policy are disclosed in the function tables following the summary table. Details of how the funding policy affects individual properties may be found in Appendices 1, 2 and 3.

The Utility networks will be rated for the first time in 2001/02. The Council networks of Water, Sewerage and Stormwater will be rated as residential and other because they are operated for the community benefit on a not for profit basis. The private sector utilities will be rated as commercial as they are the core operational assets of those businesses.



# summary of the funding policy

The budgeted costs of the benefits the Council proposes to provide in 2001/02, and their proposed funding, are shown in the following table.

Net of GST.

Includes \$105 Uniform Annual General Charge and the global modification, to 'avoid sudden changes'.

Cost and Modifications	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
63.14% General Benefits		201,396,319	53,154,779	6,899,206	13,049,712	274,500,016
36.52% Direct Benefits	127,299,737	11,438,540	19,731,193	250,273	52,461	158,772,203
0.34% Negative Effects	1,456,377					1,456,377
<b>Total Costs</b>	<b>128,756,115</b>	<b>212,834,859</b>	<b>72,885,972</b>	<b>7,149,479</b>	<b>13,102,172</b>	<b>434,728,597</b>
<b>Modifications</b>						
Transfer User Costs to Rating	(26,339,261)	21,870,869	3,753,752	100,217	614,423	
Non-Rateable		9,539,944	2,524,898	335,776	(12,400,618)	
Avoiding Sudden Changes		(1,022,222)	1,680,000	(568,889)	(88,889)	
<b>Total Modifications</b>	<b>(26,339,261)</b>	<b>30,388,591</b>	<b>7,958,650</b>	<b>(132,897)</b>	<b>(11,875,084)</b>	
<b>Total Costs and Modifications</b>	<b>102,416,854</b>	<b>243,223,450</b>	<b>80,844,623</b>	<b>7,016,582</b>	<b>1,227,088</b>	<b>434,728,597</b>
<b>Funded By</b>						
23.56% User Charges	102,416,854					102,416,854
2.96% Grants and Subsidies		5,162,344	7,604,436	117,365		12,884,145
41.83% Net Corporate Revenues		139,899,334	37,026,590	4,924,011		181,849,935
28.85% Capital Value Rating		86,913,332	35,458,344	1,815,512	1,227,088	125,414,276
2.80% Uniform Annual General Charge		11,248,440	755,253	159,693		12,163,387
<b>Total Funding</b>	<b>102,416,854</b>	<b>243,223,450</b>	<b>80,844,623</b>	<b>7,016,582</b>	<b>1,227,088</b>	<b>434,728,597</b>
<b>Share of Rates</b>		<b>71.35%</b>	<b>26.32%</b>	<b>1.44%</b>	<b>0.89%</b>	
<b>Adjusted for the \$128M Special Dividend from CCHL</b>						
33.39% User Charges						102,416,854
4.20% Grants and Subsidies						12,884,145
17.56% Net Corporate Revenues						53,849,935
40.88% Capital Value Rating						125,414,276
3.97% Uniform Annual General Charge						12,163,387
<b>100.00% Total Funding</b>						<b>306,728,597</b>

# art gallery

## Description of Service

The Art Gallery provides for the maintenance and development of some 5,200 items of artwork, mounting of regular exhibitions from the permanent collection and visiting exhibitions. It also involves the provision of information and advice on the visual arts.

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

The community as a whole benefits from holding the collection, access to it, and raising the profile of the visual arts in the community. This benefit is independent of the number of persons who receive it and therefore is allocated to those who pay the General Rate.

### Direct Benefits (Section 122F(c))

Direct benefits accrue to patrons and sponsors of the exhibitions and those who take advantage of the specific services of the Gallery. There is some cost recovery although for general attendance at the Gallery, Council policy is not to charge.

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

Council policy does not support a full cost recovery of direct benefits, and therefore the shortfall is allocated to ratepayers, both on a Capital Value and Uniform charge basis.

Share

71%

29%

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.

### Direct Benefits

The costs of providing direct benefits shall be recovered in part from those attending except where it is in the public interest not to make a full cost recovery. The costs of providing the service to education shall be funded by the uniform annual charge on properties liable for general rates.

### Rates

93%

### User Charges and Other Revenues

7%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
71.10% General Benefits		1,743,296	461,391	61,358	115,178	2,381,224
28.90% Direct Benefits	968,116					968,116
<b>Total Costs</b>	968,116	1,743,296	461,391	61,358	115,178	3,349,340
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(734,616)	680,276 88,402	46,561 23,397	8,046 3,111	(267) (114,911)	
<b>Total Modifications</b>	(734,616)	768,678	69,958	11,158	(115,178)	
<b>Total Costs and Modifications</b>	233,500	2,511,974	531,349	72,516		3,349,340
<b>Funded By</b>						
6.97% User Charges	233,500					233,500
67.58% Capital Value Rating		1,741,284	460,859	61,288		2,263,430
25.45% Uniform Annual Charge		770,690	70,491	11,228		852,410
<b>Total Funding</b>	233,500	2,511,974	531,349	72,516		3,349,340
<b>Share of Rates</b>		80.62%	17.05%	2.33%		

# car parking

Description of Service	Share	Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)	Share
<p>To enforce parking bylaws to encourage better parking habits and reduce parking offences to ensure equitable use of the on-street parking resource and to police vehicle standards such as WOF and tyre standards. Secondly to manage the paid on-street parking spaces and the off street parking facilities. Thirdly to expedite the removal of abandoned vehicles from the City's streets as soon as practicable after they have been reported by the public or detected by enforcement staff.</p> <p><b>Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b></p> <p>These arise from better traffic management in the city and rational use of on-street spaces available. The community as a whole benefits and therefore is allocated to those who pay the General Rate.</p> <p><b>Direct Benefits (Section 122F(c))</b></p> <p>Direct benefits accrue to those who park through having a space to park.</p> <p>These benefits accrue to the users and are recovered through user charges.</p>	<p>9%</p> <p>91%</p>	<p>Required where there is an under or over recovery of direct benefits and to ensure the allocation is to General Ratepayers only, with none to institutions.</p> <p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.</p> <p><b>Direct Benefits</b></p> <p>To the users through charges in the first instance and then through the modifier to General Rate.</p> <p><b>Rates (Credit)</b></p> <p style="text-align: right;"><b>-18%</b></p> <p><b>User Charges and Other Revenues</b></p> <p style="text-align: right;"><b>118%</b></p>	



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
9.31% General Benefits		675,488	178,779	23,775	44,629	922,671
90.69% Direct Benefits	8,986,990					8,986,990
<b>Total Costs</b>	8,986,990	675,488	178,779	23,775	44,629	9,909,661
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	2,775,110	(2,031,661) (68,931)	(537,711) (18,244)	(71,508) (2,426)	(134,230) 89,601	
<b>Total Modifications</b>	2,775,110	(2,100,592)	(555,955)	(73,934)	(44,629)	
<b>Total Costs and Modifications</b>	11,762,100	(1,425,104)	(377,176)	(50,159)		9,909,661
<b>Funded By</b>						
118.69% User Charges	11,762,100					11,762,100
-18.69% Capital Value Rating		(1,425,104)	(377,176)	(50,159)		(1,852,439)
<b>Total Funding</b>	11,762,100	(1,425,104)	(377,176)	(50,159)		9,909,661
<b>Share of Rates</b>		76.93%	20.36%	2.71%		

# city streets

## Description of Service

This function is the largest of the Council. It includes planning for streets and maintaining the road asset management plan. It manages the implementation of improvements to the road network, traffic signs and signals, passenger transport infrastructure and cycleways, both from maintenance expenditure and capital works.

Traffic safety services including promotion are included.

The provision and maintenance of streetscape features including footpaths, pedestrian malls, stormwater channels, and planted areas are also included.

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

The city streets have a high direct user benefit. They also benefit the community as a whole through the open space provision, linkage to properties, and the communication network facility which is necessary for an ordered city. In addition it provides the capacity for other utility networks to function. These benefits are allocated to those who pay the General Rate as this represents the stakeholder interest in the benefits.

### Direct Benefits (Section 122F(c))

The Direct benefits accrue to those who use the streets and amenities.

The allocation is based on use per sector or category of persons as estimated and disclosed on Appendix 3. This allocation is derived from vehicle use records and estimates of sector participation. It should be

## Share

noted that the relationship of damage assessed per vehicle type will have a significant impact on the sector benefit allocation (ie one truck is estimated to have the same impact on costs as 10,000 cars).

Outputs with maintenance costs derived from wear and tear by users result in benefits applied more to the commercial sector and those with amenity provision regardless of use are applied more to the residential sector because of the weighting based on property numbers.

There is no practical and legal way users can be charged other than from Transit NZ subsidy. Therefore the Direct Benefits are allocated to the rate sectors.

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

Required where there is an under or over recovery of direct benefits and to ensure the allocation is to General Ratepayers only, with none to institutions.

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.

### Direct Benefits

In the main Direct Benefits accrue to rate sectors and therefore flow to the General Rates for those sectors.

<b>Rates</b>	<b>72%</b>
<b>User Charges and Other Revenues</b>	<b>28%</b>

## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
46.08% General Benefits		16,224,569	4,294,091	571,053	1,071,940	22,161,653
53.92% Direct Benefits	1,014,376	8,039,902	16,726,381	153,917		25,934,577
<b>Total Costs</b>	1,014,376	24,264,472	21,020,472	724,970	1,071,940	48,096,230
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	91,624	(67,078) 821,247	(17,753) 217,356	(2,361) 28,905	(4,432) (1,067,508)	
<b>Total Modifications</b>	91,624	754,169	199,603	26,544	(1,071,940)	
<b>Total Costs and Modifications</b>	1,106,000	25,018,641	21,220,075	751,514		48,096,230
<b>Funded By</b>						
2.30% User Charges	1,106,000					1,106,000
25.47% Grants and Subsidies		4,674,807	7,475,401	100,206		12,250,413
72.23% Capital Value Rating		20,343,834	13,744,674	651,309		34,739,817
<b>Total Funding</b>	1,106,000	25,018,641	21,220,075	751,514		48,096,230
<b>Share of Rates</b>		58.56%	39.56%	1.87%		

# community and customer services

<p><b>Description of Service</b></p> <p>Services to the community including advocacy and advice on community issues, operation of community halls, centres, childcare services and the Cathedral Square conveniences, and providing customer and community services at Service Centres.</p> <p><b>Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b></p> <p>Generally the customer services and community facilities are General Benefits due to the amenity and availability impacts on the whole Community.</p> <p><b>Direct Benefits (Section 122F(c))</b></p> <p>The Direct Benefits accrue to those who use the services for their own benefit. The services to specific sectors of the community such as childcare services are mostly direct benefits.</p>	<p><b>Share</b></p> <p><b>61%</b></p> <p><b>39%</b></p>	<p><b>Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)</b></p> <p>It is Council policy not to fully recover the cost of the benefits because to do so would defeat the purpose of the function. The modifications therefore transfer the costs to the General Ratepayers, in part by UAGC.</p> <p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.</p> <p><b>Direct Benefits</b></p> <p>Direct Benefits accrue to the users who pay the user charges.</p> <p><b>Rates</b></p> <p><b>81%</b></p> <p><b>User Charges and Other Revenues</b></p> <p><b>19%</b></p>	<p><b>Share</b></p>
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**Costs and Modifications**

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
61.30% General Benefits		7,653,187	2,025,538	269,368	505,638	10,453,731
38.70% Direct Benefits	6,600,278					6,600,278
<b>Total Costs</b>	6,600,278	7,653,187	2,025,538	269,368	505,638	17,054,009
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(4,078,440)	3,062,689	738,574	99,220	177,956	
		525,897	139,187	18,510	(683,594)	
<b>Total Modifications</b>	(4,078,440)	3,588,587	877,761	117,730	(505,638)	
<b>Total Costs and Modifications</b>	2,521,838	11,241,774	2,903,299	387,098		17,054,009
<b>Funded By</b>						
14.79% User Charges	2,521,838					2,521,838
3.72% Grants and Subsidies		487,538	129,035	17,160		633,732
78.80% Capital Value Rating		10,338,447	2,736,235	363,880		13,438,562
2.70% Uniform Annual Charge		415,789	38,030	6,058		459,877
<b>Total Funding</b>	2,521,838	11,241,774	2,903,299	387,098		17,054,009
<b>Share of Rates</b>		77.38%	19.96%	2.66%		

# economic development and employment

## Description of Service

Promotion of economic development in Christchurch through promoting the city nationally and internationally through advocacy, business databases and directories, stimulating exports, networking with other businesses and Sister Cities promotion.

The central city is promoted to stimulate economic activity and promote social well-being for the city as a whole through the provision of marketing, promotion, and transport services.

Employment and training are promoted to maximise the use of Christchurch resources and minimise social impacts.

Leisure facilities are developed and maintained to ensure the city has the facilities necessary and the economic impacts are optimised.

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

64%

The underlying purpose is to improve the quality of life in Christchurch through economic developments; therefore most Benefits are General.

### Direct Benefits (Section 122F(c))

36%

The Direct Benefits accrue to those who use the specific services either by sector or as individuals.

## Share

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

## Share

In most cases it defeats the purpose to charge the users for the services; therefore the modifier transfers the benefits / costs to the ratepayers.

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.

### Direct Benefits

There are some recoveries from users.

## Rates

97%

## User Charges and Other Revenues

3%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
63.68% General Benefits		7,410,744	1,961,372	260,835	489,620	10,122,570
36.32% Direct Benefits	3,508,130		2,266,505			5,774,635
<b>Total Costs</b>	3,508,130	7,410,744	4,227,876	260,835	489,620	15,897,205
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(2,969,953)	2,069,559	690,819	72,842	136,734	
		481,861	127,532	16,960	(626,354)	
<b>Total Modifications</b>	(2,969,953)	2,551,420	818,352	89,802	(489,620)	
<b>Total Costs and Modifications</b>	538,177	9,962,164	5,046,228	350,636		15,897,205
<b>Funded By</b>						
3.39% User Charges	538,177					538,177
96.61% Capital Value Rating		9,962,164	5,046,228	350,636		15,359,028
<b>Total Funding</b>	538,177	9,962,164	5,046,228	350,636		15,897,205
<b>Share of Rates</b>		64.86%	32.86%	2.28%		

# environmental policy and services

Description of Service	Share	Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)	Share
<p>Planning for the protection of natural areas and heritage values, monitoring the environmental state of the city and promoting sound environmental practices. Provision of advice and information to the public on environmental matters, collecting and analysing information about the City's environment, including the social and economic environments, provision of Land Information Memoranda and other land attribute information.</p> <p>Processing consents, permits etc under the Resource Management Act. Administering other Acts in granting licences and permits. Monitoring the impacts, advising the Council and public and considering the implications on future plans.</p>		<p>Council Policy is to recover the costs from the direct recipients. The immediate affected properties receive but cannot be charged for the benefits and therefore the modifier transfers the costs to the General Ratepayers, in part by UAGC.</p>	
<p><b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b></p> <p>Planning monitoring and advice services have a high General Benefit content as they benefit the community as a whole by protecting against the adverse impacts which can flow from the use of the city resources.</p>	<b>40%</b>	<p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.</p> <p><b>Direct Benefits</b></p> <p>In the main Direct Benefits accrue to and are funded by the users.</p>	
<p><b>Direct Benefits (Section 122F(c)) and Negative Effects</b></p> <p>The Direct Benefits accrue to the recipients of the consents and permits as well as those protected in the immediate vicinity.</p>	<b>60%</b>	<p><b>Rates</b></p> <p><b>User Charges and Other Revenues</b></p>	<p><b>56%</b></p> <p><b>44%</b></p>



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
39.83% General Benefits		7,088,786	1,876,160	249,503	458,477	9,672,926
55.29% Direct Benefits	11,674,345	1,159,193	504,941	36,560	52,461	13,427,500
4.87% Negative Effects	1,183,685					1,183,685
<b>Total Costs</b>	<b>12,858,031</b>	<b>8,247,979</b>	<b>2,381,101</b>	<b>286,062</b>	<b>510,938</b>	<b>24,284,111</b>
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(2,141,631)	1,488,396 499,226	440,490 132,128	74,757 17,571	137,987 (648,925)	
<b>Total Modifications</b>	<b>(2,141,631)</b>	<b>1,987,622</b>	<b>572,618</b>	<b>92,329</b>	<b>(510,938)</b>	
<b>Total Costs and Modifications</b>	<b>10,716,400</b>	<b>10,235,601</b>	<b>2,953,719</b>	<b>378,391</b>		<b>24,284,111</b>
<b>Funded By</b>						
44.13% User Charges	10,716,400					10,716,400
55.95% Capital Value Rating		10,253,206	2,955,330	378,648		13,587,183
-0.08% Uniform Annual Charge		(17,605)	(1,610)	(256)		(19,472)
<b>Total Funding</b>	<b>10,716,400</b>	<b>10,235,601</b>	<b>2,953,719</b>	<b>378,391</b>		<b>24,284,111</b>
<b>Share of Rates</b>		<b>75.44%</b>	<b>21.77%</b>	<b>2.79%</b>		

# housing

## Description of Service

The provision of housing for the elderly and people on low incomes. The function manages 2,700 housing units and provides policy advice to the Council.

## Allocation of Cost of Benefits pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

17%

The provision of housing for the elderly and people on low incomes is important for the community generally in that a good standard of housing is available with reduced demands on social services and the positive impacts on the whole housing sector and urban renewal.

### Direct Benefits (Section 122F(c))

83%

The Direct Benefits accrue to those who use the housing.

## Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)

Generally the direct revenues meet or exceed the benefits and so modifications are necessary to balance the funding by crediting it to general rates by capital value.

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.

### Direct Benefits

In the main Direct Benefits accrue to the users.

### Rates (Credit)

-23%

### User Charges and Other Revenues

123%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
16.76% General Benefits		1,035,804	274,142	36,457	68,434	1,414,837
83.24% Direct Benefits	7,026,988					7,026,988
<b>Total Costs</b>	7,026,988	1,035,804	274,142	36,457	68,434	8,441,825
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	3,439,685	(2,518,197) (75,347)	(666,481) (19,942)	(88,633) (2,652)	(166,375) 97,940	
<b>Total Modifications</b>	3,439,685	(2,593,544)	(686,423)	(91,284)	(68,434)	
<b>Total Costs and Modifications</b>	10,466,673	(1,557,740)	(412,281)	(54,827)		8,441,825
<b>Funded By</b>						
123.99% User Charges	10,466,673					10,466,673
-23.99% Capital Value Rating		(1,557,740)	(412,281)	(54,827)		(2,024,848)
<b>Total Funding</b>	10,466,673	(1,557,740)	(412,281)	(54,827)		8,441,825
<b>Share of Rates</b>		76.93%	20.36%	2.71%		



# library and information services

Description of Service	Share	Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)	Share
Operating the Council's central and suburban libraries, providing access to literature, audio-visual material, and information for almost 222,000 members of the public and maintaining stock of more than 1 million items. The Library maintains a network of customer service points, some co-exist with the libraries, some are stand-alone.		Generally the direct revenues are insufficient to meet the benefits as it is Council policy not to recover the full cost in the interests of community access, literacy promotion or the impracticability of making a charge. In these cases the allocation is based on a Uniform Charge rather than Capital Value rates.	
<b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b>		<b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b>	
<b>General Benefits (Section 122F(b))</b>	<b>79%</b>	<b>General Benefits</b>	
Most of the Library services are wholly or substantially General Benefits in that the community as a whole benefits from the creation of the stock and its availability.		These shall be funded by capital value rating on properties liable for general rates, as capital value best represents stakeholder interest.	
<b>Direct Benefits (Section 122F(c))</b>	<b>21%</b>	<b>Direct Benefits</b>	
The Direct Benefits accrue to those who use the Library and Service Centres.		Direct Benefits accrue to the users and are recovered by user charges to the degree that Council policy allows. The balance not recovered is charged to the modifier by a mix of capital value rating and UAGC.	
		<b>Rates</b>	<b>94%</b>
		<b>User Charges and Other Revenues</b>	<b>6%</b>



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
78.90% General Benefits		13,169,410	3,485,495	463,521	870,089	17,988,515
21.10% Direct Benefits	4,809,879					4,809,879
<b>Total Costs</b>	<b>4,809,879</b>	<b>13,169,410</b>	<b>3,485,495</b>	<b>463,521</b>	<b>870,089</b>	<b>22,798,394</b>
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(3,342,904)	3,002,326 686,472	274,606 181,686	43,742 24,162	22,230 (892,319)	
<b>Total Modifications</b>	<b>(3,342,904)</b>	<b>3,688,797</b>	<b>456,292</b>	<b>67,904</b>	<b>(870,089)</b>	
<b>Total Costs and Modifications</b>	<b>1,466,975</b>	<b>16,858,208</b>	<b>3,941,786</b>	<b>531,425</b>		<b>22,798,394</b>
<b>Funded By</b>						
6.43% User Charges	1,466,975					1,466,975
79.00% Capital Value Rating		13,855,882	3,667,180	487,683		18,010,745
14.57% Uniform Annual Charge		3,002,326	274,606	43,742		3,320,674
<b>Total Funding</b>	<b>1,466,975</b>	<b>16,858,208</b>	<b>3,941,786</b>	<b>531,425</b>		<b>22,798,394</b>
<b>Share of Rates</b>		<b>79.03%</b>	<b>18.48%</b>	<b>2.49%</b>		

# parks and waterways

Description of Service	Share	Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)	Share
<p>Provision of open space for parks, special amenity areas, wetlands and waterways.</p> <p>The assets are planned for, consultation occurs, assets are purchased and acquired and then developed and maintained. The areas are used for passive open space, active parks, leased areas to community groups, and waterway purposes. The latter meets the need to dispose of the city's stormwater and land drainage. This function is a key ingredient to our clean and green image and to that of being the premier 'garden city' of New Zealand.</p> <p><b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b> <span style="float: right;"><b>59%</b></span></p> <p>Most of the Parks and Waterways services are wholly or substantially General Benefits in that the community as a whole benefits from the open space and amenity values.</p> <p><b>Direct Benefits (Section 122F(c))</b> <span style="float: right;"><b>41%</b></span></p> <p>The Direct Benefits accrue to those who use the Parks or are connected to the Waterways.</p>		<p>Generally the direct revenues are insufficient to meet the benefits as it is Council policy not to recover the full cost in the interests to community access in that healthy lifestyles are promoted by park and waterway use. The environmental impacts are minimised with appropriate use of open space. In these cases the common allocation is based on a Uniform Charge rather than Capital Value rates.</p> <p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for General Rates for Parks costs and Land Drainage Rates for the Waterways costs, as capital value best represents stakeholder interest. The Land Drainage District is less than the whole city and properties within are liable for this Separate Rate.</p> <p><b>Direct Benefits</b></p> <p>In the main Direct Benefits accrue to the users and therefore user charges and then if not recovered, through the modifier.</p>	
		<b>Rates</b>	<b>88%</b>
		<b>User Charges and Other Revenues</b>	<b>12%</b>



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
58.70% General Benefits		13,100,382	3,422,514	418,499	617,728	17,559,123
41.26% Direct Benefits	12,025,890	284,292	9,476	22,112		12,341,770
0.03% Negative Effects	10,036					10,036
<b>Total Costs</b>	12,035,926	13,384,674	3,431,990	440,610	617,728	29,910,929
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(8,438,493)	7,046,015 503,388	1,238,513 133,230	117,358 17,718	36,607 (654,335)	
<b>Total Modifications</b>	(8,438,493)	7,549,403	1,371,742	135,075	(617,728)	
<b>Total Costs and Modifications</b>	3,597,434	20,934,077	4,803,732	575,686		29,910,929
<b>Funded By</b>						
12.03% User Charges	3,597,434					3,597,434
74.40% Capital Value Rating		17,262,975	4,467,957	522,200		22,253,132
13.57% Uniform Annual Charge		3,671,102	335,776	53,486		4,060,363
<b>Total Funding</b>	3,597,434	20,934,077	4,803,732	575,686		29,910,929
<b>Share of Rates</b>		<b>79.56%</b>	<b>18.26%</b>	<b>2.19%</b>		

# public accountability elected member representation

<p><b>Description of Service</b></p> <p>Operation of the democratic functions of the Council and Community Boards, including the Mayor, Councillors and Board members; advice and services to the elected members; maintaining the Council’s media relations; and the preparation of public accountability documents such as the Annual Plan and Annual Report.</p> <p><b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b></p> <p>These are all General Benefits in that the obligations are driven by statute and are core to Council functions.</p> <p><b>Direct Benefits (Section 122F(c))</b></p> <p>There are no Direct Benefits.</p>	<p><b>Share</b></p> <p>100%</p>	<p><b>Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)</b></p> <p>Only for the institutional sector reallocated to General Rates by capital value.</p> <p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for General Rates, as capital value best represents stakeholder interest.</p> <p><b>Direct Benefits</b></p> <p>None.</p> <p><b>Rates</b></p> <p><b>User Charges and Other Revenues</b></p>	<p><b>Share</b></p> <p>98%</p> <p>2%</p>
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Costs and Modifications	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
100.00% General Benefits		7,705,219	2,039,309	271,199	509,076	10,524,803
<b>Total Costs</b>		7,705,219	2,039,309	271,199	509,076	10,524,803
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	185,500	(139,358) 388,289	(36,883) 102,767	(4,905) 13,667	(4,353) (504,722)	
<b>Total Modifications</b>	185,500	248,931	65,883	8,762	(509,076)	
<b>Total Costs and Modifications</b>	185,500	7,954,149	2,105,192	279,961		10,524,803
<b>Funded By</b>						
1.76% User Charges	185,500					185,500
98.24% Capital Value Rating		7,954,149	2,105,192	279,961		10,339,303
<b>Total Funding</b>	185,500	7,954,149	2,105,192	279,961		10,524,803
<b>Share of Rates</b>		76.93%	20.36%	2.71%		

# sewerage

## Description of Service

Operation of the city’s sewerage system for the serviced area of the city, generally the built up area. All properties within this area are obliged to connect when improvements are built. This function is a key ingredient to our environmental and health standards. The sustainable treatment and disposal processes are important for the future of our city.

## Allocation of Cost of Benefits pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

Planning and development of capacity is regarded as substantially General Benefits. The community as a whole benefits from the existence of the sewerage system in that spill-over negative impacts are avoided.

### Direct Benefits (Section 122F(c))

The Direct Benefits accrue to those who use the system for collection and disposal even though there is no ‘fee choice’.

Share

21%

79%

## Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)

Generally there are few charges for sewerage. Direct revenues are insufficient to meet the benefits as it is Council policy not to recover the full cost in the interests to the community and environmental health. The allocation and funding is therefore Capital Value rating on those liable for sewerage rates.

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by capital value rating on properties liable for Sewerage Rates, as capital value best represents stakeholder interest. These are levied on properties within the serviced area which are liable for the Sewerage Separate Rate.

### Direct Benefits

In the main Direct Benefits accrue to the users and with some user charges the balance is recovered through the modifier.

Rates

86%

User Charges and Other Revenues

14%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
21.02% General Benefits		2,784,328	694,949	18,291	184,505	3,682,072
78.98% Direct Benefits	13,831,275					13,831,275
<b>Total Costs</b>	13,831,275	2,784,328	694,949	18,291	184,505	17,513,347
<b>Modifications</b>						
Transfer User Costs to Rating	(11,366,801)	8,603,551	2,143,653	49,430	570,166	
<b>Total Modifications</b>	(11,366,801)	8,603,551	2,143,653	49,430	570,166	
<b>Total Costs and Modifications</b>	2,464,474	11,387,879	2,838,602	67,722	754,671	17,513,347
<b>Funded By</b>						
14.07% User Charges	2,464,474					2,464,474
85.93% Capital Value Rating		11,387,879	2,838,602	67,722	754,671	15,048,873
<b>Total Funding</b>	2,464,474	11,387,879	2,838,602	67,722	754,671	17,513,347
<b>Share of Rates</b>		75.67%	18.86%	0.45%	5.02%	

# sport, leisure and events

Description of Service	Share	Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)	Share
Preparing recreation and leisure plans and policies, consulting the community and promoting the services through the service centres and facilities.		The recoveries are set low to minimise barriers to access regardless of personal circumstances. The balance shall be funded by a mix of Uniform Charge and capital value rating.	
Organising and presenting events and festivals including Summertimes, concerts, and age sector programmes for children etc.			
Operating and administering leases of Council owned sporting and leisure facilities including swimming pools, stadia, golf courses and camping grounds. Planning for the future use and encouraging community participation in the provision and management of the facilities.			
<b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b>		<b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b>	
<b>General Benefits (Section 122F(b))</b>	<b>50%</b>	<b>General Benefits</b>	
The planning, advice of the function and the provision of free access and community based events and programmes are General Benefits as the community as a whole benefits. The social impact, availability and economic benefits to the whole community have been taken into account when assessing the quantum of General Benefits.		These shall be funded by capital value rating on properties liable for General Rates, as capital value best represents stakeholder interest.	
<b>Direct Benefits (Section 122F(c))</b>	<b>50%</b>	<b>Direct Benefits</b>	
The Direct Benefits accrue to those who use the events and programmes. In the case of leased facilities the benefits / cost to the Council is the General Benefit with the Direct Benefits covered by the charges made by the operator.		In the main Direct Benefits accrue to the users and with some user charges the balance is recovered through the modifier.	
		<b>Rates</b>	<b>69%</b>
		<b>User Charges and Other Revenues</b>	<b>31%</b>



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
49.94% General Benefits		7,251,105	1,919,120	255,216	479,073	9,904,514
50.06% Direct Benefits	9,926,906					9,926,906
<b>Total Costs</b>	9,926,906	7,251,105	1,919,120	255,216	479,073	19,831,420
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(3,854,627)	3,196,159 439,653	495,313 116,361	70,740 15,474	92,415 (571,488)	
<b>Total Modifications</b>	(3,854,627)	3,635,812	611,674	86,214	(479,073)	
<b>Total Costs and Modifications</b>	6,072,279	10,886,916	2,530,795	341,430		19,831,420
<b>Funded By</b>						
30.62% User Charges	6,072,279					6,072,279
57.77% Capital Value Rating		8,813,821	2,332,718	310,218		11,456,758
11.61% Uniform Annual Charge		2,073,095	198,076	31,211		2,302,383
<b>Total Funding</b>	6,072,279	10,886,916	2,530,795	341,430		19,831,420
<b>Share of Rates</b>		79.12%	18.39%	2.48%		

# waste minimisation and disposal

Description of Service	Share	Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)	Share
<p>Planning for the collection and disposal of the City's solid refuse including promotion of and managing recycling. The service includes weekly collection and disposal through the operation of transfer stations. The Council is preparing for the eventual replacement of the current Burwood landfill site. Throughout this function waste minimisation is encouraged.</p> <p><b>Allocation of Costs of Benefits pursuant to Section 122E(1)(a)</b></p> <p><b>General Benefits (Section 122F(b))</b></p> <p>Planning and development of capacity is regarded as substantially General Benefits. Recycling Centres are likewise for the General Benefit. Recycling, collection and processing is regarded as a mix of General and Direct Benefits. The community as a whole benefits from provision of environmentally sustainable collection and disposal of refuse.</p> <p><b>Direct Benefits (Section 122F(c))</b></p> <p>The Direct Benefits accrue to those who have refuse collected and disposed of.</p>		<p>There are no refuse collection fees, and the recoveries from recycling are insufficient to cover the Direct Benefits. Therefore the modifier reallocates the costs of the Direct Benefits substantially to General Ratepayers.</p> <p><b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b></p> <p><b>General Benefits</b></p> <p>These shall be funded by capital value rating on properties liable for General Rates, as capital value best represents stakeholder interest.</p> <p><b>Direct Benefits</b></p> <p>Council Policy is not to recover all the Direct Benefits and therefore the modifier is used.</p> <p><b>Rates</b></p> <p><b>User Charges and Other Revenues</b></p>	
	<b>28%</b>		<b>17%</b>
	<b>72%</b>		<b>83%</b>



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
27.74% General Benefits		4,338,543	1,148,265	152,703	286,643	5,926,154
72.26% Direct Benefits	13,218,799	1,955,153	223,889	37,684		15,435,526
<b>Total Costs</b>	<b>13,218,799</b>	<b>6,293,696</b>	<b>1,372,154</b>	<b>190,387</b>	<b>286,643</b>	<b>21,361,680</b>
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	4,564,310	(3,073,138) (1,212)	(1,064,838) (321)	(138,115) (43)	(288,218) 1,575	
<b>Total Modifications</b>	<b>4,564,310</b>	<b>(3,074,350)</b>	<b>(1,065,159)</b>	<b>(138,158)</b>	<b>(286,643)</b>	
<b>Total Costs and Modifications</b>	<b>17,783,109</b>	<b>3,219,346</b>	<b>306,995</b>	<b>52,230</b>		<b>21,361,680</b>
<b>Funded By</b>						
83.25% User Charges	17,783,109					17,783,109
16.75% Capital Value Rating		3,219,346	306,995	52,230		3,578,571
<b>Total Funding</b>	<b>17,783,109</b>	<b>3,219,346</b>	<b>306,995</b>	<b>52,230</b>		<b>21,361,680</b>
<b>Share of Rates</b>		<b>89.96%</b>	<b>8.58%</b>	<b>1.46%</b>		

# water supply

<b>Description of Service</b>	<b>Share</b>	<b>Modifications of Allocation of Costs Pursuant to Section 122E(1)(b)</b>	<b>Share</b>
Supply of fresh water to defined standards of pressure and quality, including advocating water conservation, and ensuring water is available for fire fighting.  The serviced area of the city is charged either by water rates or user charges.		User charges are made to commercial consumers and for new connections. The balance of the supply costs are levied to ratepayers.	
<b>Allocation of Cost of Benefits pursuant to Section 122E(1)(a)</b>		<b>Funding of Expenditure Needs Pursuant to Section 122E(1)(c)</b>	
<b>General Benefits (Section 122F(b))</b>	<b>25%</b>	<b>General Benefits</b>	
The planning, development of capacity, and a portion of the supply costs are regarded as substantially General Benefits. The community as a whole benefits from the availability of the water system.		These shall be funded by capital value rating on properties liable for Water Rates, as capital value best represents stakeholder interest. The Water Separate Rate is levied against properties within the serviced area.	
<b>Direct Benefits (Section 122F(c))</b>	<b>75%</b>	<b>Direct Benefits</b>	
The Direct Benefits accrue to those who are connected to and get supplies from the system.		In the main Direct Benefits accrue to the users. Some user charges are made; the balance is recovered through the modifier.	
		<b>Rates</b>	<b>80%</b>
		<b>User Charges and Other Revenues</b>	<b>20%</b>



### Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
24.64% General Benefits		2,613,549	630,428	24,986	173,469	3,442,432
75.19% Direct Benefits	10,506,020					10,506,020
0.18% Negative Effects	24,492					24,492
<b>Total Costs</b>	10,530,512	2,613,549	630,428	24,986	173,469	13,972,943
<b>Modifications</b>						
Transfer User Costs to Rating	(7,696,512)	5,843,314	1,409,497	55,864	387,837	
<b>Total Modifications</b>	(7,696,512)	5,843,314	1,409,497	55,864	387,837	
<b>Total Costs and Modifications</b>	2,834,000	8,456,862	2,039,925	80,850	561,306	13,972,943
<b>Funded By</b>						
20.28% User Charges	2,834,000					2,834,000
79.72% Capital Value Rating		8,456,862	2,039,925	80,850	561,306	11,138,943
<b>Total Funding</b>	2,834,000	8,456,862	2,039,925	80,850	561,306	13,972,943
<b>Share of Rates</b>		75.92%	18.31%	0.73%	5.04%	

# corporate revenues

## Description of Service

These are the significant items of revenue which accrue to the stakeholders because the Council holds the equity and / or entitlement to the income rather than any specific Function of the Council. The Corporate Revenues are a significant offset against General Rates.

They include dividends, interest, petroleum tax, rate penalties, cash payments in lieu of reserve contributions etc.

This year it includes the special dividend from Christchurch City Holdings Ltd of \$128m. Whilst this is credited to Rates as a revenue, there is an equal offset within Corporate Expenses of \$128m charged to Rates.

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

100%

The community as a whole benefits from the existence of these revenues.

### Direct Benefits (Section 122F(c))

None.

## Share

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

## Share

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These are credited to properties liable for General Rates by capital value as this best represents stakeholder interest.

### Direct Benefits

None.

### Rates (Credit)

100%



Revenues have been allocated in proportion to stakeholders' interest in the community, that is, by capital value.

	Residential	Commercial	Rural	Institutions	Totals
<b>Funded By</b>					
Net Corporate Revenues	139,568,529	36,939,037	4,912,368		181,419,935
Capital Value Rating	(139,568,529)	(36,939,037)	(4,912,368)		(181,419,935)
<b>Total Funding</b>					
<b>Share of Rates</b>	76.93%	20.36%	2.71%		



# corporate expenses

## Description of Service

These are the expenditure items which do not form part of any specific Function of the Council but are necessary because of statute or corporate operations. It includes funding for the Operating Surplus.

Examples include Civil Defence, Riccarton Bush levy, Canterbury Museum levy etc.

Included within the Surplus is \$128m being the funds from the special dividend from Christchurch City Holdings Ltd transferred to Council equity. This is offset by the \$128m dividend within Corporate Revenues.

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

### General Benefits (Section 122F(b))

100%

The community as a whole benefits from the existence of these costs. Some are required by statute.

### Direct Benefits (Section 122F(c))

None.

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

Share

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

Share

### General Benefits

These are charged to properties liable for General Rates by capital value as this best represents stakeholder interest.

### Direct Benefits

Rates

100%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
99.84% General Benefits		108,013,788	28,587,572	3,801,742	7,136,357	147,539,458
0.16% Direct Benefits	238,164					238,164
<b>Total Costs</b>	238,164	108,013,788	28,587,572	3,801,742	7,136,357	147,777,623
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	(238,164)	174,360	46,147	6,137	11,520	
		5,498,947	1,455,384	193,545	(7,147,877)	
<b>Total Modifications</b>	(238,164)	5,673,308	1,501,531	199,682	(7,136,357)	
<b>Total Costs and Modifications</b>		113,687,096	30,089,103	4,001,424		147,777,623
<b>Funded By</b>						
0.29% Net Corporate Revenues		330,804	87,553	11,643		430,000
99.71% Capital Value Rating		113,356,291	30,001,551	3,989,781		147,347,623
<b>Total Funding</b>		113,687,096	30,089,103	4,001,424		147,777,623
<b>Share of Rates</b>		76.93%	20.36%	2.71%		

# corporate services and internal service providers

## Description of Service Share

Services which are charged to internal users on a cost recovery / return on investment basis. Surpluses earned are used to offset rating requirements.

Examples include plant hire and property asset management

## Allocation of Cost of Benefits Pursuant to Section 122E(1)(a)

**General Benefits (Section 122F(b))** 3%

**Direct Benefits (Section 122F(c))** 97%

Benefits accrue to the users.

## Modifications of Allocations of Costs Pursuant to Section 122E(1)(b)

## Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

### General Benefits

These shall be funded by / credited to capital value rating on properties liable for General Rates, as this best represents stakeholder interest.

### Direct Benefits

**Rates (Credit)** -28%

**User Charges and Other Revenues** 128%



## Costs and Modifications

	Users	Residential	Commercial	Rural	Institutions	Totals
<b>Costs</b>						
3.35% General Benefits		588,121	155,656	20,700	38,857	803,333
96.65% Direct Benefits	23,201,744					23,201,744
<b>Total Costs</b>	23,201,744	588,121	155,656	20,700	38,857	24,005,077
<b>Modifications</b>						
Transfer User Costs to Rating Non-Rateable	7,466,651	(5,466,343) (247,948)	(1,446,755) (65,624)	(192,398) (8,727)	(361,156) 322,299	
<b>Total Modifications</b>	7,466,651	(5,714,292)	(1,512,378)	(201,125)	(38,857)	
<b>Total Costs and Modifications</b>	30,668,396	(5,126,171)	(1,356,723)	(180,425)		24,005,077
<b>Funded By</b>						
127.76% User Charges	30,668,396					30,668,396
-27.76% Capital Value Rating		(5,126,171)	(1,356,723)	(180,425)		(6,663,318)
<b>Total Funding</b>	30,668,396	(5,126,171)	(1,356,723)	(180,425)		24,005,077
<b>Share of Rates</b>		76.93%	20.36%	2.71%		

# appendix I

## Rates Summary by Sector

### 2001/02 Rates

#### Impact of the Funding Policy on Rates

GST Inclusive

	Actual 2000/01 (adjusted for Capital growth in the rating base) \$	Proposed 2001/02 \$	Sector Percentage Change %
Uniform Annual General Charge	105	105	
Commercial/Industrial	40,121,450	40,740,297	1.54%
Residential/Base	107,922,926	110,431,994	2.32%
Rural	2,022,919	2,222,106	9.85%
Non-rateable	1,250,237	1,380,474	10.42%
<b>Total Rates</b>	<b>151,317,531</b>	<b>154,774,871</b>	<b>2.28%</b>

#### Sector Percentage

Commercial/Industrial	26.51%	26.32%
Residential/Base	71.32%	71.35%
Rural	1.34%	1.44%
Non-rateable	0.83%	0.89%
	<b>100.00%</b>	<b>100.00%</b>

#### Total Rates by Type

General rate on Capital Value	98,561,799	65.14%	101,889,530	65.83%
Uniform Annual General Charge	13,955,605	9.22%	13,683,810	8.84%
<b>Total General Rate</b>	<b>112,517,404</b>	<b>74.36%</b>	<b>115,573,340</b>	<b>74.67%</b>
Water Rate	12,015,973	7.94%	12,531,311	8.10%
Land Drainage Rate	9,456,242	6.25%	9,740,237	6.29%
Sewer Rate	17,327,912	11.45%	16,929,982	10.94%
<b>Total Separate Rate</b>	<b>38,800,128</b>	<b>25.64%</b>	<b>39,201,530</b>	<b>25.33%</b>
<b>Total Rates</b>	<b>151,317,531</b>	<b>100.00%</b>	<b>154,774,871</b>	<b>100.00%</b>

#### Impact of Rates on Residential Properties:

For a dwelling with the median value - \$142,000	754	771
For a dwelling at the average residential value - \$163,000	850	869
Where the residential value is - \$80,000	471	480
Where the residential value is - \$175,000	905	926

# appendix 2

## Christchurch City Council Rates on Selected Property Values

Comparing actual rates payable 2000/01 with that proposed under the Funding Policy and the 2001/02 rate requirement

GST Inclusive		Actual 2000/01 \$	Proposed 2001/02 \$	Change Over Actual 2001/02 \$ %	
UAGC		105	105		
<b>Residential and Base - Fully serviced</b>					
Total Rates for the Sector		107,922,926	110,431,994	2,509,068	2.32%
Capital Value	No. of Ratepayers				
50,000	1,017	334	339	6	1.73%
60,000	817	379	386	7	1.83%
70,000	1,676	425	433	8	1.90%
80,000	3,388	471	480	9	1.96%
90,000	5,030	516	527	10	2.01%
100,000	7,418	562	574	12	2.05%
110,000	8,889	608	621	13	2.09%
120,000	10,234	654	667	14	2.12%
130,000	10,153	699	714	15	2.15%
140,000	10,951	745	761	16	2.17%
142,000	1998 Med'n	754	771	16	2.17%
150,000	10,524	791	808	17	2.19%
160,000	6,959	836	855	18	2.21%
163,000	1998 Ave	850	869	19	2.21%
180,000	10,212	928	949	21	2.24%
200,000	7,349	1,019	1,042	23	2.27%
220,000	5,327	1,111	1,136	25	2.29%
240,000	4,649	1,202	1,230	28	2.31%
260,000	3,170	1,294	1,324	30	2.32%
280,000	2,510	1,385	1,417	32	2.33%
300,000	1,869	1,476	1,511	35	2.35%
400,000	4,451	1,934	1,980	46	2.39%
450,000	874	2,162	2,214	52	2.40%
500,000	511	2,391	2,449	58	2.42%
550,000	277	2,619	2,683	64	2.42%
1,000,000	679	4,677	4,792	115	2.47%
Over 1,000,000	170				
Total		119,104			
<b>Commercial - Fully serviced</b>					
Total Rates for the Sector		40,121,450	40,740,297	618,847	1.54%
60,000	2,334	537	543	7	1.26%
100,000	890	824	836	11	1.37%
140,000	960	1,112	1,128	16	1.42%
160,000	497	1,256	1,274	18	1.44%
200,000	858	1,544	1,566	23	1.47%
300,000	1,445	2,263	2,297	34	1.50%
400,000	921	2,982	3,027	45	1.52%
500,000	563	3,701	3,758	57	1.53%
1,000,000	1,147	7,298	7,411	113	1.55%
Over 1,000,000	929				
20,000,000		143,957	146,219	2,262	1.57%
Total		10,544			
<b>Rural - Not paying Water, Sewerage, or Land Drainage Rate</b>					
Total Rates for the Sector		2,022,919	2,222,106	199,188	9.85%
50,000	40	205	221	16	7.57%
100,000	39	306	337	31	10.17%
150,000	62	406	453	47	11.49%
200,000	86	506	568	62	12.29%
300,000	342	707	800	93	13.20%
400,000	447	907	1,032	124	13.71%
500,000	295	1,108	1,264	155	14.03%
1,000,000	344	2,111	2,422	311	14.73%
Over 1,000,000	68				
Total		1,723			

# appendix 3

## City Streets: An approach to Allocating Costs

### Wear and Tear Outputs

The LTSA has provided the following figures for annual vehicle kilometres for Christchurch:

	V-KM	Car Equivs	Equiv V-KM	Share	
Car	1,923,000	1	1,923,000	0.39%	
Trailer Combination	35,000	1.6	56,000	0.01%	0.40% Residential
Light Commercial	30,000	1	30,000	0.01%	
Rigid Truck	41,000	5,000	205,000,000	41.25%	
Articulated Truck	29,000	10,000	290,000,000	58.35%	99.60% Cml/Rural
	<u>2,058,000</u>		<u>497,009,000</u>		

The figure for Car Equivalents has been arrived at as follows:

Trailer Combination	It has been assumed that a trailer does only 60% of the damage as a car
Light Commercial	Same as for a car
Rigid Truck	Half of an articulated truck
Articulated Truck	An articulated truck can do up to 13,000 times the damage to a road as a private automobile. The figure of 10,000 is used as a realistic conservative weighting factor.

### Allocation among Residential, Commercial or Rural ratepayers

The number of rateable properties in each sector has been used as a surrogate for the number of vehicles owned by each sector.

Cars, Trailers etc	No. of Properties	Unweighted Share	Distance Weighting	Equivalents	Weighted Share
Residential	119,104	90.7%	1	119,104	88.3%
Commercial	10,546	8.0%	1	10,546	7.8%
Rural	1,723	1.3%	3	5,169	3.8%
	<u>131,373</u>	<u>100.0%</u>		<u>134,819</u>	<u>100.0%</u>
Trucks	No. of Properties	Use	Distance	Equivalents	Weighted Share
Residential	119,104	0	0	0	0
Commercial	10,546	1	1	10,546	99.76%
Rural	1,723	0.005	3	26	0.24%
	<u>131,373</u>			<u>10,572</u>	<u>100.00%</u>

A distance weighting factor of 3 is used to compensate for the fact that a greater length of road must be maintained to provide access to rural properties. A use weighting of 0.005 is used because rural truck owners do not use their vehicles as often as commercial operators. The number of properties is as at 30 June 2000.

### Overall Allocation

	Cars Trailers	Share of Damage	Cmls Trucks	Share of Damage	Overall Share
Total Damage Share		0.4%		99.6%	
Residential	88.3%	0.4%			0.35%
Commercial	7.8%	0.0%	99.76%	99.1%	99.39%
Rural	3.8%	0.0%	0.24%	0.5%	0.26%
	<u>100.0%</u>		<u>100.00%</u>		<u>100.00%</u>

### Non Wear and Tear Outputs

The LTSA figures can be used unweighted to give the following results:

	V-KM	Share	
Car	1,923,000	93.4%	
Trailer Combination	35,000	1.7%	95.14%
Light Commercial	30,000	1.5%	
Rigid Truck	41,000	2.0%	
Articulated Truck	29,000	1.4%	4.96%
	<u>2,058,000</u>	<u>100.0%</u>	<u>100.00%</u>

### Overall Allocation

	Cars Trailers	Share	Cmls Trucks	Share
Share of Direct Benefits		95.14%		4.86%
	No. of Properties		Dist. Equiv't Weighted	
Residential	90.7%	86.3%	0.0%	86.26%
Commercial	8.0%	7.6%	99.5%	12.47%
Rural	1.3%	1.2%	0.5%	1.27%
	(Unweighted)		(Count)	<u>100.00%</u>

# Treasury Management Policies

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The Borrowing Management Policy incorporates the requirements of the Local Government Act. The Investment Policy has been established to ensure prudent financial management of Council Investments.

The Borrowing Management Policy and the Investment Policy should be read together. Together they form the Treasury Management Policy of the Council.



# borrowing management policy

## 1 Introduction

This policy has been established to ensure the prudent financial management for the issuance and management of Council debt.

The policy incorporates the requirements of the Local Government Act and should be read together with the Investment Policy. Together they form the Treasury Management Policy of the Council.

This policy is for the Christchurch City Council and includes the Christchurch City Council Sinking Fund Commissioners. For the purposes of limiting total debt levels of the Council and financial management ratios, the debt levels and liquid investments of Christchurch City Holdings Ltd, parent only, (a 100% owned holding company) are added to the Council figures.

To determine the scope of this policy, the definition of terms used shall be that of the Local Government Act and Accounting Standards in force.

Standard and Poor's has provided a joint credit rating for both the Council and Christchurch City Holdings Ltd. The rating is AA (Long Term) and A1 (Short Term). It is an objective of this policy that the ratings at this level be maintained as a minimum.

## 2 Principles

The following principles underlie the policy:

- 2.1 Borrowed funds will be used to fund capital expenditure and investment. An allowed exception is for working capital overdraft under section 4.12. Debt will be used as a residual funds source after funds generated from depreciation are applied to renewal and new capital expenditure. The mix of debt and revenue funding for capital funding will be determined by the Financial Plan each year.
- 2.2 Debt raised will be repaid over the economic life of assets restricted to a maximum of 20 years to ensure inter-generational equity.
- 2.3 Interest costs are part of operating expenditure and will be funded from operating revenue.
- 2.4 The annual debt repayment provision will be funded from operating revenue.
- 2.5 Interest rate exposure will be managed consistent with the aim to:
  - have interest costs where possible at or below interest rates projected from time to time in the Council's Long Term Financial Strategy or the rates determined to be economically feasible for specific assets funded
  - hedging is only allowed for debt in place (or part thereof) or where there is a commitment to borrow in the near future and not for speculative purposes
  - remain risk averse

- maintain a mix of both fixed and floating rates, where appropriate, to maintain flexibility and advantage in case of interest change.

- 2.6 Debt financing is recognised as a component in the Council's Funding Policy and Long Term Financial Strategy to provide inter-generational equity which prevents costs being incurred by the current generation which are for the benefit of future generations.

## 3 Limits on Total Borrowing

- 3.1 The forecast interest rate payable on external debt intended to be raised by the Council in the ensuing year will be budgeted for and disclosed in the Financial Plan.
- 3.2 Total external debt as a percentage of total assets of the Council and Christchurch City Holdings Ltd, parent only, shall be no more than 12%.
- 3.3 The total external debt of the Council and Christchurch City Holdings Ltd combined as a percentage of realisable assets (all assets excluding infrastructural and restricted assets) shall be no more than 33%.
- 3.4 Net interest paid on term debt by the Council and Christchurch City Holdings Ltd combined will not exceed 8% of the consolidated gross revenue provided interest rates do not rise above 8.5%. Should rates rise then the Council will approve a further limit to contain interest costs.
- 3.5 The ratio of net external debt of the Council and Christchurch City Holdings Ltd combined to funds flow from operations shall not exceed five times, ie an ability to repay debt over five years (medium term) before net capital additions.

**Note:** Funds flow from operations is the net cash surplus of gross revenue over operating cash expenses (excludes depreciation).

## 4 Borrowing

- 4.1 All external debt of the Council including financial leases must be authorised by resolution of the Council.
- 4.2 The aggregate amount the Council determines as not being so significant as to require specific authorisation under Section 122Z (c) (ii) (A), is \$500,000.
- 4.3 Loans raised by the Council are to be secured by a charge on Rates revenue.
- 4.4 Except as qualified in section 4.6 below, new loans raised in any particular year are to be no greater than the amount disclosed in the Financial Plan for that year and applied only to capital projects and investments listed in the Financial Plan.
- 4.5 Borrowing will be applied to project funding after utilisation of other capital funding identified in the

Financial Plan in accordance with the principle set out in section 2 above.

- 4.6 All new loans required to fund expenditure which has arisen subsequent to the Financial Plan being confirmed shall require Council approval by a specific resolution of the Council including the reasons why expenditure was not included in the Financial Plan.
- 4.7 Debt may be raised in either fixed or floating rate terms, and for short (ie up to one year) or long maturity terms subject to limits.
- 4.8 The term of a loan must not be longer than the economic life of the capital assets it funds (as defined by the Council resolution) and in any event no more than 20 years.
- 4.9 A loan may be raised in several tranches for terms less than 20 years. Repayments at maturity of a tranche within the term of a loan may be refinanced without further Council resolution. Refinancing loans shall not add to the term of the original loan.
- 4.10 For new loans, the Council must consider the risks of borrowing including a sensitivity analysis to changing interest rates.
- 4.11 The borrowing resolution shall define who has the authority to raise loans. Should it be silent then authority is granted to staff as defined in section 9.2 below.
- 4.12 Unless the Council resolves to the contrary and subject to any instruction issued by the Director of Finance, the Funds Accountant may raise loan funds by way of bank overdraft to cover short term cash shortfalls limited to a maximum of \$2m. Borrowing under this clause is not subject to the constraints of clauses elsewhere in this policy.

The Director of Finance may from time to time issue guidelines and instructions on the raising of overdraft funds up to the \$2m limit.

Any overdraft so raised shall be reported to the Director of Finance within two working days.

For the purposes of this clause the term "short-term" means for terms of less than one year.

## 5 Repayment of Debt

- 5.1 Debt may be repaid by one or a combination of:
  - Annual Sinking Fund instalments where the Sinking Fund Commissioners hold the funds as a separate trust, for the Council, for the sole purpose of debt repayment of specific loans.
  - Annual Contributions to a Loan Repayment Reserve to be held by the Council for the sole purpose of applying at appropriate opportunities to repayment or reduction of loans.
  - Annual table repayment instalments providing for full repayment over the term of a loan being 20 years or less.
  - Repayment from revenue or other sources.

- 5.2 With the exception of table loans, a minimum of 3% of the aggregate of the initial external debt raised by the Council and Christchurch City Holdings Ltd, combined, shall be repaid annually in accordance with one or a combination of the options set out in 5.1 above. Initial Debt is defined as the original sum of any loan borrowed which has not been fully repaid.
- 5.3 The rate of 3% shall be reviewed from time to time to ensure that with accumulated interest earnings on invested funds that sufficient funds are available to repay each initial loan tranche at the end of 20 years. At all times 3% shall be a minimum.
- 5.4 Sinking Funds and Loan Repayment reserves may be applied to earlier repayment of loans in conjunction with refinancing of tranches. In such cases the annual contributions to sinking funds or loan repayment reserves shall be recalculated to ensure that sufficient funds will be on hand to ensure repayment of the balance within the 20 year time frame.
- 5.5 When the repayment provision for any specific loan has been fully funded, no further contributions will be required for that loan.
- 5.6 The Funds Accountant, after consultation with the Director of Finance and the Company Secretary of Christchurch City Holdings Ltd, may select the specific debt to be repaid in any one year to optimise the mix of debt types retained within the group.

## 6 Interest Rate Exposure

- 6.1 The interest rate policy of the Council is to manage the exposure to adverse interest rates consistent with the need to have interest costs, where possible, at or below interest rates projected from time to time in the Council's Financial Plan or Long Term Financial Strategy or the rates determined to be economically feasible for specific assets funded.
- 6.2 The Funds Accountant may implement an interest rate strategy with interest rates higher than that budgeted, where this is supported by an interest rate view and strategy formed under the procedures of 6, 7, 8, and 9 below.
- 6.3 The Council may have an exposure to both fixed and floating interest rates. Fixed Rate Debt may vary between 35% and 100% of total debt maintained by either direct borrowing under these terms or by interest rate hedging. There is a preference for fixed rate borrowing to fund long term asset acquisition.
- 6.4 The Funds Accountant shall be authorised to enter into interest rate hedging contracts to avoid an exposure to adverse rates based on the interest rate view.
- 6.5 All hedging contracts are only to protect the actual debt and debt planned to be raised. Speculation is not permitted.
- 6.6 All hedging contracts are to be discussed with the Director of Finance and in his absence with the Funds



and Financial Policy Manager prior to being entered into and reported to the Director of Finance immediately following (the same day) the transaction is entered into and to the Strategy and Resources Committee quarterly.

- 6.7 Hedging can only take place with counterparties who have a long term credit rating of 'A-' or better.

## 7 Liquidity Policy

- 7.1 The debt maturity profile shall be maintained so that no more than 35% of the relevant debt matures in either of the current or following fiscal year unless the total relevant debt outstanding is lower than \$30,000,000. The relevant debt is the total external debt for the Council but excludes any leases, table loans, and floating rate short term loan issues.
- 7.2 Where possible, maturity dates should be spread throughout the year.

## 8 Credit Exposure

- 8.1 Hedging can only take place with counterparties who are credit rated 'A-' or better.
- 8.2 Settlement for new loans shall be by cleared funds.
- 8.3 Loan raising should be managed so that the impact of settlement default will not adversely affect the Council.

## 9 Management by Staff of the Borrowing Policies

- 9.1 All external debt must be authorised by the Council except that under section 4.12 (working capital overdraft). Staff shall have evidence of such approvals before any debt is raised.
- 9.2 Authority is delegated (under this Policy Statement) to the Funds Accountant and in his absence, any one of the Director of Finance, Funds and Financial Policy Manager, Financial Analyst, and the Financial Services Manager to raise external debt funds and to enter into hedging contracts on terms he may determine within the limits and guidelines of this Policy Statement. The day-to-day management and actions may be undertaken by the Funds Accountant, but the responsibility for overview lies with the Director of Finance.
- 9.3 The Funds Accountant shall form a view on future interest rates based on independent professional advice. The view shall be revised at least quarterly. Action to change the Council's fixed, floating interest rate profile shall be based on that view.
- 9.4 The Director of Finance shall appoint a Treasury Review Team to assist on the formation of interest rate views and Borrowing management strategy. The Treasury Review Team shall approve and maintain guidance notes and instructions developed for the proper management of Council's Debt under this policy.

- 9.5 A specific debt raising resolution may require joint delegations for action. If so then the more restrictive delegation shall be followed.
- 9.6 There shall be appropriate segregation of duties amongst staff involved in borrowing and investing of Council funds and this shall be subject to audit review.
- 9.7 The Funds Accountant shall maintain the register of charges and shall file with the Registrar of Companies a copy of the debt instrument from time to time.
- 9.8 Actions taken under the Borrowing Policy are to be reported to the Director of Finance at least weekly, and to the Strategy and Resources Committee quarterly. The actions requiring reporting are:
- Debt Servicing Costs, both budgeted and actual
  - Comment on Interest Rate Exposure
  - Debt Maturity Profiles and expected timing of Debt Raising
  - Total Debt Raised (including financial leases)
  - Hedging Contracts taken up since the last report
  - Hedging and Derivative Contracts in place at the time of the report

# investment policy

## 1 Introduction

This policy has been established to ensure prudent financial management of Council investments.

The policy incorporates the requirements of the Local Government Act and should be read together with the Borrowing Management Policy. Together they will form the Treasury Management Policy of the Council.

The policy is for the Christchurch City Council and includes the Christchurch City Council Sinking Fund Commissioners. Investments held by subsidiaries (LATEs) are excluded.

To determine the scope of this policy, the definition of terms used shall be that of the Local Government Act and Accounting Standards currently in force.

The Council proposes to invest \$75M of capital repatriation funds due to be received from Christchurch City Holdings Ltd in mid 2001 in a separate fund known as the Capital Endowment Fund. It is intended that the fund be divided into capital of \$71.5M and fluctuation reserves of \$3.5M and that the capital of this fund will be held intact together with sufficient income capitalised annually to cover inflation. The fluctuation reserve will vary depending on returns from investments. The balance of the income will be available to the Council to provide for economic development projects and civic and community projects that will enhance the city or region.

The Council resolution creating the Capital Endowment Fund is attached as Appendix B.

## 2 Principles

The following principles underlie the policy:

- Investments shall be managed to maximise the return to the Council consistent with the purpose of the investment and risk avoidance.
- The Council shall maintain a prudent mix of investments.
- Council investment management shall as far as possible be risk averse.
- Investments made outside of the policy require specific resolution of the Council.
- Interest rate exposure and yields on investments are to be managed according to practices outlined in this policy. Hedging, if used, is to cover the protection of the actual physical investment and its return.
- For the Capital Endowment Fund the investment objectives are:
  - Maintain the real value of the capital of the Fund with regard to inflation.
  - Maximise the value of the Fund and therefore the amount that can be distributed from the Fund over the long term, subject to a prudent level of portfolio risk.

- Maintain a degree of consistency in the amounts that can be withdrawn on an annual basis.
- To fulfil the objectives for the Capital Endowment Fund the following investment principles will be followed in addition to those elsewhere in this policy:
    1. Responsibilities under common law and statute must be met. The following policies will be interpreted and applied subject to this policy.
    2. The inflation-adjusted capital of the Fund shall not be withdrawn.
    3. An appropriate level of portfolio risk will be determined and accepted by the Council in consultation with professional advisors.
    4. An appropriate level of diversification of investments in portfolios across securities, sectors, asset classes and countries must be maintained.
    5. The investment portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
    6. The capital of the investment portfolio will be preserved on a quarterly basis by adjusting for (positive) changes in the Statistics New Zealand All Groups CPI.
    7. An investment fluctuation reserve must be maintained to finance budgeted distributions from the Fund.
    8. Liquidity must be considered and maintained at an appropriate level.
    9. The investment structure must be able to accommodate changes in the Fund's requirements and the investment environment.
    10. All aspects of the investment process and functions will be reviewed regularly. In particular:
      - The performance of investment managers will be monitored against benchmarks at least monthly, and against the performance of other investment managers at least quarterly.
      - Investment managers will be monitored on an ongoing basis with respect to their organisational structure, investment processes and personnel.
      - Investment policies and objectives, asset allocation strategy and overall investment management structure will be reviewed at least once every three years.

## 3 Investment Categories Subject to the Policies - Their Purpose

The Council's investments are made for a range of purposes and fall broadly into five categories:

### 3.1 General Funds Investments

3.1.1 These investments are held for the general use of the Council in the form of financial investments for the purpose of providing general finance. Typically they are invested on a commercial basis to produce a financial return pending utilisation as funding for the Council in its ordinary course of business.

3.1.2 General Funds may be invested in the following investment types:

- Cash and short term bank deposits
- Promissory Notes issued by suitably rated corporate entities
- Stocks and bonds
- Loans to community organisations
- Loans to individuals
- Loans to Council subsidiary companies including LATEs
- Loans to non-Council entities to facilitate community infrastructural asset creation (Council approval required)
- Real estate being held for market return purposes only

### 3.2 Equity Investments in Subsidiary Companies

3.2.1 The Council holds equity investments in a range of subsidiary companies for a mix of the following purposes:

- Providing a rate of return on the investment to be used for general revenue purposes.
- Ensuring that ownership of essential infrastructural facilities with monopoly characteristics remain in community ownership.
- Separating trading activities or services from the ordinary operations of the Council in the interest of transparency, efficiency and competitiveness of pricing.

3.2.2 These investments are made up of:

- A majority interest in major utility trading enterprises through a 100% interest in Christchurch City Holdings Limited - see Schedule 1.
- 100% interest in LATEs which have been established primarily to provide service delivery to the Council on a commercial basis - see Schedule 2.
- Significant interest in trading enterprises primarily for income purposes but recognised as being of benefit to the local economy - see Schedule 3.

### 3.3 Property Held for Investment Purposes

- Investment properties are defined as being held for market return purposes and having no Council operational function.

- The decision to hold or dispose of investment property is driven by the performance of this investment compared with similar properties in the market.

### 3.4 Investment of Reserve Funds including Trust Funds and the Capital Endowment Fund

3.4.1 These reserve and trust funds have the following characteristics:

- The Council has resolved to set aside funds for a specific defined future purpose.
- The Council has defined a minimum holding of the Capital Development Reserve Fund, currently set at \$5M to provide a first source of funding available in the case of an emergency arising from a natural disaster.
- Estimates are prepared each year of the value of each separate reserve fund including revenue projections.
- These funds are available for appropriation in the Financial Plan to finance expenditure incurred on the purpose of the fund.
- The investments which make up the Reserve Funds can be held in common with General Funds investments with the earnings apportioned to each separate fund or may be invested separately with professional Fund Managers in managed portfolios of investments.

3.4.2 Reserve and trust funds may be invested in the following investment types:

- Short term bank deposits
- Promissory Notes issued by suitably rated corporate entities
- Stocks and bonds
- Loans to Council subsidiary companies
- Loans to individuals (for Council approved purposes)
- Loans to community organisations
- Shares in publicly listed companies
- Professionally managed portfolios of investments, either by direct investment or through Unit Trusts, including:
  - Equities, New Zealand wide, South Island Specific and overseas
  - Fixed Interest investments, both New Zealand and overseas
  - Short term cash
  - Real Estate
  - Other Investments the Council may from time to time resolve.

### 3.5 Sinking Fund Investments

3.5.1 These funds are held by the Commissioners appointed by the Council on trust for the repayment of Council loans in accordance with the Council's Borrowing Management Policy.

3.5.2 Sinking Funds may be invested in the following types of investment:

- Cash and Short Term Bank Deposits
- Promissory Notes issued by suitably rated corporate entities
- Stocks and bonds

3.5.3 Management of Sinking Fund investments shall be subject to the procedures outlined in sections 5 and 6 of this policy.

## 4 Types of Investments

The Council may hold the following types of investments. See other sections of this policy for restrictions on the management of each type:

- Bank deposits, bank accepted bills and bank issued certificates of deposit
- Short Term Promissory Notes issued by companies and Local Authorities as defined by section 6
- Stocks and bonds issued by Government, SOEs, Local Authorities and suitably rated Corporate entities
- Loans to Council subsidiary companies
- Loans to individuals (for Council approved purposes)
- Loans to community organisations
- Loans to non Council entities to facilitate community infrastructural asset creation as approved specifically by the Council
- Shares in (listed) public companies
- Shares in subsidiaries
- Real estate
- Professionally managed (external to the Council) portfolios of investments, either by direct investment or through Unit Trusts, including:
  - Equities both New Zealand and overseas domiciled
  - Fixed interest both New Zealand and overseas domiciled
  - Short term cash
  - Real estate
  - Other investments the Council may from time to time resolve.

## 5 Outline of Procedures for Management of Each Type of Investment

### 5.1 General Issues

- Each type of investment shall be prudently managed having regard to the purpose for which the investment was made and the needs of the Council.
- Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Professionally Managed Funds, and equity investments in LATEs) is granted to any one of the Director of Finance, Funds and Financial Policy Manager, Funds Accountant, Financial Analyst, and Financial Services Manager. The primary responsibility lies with the Funds Accountant.
- The Funds Accountant shall form a view on future interest rates based on independent professional advice. The view shall be revised at least quarterly and shall be used to guide investment strategy.
- The Director of Finance shall appoint a Treasury Review Team to:
  - assist on the formation of interest rate views
  - advise on investment management strategy
  - approve and maintain guidance notes and instruction developed for the proper management of the Council's Investments made under this policy.
- Reporting requirements by the Funds Accountant:
  - Report daily to the Director of Finance - Hedging instruments used (both in advance of any commitment and after being entered into).
  - Report weekly to the Director of Finance - showing a weekly position.
  - Report quarterly to the Strategy and Resources Committee - on the performance results of the investment portfolio excluding shares in subsidiary companies and returns on real estate which will be reported separately as detailed elsewhere in this policy.
  - A division of duties between the staff making and checking on the investment transactions is to be maintained to provide for checks on the prudent handling of investment funds.

### 5.2 Short Term Liquid Investments - Bank Deposits and Promissory Notes

Investment of this type will be managed on the following basis:

- The objective is to minimise the holding whilst having regard to liquidity needs and investment return.
- Invested in authorised bank instruments in accordance with the criteria outlined in section 6 of this policy.
- Compliance with the policy rules on acquisition, disposal, and the settlement process in accordance with the criteria outlined in section 6 of this policy.

- Interest Rate risk management has an objective to maximise yield based on the interest rate view formed by the Funds Accountant as outlined in section 5.1 of this policy.
- The maturity profile of investments will be based on the need for cash funds derived by the daily liquidity needs forecast.

### 5.3 Long Term Financial Investments of Authorised Stocks and Bonds

- The objective is to maximise the holding whilst having regard to liquidity needs and investment return subject to the size of funds available for investment and the maturity profile matched to the expected need for liquid funds.
- To minimise credit risk, the investments with any one issuer are subject to the limits as defined in section 6 of this policy.
- The interest view, formed by the Funds Accountant, together with the yield and maturity profile of the investments will form the basis of determining action required. In addition, the Funds Accountant is authorised to use hedging instruments to change the interest rate exposure and to change the financial impact of the terms of the investment asset.
- The Council will seek to maximise yields either by primary investment or incidental arrangement.
- The procedures on acquisition, disposal, and the settlement process is set out in section 6 of this policy.

### 5.4 Loans to Council Owned LATEs

- Loans to LATEs shall be made only after Council authorisation of the total amount, source of funds, security and the general terms.
- The Director of Finance is authorised to determine the specific terms and conditions of the loan, the maturities and interest cost.
- The administration of the loan investment can be delegated to staff as per section 5.1.

### 5.5 Loans to non Council entities to facilitate community infrastructural asset creation

- Examples of this type include the Belfast Industrial Pressure Pipeline loan.
- Loans shall be made only after Council authorisation.
- Such authorisation shall include the total amount, source of funds, security and the general terms.
- The Director of Finance is authorised to determine the specific terms and conditions of the loan, the maturities and interest cost.
- The administration of the loan investment can be delegated to staff as per section 5.1.

### 5.6 Loans to Individuals, and to Community Organisations

- These are subject to authorisation by the Council (or Committee if delegated) either on a one-off basis or by class (for example, the drainage conversion loans).
- The funding source will be nominated in each case, mainly Reserve Funds, to avoid the need for Rate funding.

- If the source of funding is a specific Reserve Fund set up for the purpose of making loans (eg the Community Loans Fund), the loans made will be limited to the quantum of that fund.
- If the source is the Capital Development Fund then the funds available will be limited to 20% of the funds in excess of \$5M. \$5M is required as the minimum liquid cash reserve.
- If the source of funds are unspecified Reserve Funds, ie other than the specific loan Reserve Funds, Capital Development Reserve or Debt Repayment Reserves and other specific short term reserve funds, then the maximum which can be invested in loans from these sources is 10% of the available funds. (Note: The Victory Park lighting Loan is excluded as this will be merged with the redevelopment loan.)

- Interest rate to be charged is set by the Council as either a policy decision or on a case by case basis. In the absence of specific instruction, then at no less than the Council's estimated cost of borrowing plus a margin (1% minimum) for administration and risk.
- The Funds Accountant is to prepare loan documentation as required based on legal advice as to form and procedure.
- Security of Loans will generally be a charge on the borrower's land unless specified as being unsecured (as in the case with some community organisations) in which case such other security as the Council, Director of Finance, or the Funds Accountant may determine as being appropriate for this class of loan.
- Loan Guarantees to protect repayment shall be obtained if directed by the Council or if in the opinion of the Director of Finance or the Funds Accountant it is considered to be prudent for a loan of this type.

### 5.7 Equity Investments in LATEs and Subsidiaries

- Investment in shares in subsidiary companies will be made on the authorisation of the Council only after the receipt of professional advice on valuation and acquisition procedures.
- The Council will not involve itself directly in the management of its subsidiary companies. Management services may be contracted by the companies from Council staff.
- Each company which is defined as a LATE in the Local Government Act will be required to prepare annually a Statement of Corporate Intent which sets out the activities and strategic direction of each company, and to report in accordance with the Statement of Corporate Intent and the reporting requirements for LATEs in the Local Government Act.
- Christchurch City Holdings Limited is an investment monitoring company established by the Council to hold its significant trading enterprises on behalf of the Council. The Board will comprise a mix of Councillors and external directors with a majority of Councillors.

- Regular monitoring will be carried out by Christchurch City Holdings Limited (CCHL) of the ownership options, business strategy and operating plans, capital structure and risk management affecting the CCHL subsidiaries and other subsidiaries where the shareholding is held directly by the Council.
- Investment performance of subsidiary companies will be assessed in comparison to the performance of other similar companies in the same industry.
- The CCHL Board will report at least six times a year to the Council's Strategy and Resources Committee on the issues arising from its monitoring role. Ad hoc briefing sessions and seminars for Councillors will also be arranged.
- The Council is responsible for the approval of Statements of Corporate Intent and the appointment of directors for all subsidiaries held directly by the Council and directly by CCHL.
- Directors of all subsidiary companies will be selected according to the policy established by the Council in June 1996.
- Ownership of shares in subsidiaries may be transferred to CCHL when a subsidiary has an established record of financial performance and it is Council policy to retain the investment in the long term.
- This policy does not apply to non-trading companies which are held solely for the purpose of land ownership (eg Travis Group).

#### 5.8 Shares in Listed Public Companies

- Specific authorisation is required by the Council to invest directly in listed equities except in the case of professionally managed portfolios as outlined in 5.10 below.
- There is to be an annual review by a broker to assess price, total value and hold or sell advice.
- Trading is authorised to rationalise a holding and on the advice of a broker. Normally taking up cash issues, sale of rights etc will be subject to advice.
- Staff listed in section 5.1 are authorised to enter into transactions.
- Low value transactions may be actioned by the Funds Accountant without further authority.

#### 5.9 Real Estate Held for Investment Purposes

- Acquisition or sale decisions on investment property shall be made by the Council.
- The properties should be managed in accordance with professional property management principles for the administration and maintaining of properties.
- The Property Manager will maintain accurate records for all individual investment properties including income and expenditure which will then be used for measuring performance of the investment.
- Management principles will be in accordance with prudent commercial terms and conditions effective in the market from time to time.

- The Property Manager will ensure compliance with all relevant statutes.
- The decision to hold or dispose of investment property is driven by the performance of a specific investment compared with similar properties in the market.
- The Property Manager is to report to the Council on a six monthly basis on the performance of all investment property.

#### 5.10 Professionally Managed Portfolios

- Investments in professionally managed (external to the Council) portfolios may be made for Capital Endowment Fund and other reserve fund investments.
- The initial selection of fund managers will be made by the Council's Strategy and Resources Committee on recommendation from the Treasury Review Team after receipt of professional advice.
- Significant decisions relating to Fund Manager appointments will normally be subject to Strategy and Resources Committee approval but the Treasury Review Team is authorised to act on urgent issues and report to the next meeting of the Strategy and Resources Committee.
- Immediately following the initial selection of fund managers the Council will approve appropriate management guidelines for the ongoing management of the Fund and the level of delegated authority to the Treasury Review Team for ongoing decisions relating to these investments.
- The Treasury Review Team shall:
  - Take account of and consider the objectives of the funds, management guidelines, the appropriate level of risk to be accepted and the reserve retention policy of the fund as agreed by the Council from time to time.
  - Recommend to the Council the quantum of funds which are available for distribution in any year after provision for inflation protection and management of the fluctuation reserve.
  - Monitor the performance and compliance of investment managers.
  - Develop and implement appropriate periodic reporting to the Council.

## 6 Assessment and Management of Risks by Type of Investment

### 6.1 Authorised Bank Instruments

The Council may invest in any registered bank in New Zealand subject to the following:

- The bank remains the primary debtor throughout the term of the investment.

- Investments will only be in banks with a Standard and Poor's short term credit rating of A-3 or better and a long term credit rating of A- or better (equivalent Moody's ratings may be used).
- A maximum of 20% of the total investments issued by the financial market (which is made up of short term bank deposits, promissory notes and long term stocks and bonds including those issued by other Local Authorities and Government Stock) may be invested with any one bank except where the total bank investments are less than \$10M, when the investments shall be made with at least two banks.
- Any instrument issued by the bank may be taken up.
- Deposits may include foreign currency to meet Council commitments in overseas currencies.

## 6.2 Authorised Stock or Bond Investments

The Council may invest in any fixed term stock or bond issued in New Zealand subject to the following:

- Up to 100% of the available funds may be invested where the stock is issued by the New Zealand Government or State Owned Enterprise guaranteed by the Government.
- Up to 20% of the available funds may be invested in Civic Bonds issued by the Local Government Finance Corporation as these are backed by rate secured investments in Local Authorities.
- Up to 100% of the available funds may be invested where the stock is issued by a Local Authority (not CCC or CCC LATEs) and is rate secured, but subject to a maximum 20% of the total investments (see 6.1) with any one issuer.
- Up to 35% of the available funds may be invested where the bonds are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of A- or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments (see 6.1) with any one issuer.

## 6.3 For the Purchase, Sale, and Settlement of Bank Deposits, Stock and Bonds and Listed Public Company Shares

The Funds Accountant and in his absence others listed in section 5.1 have authority to deal in these investments, taking on the authorities of the Funds Accountant, subject to the procedures outlined below and detailed elsewhere in this policy:

### 6.3.1 Making Investments:

- Bank deposit and promissory notes investments are normally made after three quotations are received.
- The Council is not bound to take the highest bid, nor shift funds from one bank to another where reasonable grounds exist to make an alternative decision (eg to maintain a spread of deposits between banks).

- Investments in stock or promissory notes issued under a tender shall be made with the advice of a broker or professional adviser retained by the Council.
- Investments in stock or promissory notes by direct purchase shall be made on the advice of a broker.
- Settlement to be made by direct credit, cheque or by direct debit.

### 6.3.2 Recording of Investments:

- Investments made are to be recorded in separate balance sheet asset accounts.
- A division of duties is to be maintained to provide for checks on the prudent handling of investment funds.
- Daily records of cash monitoring and investment decisions shall be maintained.
- Accrued income on a yield to maturity basis is to be calculated and actioned monthly.

### 6.3.3 Income Recognition:

Income is to be recognised on a yield to maturity basis, with the purchase yield used for both capital values and accrued income. This is applicable as the Council:

- normally selects an investment to match a maturity profile based in the main on an expected need for funds
- would not normally sell the investments earlier unless there is a need for funds
- would not wish short term variation in market interest rates to change the income flows over time from the same investment.

### 6.3.4 Withdrawal or sale of bank deposits, promissory notes, bonds, and listed equity investments:

- Repayment shall be by cleared funds to minimise the settlement risks.
- The principal proceeds are to be credited to the asset account on the balance sheet with appropriate income recognition.
- Funds are either reinvested or they form part of the liquidity of the Council. In either case the full value is recognised in the equity of the Council. Capital gains or losses are recognised as income and disposed of along with all other income as per the Financial Plan.
- Revenue from any investment is dealt with under the Financial Plan along with all other revenues.

## 6.4 Purchase, Sale and Settlement of Real Estate Investments

- All acquisitions and disposal decisions are to be made by the Council on advice of the Property Manager.
- The property disposal procedures approved by the Council from time to time shall be used for investment property disposals.

- Sale and purchase contracts in the normal form will be used.
- Investment properties are to be recorded as assets in the financial records and have similar treatment to other assets.

#### 6.5 Purchase, Sale and Settlement of Subsidiary Company Investments

- In general terms it is the intention of the Council that a majority ownership in these investments will be retained in the long term.
- Any decision to dispose of shares in a subsidiary which would reduce the Council's shareholding to less than 50% will be made only after public consultation as set out in the Local Government Act.
- Where existing assets of the Council are transferred to a new LATE, an Establishment Unit will assess all the options and recommend the methodology, value and other matters according to the established procedure set out in the Local Government Act.
- External professional advice will be sought before making any decision to acquire or dispose of any shareholding in any of the subsidiary company investments.

#### 6.6 Purchase of Promissory Notes issued by New Zealand Companies and Local Authorities

The Council may invest in Promissory Notes issued in New Zealand by Corporates and Local Authorities in New Zealand currency provided they have throughout their term a Standard and Poor's short term credit rating of A-3 or better (or equivalent Moody's rating).

- The term would generally be no more than 180 days.
- The interest rate must be better than Bank deposits for the same term to indicate a preference for Promissory Notes.
- For registered Promissory Notes the note must be held in the Council's name.
- For 'bearer' Promissory Notes, the certificate may be held by the Council or by a suitable agent such as a Bank or Austraclear.
- To avoid the Council being exposed to settlement risk, payment on maturity or sale requires settlement by 'Cleared Funds'.

#### 6.7 Investments in Professionally Managed Investment Portfolio

- Professionally managed (external to Council) investment portfolios may be used for Reserve Fund investments in accordance with guidelines approved by the Strategy and Resources Committee from time to time. In considering the selection of any managed portfolio to minimise income and capital risk, the following shall be considered (along with any other relevant consideration):
  - The selection of the professional Fund Manager based on performance and competence.
  - The diversification of the asset class.
  - The expected return of each asset.

- The volatility of return, both in the past and expected.
- The Council's tolerance to risk.
- The appropriate reserve retention level necessary to preserve the fund value and earning potential.
- The income distribution expectations of the Council.

- The management of the investment, once made with an (external to Council) professional Fund Manager, shall be handled entirely by that Fund Manager. Therefore the restrictions stated elsewhere in this policy governing the selection and handling of direct investments shall not apply.
- It is recognised that title to the underlying investments will be with the Fund Manager who will handle the investments on the Council's behalf. The Council will receive an acknowledgement of its interest in the investment pool.



## APPENDIX A

### EQUITY INVESTMENTS IN SUBSIDIARY COMPANIES

#### SCHEDULE 1

A majority interest in major trading enterprises through a 100% interest in Christchurch City Holdings Ltd

Orion Group Limited	87.625%
Christchurch International Airport Limited	75%
Lyttelton Port Company Limited	65.55%
Red Bus Limited	100%

#### SCHEDULE 2

Interest in LATEs which have been established primarily to provide service delivery to the Council on a commercial basis

City Care Limited	100%
Christchurch City Facilities Limited	100%
Travis Finance Limited and Subsidiaries	100%
Jade Stadium Limited	100%
Transwaste Canterbury limited	37.85%

#### SCHEDULE 3

Significant interest in enterprises primarily for income purposes recognised as being of benefit to the Council and the local economy

Selwyn Plantation Limited	39.32%
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## APPENDIX B

### CAPITAL ENDOWMENT FUND - COUNCIL RESOLUTIONS

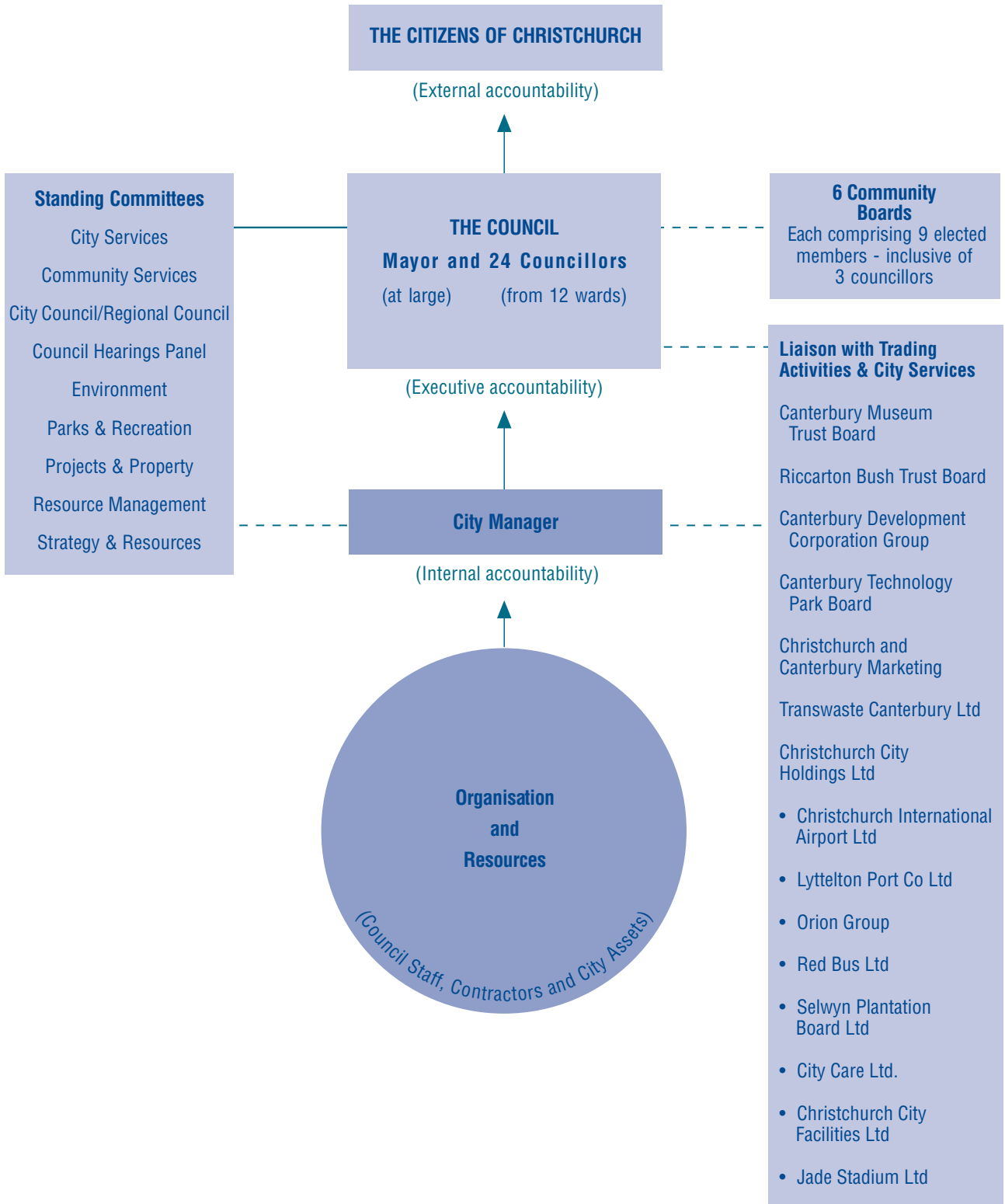
The following is extracted from resolutions passed by the Council in March and July 2001 which record the intentions of the Council relating to the management and investment of the Capital Endowment Fund:

- That \$75 million be allocated to a long-term fund, to be known as the Capital Endowment Fund, the income to be applied for the benefit of current and future generations.
- That \$3.5 million of the initial capital be further allocated within the fund as an income fluctuation reserve.
- That the income from the Capital Endowment Fund be applied to:
  - (i) maintaining the value of the fund after inflation; and
  - (ii) providing for economic development projects (70%) and civic and community projects (30%) that will enhance the city or region.
- That the capital of the Capital Endowment Fund not be used by the Council for any other purpose without a vote in favour by an 80% majority of the Council.
- That to maintain accountability for the protection of the capital and use of the proceeds of the Capital Endowment Fund, the structure of the Fund be outlined in the Council's Funding Policy and reported on separately in the Financial Plan and Annual Report of the Council.

# Information

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# organisational structure



# elected members & community boards

## Mayor

Garry Moore CA

## Deputy Mayor

Councillor Lesley Keast QSM JP

## Councillors

Carole Anderton

Paddy Austin MA(Hons) PhD

Erin Baker MBE

Robin Booth

Sally Buck MEd

David Buist

David Close QSO MA(NZ) MA(Essex)

Graham Condon QSM JP

Barry Corbett

Anna Crighton JP MA(Hons)

Carole Evans QSO JP

Ishwar Ganda

Pat Harrow DipHort

Ian Howell OBE FNZIM

Alister James LLB

Charles Manning MA(S'ton)

Denis O'Rourke LLB

Gail Sheriff

Barbara Stewart

Ingrid Stonhill

Sally Thompson QSM

Sue Wells BA

Ron Wright JP MPMI

## Membership of Community Boards

### Burwood-Pegasus

Chrissie Williams (Chair)

Glenda Burt

Carole Evans QSO, JP (Cr)

Alister James (Cr)

Caroline Kellaway JP

Andy Lea

Anne McCormack

Don Rowlands

Gail Sheriff (Cr)

### Fendalton-Waimairi

Keith Nuttall JP (Chair)

Diana Bradley

Sally Buck\* (Cr)

Val Carter

Pat Harrow (Cr)

Yiyi Ku MMus (Dist)

Barbara Stewart (Cr)

Mike Wall

Ron Wright JP (Cr)

### Hagley-Ferrymead

Bob Todd OBE JP (Chair)

Erin Baker (Cr)

John Freeman JP MA

Charles Manning (Cr)

Derek McCullough

Aaron O'Brien BA

Denis O'Rourke (Cr)

Linda Rutland

### Riccarton-Wigram

Mike Mora (Chair)

Paddy Austin (Cr)

Neville Bennett BSc(Hons) PhD

Helen Broughton MA DipEd (GC)

David Buist (Cr)

Mary Corbett JP TCC

Ishwar Ganda (Cr)

Bob Shearing

Alison Wilkie

### Shirley-Papanui

Yvonne Palmer QSM JP (Chair)

Myra Barry QSO JP

Robin Booth\* (Cr)

Anne Carroll

Graham Condon QSM JP (Cr)

Dennis Hills JP BSc FNZIC FIM

Ingrid Stonhill (Cr)

Sally Thompson QSM (Cr)

Steve Wright

### Spreydon-Heathcote

Oscar Alpers LLB Notary Public (Chair)

Carole Anderton\* (Cr)

Lynda Carter

Phil Clearwater MA (Hons)

Barry Corbett (Cr)

Sonia Gill BA ATCL AREINZ

Ian Howell OBE (Cr)

Elizabeth Maunsell

Sue Wells (Cr)

\* Denotes member elected to both Council and Community Board



Garry Moore



Lesley Keast



Carole Anderton



Paddy Austin



Erin Baker



Robin Booth



Sally Buck



David Buist



David Close



Graham Condon



Barry Corbett



Anna Crighton



Carole Evans



Ishwar Ganda



Pat Harrow



Ian Howell



Alister James



Charles Manning



Denis O'Rourke



Gail Sheriff



Barbara Stewart



Ingrid Stonhill



Sally Thompson



Sue Wells



Ron Wright

# senior management & standing committees

## Senior Management

<b>City Manager</b>	Mike Richardson MA(Econ) MA(Town&Reg Planning) MRTPI FRS FNZIM
<b>Director of Business Projects &amp; Relationships</b>	Ian Hay CA ACIS AFNZIM
<b>Director of Finance</b>	Bob Lineham BCom FCA FNZIM MILAM
<b>Director of Human Resources</b>	Dorothea Brown NZLA Cert FNZLA AFNZIM
<b>Director of Information</b>	Simon Markham BA BTP
<b>Director of Operations</b>	Ken Lawn BA DipTP MNZPI
<b>Director of Policy</b>	Jonathan Fletcher BE(Hons) ME(Env Eng) MPP MIPENZ MNZAE

## Members of Standing Committees

### Strategy and Resources Committee

David Close (Chair)  
 Carole Anderton  
 Graham Condon  
 Anna Crighton  
 Carole Evans  
 Pat Harrow  
 Ian Howell  
 Alister James  
 Denis O'Rourke  
 Gail Sheriff  
 Barbara Stewart (Deputy Chair)  
 Ron Wright

### Environment Committee

Anna Crighton (Chair)  
 Paddy Austin  
 Robin Booth  
 Sally Buck  
 Barry Corbett  
 Carole Evans  
 Pat Harrow (Deputy Chair)  
 Lesley Keast  
 Charles Manning  
 Sue Wells

### Projects and Property Committee

Ron Wright (Chair)  
 Erin Baker  
 Robin Booth  
 Anna Crighton  
 Ishwar Ganda  
 Ian Howell  
 Denis O'Rourke  
 Gail Sheriff (Deputy Chair)

### Community Services Committee

Carole Anderton (Chair)  
 Erin Baker (Deputy Chair)  
 Sally Buck  
 Barry Corbett  
 Ishwar Ganda  
 Alister James  
 Lesley Keast  
 Barbara Stewart  
 Ingrid Stonhill  
 Sally Thompson  
 Sue Wells

### Resource Management

Charles Manning (Chair)  
 David Buist  
 Lesley Keast  
 Sue Wells (Deputy Chair)

### Parks and Recreation Committee

Graham Condon (Chair)  
 Carole Anderton  
 Paddy Austin  
 Erin Baker  
 Sally Buck  
 David Buist  
 Barry Corbett  
 Ishwar Ganda (Deputy Chair)  
 Pat Harrow  
 Gail Sheriff  
 Ingrid Stonhill

### City Services Committee

Denis O'Rourke (Chair)  
 Robin Booth  
 Sally Buck  
 David Buist  
 Graham Condon  
 Carole Evans  
 Ian Howell  
 Alister James  
 Charles Manning  
 Ingrid Stonhill  
 Sally Thompson  
 Ron Wright (Deputy Chair)

# trading enterprises & other organisations

Listed below are the trading enterprises which the Council has an interest in, together with the directors of the trading enterprises. Also listed are other organisations which the Council is represented on.

## Christchurch City Holdings Limited (100% owned)

Alister James (Chair) (Cr)	Garry Moore (Mayor)
Paddy Austin (Cr)	Barbara Stewart (Cr)
Craig Boyce	David Stock
David Close (Cr)	Peter Taylor
Pat Harrow (Cr)	

## Christchurch International Airport Limited (75% owned)

Syd Bradley (Chair)	Denis O'Rourke (Cr)
David Lyall	Barry Thomas
Robin Mann	Gail Sheriff (Cr)

## Orion Group (87.625% owned)

Linda Constable (Chair)	Peter Rae
Philip Carter	Don Sollitt
John Gray	Ken Sparrow
Chris Laurie	

## Lyttelton Port Company Limited (65.38% owned)

Brent Layton (Chair)	Donald Stewart
Peter Coakley	Bob Todd
Ian Howell (Cr)	David Viles
Sue McCormack	

## Red Bus Limited (100% owned)

Ann Urlwin (Chair)	Ishwar Ganda (Cr)
Craig Boyce	Barry McFedries
Evan Frew	

## Selwyn Plantation Board Limited (39.32% owned)

Doug Marsh (Chair)	Allan Berge
David Buist (Cr)	Graham Heenan
Peter Coakley	

## City Care Limited (100% owned)

David Spence (Chair)	Ron Wright (Cr)
Bob Foster	Paul Young
Doug Marsh	

## Jade Stadium Limited (100% owned)

Bruce Irvine (Chair)	Hanlin Johnstone
Paddy Austin (Cr)	Mike Prendergast
Vicki Buck	Ron Wright (Cr)
Erin Baker (Cr)	

## Christchurch City Facilities Limited (100% owned)

Peter Taylor (Chair)	Barry Corbett (Cr)
Graham Condon (Cr)	Denis Sheard

## Canterbury Technology Park (Joint Venture)

Mary Harvey (Chair)	Richard Swan
Ian Hay	

## Travis Group (100% owned)

Bob Lineham	Peter Taylor
Mark Russell	

## Canterbury Development Corporation

Stewart Leck (Chair)	Doug Marsh
Carole Anderton (Cr)	Garry Moore (Mayor)
Paddy Austin (Cr)	Barbara Stewart (Cr)
Ian Howell (Cr)	David Walker
Garth Carnaby	Ian Hall

## Canterbury Museum Trust Board

Paddy Austin (Chair) (Cr)	Ian Leggat
Tony Arps	Gaye Stanley
Peter Fitzgerald	Barbara Stewart (Cr)
Leo Hayward	Murray Thacker
Jim Hopkins	Sally Thompson (Cr)
Lesley Keast (Cr)	

## Riccarton Bush Trust Board

Charles Deans (Chair)	Brian Molloy
Helen Broughton	Mike Mora
David Buist (Cr)	Barbara Stewart (Cr)
Brian Deans	Alison Wilkie
Ishwar Ganda (Cr)	Pamela Wilson

## Recovered Materials Foundation Board

Denis O'Rourke (Cr) (Chair)	Chris Pickrill
Sally Buck (Cr) *	Mark Prain *
Ian Howell (Cr)	Mike Stockwell *
Robin Mann	Dixon McIvor
Peter Townsend	Molly Anderson

\* Three Advisory Trustees - not Board Directors

## Transwaste Canterbury Limited

Denis O'Rourke (Cr) (Chair)	Alton Jamieson
Noeline Allan	Ray Harris
Gil Cox	Jim Fulton
Gerald Clemens	Peter Drummond

# christchurch profile

## History

Maori oral tradition suggests moa-hunting Maori tribes first appeared in Canterbury about one thousand years ago.

The Waitaha tribe is thought to have migrated from the east coast of the North Island to the Pegasus Bay area early in the 16th century, followed by Ngati Mamoe, also from the North Island, towards the end of the century.

About one hundred years later Ngai Tahu tribespeople also began to move south in a migration that continued until about 1830. By 1832 the population had been decimated by the North Island warrior Te Rauparaha and his supporters.

The first European landed in Canterbury in 1815, 45 years after Captain James Cook sighted Banks "Island", later discovered to be a peninsula. Whaling ships were operating out of Lyttelton by 1835, and in 1840 the first Europeans to settle on the plain arrived.

But it was in 1850 that the English settlers who were to found Christchurch reached Lyttelton. They came in four

ships - the Charlotte Jane, the Randolph, the Sir George Seymour and the Cressy.

Christchurch became a city by Royal Charter on 31 July 1856. This makes it the oldest officially established city in New Zealand.

## Recreation

Christchurch has over 3,000 hectares of parkland, comprising 13 major metropolitan parks, including the Botanic Gardens and Hagley Park, 89 major district parks and approximately 330 local and neighbourhood reserves.

Three main beaches - Sumner, New Brighton and Taylor's Mistake - lie close to the city.

There are five multi-purpose sports stadia and centres, including Queen Elizabeth II Park which was built for the 1974 Commonwealth Games and features swimming and diving pools and the Hydroslide. Thirteen other public swimming pools provide outdoor and indoor swimming.





Animal reserves include Orana Park Wildlife Trust and Willowbank Wildlife Reserve.

Eight museums can be visited within or close to the city, and Banks Peninsula and Kaiapoi also have museums. At least 20 art galleries feature works by local and international artists. Sports, social and cultural clubs number well into the hundreds.

## Education

A wide range of private and state-operated pre-school education facilities are available in Christchurch. The city has 26 state and integrated private secondary schools and more than 120 primary and intermediate schools and 8 special schools. Numerous schools service the outlying country areas.

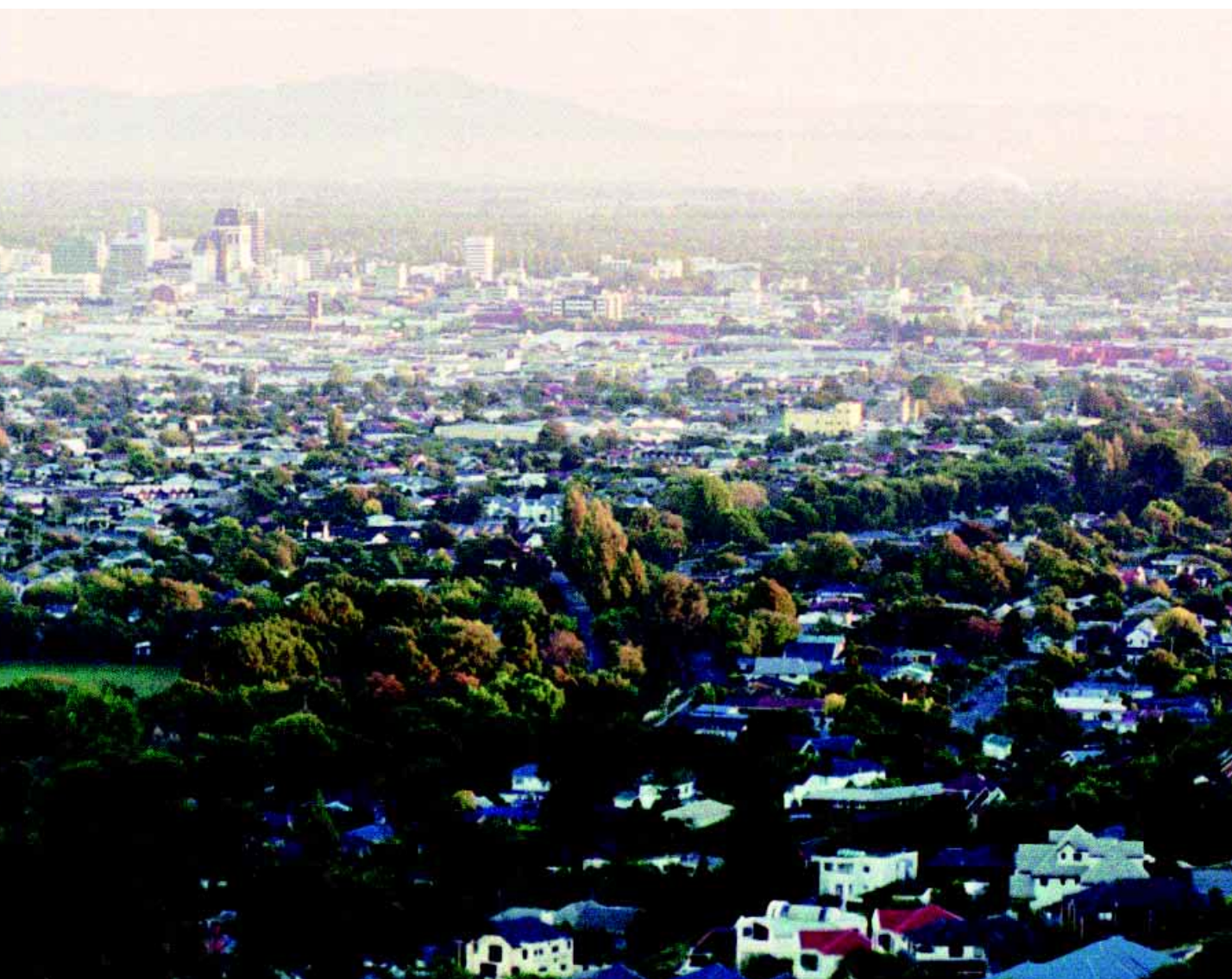
Christchurch is the only New Zealand city with two universities. The University of Canterbury, about 5km from the city centre, offers a wide range of disciplines including engineering. Lincoln University, 15km from Christchurch Airport, specialises in agriculture, parks management and other environmentally-oriented courses.

Christchurch Polytechnic also offers a wide range of career and recreational courses.

## Health and Welfare

Christchurch has two general and eight specialist state hospitals, 14 private hospitals and more than 20 community health care services.

More than 100 welfare organisations and support groups are provided to meet the needs of the community.



# general information

## General Information

### Location:

Latitude: 43° 31 mins 48 secs South

Longitude: 172° 37 mins 13 secs East

East Coast, South Island, New Zealand

### Climate (Botanic Gardens):

#### Temperature

Mean daily maximum Jan. 21.7°C July 10.3°C.

Mean temperature 12.1°C.

Mean daily minimum Jan. 11.8°C July 1.5°C.

Mean annual maximum 32°

Mean annual minimum -4°

#### Sunshine

Annual average sunshine hours = 1,982

#### Rainfall

Average rain days 1mm or more - 85 per annum

Average annual rainfall 645mm

#### Frost

Average days of screen frost (minimum air temp. less than 0°C) 35 per annum

### Relative Humidity

Average relative humidity 9 am

January 81%

July 92%

### Wind (Airport)

Average number of days with gusts reaching 63km/h or more - 55 per annum

Average number of days with gusts reaching 96km/h or more - 2.5 per annum

### Sister Cities:

Adelaide, South Australia;

Christchurch, Dorset;

Kurashiki, Japan;

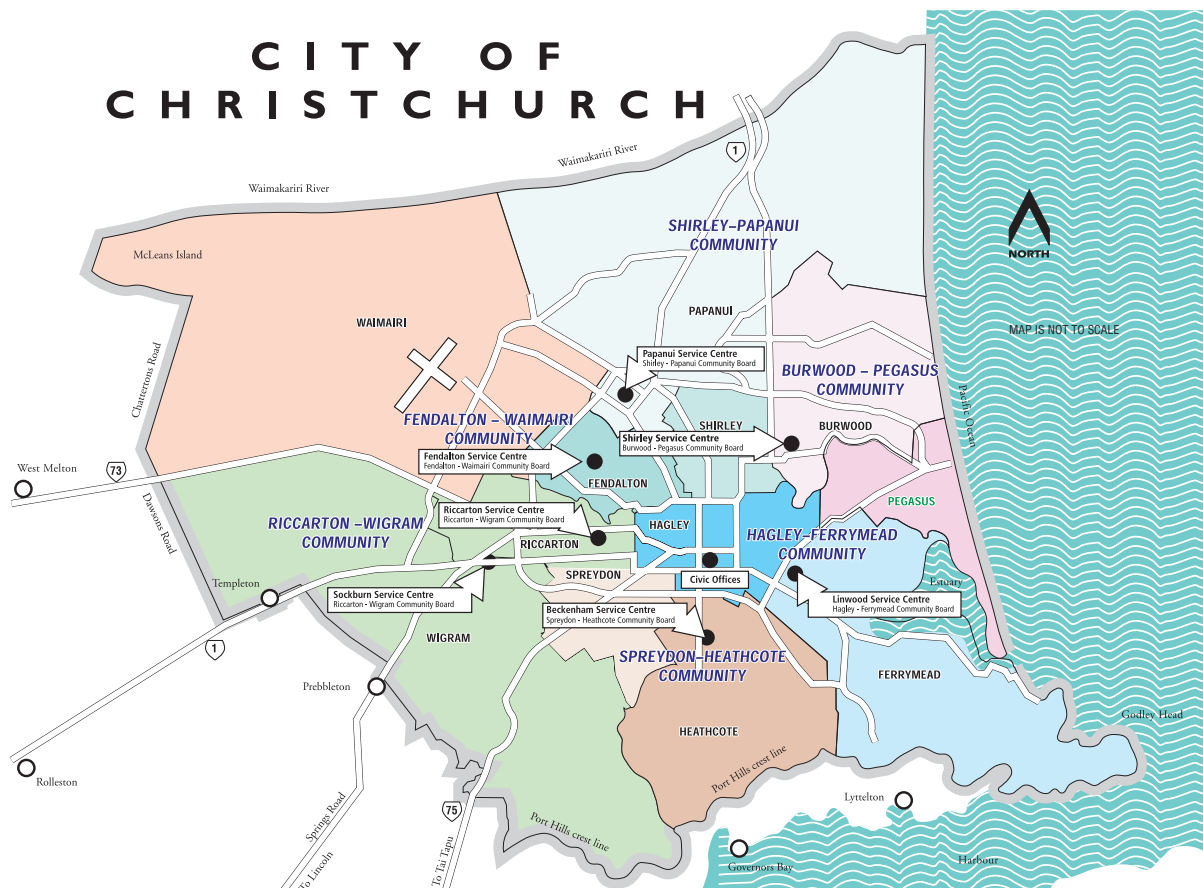
Seattle, USA.;

Province of Gansu, Peoples Republic of China;

Songpa-Gu, Korea

### Area:

Christchurch City: 45,239 hectares



# service contact details



## Christchurch City Council

Civic Offices, 163 Tuam Street, Christchurch

### How to contact us?

**Phone us.** If it is about a service then call us on 371 1999

Want to talk to the Mayor, your local councillor or community board member, or a member of staff and don't know the number, then phone us on 379 1660

**Write to us at:** PO Box 237, Christchurch

**Email us at: (General)**

[info@ccc.govt.nz](mailto:info@ccc.govt.nz)

**Check out our website at:**

[www.ccc.govt.nz](http://www.ccc.govt.nz)

**Call to see us:**

At the locations below

#### Civic Offices

163 Tuam Street

#### Beckenham Service Centre

66 Colombo Street (Cnr Hunter Tce)

Community Advocate: Nick Chapman

#### Fendalton Library and Service Centre

Corner Jeffreys and Clyde Roads

Community Advocate: Tony Gemmill

#### Linwood Service Centre

180 Smith Street

Community Advocate: Jude Pani

#### Papanui Library and Service Centre

Corner Langdons Road and Restell Street

Community Advocate: Barbara Ford

#### Shirley Service Centre

36 Marshland Road

Community Advocate: Dennis Morgan

#### Sockburn Service Centre

149 Main South Road, Sockburn

Community Advocate: Martin Maguire

#### Riccarton Sub Centre

NZ Post Shop, 103 Riccarton Road

**Christchurch City Council**

163 Tuam Street, PO Box 237, Christchurch

Phone: 371 1999, email: [info@ccc.govt.nz](mailto:info@ccc.govt.nz)

**[www.ccc.govt.nz](http://www.ccc.govt.nz)**