

CANTERBURY EMPLOYERS' CHAMBER OF COMMERCE

Submission on the

Christchurch City Council Draft Community Plan

2004/2014

1. INTRODUCTION

The Canterbury Employers' Chamber of Commerce is a membership-driven, not-for-profit, business service organisation with close to 3,000 members. Its primary role is to assist members' enterprises to be as successful as possible with the ultimate objective of ensuring that Canterbury becomes the most desired place in New Zealand in which to do business.

The Employers' Chamber is the largest business support agency in the South Island and supports business in its wider sense including the employers of labour, self-employed, not-for-profit organisations and those who are in general sympathy with the objectives of the organisation. It also increasingly supplies support for other business support agencies throughout the South Island.

The Employers' Chamber has three principle areas of activity:

1.1 Enhancing individual business capability

It does this by providing a wide range of membership focused services in business planning, HR support, provision of information, training and upskilling, networking and benchmarking.

1.2 Assisting to create an environment to enhance business success

In this area, the Employers' Chamber champions and celebrates the success of business in Canterbury and encourages others to do likewise. It does what it can to influence stakeholders, including Local Government to be business friendly and hold them accountable. It puts a heavy emphasis on the importance of skills and education in the workplace. It addresses critical issues concerning infrastructure. It endeavours to ensure that we have a fiscal environment that is supportive of business. The Employers' Chamber works hard to ensure that there is a business friendly compliance environment. We recognise and acknowledge that the Christchurch City Council decreed in December 2003 to aspire to be the most business friendly Local Government in New Zealand. We believe this was a significant positioning statement by the Council.

1.3 Driving new levels of business success

The Employers' Chamber identifies and promotes new areas for significant business potential. It works with other local agencies to influence and persuade stakeholders to take long-term strategic positions that will enable the New Zealand economy to be transformed. It is intent on ensuring that sustainable, economic growths result from leveraging natural capital with technology on a platform of sustainability and integrity.

In the continuing pursuit of its vision "to be internationally recognised as the undisputed champion of successful business", the Employers' Chamber works closely with the Council at a variety of levels. We have had an active involvement over the past year in city streets, waste water management through the Recovered Materials Foundation on waste management generally, looking at issues relating to Prosperous Christchurch and working on

an ongoing basis with senior managers within the Council on various issues that will impact on our members.

2. CURRENT RELATIONSHIPS

The Canterbury Employers' Chamber of Commerce regards our interaction with the Council as one of our key priorities in any year. We are pleased to acknowledge that we have a generally positive and constructive relationship with the Council. We continue to be involved in regular communication with the Mayor, Councillors and senior Council management. We particularly welcome our ongoing involvement with the CEO, Dr Lesley McTurk, who in our opinion has brought a refreshingly disciplined and commercial approach to Council management.

3. CANTERBURY EMPLOYERS' CHAMBER OF COMMERCE 2003/4 SUBMISSION TO THE CHRISTCHURCH CITY COUNCIL

As has become customary, we like to reflect upon our previous year's submission to ascertain whether or not our submission produced positive outcomes.

3.1 Project Rate Increase

We commented last year on our appreciation of the Council's decision to hold the commercial rate increase to 0.44%. We made some comments with regard to the transitional modifier transferring costs of \$645,000 from the rural sector to the commercial sector. We are unsure whether or not that issue has been addressed in the coming plan.

3.2 Christchurch City Holdings Ltd

We requested that Christchurch City Holdings Limited (CCHL) should be reported in a section set aside in the Council's Plan. Councillors supported this through the submission process and we are disappointed not to see more detail than is evident on page 146 of Volume 2 of the Community Plan.

3.3 Local Government (Rating) Act 2002

We had some concerns about rate invoices being sent to landowners as distinct to tenants. This issue was thoroughly researched by the Council and seems to have died away as an issue of significance to our members.

3.4 Long Term Debt

There is the perennial issue of the Council moving from a \$0 net debt basis to a net debt in excess of \$100m in 2014. This is an issue we continue to raise. We know the Council continues to operate within its financial limit ratios but we are concerned about the debt trend.

3.5 Central City Traffic Issues

The Central City Transport Working Party is making good progress and we are pleased to be part of that.

3.6 Ocean Outfall

As the Council knows, we are strongly supportive of an ocean outfall and again pleased to see progress in this area.

3.7 Council Size

The Employers' Chamber advocated a reduction in the number of elected Councillors from 16 to 12. We are pleased to see a proposal to move forward with fewer

Councillors, which we believe strongly will have material benefits for the effective governance for the city.

3.8 Relationship with Environment Canterbury

We expressed some concern about the need for the two identities to work more closely together. We are pleased to see positive steps in that direction for the year under review.

3.9 Prosperous Christchurch

Slow but steady progress in this area, which should yield some benefit this year.

3.10 Testing Involvement in Non-Core Activity

We request annually that the Council continually tests the reasons for its involvement in non-core activity and we are pleased to see ongoing consideration given to this issue.

4. 2004/14 COMMUNITY PLAN AND PROGRAMME

The Employers' Chamber recognises the big shift in information presentation that has occurred through the launching of the Long Term Council Community Plan (LTCCP) process.

The requirements under the LTCCP are onerous in terms of information generation and this poses some difficulty in ensuring effective communication between the Council and its stakeholders. We are well aware that the LTCCP is the Council's major planning document, replacing both the Long Term Financial Strategy and most of the functions of the Annual Plans that we have previously been use too. We note that the LTCCP has a 10-year focus and we are aware that from 2006, LTCCP's are to be prepared once every three years.

As part of this transition, we recognise the Annual Plan now becomes the Annual Budget, which mainly emphasises financial issues and the basis for setting rates. This, of course, means it will no longer be the major policy document that we have been used to submitting against.

We are aware that the LTCCP is based on community outcomes. It sets out what they are, how the Council identified them, and what the Council intends to do about them. We also recognise the high level of consultation required in the context of LTCCP.

In making a meaningful submission on such voluminous material, we have deliberately concentrated on some key issues that we consider are important to and materially impact on our members.

4.1 Content and Presentation of Material

Councillors will be well aware that the base Community Plan document in three volumes comprises some 375 pages of information. We believe that the Council has made a reasonable start in meeting its obligations under the requirements for the LTCCP while leaving room for further improvement. We do not, however, intend to criticise the document given it is a trial run.

One constructive suggestion we wish to make is that, given the volume of material both with the generation of the LTCCP and the generation of annual plans in interim years, we believe that it would be useful for a concise, easy to read executive summary, to be published which would cover the key issues relating to changes in rates and any other significant changes in the direction or intention of Council in the forthcoming years.

We simply do not believe that the community at large will have any desire absorb the information as detailed in the LTCCP. A user-friendly summary would be most useful.

4.2 Size of Council

The Employers' Chamber is pleased with the outcome from the appeal to the Local Government Commission, which has resulted in the proposed reduction to 12 elected Councillors and the maintenance of six Community Boards. We firmly believe this is a step in the right direction to ensure that the Council operates more effectively as a governance entity. There are two issues that we wish to raise.

4.2.1 In pursuing candidates for governance roles in Council associated entities, given the reduction in the number of Councillors, it seems obvious to us that there will be more emphasis placed on soliciting outside expertise for governance roles than has been the case in the past. We see some real benefits of having a high level of non-Council input into commercial entities associated with the Council.

4.2.2 There may be a tendency for Community Boards to fill the gap in terms of some of the activities eliminated by a reduction in the number of Councillors. We think it is important for Community Boards to be disciplined in their approach to their role, which needs to be clearly defined so that they are not subsumed by absorbing the legacy of historic Councillor activity.

4.3 Banks Peninsula Amalgamation

The Employers' Chamber recognises that there is inevitability about merging Banks Peninsula with Christchurch City. We are aware that there may be some cost associated with this merger, however, we believe it is in the long-term interest of the community at large and we wish to see this matter progress accordingly.

4.4 Long Term Debt

As in previous years, we wish to re-affirm our concern with regard to the long-term debt trend as evident in the Financial Plan. We believe that the trend needs to be addressed over time and we will continue to submit that the Council should manage its financial affairs prudently into the long-term to avoid escalating debt.

4.5 Capital Expenditure on Roothing

We note that there is an \$80m provision in the LTCCP for roading. We recognise the need to commit significant resources to ensuring the provision of good roading in our city.

4.6 Funding Policy

We recognise that the Council has simplified its funding policy and is tracking towards ensuring equitable sourcing of funds for its operations. In particular, we note that the depreciation on roads, which is a significant cost and historically was 99% provisioned against the commercial sector, has been reduced to 54%. We believe this is a step in the right direction and we want to see this trend continue. There is no logic, in our opinion, for the commercial sector to be charged depreciation on roads simply because heavy traffic is part of the commercial sector. This is a public good issue and, as we have submitted in previous years, we would like to see this issue addressed further.

4.7 Central City

The Employers' Chamber intends to be actively involved in the Central City Business Group, protecting, enhancing and re-vitalising the central city of Christchurch. We are

aware that the Council has seen fit to provide significant funding to make it possible to progress this issue. The Employers' Chamber intends to work very closely with the Council to ensure good outcomes in this area.

4.8 Christchurch City Council New Offices

We are aware that provision for a new office of around \$53m has been accommodated in the accounts. We understand approximately \$12m has been allocated in prior periods to current building costs and remains in reserve and we further understand that there is a \$35m special dividend ex-Orion that is targeted towards the provision of a new building. The Employers' Chamber accepts that the Council requires new office accommodation. We, of course, want to ensure that the new office will be an appropriate building for the Council, but built as cost effectively as possible in the interests of the community at large. We are adamant that any new building should be located in the central city to continue to enhance and protect central city vitality, and we note the opportunity for the Council to provide a lead in the design and construction of a cost-effective building that will exemplify the best of current building technology.

4.9 Rate Increase

We note the projected rate increase of 3.62%. As usual, we ask why rate increases should constantly be in excess of the predicted rate of inflation. We know that the response is that the community makes more demands on the city, that there are major capital expenditure items, and that there is an increasing responsibility on the Council to invest in infrastructure. We accept these arguments but only to some extent and we will continue to advocate for minimal rate increases and the re-prioritisation of expenditure within the Council to meet its core objectives. Increased rates are a cost borne by the community at large and can act to have a negative impact upon critically important economic growth.

4.10 Capital Expenditure

We understand from the LTCCP that the Council expects to spend \$130m in capital over the next 10 years. It is important to the Employers' Chamber that such capital expenditure is justified on a case by case basis, that it is effectively managed with the Council, and that it is money seen to be well spent. It is important that in an aggressive capital expenditure regime, external resources are available to deliver on programmes, that there is certainty of process, and that in the context of capital expenditure, its impact on total net debt be recognised and eliminated wherever possible

5. CONCLUSION

We thank the Christchurch City Council for the opportunity to present this submission. We recognise that this is a test year for the Long Term Council Community Plan. We look forward to working closely with the Council as a key stakeholder in the community and to assisting the Council to satisfy its obligations in the Long Term Council Community Plan processes.

We thank you for your consideration of this submission and we look forward to a considered response in due course.

Peter R Townsend
Chief Executive
Canterbury Employers' Chamber of Commerce
2nd May 2004