



# **CHRISTCHURCH CITY COUNCIL AGENDA**

**THURSDAY 9 NOVEMBER 2006**

**AT 9.30AM**

**IN THE COUNCIL CHAMBER, CIVIC OFFICES**

**Council:** The Mayor, Garry Moore (Chairperson).  
Councillors Helen Broughton, Sally Buck, Graham Condon, Barry Corbett, David Cox, Anna Crighton,  
Carole Evans, Pat Harrow, Bob Parker, Bob Shearing, Gail Sheriff, Sue Wells and Norm Withers.

<b>ITEM NO</b>	<b>DESCRIPTION</b>
1.	<b>APOLOGIES</b>
2.	<b>CONFIRMATION OF MINUTES - COUNCIL MEETING OF 2.11.2006</b>
3.	<b>DEPUTATIONS BY APPOINTMENT</b>
4.	<b>PRESENTATION OF PETITIONS</b>
5.	<b>CORRESPONDENCE</b>
6.	<b>PLAN CHANGE 12 TO CITY PLAN</b>
7.	<b>PLAN CHANGE 13 TO CITY PLAN</b>
8.	<b>APPROVAL OF 2006 WASTE MANAGEMENT PLAN</b>
9.	<b>SOCKBURN POOL AND RECREATION CENTRE SITE</b>
10.	<b>MISCELLANEOUS DELEGATIONS AND AUTHORISATIONS</b>
11.	<b>CHRISTCHURCH CITY HOLDINGS LIMITED - GROUP AND PARENT COMPANY ANNUAL REPORT</b>
12.	<b>REPORT BY THE CHAIRPERSON OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD</b>
13.	<b>NOTICES OF MOTION</b>
14.	<b>QUESTIONS</b>
15.	<b>RESOLUTION TO EXCLUDE THE PUBLIC</b>

9. 11. 2006

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1. **APOLOGIES**
2. **CONFIRMATION OF MINUTES - COUNCIL MEETING OF 2.11.2006**  
To be separately circulated.
3. **DEPUTATIONS BY APPOINTMENT**
4. **PRESENTATION OF PETITIONS**
5. **CORRESPONDENCE**

**6. PLAN CHANGE 12 TO CITY PLAN**

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services, DDI 941-8549
<b>Officer responsible:</b>	Environmental Policy and Approvals Manager
<b>Author:</b>	Ronald Windass, Planner, City Plan

**PURPOSE OF REPORT**

1. The purpose of this report is to recommend that the Council notify Plan Change 12 to the City Plan.

**EXECUTIVE SUMMARY**

2. Plan Change 12 seeks to change the zoning of a section of the current Special Purpose (Wigram) Zone to a combination of residential, commercial and conservation zonings. This Plan Change is on the Council's list of priority Plan Changes.
3. The purpose of the Plan Change is twofold. Firstly, it will facilitate future urban development of land which currently forms part of the Wigram Airfield which is no longer required for airfield operations, is not required by the Crown for defence purposes and has been returned to Ngai Tahu. Secondly, the Plan Change will bring into line land located in the Special Purpose (Wigram) Zone that has been built and developed for residential purposes. Additional reasons for undertaking the Plan Change over this portion of land include:
  - The land is an integral part of the south-west Christchurch growth area currently being developed in accordance with the objectives and policies of the City Plan.
  - The current Special Purpose (Wigram) Zoning has lost its relevance as aviation related businesses and activities have ceased, over time, to operate from and use the Wigram airfield and associated facilities.
  - The frequency, volume and type of aircraft movements per year have substantially decreased from 40,000 per annum during RNZAF occupation and utilisation of the airbase to approximately 5,900 movements per annum. This has meant that the influence of airfield operations on adjoining land, in particular noise, is substantially reduced.
  - It will meet a market demand for residential development in close proximity to established commercial and recreational services, with convenient access to the central city in a form that is consistent with the urban growth aspirations in the City Plan.
  - It will bring a significant area of land into line with the urban growth aspirations of the city that is consistent and compatible with the existing City Plan framework and existing land uses.
  - It will assist, by recognising the decrease in airfield operations and the corresponding reduction in the air-noise contours, in facilitating future urban growth options for land in the south-west of Christchurch.
4. At its meeting on 12 September 2006, a seminar introducing the proposed plan change was presented to the Riccarton/Wigram Community Board. A public open day was held on 13 September 2006. Property owners living in close proximity to land subject to the plan change were directed invited to attend and provide oral and written feedback on the proposal.

**FINANCIAL AND LEGAL CONSIDERATIONS**

5. A decision to notify the plan change is in accordance with the Resource Management Act 1991. There are no financial implications.

**STAFF RECOMMENDATIONS**

It is recommended that the Council:

- (a) Adopt the attached assessment under section 32 of the Resource Management Act 1991.
- (b) Publicly notify Plan Change 12 to the City Plan.

**7. PLAN CHANGE 13 TO CITY PLAN**

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services, DDI 941-8549
<b>Officer responsible:</b>	Environmental Policy and Approvals Manager
<b>Author:</b>	Ronald Windass, Planner, City Plan

**PURPOSE OF REPORT**

1. The purpose of this report is to recommend that the Council notify Plan Change 13 to the City Plan.

**EXECUTIVE SUMMARY**

2. Plan Change 13 seeks to reduce the noise contours within the section of the Special Purpose Wigram Zone associated with the Wigram Airbase, to reflect the current aviation activity. This Plan Change is on the Council's list of priority Plan Changes.
3. The purpose for the Plan Change is threefold. Firstly, it will facilitate future residential development as the affected land will no longer be constrained by the presence of noise contours. Secondly, the Plan Change will better reflect the current level of operation experienced at the Wigram airfield. Thirdly, it has been identified that current noise contours in the City Plan are in error. A copy of the proposed Plan Change is attached to this report.
4. At its meeting on 12 September 2006, a seminar introducing the proposed plan change was presented to the Riccarton/Wigram Community Board. A public open day was also held on 13 September 2006. Property owners living in close proximity to land subject to the plan change were directed invited to attend and provide oral and written feedback on the proposal.

**FINANCIAL AND LEGAL CONSIDERATIONS**

5. A decision to notify the plan change is in accordance with the Resource Management Act 1991. There are no financial implications.

**STAFF RECOMMENDATIONS**

It is recommended that the Council:

- (a) Adopt the attached assessment under section 32 of the Resource Management Act 1991.
- (b) Publicly notify Plan Change 13 to the Christchurch City Plan.

**8. APPROVAL OF 2006 WASTE MANAGEMENT PLAN**

<b>General Manager responsible:</b>	General Manager City Environment, DDI 941-8656
<b>Officer responsible:</b>	City Water & Waste Manager
<b>Author:</b>	Tony Moore, Senior Planner

**PURPOSE OF REPORT**

1. The purpose of this report is to gain approval of the Council's 2006 Waste Management Plan (previously titled the Draft 2005 Waste Management Plan) and to seek approval for the implementation of the Plan.

**EXECUTIVE SUMMARY**

2. The 2006 Waste Management Plan (Attachment 1) is the culmination of several years work. During the latter part of 2005 numerous Council seminars led to the Draft 2005 Waste Management Plan that went through a special consultation process in November 2005. On the basis of the feedback received, the Council resolved on 9 February 2006 to establish a Zero Waste Working Party to investigate options for reaching the vision, goals and targets contained in the Plan. A report from this Working Party is provided in Attachment 2. Based on the Working Party's recommendations and Council seminars held on 26 September and 11 October 2006, officers are now recommending that the Council adopt the 2006 Waste Management Plan.
3. In adopting the 2006 Waste Management Plan, the Council is meeting its commitments under the Local Government Act (ie it is a requirement to have a waste management plan) and through its implementation, would advance significantly on the voluntary targets contained in the New Zealand Waste Strategy. It is envisaged that this Plan will be reviewed every three years to align with the LTCCP planning processes.
4. For clarity and simplicity, the amendments made to the Plan since the draft was approved by the Council on 20 October 2005 for public consultation are provided in Attachment 3. Key changes relate to the kerbside collection of household recycling, organics and rubbish, and the infrastructure required to process the material collected.
5. Once the Council has adopted the 2006 Waste Management Plan, officers will commence with the implementation of the proposals it contains. This will involve a number of further seminars, reports and Council decisions, for example, about the specific details of the kerbside service and processing infrastructure, contract models and budget allocation. Consequently, in finalising the Waste Plan, the Council is embarking on a further process that will progressively elaborate on future kerbside collection and material processing contracts.

**FINANCIAL AND LEGAL CONSIDERATIONS****Financial Considerations**

6. Once the recommendations contained in this report are adopted, officers will be able to commence project development processes that will provide more accuracy on the cost of services and the various options available to the Council. Through an expression of interest process the Council will be able to consider a range of levels of service for the kerbside services which will reflect a range in costs that the Council may select from. Officers have currently assumed that with additional funding from a proposed national waste minimisation levy (\$1.5 million per year), the budget allocation in the 2006-16 LTCCP will be sufficient to implement a new kerbside collection service. This would not include the kitchen bins and compostable liners. Officers will report back to the Council at key milestones throughout the implementation process.

**Legal Considerations**

7. It is the advice of officers that the Council may adopt the 2006 Waste Management Plan without further formal consultation because its contents are consistent with that proposed in the special consultation processes undertaken for both the 2005 Waste Management Plan and the 2006/16 Long Term Council Community Plan.

**8 Cont'd**

**STAFF RECOMMENDATIONS**

It is recommended that the Council:

- (a) Receive the Zero Waste Working Party Report and thank the members of this working party for their involvement.
- (b) Adopt the 2006 Waste Management Plan and implement the preferred option.
- (c) Request officers to commence planning and project work to ensure that the preferred kerbside collection service contained in the 2006 Waste Management Plan, together with the required infrastructure (an enclosed compost plant and Materials Recovery Facility) are in place prior to August 2008, when the current collection and materials processing contracts expire.
- (d) Request officers to report back to the Council once expressions of interest have been received to provide greater certainty about the implementation of the recommended kerbside services and related infrastructure contained in the 2006 Waste Management Plan.
- (e) Actively pursue the establishment of a national waste minimisation levy.

**9. SOCKBURN POOL AND RECREATION CENTRE SITE**

<b>General Manager responsible:</b>	General Manager Community Services, DDI 941-8534
<b>Officer responsible:</b>	Recreation and Sports Manager
<b>Author:</b>	Deborah Harris, Property Consultant

**PURPOSE OF REPORT**

1. The purpose of this report is to outline the process to address the future of the Sockburn Pool and Recreation Centre site.

**EXECUTIVE SUMMARY**

2. On 30 June 2006 the Council resolved to close the Sockburn Pool and Recreation Centre as part of the LTCCP process following Council's Aquatic Facilities Plan.
3. The land is held by the Council as a Recreation Reserve subject to the Reserves Act 1977. The reserve status doesn't so much limit the options for the site, but it does involve further processes in addition to those which apply to that for land held in fee-simple, that are required to be completed before the site can be used by the Council for something other than recreation, or disposal of the site.
4. The site is a former landfill and therefore there are a number of issues surrounding infill and contamination that will need to be resolved before a considered decision can be made.
5. The Council has a designated decision-making process that is used when the use for which land is held changes, and when the site is considered potentially surplus to the Council's present and future requirements. The Sockburn Pool and Recreation Centre site fits into this category, and therefore the Council is required to go through the decision-making process in considering future options for the site.
6. To date there have been two expressions of interest for the use of the site, or part thereof. The first is from Canterbury Squash to relocate their operation and other sporting organisations to the recreation centre, allowing the public use of squash facilities.
7. The second expression of interest has been received from Mr Douglas Park who proposes to lease the site for a period of 99 years, and to develop the site including remodelling the pool and recreation centre as a bath and sauna complex.
8. As at the date of this report, the options and the respective financial implications are still being investigated. Therefore this report is submitted to the Council for information and discussion purposes only.

**FINANCIAL CONSIDERATIONS**

9. These are unknown at present, and will be identified in the final options report to be presented to the Council.

**LEGAL CONSIDERATIONS**

10. The statutory provisions required to be considered by the Council in respect of the Sockburn Pool and Recreation Centre are discussed below.

**Reserves Act 1977**

11. The Reserves Act 1977 ("the Act") is the current Act for administering public reserves.
12. The Council must have regard to the Act when considering any option for the site including:
  - issuing of leases;
  - classification of the reserve and changes of classification or purpose;
  - reserve revocation and disposal.

**9 Cont'd**

13. The final options report will consider the Council's obligations under the Act in further detail. However it is important for the Council to note that the Reserves Act provides the guiding framework within which the Council must consider the options for the site.

**Section 138 Local Government Act 2002 – Restriction on Disposal of Parks**

14. This Section of the Act defines a "park" as:

*"(a) land acquired or used principally for community, recreational, environmental, cultural or spiritual purposes;"*

15. The definition of a park under this section of the Act excludes land that is held as reserve under the Reserves Act 1977. However, if the reserve status was revoked with the intention of selling the land, then Section 138 would apply to the subject site, requiring the Council to consult on the proposal before it sells or agrees to sell either part or all of the site.

**Section 40 Public Works Act 1981 – Offer Back Obligation**

16. Like Section 138 of the Local Government Act, Section 40 of the Public Works Act (PWA) would only apply if the reserve status was revoked with the intention of selling the land.
17. Section 40 PWA imposes an absolute duty on the Council to investigate its obligations to offer surplus land back to the person(s) from whom it was originally acquired, or their successors.

**STAFF RECOMMENDATIONS**

It is recommended that:

- (a) This report be received for information.
- (b) The Council endorse the process for addressing the future use of the Sockburn Pool and Recreation Centre site.
- (c) The Council note that a final options report for the use of the land will be presented to the Council by April 2007.
- (d) Canterbury Squash be advised that its registration of interest will be considered by the Council at a later date.
- (e) Mr Park be advised that his proposal to develop the Sockburn Pool and Recreation Centre as a bath and sauna complex is not supported at this time because:
  - (i) options for the site, including any other Council uses, have yet to be identified and considered by the Council;
  - (ii) the proposal is unlikely to meet the principal or primary purpose of the current recreation reserve status of the land;
  - (iii) contamination and zoning issues need to be resolved before any development of the site can be considered and decided upon.



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**BACKGROUND ON SOCKBURN POOL AND RECREATION CENTRE SITE**

18. The Christchurch City Council is proprietor of two parcels of land comprising the Sockburn Pool and Recreation Centre situated at 134 Main South Road. The area occupied by the recreation centre is more particularly described as Lot 8 DP 39452 and contained in Certificate of Title CB18F/231. The balance land occupied by the various pools and ancillary buildings, including the area fronting the Main South Road including a playground, is more particularly described as Lot 1 DP 39808 and contained in Certificate of Title CB18A/1035. Both areas of land are held by the Council for the purpose of recreation reserve, subject to the Reserves Act 1977.
19. On 30 June 2006 the Council resolved to close the Sockburn Pool and Recreation Centre as part of the LTCCP process following council's Aquatic Facilities Plan.
20. At the time the Council adopted the Aquatic Facilities Plan, it was no longer deemed necessary for the site to be retained by the Council for the purpose of a pool. This has triggered the requirement to review the property through the Council's decision-making process, and to establish whether the site should continue to be held by the Council for another purpose, or declared surplus to requirements for disposal.

**Zoning**

21. The land is zoned Open Space 3 (Metropolitan Facilities), and in order to facilitate development, either by the Council or another party, a notified plan change may be required. The timeframe and costs associated with this process are also being investigated for inclusion in the final options report.

**Contamination**

22. Records indicate that *"this property is located in an area known to have been a landfill until sometime in 1955."* Therefore a detailed investigation of contamination issues will need to be undertaken for inclusion in the final options report.

**Valuation**

23. Independent valuation advice will be obtained following the contamination assessment, for the options set out in the final report.
24. Once internal uses and external considerations have been identified, an options report will be presented to the Riccarton/Wigram Community Board and the Council, for a decision.

**OPTIONS**

25. Other Council uses for the site have yet to be determined through the decision-making process discussed in clause 20.
26. To date there have been two expressions of interest from external sources for the use of the site, or part thereof. The first is an approach from Canterbury Squash to relocate their operation and that of other sporting organisations to the recreation centre. This would also allow the squash centre to be available for public use. Canterbury Squash would be prepared to commence occupation of the site as soon as possible.
27. The recreation centre is in good order and with some work to tidy the centre including removal of the spa pools and painting (this work has a cost estimate of \$30,000), the centre would be ideally suited to an organisation such as Canterbury Squash. This use would be compliant with the recreation status of the reserve.
28. Issues arising from this proposal are:
  1. Dealing with Canterbury Squash unilaterally ie without seeking registrations of interest from other like organisations;
  2. Dealing with the recreation centre in isolation from the balance land.

9 Cont'd

29. The Recreation and Sports Unit is of the view that it would be appropriate to issue a lease of the recreation centre to Canterbury Squash as there are four existing squash courts making the centre fit for purpose. Furthermore, as Canterbury Squash could relocate to the centre almost immediately, the centre would not remain unoccupied for any great period of time.
30. However, there is a concern that any move to install a longer term tenant in the recreation centre now, may limit or further complicate the Council's options in relation to the whole site. Experience indicates that regardless of any up-front discussions with a tenant that their occupation may only be temporary, difficulties and tensions can arise when it comes to terminating the tenant's occupation.
31. It is therefore recommended that the Council decline to enter into a longer term lease with Canterbury Squash, and that this matter be reconsidered as one of the options once all the issues pertaining to the site have been resolved.
32. A second unsolicited expression of interest has been received from Mr Douglas Park who proposes to lease the site for a period of 99 years, and to remodel the pool and construct an additional two story bath and sauna complex which Mr Park asserts will be a *"favourite place for local residents and tourists."*
33. The issues arising from Mr Park's proposal are:
  - (a) That Mr Park has proposed (orally) the construction of a new multi-storey building on site, and that the business will operate 24 hours a day for 365 days a year. Therefore, due to the commercial nature of the existing proposal, or even any modified proposal, the proposed use is unlikely to meet the principal or primary purpose of the current reserve status of the land which, in this case, is 'recreation';
  - (b) Contamination and zoning issues need to be resolved before any development of the site can be considered and decided upon;
  - (c) Dealing with one party unilaterally is not considered best practice;
  - (d) Under the Reserves Act 1977 the Council cannot issue a lease over recreation reserve that exceeds 33 years. However the lease may include a provision for renewal that further similar terms may be granted if the terms and conditions of the lease have been complied with, and if the Council is satisfied that the facility has been properly constructed, developed, maintained, and controlled, and that there is sufficient need for them, and that some other recreational use should not have priority in the public interest.
  - (e) There are also limitations under the Resource Management Act relating to leases issued over part parcels of land for a period exceeding 35 years, and the requirement to undertake a subdivision of the land.
  - (f) Council have experienced costly differed maintenance costs with facilities leased to third parties who are responsible for maintenance.
34. The expressions of interest received from Canterbury Squash and Mr Park are disparate and therefore Canterbury Squash can justly continue to be considered for the recreation centre. However, for the reasons identified above it is recommended that the Council advise Mr Park that his proposal is not supported.
35. Any decision should be deferred by the Council until such time as all options have been identified for the site, and a full options report submitted to the Council for a decision. Any decision to lease recreational facilities requires careful consideration of the feasibility and commitment to maintain Council assets. The Council has previously incurred considerable expense where lessees have not met maintenance obligations.

**10. MISCELLANEOUS DELEGATIONS AND AUTHORISATIONS**

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services DDI 941 8549
<b>Officer responsible:</b>	Inspections and Enforcement Manager, Environmental Policy & Approvals Manager
<b>Author:</b>	David Rolls, Solicitor

**PURPOSE OF REPORT**

1. The purpose of this report is to recommend that the Council make a number of delegations and authorisations of certain routine administrative powers.

**EXECUTIVE SUMMARY**

2. In order to enable the Council to undertake its statutory duties in an efficient manner and within the parameters of the relevant legislation it is recommended that the Council make the delegations detailed below.
3. Firstly, the Building Amendment Act 2005, which came into force on 14 April 2005, has conferred upon the Council several new minor administrative powers. It also created several new offences. It is recommended that these powers and the power to prosecute the new offences, be delegated to the Inspections and Enforcement Manager and the Environmental Policy and Approvals Manager severally. Details of these powers and offences are set out in paragraphs 9 and 10 below.
4. Secondly, it is recommended that the Council delegate to every Enforcement Officer appointed by it under the Local Government Act 2002, the power to give notice of intended entry onto land pursuant to Section 182(2)(b) of that Act. This is for the purpose of enabling them to exercise the power of entry on to private land, conferred on them by Section 182(1)(a) of that Act, for the purpose of checking utility services on that land.
5. Thirdly, it is recommended that the Council delegate to every Enforcement Officer appointed by it under the Local Government Act 2002 in relation to offences against its bylaws, its enforcement powers under clauses 14(a) and 14(b) of the Christchurch City General Bylaw 1990. These powers relate to the removal or alteration of works or things constructed in breach of any of the Council's bylaws.
6. Fourthly, it is recommended that the Council make new delegations of a number of its powers under the Christchurch City Cleanfill Licensing Bylaw 2003. This is necessary because neither the Council Subcommittee nor the officer position to which the Council delegated those powers on 26 February 2004 exist any longer.
7. Fifthly, it is recommended that the Council delegate a number of its powers under the Christchurch City Fires Bylaw 2006. This bylaw was passed by the Council at its meeting on 12 October 2006 and will come into force on 1 November 2006.
8. Finally, it is recommended that the Council authorise all persons it has appointed, and appoints in future, as Environmental Health Officers under Section 28 of the Health Act 1956, the power, under Section 128 of that Act to enter, at all reasonable times, any dwellinghouse, building, land, ship, or other premises and inspect the same, and to execute thereon any works authorised under or pursuant that Act. It appears that this particular authorisation has been overlooked in the past.

**FINANCIAL AND LEGAL CONSIDERATIONS**

9. The Building Amendment Act 2005 has amended the Building Act 2004 in a number of respects. These include conferring on the Council a new power to issue, in certain circumstances, a certificate allowing the public use of premises which are affected by building work (section 363A). It also has made some amendments of a minor nature to certain pre-existing powers. These concern the power to issue certificates of acceptance for building work (section 96), the power to give a notice concerning a proposed change of use of a building (section 115), and the power to give consent to the extension of the life of an existing building (section 116).

10 Cont'd

10. The Building Amendment Act 2005 has also amended the Building Act 2004 by creating a new offence of using a building for a use for which it is not safe or sanitary or for which it has inadequate means of escape from fire (section 116B). It has also made minor amendments to several existing offence provisions. These are offences relating to the carrying out or supervising of restricted building work (section 85) and offences relating to the use of premises which are open to the public or which are intended for public use (section 363).
11. It is recommended that the Council now delegate to the Environmental Policy and Approvals Manager and the Inspections and Enforcement Manager, severally, its new and amended powers under the Building Act 2004 which have been created by the Building Amendment Act 2005. It is considered that the simplest way to do this is for the Council to now make a new delegation of its powers under the Building Act 2004 in similar terms as it did on 24 March 2004.
12. On 24 March 2005 the Council delegated to the Environmental Services Manager (a position which has been disestablished) all of its powers under the Building Act except certain specified powers which, it considered, should properly be reserved for exercise by the Council itself. The Building Amendment Act 2005 now forms part of the Building Act 2004. Consequently if the Council now makes a delegation in similar terms as it did in 2004 the delegation will cover the Building Act 2004 as amended by the 2005 amendment Act. The purpose of this approach is to assist in present efforts to simplify the Council's delegations register.
13. Section 182(1) of the Local Government Act 2002 authorises Enforcement Officers appointed by the Council under that Act to enter any land or building (except a dwellinghouse) to check utility services. This is for the purpose of ascertaining whether or not any water supplied by the Council is being wasted or misused, whether any drainage works are being misused, or whether any appliance or equipment associated with a Council utility service on the land is in a condition that makes it dangerous.
14. Section 182(2)(b) of that Act provides that the power of entry may only be exercised if the Council has given reasonable notice to the occupier of the land or building of the intention to exercise that power. To enable the power of entry to be exercised in a timely and efficient manner it is recommended that the Council delegate the power to give notice of intended entry to every Enforcement Officer it has appointed, or appoints in future, under that Act.
15. Clause 14 of the Christchurch City General Bylaw 1990 authorises the Council to remove or alter a work or thing that is, or has been constructed, in breach of any of the Council's bylaws. Clause 14(a) provides that where the work or thing is situated on private land, the Council may serve, on the owner or occupier of that land, a notice requiring its removal. If the notice is not complied with, then the Council may itself effect the removal at the expense of the owner or occupier. Clause 14(b) provides that where the work or thing is on, over, or above a road, public place, or reserve, the Council may remove it without notice and at the cost of the person who placed it there.
16. In the past the Council has delegated these powers to its Enforcement Officers either individually or generically in respect of a particular bylaw at the time it appoints those officers. It is considered desirable that these powers be delegated generally to all Enforcement Officers so that they are not overlooked when making specific appointments.
17. It is recommended that the Council's powers in relation to the Christchurch City Cleanfill Licensing Bylaw 2003 which the Council delegated to the Sustainable Transport and Utilities Committee Hearings Panel and to the Solid Waste Manager on 26 February 2004 now be delegated to the Council Hearings Panel and the City Water and Waste Manager respectively. Neither the former Panel nor the former officer position exist any longer.
18. It is essential that the Christchurch City Fires Bylaw 2006 is able to be enforced in an efficient and effective manner. The Bylaw provides that the Council may appoint any person to administer it.

**10 Cont'd**

19. There are two classes of powers which the Council has under that Bylaw. The first relates to the declaring of prohibitions on the lighting of fires in the open air in order to prevent the outbreak or spread of fire. The power to prohibit such fires, advertise the prohibition, and to cancel a prohibition are contained in clause 9 of the Bylaw. It is essential that this power is able to be exercised at short notice. It is therefore recommended that the Council appoint the Principal Rural Fire Officer and every Deputy Principal Rural Fire Officer (severally) to administer clause 9 of the bylaw.
20. The second class of powers relates to the power to enforce the offence provisions of the Bylaw. It is recommended that the Inspections and Enforcement Manager be appointed to administer and exercise these powers.
21. Section 128 of the Health Act 1956 confers on any person authorised in writing by any local authority the power to enter, at all reasonable times, any dwellinghouse, building, land, ship or other premises and inspect the same and execute thereon any works authorised under the Act. In order that the Council is able to perform its duties under that Act in an efficient and timely manner it is considered necessary that the Council authorises every person it has appointed, and who it appoints in the future, as an Environmental Health Officer, to exercise these powers. Similar powers are conferred directly upon Environmental Health Officers by section 13 of the Food Act 1981. However those powers may only be exercised for the purposes of that particular Act.
22. It is considered that all of the decisions now sought from Council relate to matters of routine administration. Consequently it is considered that no further action need be taken in respect of the decision-making requirements of sections 77 and 78 of the Local Government Act 2002.
23. The purpose of recommending these delegations is to assist the Council in working in an efficient manner within its existing budgets.

**STAFF RECOMMENDATIONS**

It is recommended that the Council resolve:

- (a) To delegate to the Environmental Policy and Approvals Manager and to the Inspections and Enforcement Manager, severally, all of the Council's powers under the Building Act 2004 except:
  - (i) its powers under sections 131 and 132 relating to the adoption or review of policies on dangerous, earthquake prone and insanitary buildings;
  - (ii) its power under section 231 to make arrangements for any other building consent authority to perform the Council's functions of a building consent authority;
  - (iii) its power under section 219(1)(a) to set any fee or charge in relation to a building consent and for the performance of any other function or service under the Act;
  - (iv) its powers under sections 233-236 to transfer any of its functions, duties or powers under the Act to another territorial authority;
  - (v) its power under sections 233-236 to agree to undertake any function, duty or power of any other territorial authority under the Act.
- (b) To delegate to every Enforcement Officer appointed by it, either in the past or in the future, under section 177 of the Local Government Act 2002:
  - (i) the power to give notice, under section 182(2)(b) of that Act, of his or her intended entry to any land or building (except a dwellinghouse) for any of the purposes specified in section 182(1) of that Act.
  - (ii) its powers under clauses 14(a) and 14(b) of the Christchurch City General Bylaw 1990 for the purpose of enforcing those bylaws in respect of which the Enforcement Officer has been appointed to enforce.

**10 Cont'd**

- (c) To delegate to the City Water and Waste Manager:
  - (i) All of its powers under Clauses 3.1 and 3.3 of the Christchurch City Cleanfill Licensing Bylaw 2003; and
  - (ii) The power to issue and serve upon the holder of any licence issued under Clause 3.1 of the Christchurch City Cleanfill Licensing Bylaw 2003 a notice, pursuant to Clause 12(1) of the Christchurch City General Bylaw 1990, calling on that person to show cause why that person's licence should not be revoked or suspended; and
  - (iii) The power to initiate any prosecution for any offence against the Christchurch City Cleanfill Licensing Bylaw 2003, together with the power to make any decision on any matter relating to such prosecution; and
  - (iv) The power to apply to the District Court for an injunction restraining any person from committing a breach of any provision of the Christchurch City Cleanfill Licensing Bylaw 2003; and
  - (v) The power to take enforcement action against any person who breaches any such injunction and to make any decision on any matter relating to such action.
- (d) To delegate to the Council Hearings Panel, the powers under clause 3.5(b) of the Christchurch City Cleanfill Licensing Bylaw 2003 and under clause 12 of the Christchurch City General Bylaw 1990 to determine whether or not any licence issued under the Christchurch City Cleanfill Licensing Bylaw 2003 should be revoked or suspended.
- (e) To appoint the Principal Rural Fire Officer and every Deputy Principal Rural Fire Officer (severally) to administer Clause 9 of the Christchurch City Fires Bylaw 2006.
- (f) To delegate to the Inspections and Enforcement Manager:
  - (i) The power to initiate any prosecution for any offence against the Christchurch City Fires Bylaw 2006, together with the power to make any decision on any matter relating to any such prosecution.
  - (ii) The power to apply to the District Court for an injunction restraining any person from committing a breach of any provision of that Bylaw.
  - (iii) The power to take enforcement action against any person who breaches any such injunction and to make any decision on any matter relating to such action.
- (g) To authorise every person which it has appointed, and which it appoints in the future, as an Environmental Health Officer under section 28 of the Health Act 1956 to exercise the powers specified in section 128 of that Act.

**11. CHRISTCHURCH CITY HOLDINGS LIMITED -  
GROUP AND PARENT COMPANY ANNUAL REPORT**

<b>General Manager responsible:</b>	Bob Lineham, CEO, CCHL
<b>Officer responsible:</b>	As above
<b>Author:</b>	Richard Simmonds, DDI 941-8817

**PURPOSE OF REPORT**

1. The purpose of this report is to comment on the audited financial statements of Christchurch City Holdings Ltd ('CCHL') for the year ended 30 June 2006, and to provide an overview of the activities and results of its subsidiary and associated companies.

**CCHL ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006**

2. The CCHL annual report for the year ended 30 June 2006 has already been circulated. The following commentary is based on the Chairperson's review in the annual report.

**Financial**

3. The consolidated net profit after tax for the year was \$54.7 million. This compares with the \$66.2 million in the preceding year that included a one-off gain by Orion on the sale of the majority of its shareholding in Australian listed company Energy Developments Ltd. Further detail regarding the performance of the subsidiary companies is provided on the following pages.
4. The group remains conservatively geared, with a net debt to net debt plus equity ratio of 32%.
5. The parent company's net profit after tax of \$29.6 million was slightly under the Statement of Intent forecast of \$30.6 million, principally as a result of lower dividends from Lyttelton Port Company Ltd.
6. The company performed its triennial revaluation of its equity investments as at 30 June 2006. There was an overall increase in value of \$270 million, bringing the overall value of CCHL's equity investments up to \$1.2 billion. The main value increases were in respect of Orion Group Ltd and Christchurch International Airport Ltd. There was, however, a decrease in the value of City Care Ltd, reflecting the difficult environment in which it is operating.
7. While it is pleasing that the value of our investments continues to grow, it creates a challenge for the group to earn a competitive return from this increased asset base.
8. The company paid a total dividend to the Council of \$47.3 million, compared with a forecast \$30.0 million. This included a special dividend of \$17.9 million.

**Governance**

9. The CCHL board recognises that good governance is critical to the ongoing success of the group, and this continues to be a key focal point of its activities. The operating companies must be able to conduct their businesses in a commercial manner without political interference, and part of CCHL's role is to ensure that they are able to do this.
10. CCHL has a governance committee whose role is to recommend director appointments, review governance policies and ensure that good succession policies are in place for key governance positions on both the parent and subsidiary companies.

**Strategic Direction**

11. As signalled in CCHL's Statement of Intent, the strategic focus of the company is changing to support the Christchurch City Council's overall vision. The Council wants a future-oriented and growing niche economy that builds prosperity, and this includes an investment focus to maintain and enhance the things that make the city attractive.

## 11 Cont'd

12. A review by CCHL showed there were a number of infrastructure areas where significant development would be needed to secure the economy of the region. These include water, energy supply, roading and the community's access to broadband.
13. CCHL's approach is to identify where gaps exist that cannot be filled by the private sector or existing Council operations. The company will take a role in filling these gaps, whether by joint ventures, public-private partnerships, new wholly owned companies or by acting as a catalyst for development by others.
14. CCHL has no desire to replicate or compete with private sector operations, but we recognise that there will be projects which are not suitable for private sector investment. CCHL will require a sound business case to underpin any investment, but recognises that a lower rate of return, or slower path to profitability may be appropriate in some cases.
15. The company will continue to strive to achieve a good balance between commercial return and regional benefit. Achieving this balance is seen as a key role of the company.

### **Lyttelton Port Company Ltd**

16. During the year, Lyttelton Port Company Ltd developed a strategic plan that included the need for the company to enter into strategic partnerships to achieve long-term sustainable growth and benefit to the region. The increased market power of shipping companies as a result of consolidation was, and is, seen as a strategic threat to Lyttelton Port Company.
17. As a response to this strategy, CCHL went into the sharemarket with the aim of acquiring 100% ownership in the port company, and entering into what was effectively a joint venture with a global international port operator.
18. While a takeover was not achieved, because Port Otago Ltd acquired a 15% stake during the period of the takeover offer, CCHL has increased its stake in Lyttelton Port Company Ltd from 69.0% to a very strategic 74.06%.
19. It was well within CCHL's means to outbid Port Otago for the original 10% stake that became available, but CCHL, as a Council-owned company, was not prepared to enter into what could have been an expensive bidding war for the stake.
20. These plans are now on hold, but CCHL remains committed to ensuring that the company grows in the long term, and will support the company in pursuing that aim through partnerships with the potential to strengthen our local economy.

### **Outlook**

21. The outlook for the group is positive. The subsidiary companies are trading successfully, and in many cases expanding their operations. Some, however – in particular, Christchurch International Airport Ltd and Lyttelton Port Company Ltd – are re-investing significantly into their businesses to meet capacity demands. This could have a short-term effect on their ability to maintain previous dividend levels to CCHL.
22. Christchurch International Airport Ltd has commenced a major upgrade of its terminal facilities, providing a much-needed enhancement of the major gateway into the South Island. Lyttelton Port Company has previously indicated the scope of its planned capital expenditure programme over the next few years, which includes improvements to wharves, a third container crane, berth expansion, and new container handling equipment. Orion Group Ltd's published asset management plan details the extent of its capital expenditure and maintenance programme, which averages over \$40 million per annum.
23. As previously stated, a key focus for the CCHL board over the next few months will be developing a framework to evaluate investments in the context of the needs of the regional economy. The board will also continue to monitor industry developments, and consider and report on strategies that it considers will maintain or enhance shareholder value. This will include reviewing the current capital structure of the group.



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**REVIEW OF SUBSIDIARY AND ASSOCIATE RESULTS AND ACTIVITIES**

24. The following commentary is based on that contained in the CCHL annual report:

**Orion Group Limited**

*Financial Performance*

25. Orion achieved a net profit after tax for the year of \$34.1 million, compared with \$52.3 million in the previous year. Last year's result included a \$29.3 million gain on sale of the majority of Orion's investment in Energy Developments Ltd ('EDL'), with the balance of the shares being sold in the 2006 financial year.

*Network*

26. Network reliability is a crucial aspect of Orion's performance, and its asset management plan aims to ensure that the network remains of a high standard. Orion "kept the lights on" for 99.99% of the time over the last five years – the third best result in New Zealand (the two companies ahead of Orion have solely urban networks which are less vulnerable to disruption). In terms of the number of interruptions per consumer per annum, Orion was the most reliable in the country.

27. Forecast capital expenditure over the next ten years is over \$30 million per annum, with approximately a further \$18 million per annum to be spent on maintenance. Priorities are on meeting forecast growth in demand both in Christchurch as a result of infill housing, overall urban growth and Environment Canterbury's impending Clean Air Plan, and in rural areas to meet ever increasing loads. Equally important are the replacement of ageing equipment and enhancing system security and reliability.

*Regulation*

28. Orion continues to commit significant time and resource into regulatory issues, as it is critical that regulation does not reduce incentives for lines companies to innovate and invest in their networks. Orion has worked closely with the Commerce Commission, the Electricity Commission and the Ministry of Economic Development as the regulatory framework is developed. It has also worked with the Electricity Networks Association to seek more flexibility around electricity distributors' ability to own generation and buy financial hedges to manage revenue and operating risks.

*Investments*

29. In 2003, Orion decided to reduce its level of investment in technology companies and return to "core business". Since that time it has withdrawn from several investments – notably EDL – and continues to seek appropriate divestment opportunities. In July 2006 Orion sold the majority of its stake in Whisper Tech, a company that develops and manufactures small scale co-generation units, to Meridian Energy. Also subsequent to balance date, in August 2006 Orion sold its shares in Energetics Pty Ltd as part of a competitive trade sale process.

30. Current investments include holdings in HumanWare Group and 4RF Communications.

**Christchurch International Airport Limited**

*Financial performance*

31. The company recorded a net profit after tax of \$15.2 million, compared with \$16.6 million in the previous year. The reduction in profitability was a consequence of a combination of flat passenger numbers and increased operating costs in the areas of maintenance and utility services, compliance, market stimulation incentives and the terminal development project.

## 11 Cont'd

32. Passenger numbers through the airport were fewer than forecast as a result of a number of factors, including a poor snow season in July/August 2005, a reduction in routes by airlines, the high New Zealand dollar and increasing domestic airfares. Nevertheless, total numbers were broadly comparable with 2005 – a record year.
33. Total revenues increased by 4.6% as a result of improved commercial revenue outcomes rather than volume growth.

### *Terminal Development Project*

34. Past growth in passenger numbers has placed significant pressure on the airport's facilities and brought to a head the need to give priority to further investment in terminal facilities. During the year, after extensive consultation with its key stakeholders and the development of a comprehensive business case, the company announced a major terminal development project.
35. The total development, at an approximate cost of \$200 million, is planned for completion in 2009 and will provide significantly improved operations for airlines and enhance services and facilities for customers and users of the airport campus in such areas as vehicle parking, retail, food & beverage, baggage and passenger flows and efficiency of check in and easy transfer. The first stage of the development was the awarding of a tender for a new 600 space, 4 level car parking building complex which commenced construction in March 2006 and is due for completion in the last quarter of this calendar year. In support of this initiative a new \$250 million debt finance programme was established to meet the ongoing development needs of the company.

### *Marketing*

36. The company has positioned itself and Christchurch as a profitable route for the short haul leisure market, particularly for value based airlines. Pacific Blue already operates from Christchurch as their New Zealand base of operations and during the year the company secured Christchurch as the New Zealand base of operations for Jetstar on their launch into the New Zealand market.
37. The company places a great deal of emphasis on joint venture marketing campaigns to create new demand for travel to Christchurch as a gateway to the South Island.

## **Lyttelton Port Company Limited**

### *Financial Performance*

38. The company achieved a 5.3% increase in earnings before interest, taxation, depreciation and amortisation (EBITDA) for the 12 months ended 30 June 2006. EBITDA rose to \$28.4 million, with net profit after tax at \$10.1 million, down on the \$11.8 million achieved in the previous year.
39. The reduced profit reflected a significant increase in depreciation expense following a first time revaluation of the company's land, buildings and harbour structures as at 30 June 2005, increased operating costs and higher interest costs as a result of the company's capital expenditure programme. Once the previous year's result is normalised for depreciation, net profit after tax was slightly up on the previous year.
40. Revenue increased significantly during the year, from \$66.5 million to \$79.3 million, reflecting \$10 million of additional revenues associated with the purchase of NZ Express in November 2005, and increases in container and coal volumes.

**11 Cont'd***Capital Expenditure and Maintenance*

41. Capital expenditure totalled \$18 million for the year, including the installation of a new Liebherr crane, scheduled to be operational from October 2006, which will increase the company's capacity to three container cranes. Three additional straddle carriers have also been ordered, and upgrade work carried out to components of the Cashin Quay wharf structures. The company is also planning for capital expenditure of \$10.8 million for an upgrade of the oil berth.
42. The company spent \$10 million on maintenance of infrastructure assets during the year, primarily involving wharves, plant, pavements and reticulation. In a move toward a more proactive maintenance regime, the company plans to spend \$12.3 million for each of the next two years before reducing back to more regular planned maintenance levels.

*Trade Volumes*

43. The following table summarises volumes in the company's key trades:

	2006	2005	% change
Containers (through container terminal) (TEUs)	187,400	177,400	5.6%
Total international and domestic containers (TEUs)	208,700	208,600	0.0%
Coal exports (tonnes)	2,505,100	2,156,100	16.2%
Bulk fuel (tonnes)	1,104,500	1,135,300	(2.7%)
Motor vehicles (units)	44,300	51,800	(14.5%)
Logs (tonnes)	100,000	17,500	471.4%
Dry bulk (tonnes)	539,844	623,600	(13.4%)

**Red Bus Limited***Financial Performance*

44. The company achieved a net tax paid profit of \$0.8 million, up from \$0.3 million in the previous year. The primary reasons for the improved result were the retention of existing services during the 2005 ECan tender round and a 25% bus fare increase in November 2005.
45. The company invested \$4.4 million in new vehicles during the year to deliver the urban bus services won during the 2005 tender round. The majority of older high floor buses were sold during a fleet rationalisation review.
46. Revenue grew from \$24.4 million last year to \$28.6 million this year although Red Bus patronage overall fell by 4.6% through the loss of the Parklands services. Overall Christchurch bus patronage has grown 2.5% in the last twelve months.
47. Fare revenue per passenger and contract payments per passenger have both increased since the previous year. These increases were largely offset by additional service running costs associated with operating higher timetable frequencies for the 2005 urban service contracts and significantly higher fuel prices.

*Operations*

48. Red Bus was successful in retaining the low emission inner city shuttle bus service with Christchurch City Council for a five-year term.
49. Aging cash handling machines were replaced by new machines to reduce processing time for drivers and to prepare for the introduction of new coins in July 2006.
50. The After Midnight Express service expanded with an additional service bringing the total to five inner city to suburb services on Saturday and Sunday mornings.

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### *Staff*

51. Low unemployment, strong competition in the labour market and growth in the driver numbers required to deliver services provided a significant recruitment challenge for Red Bus this year. The combination of contract renegotiation with Environment Canterbury, establishment of an expanded training school and a comprehensive recruitment campaign has achieved a major turnaround with a full staff complement at year-end, low staff turnover and positive staff morale. Red Bus currently has 455 employees.
52. The company's driver training programme complies with National qualification standards. Since the programme's beginning, 86 new drivers and 144 existing drivers have completed their National certificates this year.

### **City Care Limited**

#### *Financial Performance*

53. The company recorded a net profit after tax of \$3.3 million, including a non-recurring capital gain of \$2.3 million on the sale of the refuse business. Ignoring the capital gain, the adjusted profit is down compared with the \$1.5 million recorded in the previous year. The reduction principally reflects margin pressures arising from increasing direct costs, in particular fuel and bitumen, that have not been able to be recovered from the company's longer term contracts.
54. Revenue continued to grow significantly, from \$82.3 million last year to \$99.3 million, mainly reflecting the full impact of the Local Construction Ltd acquisition in the previous year and also general business growth.
55. Equity increased from \$15.2 million to \$20.7 million, principally as a result of a \$2.3 million land revaluation and the one-off \$2.3 million capital gain referred to above.

#### *Growth*

56. The company has continued to expand through acquisitions and the securing of new contracts. Key amongst these was the Christchurch City Council Northern roading network maintenance contract – a major win enabling the company to re-enter the roading maintenance business after being out of that sector for a number of years.
57. Other contract wins included the remaining parks maintenance contracts for Tauranga City Council and the Metrowater fire hydrant maintenance. The latter contract, together with the rolling over of the North Shore City Council parks contracts and Manukau Water pumps maintenance contracts, greatly improve the viability of the Auckland branch.

#### *Human resources*

58. There have been significant changes in the company's management team, with a new CEO and CFO being appointed during the year following the unexpected resignations of their predecessors.
59. A new Leadership Team was established during the year to enable a greater number of managers to contribute more fully to City care's direction.
60. During the year the company successfully introduced a "Behave Safe" programme – a massive undertaking in training all 800 staff in the ethos and mechanics of this behavioural-based health and safety system. The company continues to operate its award-winning pre-apprenticeship work skills programme. Despite these and other initiatives, a national shortage of skilled labour has led to a relatively high staff turnover rate, which the company continues to battle.

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**Selwyn Plantation Board Limited**

*Financial Performance*

61. The net result for the year was a net profit after tax of \$3.7 million, compared with a \$1.8 million deficit in the previous year. The result for the year included a gain on sale of land of \$8.4 million, but also a downward revaluation of the company's forests of \$6.4 million. Last year's result also included a forest revaluation decrement of \$4.6 million.
62. Ignoring the impact of asset sales and revaluation adjustments, the net operating surplus before tax was \$1.8 million, compared with \$2.4 million in the previous year. Given the difficult trading conditions facing the company, and its strategy of harvesting only plains timber, this is considered to be an acceptable result.
63. Domestic sawmill demand remained steady, but export log sale prices remained at historical lows for most of the year as a result of the high NZ\$ v US\$ exchange rate and record high ocean freight rates. New building regulations and quality standards have created a marketing challenge and a negative effect on average sale price per tonne.

*Land Strategy*

64. In accordance with the company's previously signalled strategy to convert its plains forest land to an alternative land use, it has embarked on a process to clear the majority of the plains land, while at the same time ensuring that its soil structure and productive capability is retained. Several hundred hectares had been converted by balance date, with several hundred more in various stages of conversion.
65. Earlier in the year, the company sold 3,386 hectares of plains land situated between the Selwyn and Rakaia rivers.

*Asset Valuation*

66. An external valuation of the forest estate resulted in a 41% decrease in value to \$9.2 million. This reduction primarily reflected weakened future log sale prices following the introduction of new building industry quality standards, but also the lower area of forested land and a higher discount rate.
67. The total of land and buildings, land conversion costs and properties intended for sale (which have not been revalued) is \$43.9 million, a decrease of 7% over the previous year, reflecting the sale of the South plains land.

**RECOMMENDATION**

It is recommended that the information be received.

**12. REPORT BY THE CHAIRPERSON OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD**

Attached.

**13. NOTICES OF MOTION**

**14. QUESTIONS**

**15. RESOLUTION TO EXCLUDE THE PUBLIC**

Attached.