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christchurch city council
our community plan - christchurch o-tautahi 2004/14
volume 3 of 3

Long Term Council Community Plan

For the Ten Year Period Beginning

1 July 2004

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P O Box 237, Christchurch, New Zealand.

Tel: 64-3-941-8999. Fax 64-3-941-8984

table of contents

financial management overview

Introduction

This section gives a brief overview of the financial implications of the Community Plan.

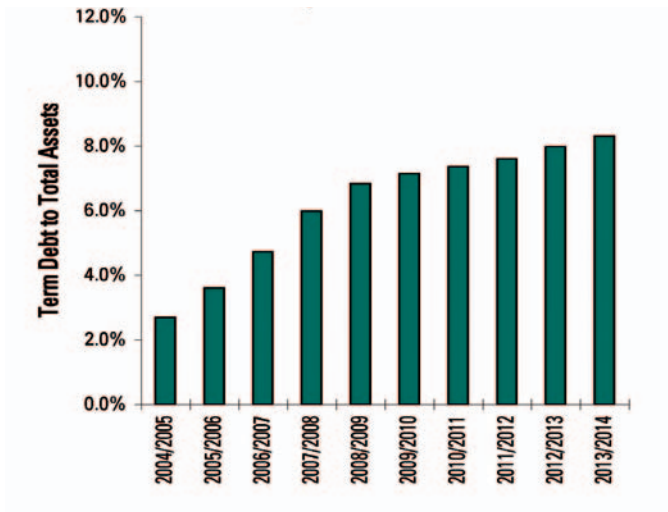
- The Community Plan has been developed within the parameters as set out in the Council's Revenue and Financing Policy (see elsewhere in this Volume). The main objective of this policy is to ensure that major projects, resulting operating costs and debt are maintained at manageable levels.
- The revenue and financing mechanisms used to cover the estimated expenses of the Council are set out in the Funding Impact Statement elsewhere in this Volume.
- At the heart of the Revenue and Financing Policy are four ratios. These ratios set maximum limits in relation to the key financial drivers.

The four key ratios and the maximum limits are:

	Policy Limit
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 10 year projections are within the ratio limits (see ratio graphs following).

Term Debt to Total Assets Ratio
Policy Limit 12%



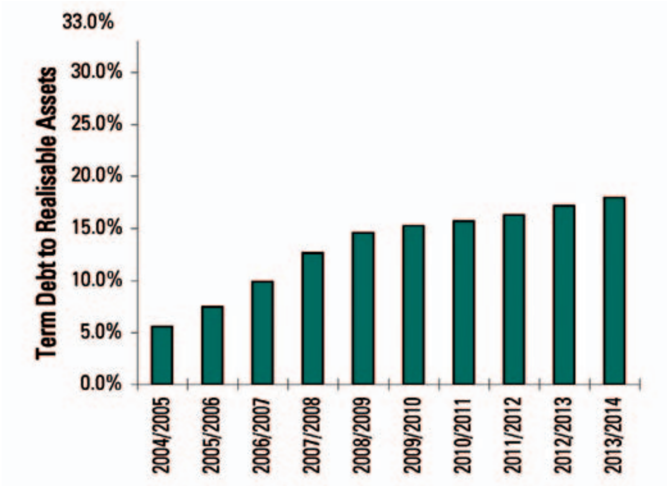
This graph compares the term debt (ie gross debt, less the dedicated debt repayment reserves) with the total assets of the Council and sets a maximum of 12 per cent.

This is like saying how large your mortgage is compared to the value of all your assets.

The ratio is currently 2.69 per cent and reaches a peak of 8.30 per cent in 2013/2014. Over a 20 year period it reaches a peak of 11.05 per cent in 2023/2024.

financial management overview

Term Debt to Realisable Assets Ratio
Policy Limit 33%

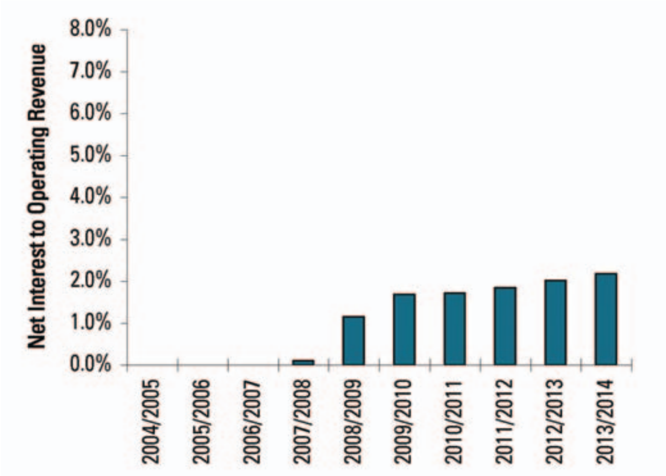


This graph compares total debt with a significantly reduced category of assets which are more normal business type assets.

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 is currently 5.57 per cent and reaches a peak of 17.91 per cent in 2013/2014. Over a 20 year period it reaches a peak of 25.71 per cent in 2023/2024.

Net Interest to Operating Revenue Ratio
Policy Limit 8%



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

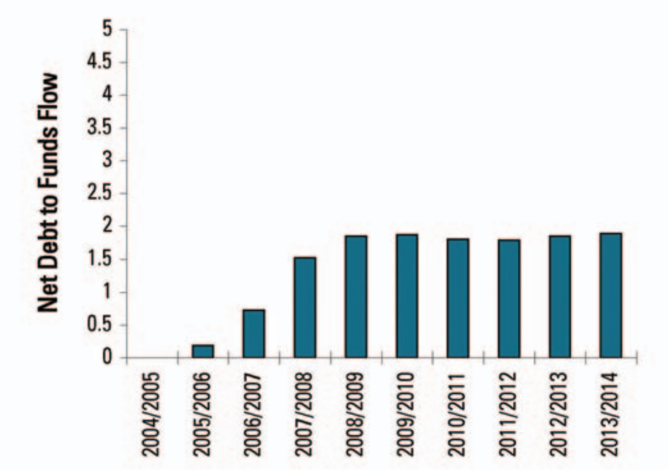
It is like comparing how much of your income goes towards servicing your mortgage.

The ratio maximum is 8 per cent.

The ratio is currently –2.14 per cent and reaches a peak of 2.17 per cent in 2013/2014. Over a 20 year period it reaches a peak of 3.44 per cent in 2023/2024.

financial management overview

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 graph 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 ratio is currently -0.32 times and reaches a peak of 1.88 times in 2013/2014. Over a 20 year period it reaches a peak of 2.08 times in 2017/2018.

- An important principle of the Revenue and Financing Policy is to generate surpluses thereby enabling the Council to reduce its dependence on borrowing to fund capital works.
- The projections (operating and capital) include an inflation provision of 2% per annum.
- The Council maintains a 20 year financial model which takes account of all of its plans and financial arrangements. The Model enables any changes to be monitored to ensure that they are sustainable in the long term.
- The financial summary (following table) illustrates the impact that expenditures and revenues have on borrowings, debt and rate levels.
- Confirming the strength of the Council's overall financial position is the current AA+ credit rating by the international credit rating agency Standard & Poor's.

financial management overview

	Budget CCC 2004/05 $M	Forecast CCC 2005/06 $M	Forecast CCC 2006/07 $M	Projection CCC 2007/08 $M	Projection CCC 2008/09 $M	Projection CCC 2009/10 $M	Projection CCC 2010/11 $M	Projection CCC 2011/12 $M	Projection CCC 2012/13 $M	Projection CCC 2013/14 $M
Operating Summary										
Operating Expenditure	237.67	248.19	251.42	254.25	257.01	261.63	266.71	270.76	275.64	282.95
Depreciation	65.07	68.72	71.84	74.67	76.93	78.79	80.29	82.18	84.28	86.29
Interest Expense	6.71	6.47	7.62	11.23	15.40	18.25	20.05	21.81	23.96	26.13
Total Operating Expenditure	**309.46**	**323.38**	**330.89**	**340.15**	**349.35**	**358.67**	**367.04**	**374.76**	**383.88**	**395.37**
Operating Revenue	(131.78)	(130.36)	(129.50)	(132.31)	(132.55)	(130.81)	(132.26)	(133.79)	(135.03)	(136.27)
Rates	(164.83)	(172.72)	(180.06)	(188.11)	(202.00)	(216.86)	(228.15)	(236.78)	(245.96)	(257.22)
Interest & Dividends from CCHL	(29.10)	(29.50)	(45.30)	(31.30)	(32.00)	(32.80)	(33.77)	(34.62)	(35.48)	(36.59)
Operating Surplus/Contributions to Capital Projects	**(16.25)**	**(9.21)**	**(23.97)**	**(11.58)**	**(17.20)**	**(21.81)**	**(27.13)**	**(30.43)**	**(32.59)**	**(34.70)**
Percentage Rate Increase	**3.59%**	**3.53%**	**3.06%**	**3.32%**	**6.25%**	**6.30%**	**4.24%**	**2.88%**	**3.01%**	**3.73%**
Capital Summary										
Capital Expenditure	130.84	125.01	154.10	159.01	141.38	117.01	117.77	124.17	141.23	137.95
Debt Summary										
Gross Dept	97.05	97.44	141.38	211.57	265.78	294.98	322.01	351.98	391.65	431.20
Less Sinking Funds & Debt Repayment Reserves	(80.43)	(38.66)	(28.43)	(36.02)	(46.13)	(58.42)	(72.27)	(87.70)	(104.87)	(124.18)
Term Debt	**16.62**	**58.78**	**112.95**	**175.55**	**219.65**	**236.56**	**249.74**	**264.28**	**286.78**	**307.01**
Less Reserve Funds	(146.21)	(147.83)	(148.36)	(147.04)	(147.65)	(152.24)	(159.15)	(166.37)	(173.90)	(181.78)
Net Debt	**(129.60)**	**(89.05)**	**(35.41)**	**28.51**	**72.00**	**84.32**	**90.59**	**97.91**	**112.88**	**125.23**

financial management overview

Financial Analysis

The Community Plan is a planning document. Supporting the long term financial projections are detailed budgets. 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. Various scenarios have been modelled and the Council's preferred options relating to each activity are reflected in this Community Plan. There is an underlying assumption of continuing business.

The overall objective of this financial overview 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 paragraphs which follow give an overview of the factors influencing the financial forecasts as shown in the previous table.

Operational Expenditures

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.
- Significant operating items included within this Community Plan include:
  - YMCA – Contribution to new facility at Bishopdale - $1M (2004/05)
  - Trial for Residential Putrescible (kitchen waste) collection - $125,000 (2004/05)
  - Flat Water Facility Feasibility Study - $200,000 (2004/05)
  - Additional weekend opening hours for Community Libraries - $87,000 per annum
  - Metropolitan Christchurch Transport Strategy - $22.8M over 10 years
  - Putrescible (kitchen waste) collection and processing – Up to $5.83M per annum
- Debt Servicing Costs. These costs are the interest costs incurred as a result of the Council's borrowing programme. These are projected to increase from $6.71M in 2005/06 to $26.13M by 2013/14. This increase reflects the Council's borrowing programme which will be recommenced once the Debt Repayment Reserve Funds have been fully utilized.
- 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 is on a straight line basis.

The total for all depreciation for 2004/05 is $65.07M and this will grow to $86.29M by 2013/14. The growth in the depreciation provision can be directly linked to the capital programme. The capital programme averages $134M over the 10 year period

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

Operational Revenues

The primary operating revenue is and will be property based rates. Rates revenue is projected to grow from a base of $164.83M in 2004/05 to $257.22M by 2013/14. Other operating revenues include user charge revenues, Transfund subsidies and dividends from Christchurch City Holdings Limited (CCHL). The changes to these revenue types

financial management overview

are projected to remain relatively constant over the 10 year period.

Dividends from the Council's subsidiaries are projected to rise gradually from $29.10M in 2004/05 to $36.59M by 2013/14. The exception to this is a special dividend of $15M in 2006/07. The impact of this special dividend is to increase the 2006/07 dividend line item to $45.30M.

Surpluses

The financial forecasts show (ordinary) operating surpluses/contributions to capital projects in each year over the next 10, ranging from $9.21M to $34.70M.

Surpluses reduce the need to borrow for capital works. They 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. The funding percentage for the 2004/05 year is 59%.

The generation of an operational surplus also ensures that the Council complies with Section 100 of the Local Government Act (2002). This section of the Act, which is sometimes referred to as the 'Balanced Budget Requirement', ensures that the Council has adequate funding for the ongoing maintenance of service levels.

Capital Expenditure

The capital expenditure programme includes a number of large projects. These include:

Putrescible Processing & Collection	$10.94M
Ocean Outfall and Associated Works	$51.46M
Christchurch Treatment Works Pond Modifications	$9.28M
Civic Offices	$53.71M
Belfast Wastewater Pipeline	$4.65M
Metropolitan Transport Strategy	$80.11M
Botanic Gardens – Staff & Visitor Facility & Greenhouse Replacement	$10.35M
New Indoor Multiuse Facility (Location has yet to be identified)	$10.21M
New Leisure Centre (Location has yet to be identified)	$10.00M
Jellie Park Upgrade	$6.19M

Like the operating budgets, the capital projects also include a 2% inflation provision and capital contingency of $4M from year 2 onwards. The capital contingency is to 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 5 year capital works programme in Volume 1.

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 and loan repayment reserves are accumulated in perpetuity whereas in practice opportunity will be taken to repay portions of the debt

financial management overview

from these accumulated 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 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 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.

Financial Statement Projections

The detailed long term projections are to be found in the financial statements following this Overview. They should be read in conjunction with the Statement of Accounting Policies which immediately follows the financial statements.

The financial projections have been prepared in accordance with the Institute of Chartered Accountants of New Zealand Reporting Standard 29 (FRS 29).

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 2003.

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 financial projections have on the four key financial ratios are as graphed previously. 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.

statement of financial performance

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Note	Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
		Income											
92,621	93,451	Groups of Activities	9	102,649	103,954	103,881	107,404	106,814	104,538	104,997	105,615	105,720	107,804
148,449	156,293	Rates		166,030	173,920	181,260	189,312	203,203	218,062	229,347	237,976	247,163	258,416
62,554	86,785	Other Income	1	57,031	54,710	69,721	55,010	56,532	57,875	59,830	61,596	63,589	63,856
303,624	**336,529**	**Total Operating Income**		**325,710**	**332,584**	**354,862**	**351,726**	**366,550**	**380,474**	**394,173**	**405,188**	**416,471**	**430,076**
		Expenditure											
253,616	282,105	Groups of Activities	9	303,322	317,430	324,507	333,869	343,182	352,623	361,123	368,976	378,248	390,249
10,598	5,015	Other	2	6,137	5,948	6,382	6,277	6,165	6,046	5,920	5,781	5,630	5,122
264,214	**287,120**	**Total Operating Expenditure**		**309,459**	**323,378**	**330,889**	**340,146**	**349,348**	**358,669**	**367,043**	**374,757**	**383,878**	**395,371**
39,410	**49,409**	**Operating Surplus**		**16,251**	**9,207**	**23,973**	**11,580**	**17,202**	**21,805**	**27,130**	**30,430**	**32,593**	**34,705**
36,349	15,000	Vested Assets	8	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
2,132	500	Grants/Contributions for Major Projects		274	550	540	0	0	0	0	0	0	0
77,891	**64,909**	**Surplus before taxation**		**31,525**	**24,757**	**39,513**	**26,580**	**32,202**	**36,805**	**42,130**	**45,430**	**47,593**	**49,705**
0	0	Less Tax Expense / (Benefit)		0	0	0	0	0	0	0	0	0	0
77,891	**64,909**	**Surplus after taxation**		**31,525**	**24,757**	**39,513**	**26,580**	**32,202**	**36,805**	**42,130**	**45,430**	**47,593**	**49,705**
77,891	**64,909**	Net Surplus for Year		**31,525**	**24,757**	**39,513**	**26,580**	**32,202**	**36,805**	**42,130**	**45,430**	**47,593**	**49,705**

statement of movements in equity

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
3,557,350	3,908,359	**Equity at 1 July**	3,973,268	4,004,793	4,029,550	4,069,063	4,095,643	4,127,845	4,164,650	4,206,780	4,252,211	4,299,804
		Net Surplus Attributable to:										
77,891	64,909	Parent Entity Shareholders	31,525	24,757	39,513	26,580	32,202	36,805	42,130	45,430	47,593	49,705
273,118	0	Increases/(Decreases) in Revaluation Reserves	0	0	0	0	0	0	0	0	0	0
351,009	64,909	Total Recognised Revenues and Expenses for the Year	31,525	24,757	39,513	26,580	32,202	36,805	42,130	45,430	47,593	49,705
3,908,359	**3,973,268**	**Equity at 30 June**	**4,004,793**	**4,029,550**	**4,069,063**	**4,095,643**	**4,127,845**	**4,164,650**	**4,206,780**	**4,252,211**	**4,299,804**	**4,349,508**

statement of financial position

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Note	Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
3,908,359	3,973,268	**Equity**		4,004,793	4,029,550	4,069,063	4,095,643	4,127,845	4,164,650	4,206,780	4,252,211	4,299,804	4,349,508
84,271	82,927	**Non-Current Liabilities**	4	120,262	99,184	161,813	231,489	285,188	313,873	340,392	369,851	409,008	448,041
78,370	90,708	**Current Liabilities**	5	53,541	73,496	53,297	53,115	53,115	53,115	53,115	53,115	53,115	53,115
4,071,000	**4,146,903**	**Total Equity and Liabilities**		**4,178,596**	**4,202,230**	**4,284,173**	**4,380,247**	**4,466,148**	**4,531,638**	**4,600,287**	**4,675,176**	**4,761,927**	**4,850,665**
		Represented by:											
276,673	294,260	**Current Assets**	6	246,020	203,016	193,576	197,188	205,171	218,938	236,767	256,381	277,953	301,904
		Non-Current Assets											
986,626	1,003,726	Investments	7	1,006,178	1,007,252	1,006,714	1,007,577	1,008,428	1,009,270	1,009,976	1,010,609	1,006,160	1,006,621
573,792	583,303	Operational Assets		605,156	633,930	671,892	706,505	740,704	753,818	765,457	784,772	818,418	846,790
1,889,333	1,914,566	Infrastructural Assets		1,963,326	1,994,487	2,042,951	2,093,945	2,130,122	2,160,945	2,192,370	2,220,393	2,248,757	2,276,926
344,576	351,047	Restricted Assets		357,915	363,544	369,040	375,032	381,724	388,667	395,718	403,022	410,638	418,423
3,794,327	3,852,643	**Total Non-Current Assets**		3,932,576	3,999,214	4,090,597	4,183,059	4,260,977	4,312,700	4,363,521	4,418,795	4,483,974	4,548,760
4,071,000	**4,146,903**	**Total Assets**		**4,178,596**	**4,202,230**	**4,284,173**	**4,380,247**	**4,466,148**	**4,531,638**	**4,600,287**	**4,675,176**	**4,761,927**	**4,850,665**

statement of cash flows

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
		Operating Activities										
		Cash was provided from:										
257,130	288,285	Rates, Grants, Subsidies, and Other Sources	308,832	319,400	328,730	340,978	356,595	371,013	384,858	396,075	407,568	421,476
20,486	14,093	Interest Received	18,443	15,980	14,515	14,230	14,456	14,969	15,764	16,701	17,726	18,499
46,773	63,250	Dividends	29,100	29,680	45,665	31,665	32,365	33,165	34,135	34,985	35,840	36,958
5,293	0	Net GST	0	0	0	0	0	0	0	0	0	0
329,682	**365,628**		**356,376**	**365,061**	**388,910**	**386,873**	**403,416**	**419,147**	**434,757**	**447,761**	**461,135**	**476,933**
		Cash was disbursed to:										
198,749	245,335	Payments to Supplies and Employees	269,754	281,886	286,729	290,433	294,787	301,275	308,307	314,420	321,458	331,040
6,951	7,575	Interest Paid	6,767	6,521	7,677	11,280	15,457	18,303	20,099	21,869	24,014	26,180
205,700	**252,910**		**276,522**	**288,406**	**294,406**	**301,713**	**310,244**	**319,577**	**328,406**	**336,289**	**345,472**	**357,221**
123,982	**112,718**	**NET CASH FLOW FROM OPERATIONS**	**79,854**	**76,655**	**94,503**	**85,160**	**93,172**	**99,570**	**106,350**	**111,472**	**115,662**	**119,712**
		INVESTING ACTIVITIES										
		Cash was provided from:										
3,377	2,190	Sale of Assets	1,849	4,212	3,824	7,049	1,866	1,827	1,846	1,832	1,817	1,817
5,500	0	Loans Repaid	0	0	0	0	0	0	0	0	0	0
10,526	0	Investments Realised	0	1,600	1,700	1,800	1,900	2,000	2,232	2,403	7,588	2,788
19,403	**2,190**		**1,849**	**5,812**	**5,524**	**8,849**	**3,766**	**3,827**	**4,078**	**4,236**	**9,405**	**4,605**
		Cash was applied to:										
109,711	92,725	Purchase of Assets	130,046	124,248	151,767	158,908	141,457	117,082	117,852	124,250	141,315	138,023
16,952	25,573	Purchase of Investments	1,580	1,611	1,643	1,676	1,710	1,744	1,779	1,814	1,851	1,888
126,663	**118,298**		**131,625**	**125,860**	**153,410**	**160,584**	**143,167**	**118,826**	**119,631**	**126,065**	**143,165**	**139,910**
(107,260)	**(116,108)**	**NET CASH FLOW FROM INVESTING ACTIVITIES**	**(129,777)**	**(120,048)**	**(147,886)**	**(151,735)**	**(139,401)**	**(114,998)**	**(115,553)**	**(121,829)**	**(133,760)**	**(135,306)**

statement of cash flows

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
		FINANCING ACTIVITIES										
		Cash was provided from:										
1,080	45,803	Raising of Loans	39,228	450	43,980	70,215	54,230	29,522	27,041	29,978	39,677	39,551
1,080	**45,803**		**39,228**	**450**	**43,980**	**70,215**	**54,230**	**29,522**	**27,041**	**29,978**	**39,677**	**39,551**
		Cash was applied to:										
19,462	24,826	Repayment of Term Liabilities	37,546	61	38	27	18	326	9	7	7	6
19,462	**24,826**		**37,546**	**61**	**38**	**27**	**18**	**326**	**9**	**7**	**7**	**6**
(18,382)	**21,125**	**NET CASH FLOW FROM FINANCING ACTIVITIES**	**1,683**	**389**	**43,943**	**70,187**	**54,211**	**29,197**	**27,031**	**29,971**	**39,670**	**39,545**
(1,660)	17,587	Increase/(Decrease) in Cash	(48,240)	(43,004)	(9,440)	3,612	7,983	13,768	17,828	19,614	21,572	23,951
243,436	241,776	Add Opening Cash	259,363	211,123	168,119	158,679	162,291	170,274	184,041	201,870	221,484	243,056
241,776	**259,363**	**ENDING CASH BALANCE**	**211,123**	**168,119**	**158,679**	**162,291**	**170,274**	**184,041**	**201,870**	**221,484**	**243,056**	**267,007**
		Represented by:										
241,776	259,363	Cash and Short Term Investments	211,123	168,119	158,679	162,291	170,274	184,041	201,870	221,484	243,056	267,007
241,776	**259,363**		**211,123**	**168,119**	**158,679**	**162,291**	**170,274**	**184,041**	**201,870**	**221,484**	**243,056**	**267,007**

notes to the financial statements

Note 1: Income

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
92,621	**93,451**	**Group of Activity Income:**	**102,649**	**103,954**	**103,881**	**107,404**	**106,814**	**104,538**	**104,997**	**105,615**	**105,720**	**107,804**
		(Refer to Note 9 - Summary of Group of Activities)										
		Other income:										
		Interest Income:										
3,065	3,763	Subsidiaries	4,390	4,117	4,017	3,910	3,796	3,675	3,547	3,407	3,253	2,739
544	747	Loan Repayment Investments	759	931	1,243	1,572	1,992	2,550	3,214	3,979	4,831	5,779
15,326	8,735	Short Term Investments	11,867	9,050	7,189	6,538	6,267	6,150	6,190	6,288	6,388	6,490
2,155	1,489	Special and Other Fund Investments	1,737	2,192	2,407	2,604	2,852	3,105	3,371	3,654	3,951	4,263
21,090	**14,733**	**Total Interest Income**	**18,753**	**16,290**	**14,855**	**14,624**	**14,907**	**15,480**	**16,323**	**17,327**	**18,423**	**19,270**
		Dividend Income:										
		Christchurch City Holdings Ltd										
28,900	28,200	Ordinary	29,100	29,500	30,300	31,300	32,000	32,800	33,770	34,620	35,475	36,593
3,400	35,050	Special	0	0	15,000	0	0	0	0	0	0	0
		Transwaste Ltd	0	180	365	365	365	365	365	365	365	365
145	0	Travis Finance Ltd										
32,445	**63,250**	**Total Dividend Income**	**29,100**	**29,680**	**45,665**	**31,665**	**32,365**	**33,165**	**34,135**	**34,985**	**35,840**	**36,958**
		Sundry Income:										
2,097	2,050	Petroleum tax	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
	6,752	Internal Service Provider Surpluses	7,098	6,659	7,121	6,641	7,180	7,150	7,292	7,204	7,246	5,548
3,292	0	Sundry	0	0	0	0	0	0	0	0	0	0
3,724	0	Grants	0	0	0	0	0	0	0	0	0	0
(94)	0	Equity Accounted Earnings of Associates	0	0	0	0	0	0	0	0	0	0
9,019	**8,802**	**Total Sundry Income**	**9,178**	**8,739**	**9,201**	**8,721**	**9,260**	**9,230**	**9,372**	**9,284**	**9,326**	**7,628**
62,554	**86,785**	**Total Other Income**	**57,031**	**54,710**	**69,721**	**55,010**	**56,532**	**57,875**	**59,830**	**61,596**	**63,589**	**63,856**

notes to the financial statements

Note 2: Expenditure

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
253,616	**282,105**	**Group of Activity Expenditure:**	**303,322**	**317,430**	**324,507**	**333,869**	**343,182**	**352,623**	**361,123**	**368,976**	**378,248**	**390,249**
		(Refer to Note 9 - Summary of Groups of Activities)										
		Other Expenditure:										
5,525	0	Levies	0	0	0	0	0	0	0	0	0	0
2	0	Professional Fees re Subsidiaries	0	0	0	0	0	0	0	0	0	0
5,071	5,015	Sundry	6,137	5,948	6,382	6,277	6,165	6,046	5,920	5,781	5,630	5,122
10,598	**5,015**	**Total Other Expenditure**	**6,137**	**5,948**	**6,382**	**6,277**	**6,165**	**6,046**	**5,920**	**5,781**	**5,630**	**5,122**

Note 3:

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
		After Charging:										
160	175	Audit Fees	185	189	192	196	200	204	208	213	217	221
52,718	63,626	Depreciation	65,075	68,720	71,843	74,668	76,934	78,787	80,292	82,180	84,278	86,290

notes to the financial statements

Note 4: Non-Current Liabilities

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
58,204	58,121	Term Debt	96,969	77,403	140,726	210,913	265,125	294,321	321,352	351,323	390,993	430,538
18,349	17,088	Provision for Landfill Aftercare	15,576	14,064	13,370	12,858	12,346	11,834	11,322	10,810	10,298	9,786
7,718	7,718	Provision for Employee Entitlements	7,718	7,718	7,718	7,718	7,718	7,718	7,718	7,718	7,718	7,718
84,271	**82,927**	**Total Non Current Liabilities**	**120,262**	**99,184**	**161,813**	**231,489**	**285,188**	**313,873**	**340,392**	**369,851**	**409,008**	**448,041**

Note 5: Current Liabilities

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
34,198	34,198	Trade Creditors	34,198	34,198	34,198	34,198	34,198	34,198	34,198	34,198	34,198	34,198
7,818	7,818	Owing to Subsidiaries	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818	7,818
26,073	37,326	Current Portion of Term Debt	83	20,038	657	657	657	657	657	657	657	657
0	0	Unsecured Debt	0	0	0	0	0	0	0	0	0	0
351	1,436	Other	1,512	1,512	694	512	512	512	512	512	512	512
68,440	**80,778**		**43,611**	**63,566**	**43,367**	**43,185**	**43,185**	**43,185**	**43,185**	**43,185**	**43,185**	**43,185**
		Employee Entitlements										
1,523	1,523	Accrued Pay	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523
8,407	8,407	Annual Leave	8,407	8,407	8,407	8,407	8,407	8,407	8,407	8,407	8,407	8,407
9,930	**9,930**	**Total Employee Entitlements**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**	**9,930**
78,370	**90,708**	**Total Current Liabilities**	**53,541**	**73,496**	**53,297**	**53,115**	**53,115**	**53,115**	**53,115**	**53,115**	**53,115**	**53,115**

notes to the financial statements

Note 6: Current Assets

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
241,776	**259,363**	***Cash at Bank, and Short Term Investments***	**211,123**	**168,119**	**158,679**	**162,291**	**170,274**	**184,041**	**201,870**	**221,484**	**243,056**	**267,007**
		Receivables and Prepayments										
5,353	5,353	Rates Debtors	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353
6,968	6,968	Other Trade Debtors	6,968	6,968	6,968	6,968	6,968	6,968	6,968	6,968	6,968	6,968
1,684	1,684	Amount owing by Subsidiaries	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684	1,684
7,167	7,167	Other Receivables/Prepayments	7,167	7,167	7,167	7,167	7,167	7,167	7,167	7,167	7,167	7,167
2,799	2,799	GST Receivable	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799
9,300	9,300	Dividends Receivable	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300	9,300
33,271	**33,271**		**33,271**	**33,271**	**33,271**	**33,271**	**33,271**	**33,271**	**33,271**	**33,271**	**33,271**	**33,271**
(350)	(350)	Less provision for Doubtful Debts	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)	(350)
32,921	**32,921**	**Total Receivables and Prepayments**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**	**32,921**
		Inventories										
1,496	1,496	General Stores	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,496
204	204	Livestock and Feed	204	204	204	204	204	204	204	204	204	204
276	276	Souvenirs and Food	276	276	276	276	276	276	276	276	276	276
1,976	**1,976**	**Total Inventories**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**	**1,976**
276,673	**294,260**	**Total Current Assets**	**246,020**	**203,016**	**193,576**	**197,188**	**205,171**	**218,938**	**236,767**	**256,381**	**277,953**	**301,904**

notes to the financial statements

Note 7: Non-Currrent Assets

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
		Investments										
972,580	998,153	General Investments	999,732	999,744	999,687	999,563	999,373	999,117	998,664	998,075	992,338	991,438
14,046	5,573	Loan Repayment Investments	6,446	7,509	7,027	8,014	9,055	10,153	11,311	12,533	13,823	15,183
986,626	**1,003,726**	**Total Non-Current Assets**	**1,006,178**	**1,007,252**	**1,006,714**	**1,007,577**	**1,008,428**	**1,009,270**	**1,009,976**	**1,010,609**	**1,006,160**	**1,006,621**

Note 8: Vested Assets

Actual CCC 2002/03 $000's	Budget CCC 2003/04 $000's		Budget CCC 2004/05 $000's	Forecast CCC 2005/06 $000's	Forecast CCC 2006/07 $000's	Projection CCC 2007/08 $000's	Projection CCC 2008/09 $000's	Projection CCC 2009/10 $000's	Projection CCC 2010/11 $000's	Projection CCC 2011/12 $000's	Projection CCC 2012/13 $000's	Projection CCC 2013/14 $000's
6,625	2,734	Restricted Land and Buildings	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734	2,734
15,714	6,485	Infrastructural Assets	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485	6,485
14,010	5,781	Artworks & Heritage Assets	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781	5,781
36,349	**15,000**	**Total Vested Assets**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**

notes to the financial statements

Note 9: Summary of Groups of Activities

Re-statement of Comparitive Figures

Comparative Figures for 2003/2004 have been re-stated as follows:

	Annual Plan Forecast Net Cost CCC 2003/04 $000's	Movement Net Cost CCC 2003/04 $000's	Restated Forecast Net Cost CCC 2003/04 $000's
Art Gallery	5,190	(5,190)	
Car Parking	(4,098)	4,098	
City Streets	33,696	(33,696)	
Community Development and Customer Services	13,587	(13,587)	
Economic Development and Employment	14,774	(14,774)	
Environmental Policy and Regulatory Services	13,309	(13,309)	
Housing	(1,295)	1,295	
Library and Information Services	22,032	(22,032)	
Parks & Waterways	28,735	(28,735)	
Public Accountability	8,566	(8,566)	
Sport, Leisure and Events	14,164	(14,164)	
Waste Minimisation and Disposal	(587)	587	
Wastewater	20,042	(20,042)	
Water Supply	10,642	(10,642)	
City Development		10,475	10,475
Democracy and Governance		8,791	8,791
Art Gallery, Museum and "Our City"		9,847	9,847
Community Services		29,430	29,430
Library Services		22,408	22,408
Parks and Open Spaces		18,732	18,732
Refuse Minimisation and Disposal		249	249
Regulatory Services		5,314	5,314
Wastewater Collection, Treatment and Disposal		20,312	20,312
Streets and Transport		29,634	29,634
Water Supply		10,833	10,833
Waterways and Land Drainage		10,335	10,335
Economic Development		12,293	12,293
Corporate Expenses - Sundry Expenditure *		(9,897)	
	178,757	**0**	**188,653**

Note:

* Corporate Expenses provisions of -$9,897 are now included in Group of Activity Expenditure

Cedar Park flats – one of the Council's housing complexes

notes to the financial statements

Note 9: (cont.)

Summary of Groups of Activities

Budget Income CCC 2003/04 $000's		Budget Income CCC 2004/05 $000's	Forecast Income CCC 2005/06 $000's	Forecast Income CCC 2006/07 $000's	Projection Income CCC 2007/08 $000's	Projection Income CCC 2008/09 $000's	Projection Income CCC 2009/10 $000's	Projection Income CCC 2010/11 $000's	Projection Income CCC 2011/12 $000's	Projection Income CCC 2012/13 $000's	Projection Income CCC 2013/14 $000's
	Summary of Service Delivery Activities Income										
1,022	City Development	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154	1,154
0	Democracy and Governance	320	0	0	320	0	0	320	0	0	320
778	Art Gallery, Museum and "Our City"	1,055	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124
20,833	Community Services	21,833	21,976	22,246	22,246	22,246	22,491	22,491	22,491	22,491	22,491
1,954	Library Services	2,064	2,102	2,142	2,168	2,195	2,223	2,251	2,280	2,309	2,338
5,103	Parks and Open Spaces	5,032	5,042	5,051	5,060	5,096	5,105	5,114	5,123	5,132	5,141
18,782	Refuse Minimisation and Disposal	21,790	20,764	20,563	20,352	20,118	19,878	19,637	19,393	19,147	18,899
10,097	Regulatory Services	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257	10,257
4,080	Wastewater Collection, Treatment and Disposal	5,106	5,100	5,090	5,077	5,062	5,045	5,026	4,990	4,954	4,918
28,139	Streets and Transport	30,664	32,547	33,036	36,090	36,592	34,410	34,941	36,061	36,478	36,817
2,907	Water Supply	3,429	3,400	3,371	3,342	3,313	3,284	3,255	3,226	3,197	3,168
135	Waterways and Land Drainage	387	587	387	267	267	137	137	137	137	137
189	Economic Development	173	173	173	173	153	153	153	153	153	153
94,019	**Total Income of Service Delivery**	**103,266**	**104,226**	**104,594**	**107,630**	**107,578**	**105,261**	**105,861**	**106,389**	**106,533**	**106,918**
(568)	Add Back Service Provider Income	(617)	(272)	(714)	(226)	(764)	(724)	(864)	(774)	(814)	886
93,451	**Activity Results represented in Statement of Financial Performance**	**102,649**	**103,954**	**103,881**	**107,404**	**106,814**	**104,538**	**104,997**	**105,615**	**105,720**	**107,804**

notes to the financial statements

Note 9: (cont.)

Summary of Groups of Activities

Budget Income CCC 2003/04 $000's		Budget Income CCC 2004/05 $000's	Forecast Income CCC 2005/06 $000's	Forecast Income CCC 2006/07 $000's	Projection Income CCC 2007/08 $000's	Projection Income CCC 2008/09 $000's	Projection Income CCC 2009/10 $000's	Projection Income CCC 2010/11 $000's	Projection Income CCC 2011/12 $000's	Projection Income CCC 2012/13 $000's	Projection Income CCC 2013/14 $000's
	Summary of Service Delivery Activities Costs										
11,497	City Development	12,976	12,812	12,522	11,861	11,799	11,967	11,952	12,072	12,149	12,301
8,791	Democracy and Governance	9,916	11,071	11,080	12,137	11,438	11,570	12,561	11,746	11,847	12,913
10,625	Art Gallery, Museum and "Our City"	13,609	13,775	14,037	13,812	13,261	13,564	13,680	13,836	14,067	14,222
50,263	Community Services	54,212	52,623	52,228	53,133	54,605	55,465	55,984	56,491	57,583	58,210
24,362	Library Services	25,661	26,811	27,245	27,901	28,663	29,303	29,814	30,354	30,938	31,569
23,836	Parks and Open Spaces	25,930	26,841	27,436	28,901	29,998	30,718	31,584	32,508	33,472	34,451
19,031	Refuse Minimisation and Disposal	22,832	29,066	29,858	30,880	31,347	31,750	31,913	32,086	32,306	32,555
15,411	Regulatory Services	15,864	16,023	15,937	16,156	16,461	16,620	16,743	16,894	17,009	17,177
24,392	Wastewater Collection, Treatment and Disposal	24,606	25,460	26,288	27,021	28,361	28,976	29,427	30,020	30,425	31,042
57,773	Streets and Transport	61,422	63,506	65,460	65,557	67,381	69,199	70,481	72,079	73,710	75,327
13,741	Water Supply	15,067	15,461	15,814	16,141	16,512	16,828	17,042	17,304	17,581	17,884
10,470	Waterways and Land Drainage	10,957	11,276	11,591	11,926	12,301	12,585	12,905	13,228	13,558	13,895
12,482	Economic Development	10,887	10,483	10,549	10,756	11,178	11,370	11,547	11,758	11,959	12,178
0	Provision for Inflation	0	2,493	5,175	7,911	10,642	13,429	16,355	19,371	22,457	25,637
282,672	**Total Cost of Service Delivery**	**303,939**	**317,702**	**325,221**	**334,094**	**343,946**	**353,347**	**361,987**	**369,750**	**379,062**	**389,363**
(568)	Add Back Service Provider Income	(617)	(272)	(714)	(226)	(764)	(724)	(864)	(774)	(814)	886
282,105	**Activity Results represented in Statement of Financial Performance**	**303,322**	**317,430**	**324,507**	**333,869**	**343,182**	**352,623**	**361,123**	**368,976**	**378,248**	**390,249**

statement of accounting policies

Reporting Entity

The Christchurch City Council is a territorial authority under the Local Government Act 2002.

Measurement Base

The measurement base adopted is that of historical cost as modified by the revaluation of certain assets.

Accounting Policies

The following accounting policies which materially affect the measurement of financial performance and the financial position have been applied.

A. Associates and Joint Ventures

Associate Organisations

Associate organisations are accounted for by the Equity method, which records the Council's share of profits and losses for the period in the Statement of Financial Performance, and shows the amount of equity held in Investments in the Statement of Financial Position. An associate organisation is one in which the Council has an equity interest of between 20% and 50% and the capacity to significantly influence the policies of that organisation.

Joint Ventures

Joint Ventures are incorporated into the parent's financial statements using the proportionate method.

B. Operational and Fixed Assets

(a) The following operational assets were valued as at 30 June 1991 by Harcourts Valuations Ltd.

- Chattels
- Mobile Plant (including vehicles)
- Plant

Valuations above were based on depreciated replacement value. This is deemed to be cost.

(b) Land and Buildings were valued by Simes Ltd at 30 June 2002 to fair value by reference to their highest and best use.

(c) Library Books are shown at a valuation by Harcourts Valuations Ltd at 30 June 1992. The valuation was based on the lower of the net current replacement cost, and the recoverable amount. This is deemed to be cost.

Operational Assets are valued as follows:

All plant, chattels and library books	At initial valuation and cost for subsequent subsequent purchases.
Land and buildings	Revalued every three years by external valuers

Assets purchased since valuation, have been recorded at cost.

C. Infrastructural Assets

Stormwater Infrastructural Assets have been valued using the optimised depreciated replacement cost method at 30 June 2002, by Meritec Limited. Sewerage Infrastructural Assets have been valued using the optimised depreciated replacement cost at 30 June 2003 by GHD Limited. Roading and Water Reticulation Infrastructural Assets (including Traffic Signals & Bus Shelters) have been valued using the optimised depreciated replacement cost method at 30 June 2001 by Meritec Limited. Land under roads was valued at 30 June 1992, by Quotable Value NZ at the value used for rating purposes. This is deemed to be cost.

Additions to Infrastructural Assets since valuation are recorded at cost. This includes

statement of accounting policies

vested assets that are recorded at the cost to the subdivider.

D. Assets Under Construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion, and then depreciated.

E. Restricted Assets

These assets are:

- Land and Buildings with restrictions on sale – eg, Parks and Reserves
- Library Books - New Zealand Collection
- Properties held in trust for other organisations

  These assets have been valued on the same basis as Operational Assets with vested Reserve Land additions recorded at the cost to the subdivider.
- Heritage Assets

  These assets have been valued at optimised depreciated reproduction cost as at 30 June 2003 by Plant & Machinery Valuers Limited or at cost to the Council if they were recorded prior to this date.
- Works of Art:
- Works of Art have been valued at market value by the Senior Curator of the Robert McDougall Art Gallery as at 30 June 2003 with this revaluation peer reviewed by Marshall Seiffert, an experienced valuer of New Zealand artworks.

F. Investment and Development Property

The Council has no properties purchased or acquired for the primary purpose of earning capital gains or rental income.

G. Depreciation

Depreciation provided in respect of Operational and Infrastructural Assets is intended to write off the cost of assets over their estimated useful lives.

The straight line method is used.

The main bases are the following periods:

Operational assets	
Buildings	15-100 yrs
Office and Computer Equipment	4-5 yrs
Mobile Plant including Vehicles	2-30 yrs
Sealed Surfaces (other than roads)	30-100 yrs
Leasehold Land Improvements	10-100 yrs
Library Books	3-10 yrs
Infrastructural Assets	
Pavement Sub-base	Not depreciated
Basecourse	50-90 yrs
Surface	2-63 yrs
Streetlights & Signs	25 yrs
Kerb, Channel, Sumps & Berms	80 yrs
Bridges	70-150 yrs
Bus Shelters & Furniture	20-40 yrs
Water Supply	55-130 yrs
Water Meters	20-25 yrs
Stormwater	30-120 yrs

statement of accounting policies

Waterways	15-120 yrs
Sewer	50-130 yrs
Treatment Plant	10-50 yrs
Pump Stations	10-80 yrs

Restricted Assets are not depreciated except for Historic Buildings, Artworks and Heritage Assets that are depreciated at 1%, 0.1% and 0.1% on a straight line basis respectively.

H. Landfill After Care Costs

As operator of the Burwood Landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. To provide for the estimated cost of aftercare, a charge is made each year to spread the costs over the life of the landfill.

The estimated cost is calculated based on estimates of:

(i) Total current cost
This is defined as the amount that would be paid if all equipment, facilities and services included in the estimate were acquired during the current period. The estimate has been based on costs of closure of similar landfills by other local authorities.

(ii) Total capacity
The estimated length of time needed for post-closure care is 30 years.

The Council also has a legal obligation to provide ongoing maintenance and monitoring services for the closed landfill sites of the former amalgamating authorities.

The estimated future costs to perform this obligation have been accrued and charged.

The calculations assume no change in the legislative requirements for closure and post-closure treatment.

I. Revenue Recognition

Rates revenue is recognised when levied. Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at year end, are accrued on an average basis.

Transfund roading subsidies are recognised as revenue upon entitlement, that is, when the conditions related to eligible expenditure have been fulfilled. Other grants and bequests and assets vested in the Council, are recognised as revenue when control over the assets is obtained. Dividends are only recognised as income, net of imputation credits, when the dividends have been declared and have or are almost certain to receive the necessary shareholder approval.

J. Goods and Services Tax

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

K. Research and Development Costs

Research and development costs are expensed in the period incurred. Development costs are deferred where it is probable that future benefits will exceed those costs. Deferred development costs are amortised over future periods in relation to expected future revenue.

L. Income Tax

The income tax expense charged to the Statement of Financial Performance includes both the current year's expense and the income tax effects of timing differences applied

statement of accounting policies

on a comprehensive basis and calculated using the liability method.

A debit balance in the deferred tax account, arising from timing differences or income tax benefits from income tax losses, are only recognised when there is virtual certainty of realisation.

M. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by FIFO or weighted average methods. Some inventories are subject to restriction of title.

N. Leases

(i) Finance Leases
These leases effectively transfer all the risks and benefits of ownership to the lessee. Finance Leases are included in liabilities at their current value.

Assets purchased under such leases are included in fixed assets and depreciated at usual rates.

(ii) Operating Leases
Under these leases, the lessor effectively retains all the risks and benefits of ownership. These lease payments are charged as expenses in the periods in which they are incurred.

O. Employment Entitlements

Provision is made in respect of the Council's liability for retiring gratuity allowances, and annual and long service leave.

The liabilities for leave have been calculated on an actual entitlement basis at current rates of pay. The retiring gratuity liability has been assessed on an actuarial basis.

P. Investments

Shares in subsidiaries, apart from Christchurch City Holdings Ltd (CCHL), associates and shares in Local Government Insurance Corporation Limited, are valued at share of equity off the latest Statement of Financial Position. Shares in CCHL were revalued at 30 June 2003, based on a market valuation undertaken by KPMG of three of its subsidiaries. All other investments are stated at lower of cost and net realisable value.

Q. Financial Instruments

Christchurch City Council is party to financial instrument arrangements as part of its everyday operations. These financial instruments include Banking Funds, Bank Deposits, Short Term Investments, Accounts Receivable, Sinking Fund Investments, Accounts Payable and Term Debt.

Revenues and Expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position, with the exception of Guarantees and Contingent Assets and Liabilities, which are disclosed by way of note to the Financial Statements. Any income or expenditure arising from the exercising of a guarantee, or upon a contingency becoming an actual asset or liability, will be recognised in the Statement of Financial Performance at the time of confirmation.

The following methods and assumptions were used to value each class of financial instrument:

(a) Accounts Receivable and Long Term Receivables are recorded at estimated realisable value.

(b) Short Term Investments are valued at fair value.

statement of accounting policies

(c) Investments in Government and Local Authority Stock are valued at cost with premiums paid or discounts taken on acquisition amortised over the life of the investment. Income is recognised on a yield to maturity basis.

(d) Loans to various sporting and cultural organisations are recorded at fair value.

(e) All on the financial instruments, including Cash and Bank balances, Accounts Payable and Term Debt are valued at fair value.

R. Debt Servicing Costs

Debt Servicing Costs are apportioned on the basis on the book value of the Operational and Infrastructural Assets employed at 1 July 2004.

S. Cost Allocations

The costs of all internal service type activities are allocated or charged directly to external service type activities.

External service activities refer to activities which provide a service direct to the public.

Internal service type activities provide support for the external service activities. Where the user of a service can be identified, for example with City Solutions, the cost recovery is made by way of direct charge.

Where this has not been possible, the costs are allocated by way of corporate overhead.

The basis of the corporate overhead allocation is reviewed each year and every attempt is made to relate the allocation made with the service utilised.

Internal service costs which are allocated out as corporate overhead include corporate and financial services.

T. Donated Goods and Services

The Council receives the benefits of many services provided by volunteers. These services are greatly valued. They are, however, difficult to measure in monetary terms. From an accounting point of view these services are not considered material in relation to the Council's total expenditure.

Vested Land is included at current value and Infrastructural Assets are included at the cost to the subdivider.

U. Third Party Transfer Payment Agencies

The Council collects monies for many organisations including Environment Canterbury, Building Industry Authority and others. Where collections are processed through the Council's books, any monies held are shown as Accounts Payable in the Statement of Financial Position.

V. 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 Council Community Plan:

(i) Cautionary Note

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

(ii) 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 2004/05 are forecasts which reflect the most probable outcome. The financials for 2005/06 and subsequent years are projections.

statement of accounting policies

They are based upon varying assumptions about the conditions that might exist and possible courses of action.

(iii) Assumptions

The principal assumptions underlying the forecasts and projections are noted in the Significant Forecasting Assumptions Section of this Plan. These assumptions were valid as at 30 June 2004, the date this Long Term Council Community Plan was adopted.

(iv) Extent to which Prospective Information Incorporates Actual Results

Although the period covered by the Long Term Council Community Plan contains no actual operating results, some financial information has however been extrapolated from the Council's audited Financial Statements as at 30 June 2003.

(v) Purpose for which the Prospective Information is prepared

The Long Term Council Community Plan is prepared in accordance with the Local Government Act 2002. The purpose of this legislation is to provide for democratic and effective local government that recognises the diversity of New Zealand communities and promotes the accountability of local authorities to their communities.

W. Changes in Accounting Policies

There are no changes in Accounting Policies. These have been applied on a basis consistent with those used in previous years.

funding impact statement

The Funding Impact Statement discloses the revenue and financing mechanisms selected under the LTCCP for the next two years and is based on the outcome of the Revenue and Financing Policy adopted by Council.

The funding of Council operations has been amended by the adoption as part of this LTCCP of:

- the 2004/05 Annual Plan (included within the LTCCP)
- the Financial Summary, outlining proposed capital expenditure and the financing thereof,
- the Revenue and Financing Policy,
- the Financial Contributions Policy,
- the rating policies.

The next review of these policies will occur as part of the next Long Term Council Community Plan in 2006/07 however amendments may be made annually as part of an amended LTCCP.

Revenue & Financing Mechanisms

The revenue and financing mechanisms were developed from an analysis of the Council activities and funding requirements under the Revenue and Financing Policy. The process and analysis includes:

- For operational expenditure:
  - The nature of the services supplied by each activity
  - The period over which the services are supplied
  - the gross cost and the allocation of this cost to the users of services and ratepayers
  - the direct benefits of services and any charges made for these
  - the allocation of the shortfall of user charges to ratepayers.
  - the allocation of costs to ratepayers by differential sectors
- For capital expenditure
  - the gross cost
  - timing of the budget provision
  - funding sources including loans

The capital expenditure financing is detailed on the Financial Summary

The Council has budgeted to receive revenue from a number of sources and these are detailed in the table which follows. (Net of GST)

funding impact statement

Budgeted operating expenditure:

	2004/5	2005/6	2006/7
	$	$	$
Budgeted operating expenditure	**309.46**	**323.38**	**330.89**
General revenue made up of:			
Interest & Dividends from CCHL	29.10	29.50	45.30
Interest	18.75	16.29	14.86
Fees and charges	87.06	86.35	86.26
Financial Contributions	5.65	5.52	5.78
Grants and subsidies	19.11	21.01	21.41
Total General Revenue	159.67	158.67	173.61
Rates:			
General rates	104.23	110.58	116.39
UAGC	15.43	15.43	15.43
Targeted rates	45.16	46.70	48.23
Total Rates set	164.83	172.71	180.05
Rares penalties	1.20	1.20	1.20
Total Rates	166.03	173.91	181.25
Budgeted operating surplus	16.25	9.21	23.97

Financing capital expenditure:

	2004/05 $	2005/06 $	2006/07 $
Capital expenditure financing:			
Depreciation and surplus funds used	72.31	68.15	85.52
Capital repayments / sales of assets	1.85	5.81	5.52
Reserves used - Debt Repayment Reserve	53.66	47.57	14.75
Reserves used - Other Reserves	5.28	7.16	8.49
External funding for capital expenditure	0.27	0.55	0.54
Borrowing	2.15	0.45	43.98
Total Capital Financing	**135.52**	**129.70**	**158.80**

Rate Setting and Rating Policies

The Council has set rates in accordance with this Annual Plan for the financial year 2004/05 which total $164.830 million. This is the amount that the ratepayers of Christchurch will be required to contribute in order to fund this Plan.

The Council has resolved on a range of rating policies, as detailed in this LTCCP statement. These are generally a continuation of those used last year. However the impact may change for individual rating units.

The Valuation System used for rating:

The valuation system used for rating is the Capital Value system.

The value of each rating unit is set by independent valuers and based on values as at 1 September 2001. A rating unit is the property which is liable for rates and is generally a separate property with its own certificate of title. The next revaluation will occur on 1 August 2004.

funding impact statement

Inspection of rates information for each rating unit:

The Capital Values, the District Valuation Roll, and the Rate Information Database information and the estimated liability for rates for 2004/05 for each rating unit is available for inspection on the Council's Internet site (www.ccc.govt.nz) under the heading 'Ratesinfo' or by enquiry at any Council Service Centre.

Differential system used:

Differential rating will be used for general rates only. Each rating unit is assigned to a category, based on land use and City Plan zoning, and the sum of all categories is the basis of allocation of rates.

The differential categories used are:

- Sector A - Business
- Sector B - Residential and other
- Sector C - Rural

The full text of the differential categories is detailed in the rating policy text.

The categories used for differentiation are land use and zoning as allowed under

Schedule 2, Clause 1, 2 & 3 of the Local Government (Rating) Act 2002.

Rates Required

The quantum of rates required from each sector is based on the Revenue & Financing Policy calculations on an activity by activity basis and summed up to the Council-wide rate requirement as expressed in the table called 'Summary of the Funding Impact Statement'.

Rates to be set and the rate types:

The following rates have been set (GST Inc):

	2004/05 $	2005/06 $	2006/07 $
General Rates			
Residential	80,625,889	85,539,987	90,032,119
Business	34,623,590	36,733,877	38,662,956
Rural	2,011,190	2,133,770	2,245,825
Total General Rates by Capital Value	**117,260,669**	**124,407,634**	**130,940,901**
Uniform Annual General Charge	**$115**	**$115**	**$115**
Residential	15,453,585	15,453,585	15,453,585
Business	1,698,895	1,698,895	1,698,895
Rural	211,370	211,370	211,370
Total Uniform Annual General Charge	**17,363,850**	**17,363,850**	**17,363,850**
Targeted Rates			
Water	14,600,460	15,306,622	15,773,706
Water - Half for non connected	262,276	-	-
Sewerage	23,591,298	24,517,848	25,420,582
Land Drainage	12,285,372	12,644,168	12,998,689
Water Fire connection Targeted Rate - $100	70,300	70,300	70,300
Total Targeted Rates	**50,809,706**	**52,538,938**	**54,263,277**
Rates for Revenue Policy	185,434,225	194,310,422	202,568,028

funding impact statement

Excess Water Supply Targeted rate	1,927,125	1,927,125	1,927,125
Total Rates	**187,361,350**	**196,237,547**	**204,495,153**
Rates Sector Total			
Residential	134,415,596	140,633,340	146,425,336
Business	46,046,286	48,485,921	50,743,269
Rural	2,614,300	2,749,188	2,873,584
Non-rateable	2,358,044	2,441,973	2,525,838
Total Rates	**185,434,225**	**194,310,422**	**202,568,028**

The full text of the Rates Setting Statement is included elsewhere in this document. There is an assumption of continuing capital values and relative operational activity levels. There will be a revaluation of the capital values in August 2004, applicable for rates from July 2005. This will cause a shift in the incidence of rates to a degree not yet identified.

Rate Type Descriptions

The allocation of rates to rate types is determined under the Revenue and Financing Policy. A full description of that policy is contained in this LTCCP.

General Rates

General Rates are set on capital values on a differential basis to rating units liable for General Rates under the Local Government (Rating) Act 2002. General rates (including the Uniform Annual General Charge) provide for approximately 72.74% of the total rate requirement of the Council, being the net rate requirement after targeted rates are determined. General rates (and UAGCs) therefore fund all activities of the Council except those funded by targeted rates.

Most activity net rate requirements are on straight capital value, that is 79.36% to Residential and Rural, and 20.64% to Business Sector. If straight capital value rating was followed for all rates there would be no difference in decimal for the sectors, all would pay the same rates value for value. The one exception is in General Rates with 'Vehicle Ways' activity allocated substantially to the Business Sector. As a result the Business Sector pays more General Rates than their relative capital value share.

Council have concluded that the Rural sector should be charged less General rates than the Residential sector therefore a property in the Rural Sector will be charged 75% of the General Rate a property in the Residential Sector is charged.

Uniform Annual General Charge

A portion of general rates is assessed as a uniform annual general charge of $115 per rating unit on each separately used or inhabited part of a rating unit.

The uniform charge will modify the impact of rating on a city wide basis ensuring all rating units are charged a fixed amount to recognize the costs associated with each property which are uniformly consumed by the inhabitants of the community.

Targeted Rates

Targeted rates are set to recover the net operating cost of Water Supply, Sewerage collection and disposal and Land Drainage respectively.

The rate requirement for the targeted rates of Water, Sewerage and Land Drainage is assessed on the relative capital value of all liable rating units in the serviced area. There is no differential applying for targeted rates.

A half rate is made for Water where the service is available but no connection is made.

Water Supply Fire Connection - The targeted rate will be set on a uniform basis to the rating units serviced, at $100 per fire service connection.

The Excess Water Supply Targeted Rate applies other than private residential property within the Water supply serviced area and is assessed as the meters are read. Only those Rating Units with consumption in excess of the allowance are charged.

funding impact statement

These two water targeted rates fund part of the water supply activity costs.

A full definition of the rate types is contained in the rating policies text.

Comparative Rates Due by Ratepayers

Rates Payable - 2003/04 Actual and 2004/05 Compared

	2003/04 Rates $	2004/05 Rates LTCCP	
UAGC	**$105**	**$115**	
Residential			
Capital Values	$	$	% Change
80,000	519	541	4.32%
100,000	622	648	4.10%
200,000	1,140	1,181	3.60%
300,000	1,657	1,713	3.41%
400,000	2,174	2,246	3.31%
500,000	2,692	2,779	3.25%
600,000	3,209	3,312	3.21%
Business			
100,000	837	864	3.15%
200,000	1,569	1,612	2.73%
300,000	2,302	2,361	2.57%
400,000	3,034	3,109	2.49%
500,000	3,766	3,858	2.44%
600,000	4,498	4,606	2.41%
Rural			
100,000	369	385	4.60%
200,000	632	656	3.78%
300,000	896	926	3.44%
400,000	1,159	1,197	3.26%
500,000	1,423	1,467	3.14%
600,000	1,686	1,738	3.06%

Notes:

(1) Residential and Business rates are those on fully serviced properties, and include a single uniform annual charge of $115 per property ($105 in 2003/04).

(2) Rural properties are assumed to not pay Water, Sewerage or Land Drainage Targeted rates. They include a uniform annual charge of $115 per property ($105 in 2003/04).

(3) Rates include GST but does not include the Canterbury Regional Council Rates.

(4) Some properties may also be liable for the Targeted Water Supply Fire Connection rate of $100 per connection per property.

(5) The City Council is the rate collecting agent for Environment Canterbury (the Canterbury Regional Council). Their rates are in addition to those above. Combined assessments and invoices will be issued by the City Council as in the past.

The Funding of Operating Expenditure and rates

The Revenue and Financing Policy determines the funding allocation for the Council. The policy is included in the LTCCP. This Funding Impact Statement reflects this policy.

funding impact statement

Summary of Groups of Activities

Budget Income CCC 2003/04 $000's		Budget Income CCC 2004/05 $000's	Forecast Income CCC 2005/06 $000's	Forecast Income CCC 2006/07 $000's	Projection Income CCC 2007/08 $000's	Projection Income CCC 2008/09 $000's	Projection Income CCC 2009/10 $000's	Projection Income CCC 2010/11 $000's	Projection Income CCC 2011/12 $000's	Projection Income CCC 2012/13 $000's	Projection Income CCC 2013/14 $000's
1,225	Art Gallery, Museum and "Our City"	810	2,513	313	530	350	420	316	355	516	1,263
1,488	City Development	3,391	400	1,400	1,400	400	400	400	400	400	400
5,862	Community Services	10,854	8,457	9,402	12,025	12,558	4,636	3,502	3,539	13,722	3,549
-	Democracy and Governance	-	-	-	-	-	-	-	-	-	-
490	Economic Development	476	547	560	537	505	563	579	521	566	566
5,411	Library Services	7,675	9,690	5,989	5,542	5,772	5,822	5,897	6,197	6,197	6,372
6,873	Parks and Open Spaces	7,766	7,241	11,886	12,278	7,670	7,470	7,465	7,591	7,782	7,832
5,313	Refuse Minimisation and Disposal	5,964	4,891	4,727	817	635	635	635	635	635	635
29	Regulatory Services	17	64	67	77	77	33	65	63	33	35
15,904	Wastewater Collection, Treatment and Disposal	10,722	14,307	32,749	33,636	15,533	11,824	11,446	9,653	9,100	9,988
39,075	Streets and Transport	30,358	40,469	40,762	44,182	46,994	46,620	48,790	53,213	56,180	58,855
5,302	Water Supply	5,055	5,780	5,984	5,621	5,446	5,321	5,538	5,811	5,413	5,798
6,962	Waterways and Land Drainage	6,953	7,319	7,579	7,264	7,282	7,643	7,643	7,793	7,902	8,002
3,601	Corporate	40,801	20,974	26,869	26,337	27,534	14,763	12,503	12,561	12,363	12,428
-	Provision for Inflation	-	2,358	5,814	8,765	10,625	10,858	12,986	15,835	20,426	22,222
97,535	**Capital Programme**	**130,841**	**125,007**	**154,100**	**159,010**	**141,380**	**117,007**	**117,765**	**124,166**	**141,234**	**137,945**
4,630	Provision for Debt Repayment	4,681	4,688	4,701	6,021	8,127	9,754	10,640	11,451	12,350	13,541
24,000	CCFL Equity/Loan Investment	-	-	-	-	-	-	-	-	-	-
126,165	**Total Capital Cost**	**135,522**	**129,695**	**158,802**	**165,030**	**149,507**	**126,761**	**128,405**	**135,617**	**153,584**	**151,486**
	Investments										
69,679	Depreciation & Surplus (Deficit) on Operations	72,311	68,154	85,516	75,423	82,642	88,288	94,187	98,328	101,439	104,303
2,190	Capital Repayment/Sale of Assets in Total	1,849	5,812	5,524	8,849	3,766	3,827	4,078	4,236	9,405	4,605
28,946	Reserves	58,938	54,729	23,241	10,545	8,869	5,124	3,100	3,076	3,063	3,027
500	External Funding for Capital Projects	274	550	540	-	-	-	-	-	-	-
24,850	Borrowing Required for the Annual Programme	2,150	450	43,980	70,215	54,230	29,522	27,041	29,978	39,677	39,551
126,165	**Total Funding Sources**	**135,522**	**129,695**	**158,802**	**165,030**	**149,507**	**126,761**	**128,405**	**135,617**	**153,584**	**151,486**

revenue and financing policy

Introduction

The Local Government Act (2002) requires the Council to adopt a Revenue and Financing Policy which ensures operating revenue is set at a sufficient level to meet the projected operating expenses and that funding for capital expenditure is prudent recognising the service capability of assets throughout their useful life.

The policy will ensure the Council's long term programme is financially sustainable, that major projects, resulting operating costs, and debt are financed at manageable levels.

Included within the financial management policy is a requirement to generate surpluses thereby enabling the Council to reduce its dependence on borrowing to fund capital works. The policy statement will set the context for rates, other revenue charges, and capital funding, with the specific funding sources disclosed in the Funding Impact Statement.

The policy has two discrete areas. Firstly the funding of capital expenditure and secondly, financing operating revenue.

The policy has been developed within the context of the other financial management policies of Council and the rating policies and will apply for the next two years or until amend by a LTCCP, however the revenue structure and assumptions will continue for the next ten years.

The capital expenditure financing is detailed on the Financial Summary and the Funding Impact Statement, and will be corporately funded, not by activity or group of activities, except for specific reserve fund utilisation.

Capital Expenditure Financing

Capital expenditure, including 'term' investments and debt repayment, will continue to be financed as in the past and disclosed on the Financial Summary of the Annual Plan. The financing sources to be used are:

- Depreciation funds and retained surpluses including capital revenues
- Sale of assets
- Special funds set aside for capital expenditure, and finally
- Borrowing

The financial management principles of the Council mandate several key elements of capital expenditure financial management. They are a continuation of past policies, and include:

- Debt will be repaid within 20 years of raising to ensure inter-generational equity
- At least 59% of average annual capital expenditure will be funded from depreciation and operating surpluses
- The balance of capital expenditure will be funded from reserves, sale of assets and lastly, loans
- Operating expenditure will be funded from operating revenue
- The Council will budget for an operating surplus each year which will be used in part to repay debt
- Financial management will be based on maintaining projections within the five financial ratios, and on ensuring the Council continues to receive at least an AA credit rating from Standard and Poors

revenue and financing policy

Operational Expenditure Funding

The Local Government Act (2002) prescribes a series of issues to be considered. In particular Section 101.3 of the Act, requires each activity to be analysed, direct revenue, if applicable, identified, and the residual cost assigned to a rate revenue source.

Further, when considering the funding of operational expenditure, the following issues were considered (as required in the legislation):

- Each activity to be funded was considered, including for each
  - the community outcomes
  - the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
  - the period in or over which those benefits are expected to occur
  - the extent to which the actions of the community contribute to the need to undertake the activity
  - the costs and benefits, including consequences for transparency and accountability, of funding the activity
- And finally, the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community

Activity Funding – some underlying assumptions

The Council operations are divided into 77 activities. These in turn are summarised into 15 groups of activities. The funding analysis of activities uses the following assumptions:

- The gross cost of the activity is assumed to equal the benefits of the activity,
- The first allocation, and consequent funding of benefits is between general benefits and direct customer benefits:
  - General benefits are funded by rates on a straight capital value basis as the benefit applies to the community as a whole which is represented by capital values of rating units, because:
    - Capital value reflects relative value of utilisation of Council services,
    - It reflects relative ability to pay in that ownership of property at value reflects an acceptance of relative holding costs of a property,
    - Rates are a property based tax and sound taxation principles should be applied, such as transparency, neutrality, fairness of allocation,
    - There is an underlying assumption that all Council services add to the quality of life in the city and are therefore of value to all sectors of the community.
  - Direct customer benefits identified can, if Council policy chooses, or if there is an appropriate charging mechanism, be potentially recovered by user charges on customers. Often however, there is no practical means of charging the users or there is Council policy such as promoting open access to service. In these cases no charge is made or less than a full charge is made. Where a charge is made, the price decision will take into account relevant policy, access to services and affordability issues.

revenue and financing policy

- The second allocation of funding is to cover any shortfall in the funding of direct benefits after user charges and other direct revenues (if any) are applied. Shortfalls are funded, with one exception, by rating on the basis that the shortfall arises from deliberate Council decisions not to charge the customers of the service a full cost recovery. As the ratepayers are the residual funding source, they pick up the shortfall of direct benefits.
- This approach means there is an explicit policy decision not to regard ratepayers as defacto customers, recovering direct benefits as if the ratepayers were the consumers. Therefore ratepayers at large pay for the shortfall based on capital value.
- This approach also means that, with two exceptions, all rating will be based on capital value. There will be no differential between rating sectors.

The two exceptions to the above that have been identified by the Council are the activity Vehicle Ways in Streets and Transport, and the situation for land classed as Rural for rating purposes. These will be discussed in detail below.

General Benefits v Direct Benefits and the impact on the community:

Services supplied by the Council can be analysed into public goods or private goods. Private goods yield direct benefits to consumers, public goods provide benefits to the community as a whole. Most have some public good characteristics and lie on a continuum between public and private goods.

The distinction is largely based on the nature of the services, who they are produced for, and why Council provides the services.

The nature of the benefits for each activity have been identified and disclosed by the descriptive text statement for each activity and includes the description, outcome, beneficiary statement, and nature of the service. The funding decisions follow this analysis.

The major outcome of the Revenue & Financing Policy is the basis of allocation of rates:

Most general benefits apply equally to all rate paying sectors and therefore relative capital values is the appropriate primary driver of allocation of the net rate requirement. Some do not, in which case the allocation is more appropriate to one sector over others.

Rates distribution, some underlying assumptions:

If the allocation to all rating units is equal then the base is either by straight capital value or by uniform charge. This equal allocation does not need differential sectors.

The capital values for each sector as used for general rates funded activities are:

• Business sector,	20.64%
• Residential and Base sector, and	76.81%
• Rural Sector	2.55%

revenue and financing policy

Alternatively, an unequal allocation to rating units must use differential sectors.

For differentiation, the rating units are divided into rating sectors, using attributes of the property, primarily land use, as the deciding factor. The framework for differentiation is defined in the Local Government (Rating) Act 2002. The Revenue and Financing Policy defines the rate requirement which is then allocated to each sector. This results in different rate decimals for each sector for the rate type.

Differential rating is used for General Rates only and uses the following sectors:

- Business sector,
- Residential and Base sector, and
- Rural Sector

Please refer to the Rating policies for a description of each sector.

The Revenue & Finance Policy conclusions for operational expenditure funding

General conclusions:

- In many activities, there is no practical charging mechanism and therefore fee charging is not practical. Rates are the best funding source.
- The shortfall of direct benefits accrues to rating sectors (where rate funding is required) is assumed to be in proportion to Capital Value. This is appropriate as:
  - This is the chosen rating base and rates are a property tax.
  - The proportionate value reflects as closely as possible, given the rating system, the:
    - Relative impact on enhancing the value of property, for those services which are predominantly property based,
    - Ability to pay, in that one ratepayer can be compared to another.
    - Relative value or use of services, especially the availability of services factor,
- Within any differential sector, capital values reflect an appropriate allocation:
  - Relative impact of services to the value of property,
  - Ability to pay in that high value ratepayers can afford to pay more for Council services.
- There are significant benefits to all properties and ratepayers from the services of Council. The community has an expectation of a well serviced city. This is implicit in the Outcome statements of Council under the LTCCP. The benefits from all services apply to all ratepayers.
- Corporate revenues are assumed to accrued to ratepayers on the basis of straight capital value.

revenue and financing policy

Exception to straight capital value rating

Vehicle Ways

This activity has been allocated to rate sectors as if the sectors were the consumer of benefits.

There is an exceptional demand on city streets by the Business Sector especially in the activity "Vehicle Ways". The Council have concluded that an allocation of 54% to the Business Sector is appropriate and is based on the City Streets funding model.

Firstly, Vehicle Ways activity is the largest net cost activity.

Secondly, it is the Business ratepayers as a group who necessitate considerable extra expenditure to provide the strength of roads for heavy traffic and therefore contribute significantly to the need to undertake the service, both, by their use of land and the traffic movements from it, and the potential use as a result of Business Zoning of land.

The standard of construction necessary and supplied by Council for Vehicle ways is sufficient to meet forecasted use. Where that use includes significant heavy vehicles, the standard of construction and the quantum of maintenance is substantially higher than would necessary if there was no heavy traffic. If Council chose not to provide extra maintenance then the road structure would breakdown with heavy traffic use. There would be a consequent increase vehicle maintenance and running costs and a reduction in utility from the road network. There is therefore a justification to fund this activity separately from other activities of Council.

The analysis has identified that one heavy vehicle is equal to over 10,000 cars in terms of wear and tear damage to the road system.

The study concludes that after taking into account:

- The class of vehicle,
- The distance travelled for each class,
- Adjustments to equivalent distance by class,
- Allocating the class of vehicles to sectors, and,
- Adjusting the allocation by the number of rating units

An overall allocation results in a weighted share of 99% to the Business sector. This was the allocation base used in the last Annual Plan, however on review, this is considered extreme and a more moderate approach is warranted based on expenditure components.

The selected allocation to the Business Sector is now broken down into the expenditure type:

- Depreciation to be allocated at 60.81%, and is made up of two components:
  - A full allocation to the Business sector of depreciation on major arterial, minor arterial, and collector roads due to the heavy vehicle predominant use of those roads, and
  - An allocation to the Business sector of 50% of the balance of depreciation on all other roads.
  - Capital expenditure, which is the basis of depreciation, is focussed on provision and expansion of capacity both for heavy trade vehicles and volume.
- Maintenance expenditure is allocated 45% to the Business sector on the basis that significant maintenance of the road network is caused by the volume and weight of heavy trade vehicles. The quantum is determined at 45% although a range between 21%, (the minimum based on the capital value share) and 99%, (the upper limit based on the model used in the previous Funding Policy and still appropriate).

revenue and financing policy

- Maintenance expenditure is a reactive response to road surface failure. The cause is age, high use, changed use, or road structure breakdown. Much of this is exacerbated by heavy trade vehicles. Predominant light vehicle use does not on its own cause road surface failure.
- The resulting weighted average allocation to the Business Sector for Vehicle Ways activity is 54.255%.

Rural Sector Rate Differentials

There is currently a lower General Rate decimal applying to rating units in the rural sector. This will continue but will in future be based on a fixed relationship of 75% of the General Rate Decimal applying to the Residential and Base Sector. This approximately preserves the current relationship.

This lower general rate (as compared to Residential) is based on the following assumptions:

- A lower standard of services generally is provided to outlying rural properties,
- The greater distance from Council provided services and therefore reduced use of those amenities by ratepayers (no footpaths, lack of adjacent parks etc),
- The value and impact of services provided by the Council to the property values (farm land may not be enhanced by community services).

Note - there is no difference between sectors for Water, Sewerage, and Land Drainage rate decimals.

Targeted Rates

Targeted Rates continue:

- The activities and targeted rates of Water, Sewerage and Land Drainage continue but have straight capital value applied, with the rates applied to the serviced properties, and in the case of Water, half rates to those not connected. There was some minor differentiation in the past for Water and Sewerage.
- The allocation assumptions are the same as the General Rate activities assumptions except that the rate is restricted to the serviced area only.
- Water Rate on serviced but unconnected properties will be half that of connected.
- The Excess Water Targeted rate and the Water Supply Fire Connection Targeted Rate will continue as in the past, with the unit charge increase (see Rating policies and the price change schedule)

Continue with a Uniform Annual General Charge:

A Uniform Annual General Charge of $115.00 will apply to rating units, an increase from $105.00.

- As a modification of rates after considering the overall impact of rates allocated.
- As an allocation within each differential sector because the UAGC is impacts on rates incidence, not primarily about rate sector allocation. The charge recognises to a degree the extent of common service to properties.
- Continue to be applied to each separately occupied part of a rating unit as defined in the rating policies because this better represents the ratepayer consumption of services, better than a single charge for a rating unit.

revenue and financing policy

The rates system to be used

The current system of rate types will continue.

- All activities other than those specified for targeted rates below, will be funded by General Rates and assessed as:
  - A valuation based rate, assessed on Capital Values, plus
  - Uniform Annual General Charge, of $115 on each separately used part of a Rating Unit

- Targeted rates will be set for:
  - Water
  - Sewerage
  - Land Drainage functions, and
  - Water fire connection and excess water supply

- Capital Value is the rating base
- Differentials will apply for General Rates only
- The makeup and definition of the differentials has been amended to restrict the makeup of the Rural Sector
- The Rural Sector General Rate Decimals will be set at 75% of those applying to the Residential and Base Sector

Funding Impact Statement and the Rating Policies

The financial results of this policy are expressed in the tables contained in the Funding impact Statement. In addition, the rate decimals and rating policies are detailed in rating policies this LTCCP.

"The Strip" - Oxford Terrace

revenue and financing policy

Revenue and Financing Policy - Table 1

	Total Cost	Direct Benefits	Revenue	Shortfall	General Benefits	Total Rates Net Gst	Total Rates Gst Inc	Residential	Business	Rural	Non rateable	Total Rates
General Rate Funded Activities												
Other then 'Vehicle Ways' Activity	245,950,723	100,619,335	-148,856,377	-48,237,040	145,331,386	97,094,346	109,231,139					
Allocation - general		*40.91%*			*59.09%*			*76.81%*	*20.64%*	*2.55%*		
Vehicle Ways	25,176,586	12,588,293	-2,604,693	9,983,600	12,588,293	22,571,893	25,393,380					
Allocation		*50.00%*			*50.00%*			*43.20%*	*54.26%*	*2.55%*		
Total General Rates	271,127,310	113,207,629	-151,461,070	-38,253,440	157,919,680	119,666,240	134,624,519					
Rates by Capital Value								80,625,889	34,623,590	2,011,190		117,260,669
Uniform Annual General Charge - $115								15,453,585	1,698,895	211,370		17,363,850
Total General Rates								**96,079,474**	**36,322,485**	**2,222,560**		**134,624,519**
Targeted Rates:												
Water Supply Targeted Rate	15,066,809	12,053,447	-1,793,000	10,260,447	3,013,362	13,273,809	14,933,036					
Allocation		*80.00%*			*20.00%*			*74.69%*	*18.48%*	*0.78%*	*6.05%*	
Water supply - Full								10,983,479	2,640,126	101,847	875,007	14,600,460
Water supply - Half								117,005	106,751	14,529	23,992	262,276
Water supply Fire Connection - $100								15,000	49,600		5,700	70,300
Sewerage	24,606,373	19,685,098	-3,636,330	16,048,768	4,921,275	20,970,043	23,591,298	17,591,054	4,468,487	78,414	1,453,344	23,591,298
Allocation		*80.00%*			*20.00%*			*74.57%*	*18.94%*	*0.33%*	*6.16%*	
Land Drainage	10,957,330	5,478,665	-37,000	5,441,665	5,478,665	10,920,330	12,285,372	9,629,584	2,458,838	196,950		12,285,372
Allocation		*50.00%*			*50.00%*			*78.38%*	*20.01%*	*1.60%*		
Total Rates	**321,757,822**	**150,424,841**	**-156,927,400**	**-6,502,559**	**171,332,981**	**164,830,422**	**185,434,225**	**134,415,598**	**46,046,287**	**2,614,300**	**2,358,044**	**185,434,225**

liability 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. These policies form the Treasury Management Policy of the Council.

This policy 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 current ratings are AA+ (Long Term) and A1+ (Short Term). It is an objective of this policy that minimum ratings of AA and A1+ be maintained.

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 4.11. 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 Annual 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 consistently with the aim to:

- Recognise that the Council is a risk adverse entity and that it aims to have interest costs where possible at or below interest rates projected in the Annual Plan or the rates determined to be economically feasible for specific assets funded
- Maintain a mix of both fixed and floating rates, as appropriate, to ensure a degree of flexibility and also to take advantage of lower floating rates when appropriate.
- 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.

2.6 Debt financing is recognised as a component in the Council's Revenue and Financing Policy and Annual Plan to provide inter-generational equity recognising that some of the current costs incurred by the Council are for the benefit of future generations and should not be funded from current revenue streams.

liability management policy

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 Annual 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 that interest rates as reflected in the 90-day bank bill rate, do not rise above 8.5%. Should interest rates rise above this level then the Council may have to approve a further limit to contain interest costs after considering any such recommendation from the Director of Strategic Investments.

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, i.e. 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, subject to clauses 4.2 and 4.11.

4.2 The aggregate amount the Council determines as not being so significant as to require specific authorisation under Section 112 (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 Annual Plan for that year and applied only to capital projects and investments listed in the Annual Plan.

4.5 Borrowing will be applied to project funding after utilisation of other capital funding identified in the Annual Plan in accordance with the principles set out in section 2 above.

4.6 All new loans required to fund expenditure which has arisen subsequent to the Annual Plan being confirmed shall require Council approval by a specific resolution of the Council including the reasons why expenditure was not included in the Annual Plan.

4.7 Debt may be raised in either fixed or floating-rate terms, subject to the limits within this policy.

4.8 The term of a loan must not be longer than the economic life of the capital assets it funds (as defined by 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 the economic life of the capital asset it funds or the maximum loan term permissible, of 20 years. Repayments at maturity of a tranche within the term of a loan may be refinanced without further Council resolution. However these refinancing loans shall not add to the original agreed term or make the effective term of the loan more than 20 years.

liability management policy

4.10 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 below.

4.11 Unless the Council resolves to the contrary and subject to any instruction issued by the Director of Strategic Investment, the Funds Accountant may raise loan funds by way of bank overdraft to cover short-term cash shortfalls limited to a maximum of $2,000,000. Borrowing under this clause is not subject to the constraints of clauses elsewhere in this policy.

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

For the purposes of this policy the term “short-term” means for terms of less than one year.

5. Repayment of debt

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 annually to ensure that with accumulated interest earnings on invested funds, 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 Strategic Investment and the Chief Executive Officer 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.

liability management policy

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 aim to have interest costs, where possible, at or below interest rates projected in the Council's Annual Plan or the interest rates determined to be economically feasible for specific assets funded.

6.2 The Council may have an exposure to both fixed and floating interest rates. Fixed rate debt, defined as having an exposure to repricing greater than twelve months in the future, may vary between 35% and 80% of total debt maintained by either direct borrowing under these terms or by interest-rate hedging except if total debt is under $30,000,000 million in which case there is no minimum criteria and the maximum is 100%. No interest rate hedging can be entered into for periods longer than ten years without the approval of the Treasury Review Team.

6.3 The Director of Strategic Investment is responsible for the appointment of a Treasury Review Team to develop an interest rate view and borrowing management strategy. The Treasury Review Team shall approve and maintain operational guidelines developed for the proper management of the Council's debt under this policy. The Council's independent treasury advisor will be an ex officio member of the Treasury Review Team.

6.4 The Funds Accountant shall be authorised, after discussion with the Director of Strategic Investment and, in his absence, with the Funds and Financial Policy Manager, to enter into interest-rate-hedging contracts to avoid an exposure to adverse rate movements within the parameters of this policy and the operational guidelines developed by the Treasury Review Team. Hedging activities will be based on the strategic interest rate view developed by the Treasury Review Team, in conjunction with the Council's independent treasury advisor and the Funds Accountant.

6.5 The strategic interest rate view will be updated at least quarterly. The Funds Accountant will also hold regular meetings with the independent treasury advisor and update the Treasury Review Team at each meeting.

6.6 All hedging contracts must relate to actual or projected debt. Hedging contracts may be entered into to pre-hedge the market rate risk on future fixed rate drawdowns but any such hedging must commence within twelve months. Speculation is not permitted.

6.7 All hedging contracts longer than twelve months are to be discussed with the Director of Strategic Investment or the Funds and Financial Policy Manager before being transacted. All hedging transactions must be reported to the Director of Strategic Investment on the same day that the transaction is entered into and to the Strategy and Finance Committee quarterly.

7. Liquidity Policy

7.1 The debt-maturity profile shall be maintained so that no more than 35% of the relevant debt matures within twelve months 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. This ratio must be reviewed by the Director of Strategic Investment if the Council's long term credit rating from Standard and Poor's (or the Moody's equivalent) falls below 'AA-'.

8. Credit Exposure

8.1 Hedging can only take place with counterparties who are credit rated 'A' or better by Standard and Poor's (or Moody's equivalent).

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.

liability management policy

9. Management by Staff of the Borrowing Policies

9.1 The day-to-day management of the Council's liabilities will be specified in a set of operational guidelines developed by the Treasury Review Team and approved by the Director of Strategic Investment.

9.2 All external debt must be authorised by the Council except that under sections 4.2 and 4.11 (working capital overdraft). Staff shall have evidence of such approvals before any debt is raised.

9.3 Authority is delegated (under this Policy Statement) to the Funds Accountant and in his absence, any one of the Director of Strategic Investment, 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 Strategic Investment.

9.4 If a specific debt raising resolution requires joint delegations for action. This more restrictive delegation shall be followed rather than the general parameters of this policy.

9.5 There shall be appropriate segregation of duties among staff involved in borrowing and investing of Council funds and this shall be subject to audit review.

9.6 The Funds Accountant shall maintain the register of charges and these shall be available for public inspection.

9.7 Actions taken under the Liability Management Policy are to be reported to the Director of Strategic Investment at least weekly, and to the Strategy and Finance Committee quarterly. Appropriate reporting requirements will be included in the operational guidelines.

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 Liability Management Policy. Together they form the Treasury Management Policy of the Council.

The policy includes the Christchurch City Council Sinking Fund Commissioners. Investments held by Council-controlled trading organisations (CCTOs) and other subsidiary companies 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.

2. Principles

The following principles underlie the policy:

2.1 Investments shall be managed to maximise the return to the Council consistent with the purpose of the investment but within the prudent risk management parameters detailed in this policy.

2.2 The Council shall maintain a prudent mix of investments.

2.3 Council investment management shall as far as possible be risk averse.

2.4 Any investments made outside of the policy require specific Council resolution.

2.5 Interest-rate exposure and yields on investments are to be managed according to the interest rate risk management practices outlined in this policy.

2.6 Hedging, if used, must be related to an actual physical investment and its ultimate return.

investment policy

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 general Council use in the form of financial investments to provide general finance. Typically, they are invested on a commercial basis to produce a financial return for the Council to use in its ordinary course of business.

3.1.2 General Funds may be invested in the following investment sub-types as detailed in section 4 of this policy:

- Sub-types 4.1 to 4.8 (inclusive) 4.10 and 4.11,

3.2 Equity investments in Council Controlled Trading Organisations (CCTOs) and other subsidiary companies

3.2.1 The Council holds equity investments in a range of CCTOs and other 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 CCTOs and other companies through a 100% interest in Christchurch City Holdings Limited, listed in Appendix A, Schedule 1.
- 100% interest in CCTOs that have been established primarily to provide service delivery to the Council on a commercial basis, listed in Appendix A, Schedule 2.
- Significant interest in CCTOs primarily for income purposes but recognised as being of benefit to the local economy, listed in Appendix A, 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 Emergency Capital Fund, set at $5,000,000 to provide a first source of funding available in the case of an emergency arising from a natural disaster.
- Estimates of the value of each separate reserve fund including revenue projections are prepared each year.
- These funds are available for appropriation in the Annual Plan to finance expenditure incurred for the purpose of the fund.
- The investments that 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 sub-types as

investment policy

detailed in section 4 of this policy

- Sub-types 4.1 to 4.8 (inclusive) 4.11 and 4.12.

3.4.3 Capital Endowment Fund

The Council has invested $75million of capital repatriation funds received from Christchurch City Holdings Ltd in a separate fund known as the Capital Endowment Fund. It is intended that the fund be divided into capital of $71.5million and fluctuation reserves of $3.5million and that the capital of this fund will be held 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. Summaries of the Council resolutions creating the Capital Endowment Fund are set out in Appendix B.

1. 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.
2. To fulfil the objectives for the Capital Endowment Fund the following investment criteria will be followed in addition to those elsewhere in this policy:
   - Responsibilities under common law and statute must be met.
   - The inflation-adjusted capital of the fund shall not be withdrawn.
   - An appropriate level of portfolio risk will be determined and accepted by the Council in consultation with professional advisors.
   - An appropriate level of diversification of investments in portfolios across securities, sectors, asset classes and countries must be maintained.
   - The investment portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
   - 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.
   - An investment fluctuation reserve must be maintained to finance budgeted distributions from the fund.
   - Liquidity must be considered and maintained at an appropriate level.
   - The investment structure must be able to accommodate changes in the fund's requirements and the investment environment.
   - All aspects of the investment process and functions will be reviewed regularly in accordance with the investment performance criteria in section 5.

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 Liability Management Policy.

3.5.2 Sinking Funds may be invested in the following investment sub-types as detailed in section 4 of this policy:

- 4.1 to 4.3 (inclusive).

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

investment 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:

4.1 Bank deposits, bank accepted bills and bank issued certificates of deposit

4.2 Short Term Promissory Notes issued by suitably rated companies and also Local Authorities within the credit risk parameters outlined in this policy.

4.3 Stocks and bonds issued by Government, SOEs, Local Authorities Registered Banks and suitably rated Corporate entities within the credit risk parameters outlined in this policy.

4.4 Loans to CCTOs and other subsidiary companies

4.5 Loans to individuals (for Council approved purposes)

4.6 Loans to community organisations

4.7 Loans to non-Council entities to facilitate community infrastructural asset creation as approved specifically by the Council

4.8 Shares in (listed) public companies

4.9 Shares in CCTOs and other subsidiaries

4.10 Real estate held for investment purposes

4.11 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.

4.12 Other investments the Council may from time to time resolve.

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

5.1 General Procedures

- 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 CCTOs and other subsidiary companies) is granted to any one of the Director of Strategic Investment, Funds and Financial Policy Manager, Funds Accountant, Financial Analyst, and Financial Services Manager. The primary responsibility lies with the Funds Accountant.
- The Director of Strategic Investment shall appoint a Treasury Review Team to:

  1. Monitor investments in the context of this policy
  2. Develop an overall interest-rate view and strategy
  3. Develop an investment-management strategy
  4. Approve and maintain operational guidelines developed for the proper ongoing monitoring and management of the Council's investments made under this policy.

- The Council's independent treasury advisor will be part of the Treasury Review Team on an ex-officio basis.
- The Treasury Review Team 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 the overall investment strategy. The Funds Accountant will

investment policy

have the primary responsibility for the ongoing development of the interest rate view and the ongoing management of the investments of the Council within the overall investment strategy developed by the Treasury Review Team.

- Appropriate reporting requirements will be detailed in the operational guidelines and will include a requirement to report quarterly to the Strategy and Finance Committee.

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 Treasury Review Team 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 Treasury Review Team, 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 CCTOs and other subsidiary companies

- Loans to CCTOs and other subsidiary companies shall be made only after Council authorisation of the total amount, source of funds, security and the general terms.
- The Director of Strategic Investment 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

- 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 Strategic Investment 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.

investment policy

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 Emergency Capital Fund then the funds available will be limited to 20% of the funds in excess of $5,000,000. The minimum liquid cash reserve required is $5,000,000.
- If the source of funds is unspecified Reserve Funds, ie other than the specific Loan Reserve Funds, Emergency Capital Fund 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 excluding the Victory Park lighting 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 on 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 Strategic Investment, 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 Strategic Investment or the Funds Accountant it is considered to be prudent for a loan of this type.

5.7 Equity investments in CCTOs and other subsidiary companies

- Investment in shares in CCTOs and other 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 that is defined as a CCTO in the Local Government Act will be required to prepare annually a Statement of Intent that sets out its activities and strategic direction and to report in accordance with the Statement of Intent and the reporting requirements for CCTOs in the Local Government Act.
- Subsidiary companies which do not fall under the definition of CCTO must prepare annual Statements of Intent if required by their industry-specific legislation and the provisions of their constitutions, and must report under the same.
- Christchurch City Holdings Ltd (CCHL) is an investment-monitoring company established by the Council to hold its significant CCTOs and other subsidiary companies on behalf of the Council. The Board will comprise a mix of Councillors and external directors.
- Regular monitoring will be carried out by CCHL of the ownership options, business strategy and operating plans, capital structure and risk management affecting both the CCHL and CCC-owned CCTOs and other subsidiary companies.
- Investment performance of CCTOs and other subsidiary companies will be assessed in comparison to the performance of similar companies in the same industry.

investment policy

- The CCHL Board will report at least six times a year to the Council's Strategy and Finance Committee on 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 Intent and the appointment of directors for all CCTOs and other subsidiaries held directly by the Council and CCHL.
- Directors of all CCTOs and other subsidiary companies will be selected according to the policy established by the Council in June 2003.
- Ownership of shares in CCTOs and other 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.

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.
- The disposal of shares in listed public companies, other than those held within professionally managed portfolios, must be authorised by the Treasury Review Team.
- There is to be an annual review by a registered share broker to assess price, total value and hold or sell advice.
- Trading is authorised to rationalise a holding and on the advice of a registered share 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 with a total value less than $20,000 may be actioned by the Funds Accountant on documented registered share brokers advice, 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.
- 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 the Capital Endowment Fund and other reserve fund investments.
- The initial selection of fund managers will be made by the Council's Strategy and Finance 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 Finance Committee approval but the Treasury Review Team is authorised to act on urgent issues and report to the next meeting of the Strategy and Finance Committee.

investment policy

- Immediately after fund managers are selected, 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 regarding those investments. The Treasury Review Team shall:
  1. 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 to by the Council.
  2. 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.
  3. Monitor the performance and compliance of investment managers.
  4. Develop and implement appropriate periodic reporting to the Council.

5.11 Performance Review Criteria

- The performance of any investment managers used will be monitored against benchmarks at least monthly, and against the performance of other investment managers at least quarterly.
- Any investment managers used will be reviewed annually 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.
- The performance of any funds managed without the use of external investment managers will be monitored against suitable benchmarks as determined from time to time by the Director of Strategic Investment.

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 33% of the total investments placed with 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 $10,000,000, 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.
- Up to 30% may be invested with State Owned Enterprises or regional health authorities up to a maximum of 10% of total investments with any one issuer.
- Up to 20% of the available funds may be invested in Civic Bonds issued by the

investment policy

Local Government Finance Corporation as these are backed by rate-secured investments in local authorities.

- Up to 60% of the available funds may be invested where the stock is issued by a local authority (not CCC or CCC-owned CCTOs or other subsidiary companies) and is rate-secured, but subject to a maximum 20% of the total investments (see 5.1) with any one issuer having a standard and Poor's long-term credit rating of A or better (equivalent Moody's ratings may be used) or 10% if the local authority is not rated.
- 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 10% of the total investments (see 5.1) 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 parameters within this policy and the related operational guidelines.

The recently restored Clock Tower in Victoria Street

investment policy

APPENDIX A

EQUITY INVESTMENTS IN CCTOs AND SUBSIDIARY COMPANIES

Schedule 1

A majority interest in major CCTOs and other companies through a 100% interest in CCHL:

- Orion Group Limited 87.625%
- Christchurch International Airport Limited 75%
- Lyttelton Port Company Limited 65.328%
- Red Bus Limited 100%
- City Care Limited 100%

Schedule 2

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

- Christchurch City Facilities Limited 100%
- Travis Finance Limited (now non-trading) 100%
- Jade Stadium Limited 100%Transwaste Canterbury Limited 37.85%

Schedule 3

Significant interest through a 100% interest in CCHL in enterprises primarily for income purposes recognised as being of benefit to the Council and the local economy:

- Selwyn Plantation Limited 39.32%

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, and amended on 18 March 2004:

- That up to 100% of the available income from the fund be allocated in year one and up to 75% be allocated for subsequent years.
- That the income from the fund be allocated each year in the following way:
  - Economic development 60%; Civic and community projects 40%.
- That the above general categories be reviewed on a three-yearly cycle.
- That if desired, funding for a particular category be carried forward to another year.
- That civic and community projects which cost of less than $100,000 in any one year not be funded from the Capital Endowment Fund.
- That no single project be funded for more than three years, except in exceptional circumstances.
- That the capital of the fund not be used unless 80% of Councillors vote in favour.
- That a statement in the Council's funding policy and long term financial strategy outline the structure and purpose of the fund.
- That the intention is to protect the capital and the process of applying the income to projects for the benefit of the community.
- That the Council establish a practice of reporting on the fund in its Annual Plan and Annual Report as a separate activity each year, including any significant variations to the policy.

development contributions policy

1.0 Introduction

1.1 Policy Objective

The Christchurch City Council has historically required those whose developments place new demands on the City's reserves and infrastructure services to make a fair contribution toward the expansion of those services. This has been done within the provisions of legislation - the Local Government Act 1974 and more recently the Resource Management Act 1991.

The more recently enacted Local Government Act 2002 provides an opportunity for the Council to establish new policy covering development contributions and sets out the requirements and constraints that must be observed in its preparation.

The Council's policy objectives are to:

- *obtain from those responsible for development that places additional demands on the Council's provision of infrastructure, reserves and community facilities a fair and reasonable contribution towards the expansion of those services; and*
- *ensure that the level of such contribution does not generally act to discourage development, recognising that the contribution will be influenced by the complexity of site works and that this may act to discourage development of a particular area.*

1.2 Statutory Options for Seeking Contributions

Councils may use either the provisions of the Resource Management Act 1991 (Financial Contributions) or those of the Local Government Act 2002 (Development Contributions) or a combination of both to obtain funds or land from developers.

The Christchurch City Council has decided to establish its Development Contributions Policy within the requirements of the Local Government Act 2002. However three financial contributions currently provided for in the City Plan will remain in that document because they do not fall within the scope of the Local Government Act 2002 provisions for Development Contributions. These are:

- a financial contribution towards the provision of parking spaces where it is not practical to physically provide the specified amount as part of the development (Reference City Plan Volume 3, chapter 13, Transport, Appendix 2)
- a financial contribution towards the conservation of heritage assets where the development causes their reduction or removal (reference City Plan Volume 3 Chapter 9, 7.4.4)
- a financial contribution toward the provision of esplanade reserves where a development occurs without subdivision, but which would have invoked esplanade reserve provisions had subdivision occurred (reference City Plan Volume 3, Chapter 9, 7.4..3).

If situations arise in future where contributions not allowed by the Local Government Act would be permissible within the RMA provisions the Council will consider whether or not the event is of sufficient frequency and value to justify a variation to the City Plan introducing the financial contribution.

1.3 Relationship Between Works and Services (Resource Management Act 1991, Clause 108) and Development Contributions

The City Plan defines the nature and standard of works and services that are to be provided as part of a subdivision or development. These works and services are provided by the developer at their cost and where the asset created is normally owned and maintained by the Council they are transferred without charge into Council ownership.

Development Contributions for Network and Community infrastructure are for the installation or improvement of assets over and above the works and services required within the subdivision or development and are usually located beyond the development boundaries. The level of such contribution is limited to the extent to which the

development contributions policy

development places additional demand on the City's infrastructure.

1.4 Scope of Contributions available under the Local Government Act 2002

The Council can seek development contributions in three broad areas:

- Reserves (for open space and recreation)
- Network Infrastructure
- Community Infrastructure

This document establishes policy for the receipt of contributions in all three areas.

Reserve contributions apply to residential and business developments and are set at or within maximum levels prescribed by the Act.

Network Infrastructure contributions are sought for Water Supply, Wastewater, Roading and other Transport, and Surface Water Management services. The policy allows these development contributions to be levied as city wide charges applying to all lots benefiting from the service, as charges within defined cost share areas or as levies applying to an individual development.

Development Contributions for **Community Infrastructure** are sought from business developments that occur without subdivision to complement the reserve contribution applying to subdivision for business purposes.

The procedure for establishing contributions for **Community Infrastructure** in the form of stand alone public facilities is included but no community projects have been identified for development levies at the time of implementing this policy (1 July 2004). Where such projects are identified they can only be scheduled in this policy document following a positive outcome of the special consultative procedure (SCP).

1.5 Standards

1.5.1 Network Infrastructure

Where development contributions are sought for the construction of network infrastructure, the costs forming the basis of the contribution calculation will be those to achieve standards contained in the *Christchurch City Council Code of Urban Subdivision*. For works not covered by that code the standard adopted will be the currently accepted engineering practice as found (typically) in New Zealand Standards Specifications.

1.5.2 Community Infrastructure

Where development contributions are sought for the construction of community infrastructure, the costs forming the basis of the contribution calculation will reflect the currently accepted engineering and architectural practice applying to the particular facility or amenity and, where appropriate, the *Christchurch City Council Code of Urban Subdivision*.

1.6 Development Contribution Policy Review: Long Term Council Community Plan Processes

This policy is established through a special consultative procedure and must be included in full in the Council's triennial Long Term Council Community Plan (LTCCP). It can only be altered through a special consultative procedure. Typically the Council will use the SCP associated with an Annual Plan or triennial LTCCP to propose changes to the policy or the schedules contained therein.

Opportunities for interested or affected parties to seek alteration to the policy are available each time the policy is published in a draft LTCCP and whenever the special consultative procedure is used to propose a change. In addition the Council welcomes submissions at any time and will consider these as it prepares the three yearly policy review.

This policy becomes effective from 1 July 2004.

development contributions policy

2.0 Providing Funding for Growth in Christchurch

For the 10 year period commencing 1 July 2004 the Council has estimated the cost of capital works and land acquisition required to meet the increased demand caused by growth. These are as follows:

2.1 Reserve Acquisition and Development $44,511,901
Summary of Programmed Provisions for Growth 2004-2013

Funding provision for growth over the next ten years will focus on the expansion of the parks asset, through the continued purchase of new parks (which has averaged around 133 ha per year for the last seven years) and through vesting new reserves from subdivision (which has averaged 12 ha per year for the last seven years).

Strategic reserve purchases from the Port Hills Acquisition Programme is leading the purchase programme. Local park purchases are being made as part of the Local Parks Acquisition Strategy to balance infill housing in Living 3 Zones and to meet the goal of the strategy to ensure all residents in the city live within 400 metres of a park. In particular, additional local park purchases are being made in areas such as Addington, Riccarton, Central City, St Albans,Papanui and Inner City East. District park purchases are also factored in every second year where additional growth is occurring on a larger scale, such as in Halswell, Belfast and Burwood, due to the new subdivision of rural land.

The new reserve vesting programme adds around 15 to 19 new parks per annum, which also need to be developed and levels of service provided to meet new needs. Population, as measured by the last three census periods from 1991 to 2001 has been growing steadily at 3.8% per census. The take up of vacant residential land for new housing is averaging 100 ha per year. This creates the new park assets that then need to be developed.

Open Space service levels have also been raised in many infill areas such as the central city, where there has been an increase in unit development leading to the purchase of houses beside existing parks to incorporate into the reserve and create greater space for new recreation equipment.

Provision has been made in the ten year programme for community infrastructure required to provide public amenity in the form of open space, planting and street furniture both for the benefit of the employed workforce and to mitigate the visual effects of the development.

2.2 Water Supply Services $18,518,553
Summary of Programmed Provisions for Growth over Ten Years

There are a number of water supply capital works projects programmed for the next ten years which provide for growth of the City. Some of these (such as the renewal of ageing water mains) are only partially attributable to growth, whereas others (such as the construction of a new reservoir to service an area of development) are wholly caused by growth.

A significant part of the water supply capital works programme is for the renewal or replacement of ageing wells, pump stations, mains and reservoirs. It is estimated that for the next ten years 10% of the cost of mains renewals, 20% of the cost of well and pump station replacements, and 30% of the Westmorland 2 reservoir replacement is attributable to growth. This growth-related portion totals $2.8 million. The growth component of the mains and reservoir replacements will be funded by rates through the capital funding programme, while the growth component of the well and pump station replacements will be recovered through the Water Supply Headworks Capacity Upgrade Contribution.

Over the next ten years, it is anticipated that $4.1 million worth of new mains and submains, $4.9 million worth of new wells and pump stations, and $0.3 million worth of new reservoirs will be constructed to service general growth and new development areas. City growth will also result in a number of new connections to the water supply.

development contributions policy

Unlike sewer laterals all new water connections are permitted through application to the Council and installed by Council's contractor. It is estimated that new water connections for the next ten years will cost a total $6.5 million. These costs are directly recovered through connection charges and are not included in this policy as they are service fees rather than Development Contributions.

2.3 Wastewater Services $34,229,598
Summary of Programmed Provisions for Growth over Ten Years

There are also a number of wastewater capital works projects programmed for the next ten years providing for growth. Again, some of these projects (such as the renewal of existing sewer mains) are only partially attributable to growth, whereas others (such as the construction of a new sewer main to service an area of development) are wholly attributable to growth.

A significant part of the wastewater capital works programme is for renewal or replacement of ageing mains and pump stations. It is estimated that for the next ten years 10% of the cost of mains renewals and 25% of the cost of pump station upgrades is attributable to growth, totalling $1.8 million. This will be funded through rates.

A Major Sewer Upgrade began in 2000 and includes a number of significant projects over the next ten years. The upgrade is designed to overcome existing wet weather overflow problems and cater for expected city growth to 2040. The projects include upgrading of major sewers and sewer pump stations, the construction of a new pump station and a new interceptor trunk sewer, and the construction of storage facilities. It is estimated that 27% of the reticulation costs and 22% of the pump station costs of the Major Sewer Upgrade are associated with the growth of the City, amounting to $9.9 million. This growth related proportion of the Major Sewer Upgrade costs will be recovered over time through the Wastewater Reticulation Capacity Upgrade Contribution.

The Belfast Wastewater Treatment Plant is planned to be replaced by a pipeline to the City in 2004-2006. This will involve pumping wastewater from Belfast to the City wastewater treatment plant at Bromley. Significant growth has occurred, and is expected to continue in occur, in the Belfast catchment, and the new infrastructure will need to accommodate this growth. It is estimated that 40% of the cost of this pipeline, or $1.9 million, is due to growth. It is planned to establish a cost share area to recover this growth-related proportion of the cost.

A number of new mains and pump stations will be required for growth over the next 10 years, coming to a total of $7.5 million. Sewer schemes are proposed for areas where there is currently no sewer available in Mt Pleasant in 2005/2006, in Chaneys in 2006/2007, and in Worsleys Spur in 2007-2009. Other new infrastructure will also be required to service areas of new development. Initially all of these new works will be funded through rates. However it is proposed that cost share areas will be set up under this policy to recover the costs of the Mt Pleasant and Worsleys Spur schemes over time. Additional cost share areas may also be set up for other projects.

City growth will result in an increase in wastewater treatment and disposal. New infrastructure will be installed at the City Wastewater Treatment Plant at a cost of $7.9 million, including the installation of two additional digesters worth $6.1 million. This new infrastructure will be funded through rates. Construction of the new Ocean Outfall is planned for 2006 to 2008 and it is considered that 10% of costs of the Ocean Outfall, or $5.2 million, are attributable to the growth of the City. The entire cost of the Ocean Outfall project, including this growth related proportion, will be funded through rates.

2.4 Roading and other Transport Services $43,653,726
Summary of Programmed Provisions for Growth over Ten Years

The current 10 year capital works programme is based on a mix of projects which all address to some degree renewal of some of the asset, improved level of service and increased demand on the system. It is currently estimated that overall the increased

development contributions policy

demand accounts for an average of 40% of the cost of road network improvements, 50% of carriageway seal widening and 50% of passenger transport infrastructure improvements.

Specific major projects which have been identified during the 10 year period 2004/5-2013/14 in the Metropolitan Christchurch Transport Statement (MCTS) and Capital Works Programme include:

Years 1-2

- **Bealey Avenue/Carlton Mill/Harper Avenue/Park Terrace** upgrade to improve the safety and efficiency of the intersection for all users.
- **Ferrymead Bridge and Ferry Road/Humphreys Drive** upgrade to protect this route from earthquake damage, provide space for cycle facilities and reduce side-road delays in this area.
- **Opawa Road** upgrade to provide a safer and more efficient link from the city to the port.
- **Passenger Transport shelters** to be increased to a total of 500 shelters city wide.Initial bus priority measures installed in 3 arterial road corridors.
- **New cycle assets** worth $1.8 million to be implemented.
- **New pedestrian assets** of $1.9 million to be implemented, plus additional safety initiatives of $1.5 million.

Years 3-5

- **Blenheim Road deviation** to realign Blenheim Road to the end of Moorhouse Avenue. This will increase efficiency and capacity of this link whilst improving the environment along Deans Avenue and improving connections for pedestrians and cyclists.
- ***Belfast Road/Marshland Road roundabout*** constructed to provide for a safe, efficient intersection for this important cross connection.
- **Deans Avenue/Riccarton Avenue/Riccarton Road signals** installation to improve the safety and efficiency of this intersection and provide better facilities for pedestrians and cyclists.
- **New suburban passenger transport** interchanges and Park and Ride to be developed. Bus priority measures continue to be developed.
- **New cycle assets** worth $3.1 million to be implemented.
- **New pedestrian assets** of $2.8 million to be implemented.

Years 6-10

- **Sockburn Roundabout signals** installation to improve the safety and efficiency of this major intersection for all modes.
- **Southern Arterial extension** is to be undertaken by Transit NZ, but there are a number of related projects which will be undertaken by the Council in association with this work to provide connections to new growth areas for all modes.
- **Cranford Street** upgrade to provide increased Level of Service from th north of the City.
- **Development of Park and Ride** facilities continue, new interchanges and bus priority measures also continue to be developed.
- **New cycle assets** worth $3.4 million to be implemented.
- **New pedestrian assets** of $6.2 million to be implemented.

It is also anticipated there will be the need for localised improvements to the transport system immediately adjacent to and downstream of new greenfield subdivisions which may need to be funded, in part, by Council due to overall benefits to the wider community accrued from the improvements.

development contributions policy

2.5 Surface Water Management Services $36,321,770
Summary of Programmed Provisions for Growth over Ten Years

During the 10 year period 2004/05 to 2014/15 the Council will be administering several long-established drainage cost sharing schemes which will be coming to the end of their life. These schemes are generally small and were created to provide a pipe network for new residential and industrial development.

From 2002/03 a new generation of cost sharing schemes are being established to provide surface water management infrastructure throughout the catchment where urban growth is anticipated. These schemes are bigger and based on waterways and wetland systems rather than stormwater piping. Currently the Heathcote Valley (catchment area 500 ha) and Snellings Drain (catchment area 314 ha) are included in cost sharing districts. Consultation is underway prior to the adoption of a scheme for the Barnett Park catchment.

Other schemes will be developed in 'greenfields' urban growth areas such as south-west Christchurch, Belfast and the Cranford Street area between McFaddens and Main North Roads. It is also anticipated that schemes will be developed to provide for growth in existing urban areas through infilling.

Approximately $2,000,000 per annum has been budgeted for Utilities and Waterways Protection which involves advance purchase of land in areas where future growth is anticipated.

Major projects catering for increased demand due to urban growth include Snellings Drain green corridor and Hendersons Basin cost share scheme from 2004/05 and Owaka/Awatea green corridor from 2005/06. Significant waterway restoration projects, which are in part capacity upgrades for increased demand, include Dudley and St Albans Creeks, Riccarton Main Drain and Jacksons Creek. Half the cost of ponding basins and wetlands in the budget has been attributed to increased demand due to growth.

2.6 Community Infrastructure $50,405,205
Summary of Programmed Provisions for Growth over Ten Years

During the 10 year period 2004/05 to 2014/15 the Council will by 2006 have completed new library facilities at Upper Riccarton and Parklands, involving growth related expenditure of $2.4 million. No new library facilities are programmed beyond 2006. In response to growth in demand the Council has committed $1.7 million in total over ten years to upgrade and expand its computer systems.

Growth related capital expenditure on recreation facilities includes $5.5 million for the Jellie Park Aquatic Centre upgrade (2004/06), $0.45 million for gym extensions at the Centennial Leisure Centre (2005/06), $10 million for a new aquatic centre (2007/09),$10.2 million for an indoor recreation/leisure centre (2013) and $11 million for a Flat Water Facility (2004/08).

No growth related capital expenditure is planned for the new art gallery over the ten year period, but $2.7 million has been allowed (2004/05) to upgrade the McDougall Art Gallery building suitable for leasing to the Canterbury Museum. $1.35 million of this expenditure is considered to be growth related.

No major projects are programmed for the community halls and facilities owned by the Council. A total of $0.6 million has been allowed as growth related capital for the ten year period.

2.7 Proportions to be funded from Development Contributions

For a number of reasons the Council does not expect to recover these costs in full from development contributions. In the case of roading, for example, it is difficult to establish the extent to which a residential development contributes to the need for a new arterial distant from the development, when contributions to traffic growth are coming from through traffic, increased car ownership, out of town traffic generation, reduced household size and business development, as well as from residential development. The following table sets out the proportion of costs that will be collected through contributions, the source(s) of the balance of funding and the reason the Council has chosen the funding method.

development contributions policy

Development Contributions Summary for Ten Years 2004-2014

Service	Total Capital Costs over 10 yrs attributable to Growth	Estimated Funds from Development contributions	Balance from other sources	Sources	Reasons for choice of funding sources
Reserves	43,511,901	28,500,000	15,011,901	Interest on Cash in Lieu Special Fund Account and rates through capital funding.	66% funded by monies accruing from development contributions. The balance of rate funded capital works are largely those portions of renewals, upgrades or new works attributable to growth but not readily assignable to development
Water Supply	18,518,553	6,568,000	11,950,553	Rates through Capital funding. See below.	The rate funded capital works are largely those portions of renewals, upgrades or new works attributable to growth but not readily assignable to development.
Wastewater	34,229,598	13,989,000	20,240,598	Rates through Capital funding. See below.	The rate funded capital works are largely those portions of renewals, upgrades or new works attributable to growth but not readily assignable to development.
Roading and other transport	43,653,726	Nil	43,653,726	Transfund NZ Subsidies. Rates through Capital funding. See below.	Developer funding is currently only for works outside of the capital programme. Work is proceeding on development contributions policy for Roading.
Surface Water Management	36,321,770	2,210,000	34,111,770	Rates through Capital funding. See below.	It is Council policy to buy land well in advance of development when possible. More cost sharing schemes will come on stream, which will reduce the need for rates funding.
Community Infrastructure[1] (a)	50,405,205	Nil	50,405,205	Rates through Capital funding. See below.	Council has developed policy for employing Development Contributions in this area but has no candidate projects for this LTCCP period.
Community Infrastructure[1] (b)	1,000,000	1,000,000	nil		Public amenity improvements will be funded from business development contributions to mitigate effects and improve the environment for those employed.

Note 1: Includes (a) library services, art gallery, recreation facilities, camping crounds and community halls, and (b) business related public amenity planting and street furniture

Note 2: While this table reports information in the format required by the Local Government Act 2002, it misrepresents the manner in which the Council funds its Capital Expenditure Programme. Capital Expenditure is funded from contributions from a number of sources, including development contributions, as follows:

Funding Capital Expenditure

- Depreciation funds
- Transfund Subsidy on Capital works
- Development contributions utilised (Drawdown from Reserves)
  - Cash in Lieu, Cost Share Contributions, Site Specific Contributions
- Drawdown from other Reserve Funds (e.g. debt repayment Reserve)
- Sale of Assets
- External Funding for Capital Projects

3.0 Estimating growth

Development contribution calculations depend on anticipating the amount of growth the city is likely to experience over a given time period. The estimate may be needed across the city as a whole for city wide contributions, or for particular locations in the case of cost share areas.

For **city wide estimates** household growth as assessed by Statistics New Zealand is used as the basis for development contribution calculations. This projection is made specifically for Christchurch City, identifies occupied permanent, private dwellings, and allows for future fertility, mortality, net migration and household patterns of the population. Three alternative projection series have been developed using different assumptions about these variables. Medium projections have been chosen as the basis for development contribution calculations.

Projected Households for Territorial Authority Area 1996 (Base)-2021

Area	Variant	Year at 30 June						Change 1996-2021	
		1996	2001	2006	2011	2016	2021	Number	%
	High		129 600	137 000	144 300	151 700	159 500	41 700	35
Christchurch City	Medium	117 800	125 200	130 800	136 200	141 600	146 800	29 100	25
	Low		121 000	124 900	128 400	131 800	134 700	17 000	14

For **cost share areas** estimates of number of lots, household units or other developments from which a contribution can be expected are based on analysing:

- The existing zoning in the cost share area and the implied likely development based on existing City Plan rules;
- The likely development of localities within the cost share area where the City Plan has indicated deferred zoning or identified areas for future growth, or the Council has signalled a proposed variation to the City Plan; and
- Other potential development within the area where the City is experiencing pressure for re-zoning to more intensive land uses

4.0 Development Contributions Provisions

4.1 Reserves

4.1.1 History

The requirement to set aside land for recreational purposes has been recognised in New Zealand legislation since the first townships were laid out.

The 1875, the Plans of Towns Regulations Act stipulated that one tenth (10%) of townships be retained for recreational purposes. These reserves were in addition to land set aside for rubbish disposal, gravel pits, etc. The one tenth requirement was retained in all legislation, up until the Resource Management Act 1991, for commercial and industrial subdivisions. The residential contribution became standardised at 4 perches per additional allotment, possibly because the early residential sections were 40 perches, the original quarter acre, reflecting the 10% requirement.

A discussion on the history of reserve contributions is contained in Appendix 1, where it is concluded that contributions towards reserves within Christchurch City have been able to be required at a rate of at least 7.5% of the land being subdivided (cash or land) since the 1800's. In many circumstances, more has been able to be required (10% or 130m^2 per new lot). The Council has generally required the maximum allowable contribution to be provided for reserves. This has resulted in the level of open space, amenity plantings and recreation opportunities that the City's residents currently enjoy and expect to continue to benefit from.

4.1.2 Current Legislative Provisions for Reserve Contributions

As covered above in clause 1.2 the Council can use either the Resource Management Act 1991 (RMA) or the Local Government Act 2002 (LGA) to levy financial or

development contributions policy

development contributions, or a combination of both. This Council has decided to establish its contribution policy within the requirements of the LGA.

This Act sets down a prescriptive rule for reserve contributions. Under Section 203 of the LGA, development contributions for reserves must not exceed the greater of:

(a) 7.5% of the value of the additional allotments created by a subdivision; and
(b) the value equivalent of 20 square metres of land for each additional household unit created by the development.

4.1.3 The Need for Reserves and Facilities for Open Space and Recreation in the City

Open space and recreational areas are essential requirements of any pleasant and healthy community. Outdoor areas for sport, play and enjoyment of the open air are an integral part of the recreational requirements of any community. Open spaces with tree and garden plantings are also important to enhance and maintain the visual amenity of all parts of the City. The City Plan recognises that such areas contribute towards the quality of the City's environment providing aesthetic coherence, cultural and recreational pleasure.[1]

The City Plan further recognises that a wide range of types of open spaces and facilities are required to meet the needs of the community.[2] These include small neighbourhood open spaces which provide for both passive activities and also play areas for young children. Larger open spaces with sports fields for active recreation often include play areas as well. Metropolitan open spaces and facilities provide for a wide range of recreational opportunities, potentially including sports fields, stadia, or specialised recreational facilities. In addition, the City includes open space whose primary function is the conservation of natural and heritage features and landscapes. These open spaces also often provide for recreational opportunities, and may have important roles in areas such as education and in enhancing amenity values.

[1] Explanation and Reasons to Policies 14.1.3, 4.2.1 and 4.2.2, Volume 2, Proposed City Plan
[2] Explanation to the Open Space and Recreation Objective in Section 14, Volume 2, Proposed City Plan

The above mentioned Explanation also notes that accessibility and, therefore, the distribution of open space and recreational facilities around the City are also important. In regard to local parks, distribution is especially important as these areas are used particularly by the less mobile sectors of the community, such as young children and the elderly. Sports areas should also be accessible, although it is recognised that part of the organised sport experience involves travelling to different areas of the City to compete. Large or specialised recreational areas tend to be distributed where there are available land resources. Conservation areas tend to be sites where there are existing conservation and significant natural values, for example the coast, along waterways and areas of the Port Hills.

The quality of open space and recreational facilities is also noted as being important because those that are not maintained, or do not meet the needs of the community, are unlikely to be fully utilised. Similarly, public enjoyment and awareness of recreational opportunities is often enhanced by involving the community in the design, maintenance and management of the City's recreational resources.

The City Plan also notes that increased plantings of trees on publicly owned land, including parks and reserves, not only reinforces the 'Garden City' image of Christchurch, but is an important part of achieving the Council's energy policy relating to carbon dioxide absorption.[3]

4.1.4 Effects of Community Growth on Provision for Reserves and Facilities for Open Space and Recreation

If communities grow in size and population without providing for recreational and open space needs, adverse environmental effects will become apparent, such as the lack of visual relief and space for large scale plantings and overcrowding of existing recreational areas. The City Plan acknowledges taking of contributions towards reserves as communities grow and expand is a means of avoiding such adverse effects.[4]

[3] Explanation and Reasons to Policy 3.1.6, Volume 2, Proposed City Plan
[4] Explanation and Reasons to Policy 14.1.3, Volume 2, Proposed City Plan

development contributions policy

The development of land for residential purposes, in conjunction with population growth, increases the actual or potential number of users of open space and recreation facilities. Similarly, the development of land for business purposes usually implies an increase in employment in an area with consequent demands for open space, as well as affecting local amenity values for workers and visitors.[5]

Most communities within Christchurch are well provided with neighbourhood and district parks. However, the Council acknowledges, in the City Plan for example, that there are some areas which are clearly under provided compared with most areas, as well as areas with considerably more parks than average.[6] The current expectations of the City's residents for ample provision of open space and recreation opportunities need to be retained, as the area of the City grows in size, and as the levels of development in existing areas intensify.

The Council accepts, through the City Plan, that the City is fairly well provided with reserves of ecological and/or conservation value.[7] Future need for such parks will predominantly result from a specific need to protect such areas by way of public ownership, including protection from encroaching housing and business development. This is also supported through the objectives and policies in the City Plan relating to waterways.[8] In addition, the growing population of the City continues to put pressure on the use of conservation parks for recreational purposes, such as walking and cycling. The importance of pedestrian and cycling linkages is also emphasised in the City Plan.[9]

The City Plan recognises that requirements for additional metropolitan facilities, or the better development of existing parks, are principally the result of changing preferences or expectations of the existing population, rather than from new subdivision, housing and development.[10] However, in areas of increasing residential intensity, there is an increased need to ensure that all parks can be used efficiently, effectively and enjoyably, by as many people as possible.

In summary, Christchurch City is currently well provided with reserves and open space, of a wide range of types and purposes, that generally meet the current needs of its community. This is a highly valued aspect of life in Christchurch City and its residents anticipate that this will continue, as the City grows in size, and as the levels of development in existing areas intensify.

4.1.5 Specific Effects of Residential Subdivision and Development

Although the population of the City is not growing at the same rate as the growth in the numbers of residential units (reflecting the declining average household size), there is a significant growth in the number of residential allotments and units in the City. Without the provision of additional open spaces, or the continued development of existing open spaces, in response to this growth in the community, adverse effects will occur.[11]
The adverse effects of this growth that need to be avoided are:

- a lack of neighbourhood parks in new subdivisions;
- an inadequacy of local neighbourhood parks in areas with growing numbers of units/town houses, where infill housing and redevelopment are taking place;
- a lack of visual relief and space for planting in newly developing areas or areas with increased intensity of development;
- overcrowding of existing active recreation and sporting areas throughout the City, as a result of increased population;
- overcrowding of conservation areas, and similar natural areas, to provide for the outdoor recreation needs and experiences of an increased population or a

[5] Explanation and Reasons to Policy 14.1.3, Volume 2, Proposed City Plan
[6] Explanation and Reasons to Policy 14.1.3, Volume 2, Proposed City Plan
[7] Explanation and Reasons to Policy 3.1.6, Volume 2, Proposed City Plan
[8] Sections 2 and 10, Volume 2, Proposed City Plan
[9] Sections 7, Volume 2, Proposed City Plan

[10] Explanation and Reasons to Policy 14.1.4, Volume 2, Proposed City Plan
[11] Explanations and Reasons to Policies 14.1.3 and 14.1.4, Volume 2, Proposed City Plan

development contributions policy

population living on smaller sections or in smaller houses;

- reduced accessibility to open spaces and recreational opportunities; and
- a lack of cash resources to develop new parks to a useful state so that they can serve areas of new subdivision and development.

4.1.6 Specific Effects of Business Subdivision and Development

The subdivision and development of land for the purposes of business activity also creates potential adverse effects on both the amount of open space in the City and the general amenity values of business areas.[12] Amenity is altered by building structures and car parking. Physical spaces for people, both workers and visitors, for leisure activities are lost. Business development usually implies an increase in the employment in an area, and this additional population also requires areas of open space in the vicinity for their leisure needs. The adverse changes to the environment that business development may create, both within and adjoining areas of business activity, can be ameliorated by:

- providing open space for tree and garden plantings to increase the amenity values of business areas that are otherwise dominated by buildings and hard surfacing;
- providing opportunities to meet the leisure needs of workers and visitors to business areas;
- providing linkages for walking and cycling through business areas;
- enabling the visual and environmental improvement of business environments through the provision of public open space; and
- enabling the development of planted areas as “green lungs” to mitigate the high level of buildings and hard surfaces within business areas.

[12] Explanations and Reasons for Policies 14.1.3 and 14.1.4 and Objectives 12.2, 12.5 and 12.7, Volume 2, Proposed City Plan

4.1.7 Development Contributions for Reserves

Contributions towards public reserves for open space and recreation, on subdivision and/or development for residential purposes and on subdivision in the case of business development, is the means chosen by the Council to avoid the abovementioned adverse effects and to provide for the identified needs.[13] Subdivision provides an appropriate mechanism to achieve such provision because it creates the legal framework for the development of the sites and the buildings which cause the demand for additional land and facilities for open space and recreation. Similarly, contribution on residential development is another mechanism, where intensification of buildings for residential purposes takes place independently of subdivision.

4.1.7.1 Residential Contributions

The Council seeks to continue the level of reserve acquisition and development that has characterised the previous ten years, recognising that the medium growth projections as set out in clause 3.0 above represent a level of growth very similar to that experienced in the immediate past. Recent growth is illustrated in the following table:

[13] Explanation and Reasons to Policy 14.1.3, Volume 2, Proposed City Plan

development contributions policy

Table: Population and Housing Growth in Christchurch City

	Source of Information	Timeframe over which records have beeen assessed	Average Annual Level of Growth
POPULATION			
Increase in Resident Population		1991 / 2003	+3233 people
Net Overseas Migration		1992 / 2003	+700 people
RESIDENTIAL LOTS			
Total Land Subdivided for Residential Use		1994 / 2002	91.2 ha
New Residential Lots Created		1994 / 2002	817
New Residential Lots Taken Up for Dwellings and/or Units		1994 / 2002	776
RESIDENTIAL BUILDING CONSENTS			
Total Building Consents issued for new Dwellings and Units		1997 / 2002	1640
Building Consents issued for New Dwellings		1997 / 2002	864
Building Consents issued for New Units		1997 / 2002	776

If Christchurch City is to remain well provided with reserves and open space to meet the anticipated needs and values of its community, additional reserves and improved use of existing reserves are needed as the residential areas of City grow in size and as the levels of development in existing areas intensify.

The Council has established that the current level of reserve open space in Christchurch is 18 ha per 1000 population and has set a goal for future planning and budget provision to, at least, maintain this level and also provide for strategic acquisition of reserves to meet the long term needs of the city. To achieve this goal the Council has, historically (1997-2003), vested reserve land from development with an average annual value of $4,924,000 along with purchasing and improving land for reserves through an average annual expenditure programme of $7,424,000. This equates to a total of $12,365,000 as an average annual value of reserve acquisition and improvement required.

Development contributions are sought to fund the growth related aspects of this expenditure where these are clearly related to development. In recent years this has averaged $3,612,000 and has been matched by cash in lieu development contributions averaging $3,655,00 per year. It is anticipated that future growth related requirements will average $4,442,162 per year and that 66% of this will be readily assignable to development.

In summary the Council has established that to provide adequate open space developed to a satisfactory standard to meet future needs resulting from development, it will continue to require a level of contribution close to that previously achieved. To do this it will need to levy contribution charges at the maximum rates allowed by the Act, modified by a remissions policy as set out below.

4.1.7.2 Business Contributions

The required levels of planting, amenity open space and buffers with residential areas that are required in each of the business zones have been considered. The high level of open space and plantings, and low level of building coverage, required in the Technology Park and the Produce Park (Business 4P and 4T Zones) provide for the above described open space needs and no further provision by way of development contributions is required with respect to them.

In other business zones, although there are some requirements in the zone standards for planting along street frontages, this serves only to mitigate the visual impact of buildings from the street. Development contributions towards reserves are proposed, in

development contributions policy

order to ameliorate the effects described in 4.1.4 and 4.1.6 above, without reducing the proportion of each site that is available for buildings, parking areas, hard surfacing, and other on-site uses.

The Council has assessed that a sufficient area of reserves would be provided at 7.5% of the total area of business subdivision as allowed by the Act.

Note
For development contributions towards open space and recreation from business development not involving subdivision, contributions are based on the cash equivalent of $2m^2$ of open space for every $100m^2$ of new building development as described under the provisions for Community Infrastructure in clause 4.3 below

4.1.8 Reserves Contributions Schedule

4.1.8.1 The Requirement for a Contribution

The Council will make a requirement for a contribution to be paid in terms of the formula expressed in (4.1.8.2) below at the time of granting:

(i) a resource consent under the Resource Management Act 1991; or

(ii) a building consent under the Building Act 1991.

Payment of the contribution will be made:

(iii) for a requirement made when granting a subdivision consent, at a time prior to the issue of a Section 224 RMA certificate; or

(iv) for a requirement made when granting a land use consent or a building consent, at the time when uplifting the building consent.

In the event of the contribution not being made at the above specified times the Council shall:

(v) in the case of a subdivision consent, withhold the certificate under Section 224 (c) RMA 1991;

(vi) in the case of a land use consent, prevent the commencement of the resource consent under the RMA 1991; or

(vii) in the case of a building consent, withhold a code compliance certificate under Section 43 of the Building Act 1991.

4.1.8.2 Maximum Rate of Contribution

- 7.5% of the value of additional residential allotments[1], at the time of subdivision consent (either in cash or land equivalent), less any contribution made at the time of previous building consent[3].
- 7.5% of the value of additional business allotments[2], at the time of subdivision consent (either in cash or land equivalent), less any contribution made at the time of previous building consent[3].
- 5% of the value of additional rural allotments at the time of subdivision consent. The value of the rural allotment for this purpose shall be the equivalent value of a house site of $1,000m^2$ within each allotment.
- Cash equivalent of the value of $20m^2$ of land for each additional residential unit created[4], at the time of building consent, less any contribution made at the time of previous subdivision[3].

Notes
1. Allotments shall have the same meaning as defined in the Proposed City Plan and shall include allotments within all zones where additional saleable allotments are created for residential purposes.
2. Allotments shall have the same meaning as defined in the Proposed City Plan and shall include allotments within all business zones and within the Special Purpose (Airport) Zone and within areas B or B1 of the Special Purpose (Wigram) Zone, but excludes additional allotments created in the Business 4T and 4P Zones.
3. Provided that any previous building was erected or subdivision occurred within the preceding ten years.
4. Additional residential unit means a second or subsequent unit on the same title.

development contributions policy

4.1.8.3 Basis of Valuation to Calculate Cash Contributions

In the case of subdivision consents, the Council will appoint a registered valuer to provide individual allotment values and a mean value will be determined and applied to the formulae in 4.1.8.2 above. If this valuation is disputed by the developer a second registered valuer will be appointed acceptable to both the Council and the developer to provide a new valuation, with the costs of such valuation shared equally between the parties. If a dispute remains following this procedure the matter will be referred for arbitration.

Where a balance lot is created as a result of subdivision whose value is markedly different from the remaining lots the Council will, at the request of the developer, exclude it from the calculation of mean value. If such a balance lot is subsequently subdivided a full appropriate development contribution will be required

In the case of building consents and land use consents the value of land shall be based on the "locality land value" schedules[1].

Note 1. Adjustments to the schedule will be undertaken on an annual basis. There are two such schedules, one for Living Zones and one for Business Zones.

4.1.8.4 Basis of Valuation to Calculate Land Equivalent

The Council will appoint a registered valuer to provide a fair market value at the time of application for the land to vest as reserve, such valuation to reflect the value of the lot in the completed development.. This value shall then be reconciled with the cash value of the contribution as calculated by applying the formulas in 4.1.8.2 above. If the land value is less than the cash value of the contribution the difference shall be paid to the Council in cash or through approved development works on the reserve. If the land value is greater than the cash value of the contribution the Council will purchase the balance of the land at the same valuation.

Where this valuation is disputed by the developer a second registered valuer will be appointed acceptable to both the Council and the developer to provide a new valuation, with the costs of such valuation shared equally between the parties. If a dispute remains following this procedure that cannot be resolved the matter will be referred for arbitration.

4.1.8.5 Bonding of Contribution

(i) There will be no bonding of the contribution for a requirement to pay when granting a land use consent or a building consent.

(ii) A requirement to contribute pursuant to a subdivision consent may be delayed by the registration of a bond against the Certificate of Title for the allotments preventing their sale until the contribution is paid and subject to the following:

(a) payment of a bonding fee;

(b) the assessed amount of payment being adjusted in accordance with revised valuations if not paid within two years of assessment;

(c) payment shall be either:

- the total assessment being paid on the sale of half the number of allotments in the subdivision less one; or
- an installment system based on the assessments being divided by the total number of allotments less one, with payment commencing at the first transfer.

(iii) The bond will expire after two years from the date of setting the amount and any outstanding amount will be charged interest at the three year borrowing SWAP rate as advised at 11:00 am on Reuter's FISSWAP page, or equivalent, on the day the bond is entered into, plus 0.1%.

development contributions policy

4.1.8.6 Explanation of and Criteria Applying to Remissions

For the Development Contributions relating to Reserves as set out in 4.1.8.2 above remissions are available providing certain criteria are met. These are described in Appendix 2.

Areas where remissions will be considered are where the development:

- includes development works on Reserves
- contains existing lots or buildings;
- provides land whose primary purpose is surface water management;
- provides esplanade reserves or strips;
- provides for the retention of historic buildings, objects or places; vegetation/ trees; natural, ecological or habitat values;
- provides artworks in public places;
- provides social/affordable housing;
- provides elderly persons' housing; and
- provides Central City housing undertaken in conjunction with business development or subdivision.

4.1.8.7 Criteria for taking Land as opposed to Cash

The Council retains discretion on whether it will receive cash or land to meet the development contribution requirement for reserves. The criteria that apply to this consideration are set out in Appendix 3.

4.2 Network Infrastructure

4.2.1 The Requirement for a Contribution

The Council will make a requirement for a contribution to be paid in terms of the policy expressed in 4.2.2 to below at the time of granting:

(i) a resource consent under the Resource Management Act 1991; or

(ii) a building consent under the Building Act 1991.

Payment of the contribution will be made:

(iii) for a requirement made when granting a subdivision consent, at a time prior to the issue of a Section 224 RMA certificate; or

(iv) for a requirement made when granting a land use consent or a building consent, at the time when uplifting the building consent.

In the event of the contribution not being made at the above specified times the Council shall:

(v) in the case of a subdivision consent, withhold the certificate under Section 224 (c) RMA 1991;

(vi) in the case of a land use consent, prevent the commencement of the resource consent under the RMA 1991; or

(vii) in the case of a building consent, withhold a code compliance certificate under Section 43 of the Building Act 1991.

4.2.2 Scope

Network Infrastructure contributions are sought for Water Supply, Wastewater, Roading and other Transport and Surface Water Management services. The policy allows these contributions to be levied as city-wide charges applying to all lots

development contributions policy

benefiting from the service, as charges within defined cost share areas, or as levies applying to an individual development.

4.2.3 City–Wide Infrastructure Contributions

On a city-wide basis the Council may require a development contribution where subdivision or development is occurring that benefits from, and has a definite impact on, infrastructure located remote from the development site. The infrastructure may be required for the delivery of services to the development or to avoid, remedy or mitigate its effects, and may include one or more combinations of water supply, wastewater, surface water management or roading services. The cost of land purchased to accommodate the infrastructure or to provide the space required for dealing with effects may be included in the value of the works.

Three such existing charges are described in Schedule A, being a Water Supply Headworks Capacity Upgrade charge, a Wastewater Treatment Plant Capacity Upgrade charge and a Wastewater Reticulation Capacity Upgrade charge. The calculation of these charges accords with the procedure set out below. Implementation of new city-wide development contributions in accordance with the requirements of this section, or any change to the value of existing contributions, will require a special consultative procedure.

The scheduled city-wide development contributions will be required for all new vacant lots created and, in addition, for second or subsequent residential or business units constructed on a single title.

The procedure for calculating the lot/dwelling charge is to first determine the cost of that portion of infrastructure specifically required to meet the needs of the new development, assess the number of new units of demand created by the new development and calculate the lot/unit contribution to meet the costs so determined. The procedure is described in more detail in the box below.

For certain infrastructure, the lot/unit charge may be reduced where the average lot size is significantly less than the defined expected minimum for living zones, being 450 m^2:

Average lot size (sq.metres)	Wastewater	Water supply
Per lot or unit for average lot size > 450 sq. metres	100%	100%
Per lot or unit for average lot size between 300 qnd 450 sq. metres	100%	75%
Per lot or unit for average lot size < 300 sq. metres	100%	50%
Per occupant for accommodation facilities without defined units	25%	25%

No distinction will be made for business property compared to residential, the lot charges remaining the same for each. Additional charges for larger than normal business connections to services may be levied at the building permit stage.

Typically, a ten year time period will be used to determine both the infrastructure costs and the new units of demand. This is considered long enough to ensure average charges are achieved, but not so long as to create significant uncertainty about infrastructure costings and growth projections. Where the city–wide contribution is for a specific upgrade or new work, the time period for estimating the new units of demand will equal the time period required to absorb the additional capacity created. Contributions will cease when the specific infrastructure costs have been met.

Calculation of the lot charge will be made using the net cost of infrastructure after the deduction of subsidies and allowing for benefits accruing to existing residents.

development contributions policy

CALCULATION STEPS FOR CITY-WIDE DEVELOPMENT CONTRIBUTIONS
a) For on-going multiple capital works
For the coming ten year period the likely household and business growth is established and expressed as the number of new lots/units created (A).
The changes in demand on specific remotely located, city infrastructure services arising from the household and business growth is identified.
These demands are converted into projects and the project costs specifically attributable to growth are established.
From the resulting ten year total project cost any credits, such as subsidies or benefits accruing to existing residents and businesses are deducted (net total = $B).
The lot/unit development contribution is calculated by dividing total B by A.
For a particular development, average lot size is checked to see if a reduction in the per lot development contribution is applicable.
As the infrastructure construction proceeds total B is adjusted to reflect actual costs and, if necessary, the development contribution is altered through the Annual Plan/LTCCP process. This alteration will not be used to by the Council to seek additional payment on amounts already received, nor will the Council consider claims for reimbursement of contributions already paid based on this alteration.
Each year the 10 year capital costs and the 10 year growth projections are re-calculated and the new lot/unit development contribution notified by special consultative procedure through the Annual Plan.

CALCULATION STEPS FOR CITY-WIDE DEVELOPMENT CONTRIBUTIONS
b) For specific infrastructure works or upgrades
The increase in capacity achieved by the new infrastructure or upgrade is calculated and expressed as units of demand (total A).
The total current project cost is established.
From the resulting project cost any credits, such as subsidies or benefits accruing to existing residents and businesses are deducted (net total = $B).
The lot/unit development contribution is calculated by dividing total B by A.
For a particular development, average lot size is checked to see if a reduction in the per lot development contribution is applicable.
As the infrastructure construction proceeds total B is adjusted to reflect actual costs and, if necessary, the development contribution is altered through the Annual Plan process.
Once construction is complete the value of the works is adjusted annually by applying the Consumer Price Index and the contribution re-calculated. Any such adjustments are notified by special consultative procedure through the Annual Plan. This alteration will not be used by the Council to seek additional payment on amounts already received, nor will the Council consider claims for reimbursement of contributions already paid based on this alteration.
The requirement for a contribution is cancelled as soon as the net total B, adjusted to reflect actual construction costs and the movement in Consumer Price Index, has been recovered.

development contributions policy

4.2.4 Development Contributions from Local Cost Share Areas

Cost share areas may be established to ensure the orderly, efficient and equitable provision of infrastructure required to provide services to a development or to avoid, remedy or mitigate any adverse effects attributable to it.

A cost share area may be applied where a development area is made up of a number of land titles whose further subdivision and development is likely to occur over a period of several years.

Establishment of a cost share area will be achieved through a special consultative procedure, initiated by the Council, and initial funding of infrastructure works may be provided either by the Council or by private interests. For either case the documentation establishing the cost share area, detailing the nature of the physical works and the way in which costs are to be shared, will be prepared and held by the Council and made available for public inspection.

When cost share area infrastructure works are initially provided by private interests the Council will, for the life of the scheme, act in the capacity of broker between those interests and subsequent cost share contributors.

Where a cost share area is established and the infrastructure is initially funded by a private interest, the Council may agree to a date being set when it will accept responsibility for any remaining contributions owing and will, on the date set, reimburse the private party with the current value of those contributions. The cost share area documentation will be amended to reflect the changed roles.

Before a cost share area is established, the Council will determine the nature of the infrastructure and land required and define those elements which are to be cost shared. Such infrastructure and/or land may lie within or outside the cost share area and may consist of any or a combination of water supply, surface water management, wastewater, or roading and other transport services.

Works already included in calculations used to establish city-wide lot charges (see clause 4.2.2) shall be excluded from those works identified for inclusion in a specific cost share area declaration.

The present day cost of infrastructure will be estimated and this figure will then be modified as follows:

- Where infrastructure has been sized to provide services to parties not represented by the cost share contributors, the value of the work required to provide that additional service will be borne by the Council. The cost of providing that additional service may be recovered by the Council through a future cost share area. Should the application by the Council of minimum standards require the installation of services that have some unused capacity, the full cost of the installation will be carried by the cost share area.
- The value of the works to be cost shared will be reduced by any subsidies or other credits received.
- As construction of cost shared infrastructure proceeds, the value of the works and the level of contribution will be adjusted to reflect the actual construction costs. These adjustments will be proposed through the Annual Plan process.
- When cost shares become due the amount to be paid will be adjusted by applying the consumer price index to the values established at the time of construction of the works.

Cost shares will be set to recover the net cost of infrastructure and will use a method of allocating the costs amongst existing titles which reflects the benefit received and which may also take account of the cost of servicing where there are significant differences in these costs across the area.

Cost share area documentation will be available for inspection during office hours at all Council service centres.

development contributions policy

Because cost share areas may be established to fund particular elements of infrastructure it is permissible for two or more cost share areas to overlap.

Cost share area contributions will be payable at subdivision for each additional lot to be serviced and at building consent for each second or subsequent dwelling per lot.

Existing cost share areas are detailed in Schedule A and mapped in Appendix 4.

4.2.5 Development Contributions for Works Adjacent

Development contributions may be requested for, or toward, the cost of works adjacent to development made necessary to provide or improve services to the development or to avoid, remedy or mitigate its effects. These development contributions may be applied as a condition of subdivision or building consent.

Before requesting such contributions, the Council will ensure that the cost of the works has not already been covered by the declaration of a cost share area or the application of a city-wide lot charge.

In determining the contribution amount, the Council will estimate the cost of the infrastructure required and establish the portion of this cost that reflects the extent to which the infrastructure serves the development.

The net cost determined above will be further reduced by deducting subsidies and any other credits applying to the works.

These works can seldom be identified in detail in advance of consent applications and are covered in the Council's LTCCP by cost and revenue allowances within each activity under a miscellaneous works heading. For roading upgrades adjacent to development, contribution ratios are set out for a number of situations in schedule B.

4.3 Community Infrastructure

4.3.1 Definition

Community Infrastructure is defined in the Local Government Act 2002 as meaning:

(a) land, or development assets on land, owned or controlled by the territorial authority to provide public amenities; and

(b) includes land that the territorial authority will acquire for that purpose.

4.3.2 The Requirement for a Contribution

The Council will make a requirement for a contribution to be paid in terms of the policy expressed below at the time of granting:

(i) a resource consent under the Resource Management Act 1991; or

(ii) a building consent under the Building Act 1991.

Payment of the contribution will be made:

(iii) for a requirement made when granting a subdivision consent, at a time prior to the issue of a Section 224 RMA certificate; or

(iv) for a requirement made when granting a land use consent or a building consent, at the time when uplifting the building consent.

development contributions policy

In the event of the contribution not being made at the above specified times the Council shall:

(v) in the case of a subdivision consent, withhold the certificate under Section 224 (c) RMA 1991;

(vi) in the case of a land use consent, prevent the commencement of the resource consent under the RMA 1991; or

(vii) in the case of a building consent, withhold a code compliance certificate under Section 43 of the Building Act 1991.

4.3.3 Types of Community Infrastructure Contributions

Development contributions for community infrastructure apply in two situations:

- Additional, non-residential, building development without subdivision; and
- Cost share areas for new public amenity assets

4.3.3.1 Additional, Non-Residential Building Development

This occurs where a business, or other non-residential, development takes place without subdivision and a contribution is required to provide public amenity in the form of open space, planting and street furniture both for the benefit of the employed workforce and to mitigate the visual effects of the development. For such non-residential development not involving subdivision, contributions are based on the cash equivalent of $2m^2$ of open space for every $100m^2$ of new, net, non-residential, building development. This provision been tested against real developments in business areas, to compare with the level of financial contribution that has been taken under the transitional provisions of the RMA for actual developments that are currently taking place, or have taken place. The analysis confirmed that the requirement for a contribution based on the cash equivalent of $2m^2$ of land for every $100m^2$ of new non-residential building development would lead to an adequate contribution towards community infrastructure (to provide public amenities on Council land) in business areas.

The **Maximum Rate of Contribution** is the Cash equivalent of the value of $2m^2$ of land for each additional $100m^2$ of new, net, non-residential, building floor area created, at the time of building consent, less any contribution made at the time of previous subdivision [1].

Note: 1. Provided that the allotment containing the building was created within the preceding ten years.

4.3.3.2 New Public Amenity Assets

The second situation applies where the Council is involved in expanding or providing new public amenity assets, and the need for such assets is driven by a growth in demand for the services. In this case the Council may establish a cost share area within which new development will be required to pay a contribution toward the cost of the public amenities.

No community projects have been identified for development contributions at the time of implementing this policy (1 July 2004). Where such projects are identified they will be scheduled in this policy document following a positive outcome of the required special consultative procedure.

The method of calculating development contributions for community infrastructure in the form of stand alone facilities will be as follows:

Using information on the current distribution and use of similar amenities in Christchurch, a catchment area is established representing the best estimate of either the locus of likely users of the facility or the locus of those likely to benefit from the public amenities created.

Existing development within the catchment area is analysed and expressed as equivalents of the chosen unit of demand. This unit will typically be a residential unit, or a lot capable of accommodating a single residential unit (total A).

The potential for growth within the catchment area is assessed considering the

development contributions policy

following matters and is again expressed as equivalents of the chosen unit of demand (total B):

- The existing zoning in the cost share area and the implied likely development based on existing City Plan rules;
- The likely development of localities within the cost share area where the City Plan has indicated deferred zoning or identified areas for future growth, or the council has signalled a proposed variation to the City Plan; and
- Other potential development within the area where the City is experiencing pressure for re-zoning to more intensive land uses.

The estimated cost of the new or expanded facility, or of the public amenities created as the case may be, and including any land purchase, is established and any other known sources of funding such as subsidies, grants or donations are deducted (total C).

A development contribution per unit of demand is then calculated by dividing total C by A+B.

Once construction of the facility or public amenity is complete the final costs are used to re-calculate the development contribution and this modified figure is notified through the next Annual Plan.

Development contributions are adjusted on an annual basis using the Consumer Price Index to reflect the cost to Council of providing the capital in the first instance.

Once the Council has established an intention to create a cost share area for an asset falling within the definition of **Community Infrastructure**, it is required to notify this intention through a special consultative procedure and can only resolve to implement the charge following the satisfactory conclusion of that process.

Appendix 1

Reserve Contributions: Historical Background

The requirement to set aside land for recreational purposes has been recognised in New Zealand legislation since the first townships were laid out.

The 1875, Plans of Towns Regulations Act stipulated that one tenth (10%) of townships be retained for recreational purposes. These reserves were in addition to land set aside for rubbish disposal, gravel pits, etc. The one tenth requirement was retained in all legislation, up until the Resource Management Act 1991, for commercial and industrial subdivisions. The residential contribution became standardised at 4 perches per additional allotment, possibly because the early residential sections were 40 perches, the original quarter acre, reflecting the 10% requirement.

In those early days, the residential section needed a larger land holding because owners had to dispose of their own sanitary wastes, most grew their own vegetables, and many had to draw water via wells on their sections. Later section sizes gradually reduced in area, when different methods of disposing of sewage meant sections did not have to have the same amount of spare ground. However, the contribution rates did not change. It can be argued that if the public open space requirement was 4 perches for a 40 perch residential section, with only one house, then smaller allotments should contribute more for reserves as there is less spare land around each household unit.

The 4 perch requirement continued until the 1961 Counties Amendment Act, when a reduction was brought in for new allotments fronting new streets put in by the subdivider. Any new section fronting an existing street continued to contribute at the rate of 4 perches ($100m^2$), whereas new lots fronting new streets contributed at 3 perches ($75m^2$). The philosophy or reason behind the reduction was that the new road provided a proportion of open space. This is the reason why, when roads created under that legislation are closed or stopped, any money received from the sale of roads created under that legislation has to be paid into the cash in lieu of reserves account.

development contributions policy

In 1979, the Local Government Amendment Act came into force, amalgamating the Municipal Corporations Act and the Counties Amendment Act into one new regime. The reserve contribution requirements for residential properties changed dramatically. A greater emphasis was placed on the acquisition of land by allowing Councils to ask for up to 130m^2 for additional lots irrespective of whether they fronted new roads or not, but restricted cash in lieu payments to 7.5% of the value of the additional lots. The difference between the two levels of contribution, land compared with money, weighed heavily in the favour of a cash payment from the subdividers' point-of-view, being approximately half the amount of a land contribution value. However, this was dependant upon where the reserve might be vested. If a subdivider was getting rid of unwanted land then the value of the reserve might be considerably less than 7.5% of the value of the additional allotments, notwithstanding being vested at the rate of 130m^2 per additional allotment. Under the Local Government Amendment Act 1979, the reserve contribution from commercial and industrial subdivisions stayed at the original rate of 10%.

In addition to this, a new levy on development of land, separate from subdivision, was introduced. Some developers were erecting household units in comprehensive developments, then cross-leasing or unit titling, thus avoiding the payment of a subdivision reserve contribution. The new levy required a payment of 20m^2 worth of land in money or land to be vested for each household unit after the first two. The contribution was considerably different from a cash in lieu payment for a fee simple title subdivision. Two unit cross-leases or unit titles continued to avoid paying a contribution.

It can be seen from the above historical analysis, that contributions towards reserves within Christchurch City have been able to be required at a rate of at least 7.5% of the land being subdivided (cash or land) since the 1800's. In many circumstances, more has been able to be required (10% or 130m^2). The Council has generally required the maximum allowable contribution to be provided for reserves in Christchurch City. This has resulted in the level of reserves – open space, amenity plantings, recreation opportunities, etc – that the City's residents currently enjoy and expect to be able to continue to enjoy.

Appendix 2

Explanation of and criteria applying to remissions

1.0 Circumstances where remission is considered inappropriate

The Council does not consider the credit, or remission, of development contributions for open space and recreation appropriate in the following circumstances:

1.1 Additional open space and recreation land

The Council accepts that there are benefits for the future occupants of subdivisions of having plenty of local open space and recreation areas. However, the Council is often asked to take over and maintain larger open space and recreation areas within a new subdivision than are required under the development contribution provisions. Because there are also additional demands from the future occupants of such subdivisions on the Council's other open space and recreation resources, the Council also needs to ensure that it obtains sufficient cash contributions, in addition to land contributions, to fund the acquisition and development of district sports fields, walking and cycling tracks, and wilder areas on the City's outskirts. While the Council is prepared to accept the vesting and future maintenance of such land, it will not accept as a credit towards the development contribution required additional land for open space and recreation where it is only for the benefit of the future occupants of the subdivision.

No credit or remission, of development contributions for open space and recreation will, therefore, be given in the following circumstances:

- Where additional land is provided (over and above the development contribution requirements according to this Development Contributions Policy) for open space and recreation within a subdivision, where that land is only for the benefit of the people living in that subdivision.

development contributions policy

2.0 Circumstances where remission is considered appropriate

The Council considers the credit, or remission, of development contributions for reserves appropriate in the following circumstances.

Credit, or remission, of development contributions for reserves (for the full value in the case of approved reserve development works, up to 50% with respect to elderly persons' housing, up to 25% with respect to Central City housing and heritage retention, up to 5% with respect to the provision of artworks in public places and up to 20% in all other circumstances, to a combined total of 50%) will therefore be given on a case-by-case basis at the request of the applicant in the following circumstances:

2.1 Development of reserves

The cost to a subdivider of forming and developing land to be vested in the Council for open space and recreation with planting, paths, seating and children's play equipment, etc, at the same time as developing other aspects of the subdivision is seen as a legitimate contribution towards the provision of useable open space and recreation areas within that subdivision and such approved works will qualify for a remission from the required reserve contribution. However, the Council will not accept as a remission from the required development contribution unnecessary levels of development, such as the provision of entrance gateways and fountains, etc. If developers choose to provide such features for the benefit of the subdivision, its future occupants and its competitiveness within the market, it is appropriate that they do so at their own expense.

Where a developer is funding reserve **development that has been approved by the Council**, a remission will be allowed from the development contribution for reserves to the value of such works, provided that they fall within and do not exceed the following standards (these standards are contained in the *Christchurch City Council Code of Urban Subdivision.*):

1. Grassing of the total lawn area in a suitable dwarf grass species, unless existing natural areas are to be retained.
2. Planting of specimen trees that attain a mature height of at least 15 metres and are a minimum of 2 metres in height at the time of planting, between 10 and 15 metres apart, over 30% of the total area.
3. Planting of trees, shrubs and/or ground covers in plant beds, over 10% of the total area.
4. Protection of existing trees on site.
5. Retention of any natural habitats and ecological sites.
6. Provision of basic structures, such as:
   - walking paths to connect the open space and recreation area to adjoining streets and provide access to play equipment and other features therein; and
   - two seats per 2000m^2 of the total area.
7. Provision of basic children's or youth play equipment to the value of $25,000, if required in that locality.
8. Development of the layout, landscaping theme and walking path connections in accordance with the Area Plan for the locality.

2.2 Existing allotments and buildings

As the purpose of development contributions is to provide for the open space and recreation needs of the additional people and housing generated as a result of subdivision and development, it is reasonable to continue to ensure that the development contribution required recognises that credits are available for existing titles for both subdivision and building consent applications. Title credits will only be granted where the net area of the title meets the standard of the zone in which the title is located. In 1996 the Council resolved to charge a reserve contribution on subdivision applications for cross lease and unit titles. Exemptions were granted where units had been built prior to 30 May 1996. Exemption was also granted to subdivision applications

development contributions policy

for fee simple titles where any new lot had an existing building constructed prior to 30 May 1996. It is proposed to continue with granting these credits.

The following credits, or remissions, of development contributions for reserves will be given, on a case-by-case basis as follows:

- a credit, at the maximum rate that can be charged or of the actual amount previously paid, per allotment existing prior to the subdivision taking place; or
- a credit, at the maximum rate that can be charged or of the actual amount previously paid, per unit existing prior to the residential development taking place.
- a credit, at the maximum rate that can be charged or of the actual amount previously paid, per allotment containing buildings built predominantly before 1996 and where no additional buildings can be erected without redevelopment. A development contribution will be required where the allotment has potential for the erection of additional residential buildings and upon redevelopment if the number of residential units is increased.

2.3 Surface water management

As a general consideration, the provision of land and/or cash for surface water management and open space and recreation reserves will be treated as two separate entities in terms of assessment of development contributions upon subdivision and/or development.

However, it is desirable in many instances that provision of these two requirements is combined to provide enhanced open space and recreation facilities which reflect recreational, landscape, heritage, drainage, cultural and ecological values.

The attributes and effects of such open space and recreation areas are:

- Surface water management and open space and recreation functions being achieved within one area. Such open space and recreation areas will provide for the more efficient use of natural and physical resources.
- Open space and recreation areas of a more diverse size. Where the combination of surface water management and open space and recreation functions result in larger open space and recreation areas, these may contribute to the rural and/or urban amenity of both the local and city-wide environment and compensate for adjoining smaller residential lot sizes and/or higher density residential development.
- Open space and recreation areas of a more diverse type, with more diverse and quality natural features. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment and provide green pedestrian and cycling linkages/corridors between streets.
- Open space and recreation areas of a greater bio-diversity with respect to plant species and avian and aquatic ecology. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment and Christchurch's 'Garden City' image in particular.
- Open space and recreation areas that are natural, and not engineered, looking. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment by restoring, maintaining and enhancing natural features.
- Multiple open space and recreation functions being achieved within one area. Such open space and recreation areas provide more, and a variety of, passive recreation opportunities.
- Open space and recreation areas in which natural features are restored, maintained and enhanced. Such open space and recreation areas contribute to recognising the importance of, and providing for, the relationship of Maori, their culture and traditions with ancestral lands, waters, sites, waahi tapu and other taonga.
- Open space and recreation areas which provide an environmentally acceptable means of avoiding, remedying or mitigating the adverse effects of inundation or flooding, by protecting the natural functioning of floodplains, retention basins

development contributions policy

and ephemeral waterways, maintaining their natural water storage capacity and enabling regulation of the rate of discharge of floodwaters.

Where the provision of land and/or cash for surface water management also goes some way to achieve the required provision of land and/or cash development contributions for reserves, it is considered reasonable that the latter requirement be remitted in part according to the circumstances. This could occur either through the provision of land on the site of the subdivision and/or development for both surface water management and reserves, or through a cash contribution to a cost-sharing area where the expenditure of it will buy land which meets both requirements.

A remission of development contributions for reserves will, therefore, be given where the provision of land and/or cash for surface water management fulfils some or all of the following circumstances:

(i) Water environment
Being land:
- subject to no more frequent flooding than a 5 year event return period of flooding on the flat and a 20 year return period of flooding on the hills.
- of soil type/s and a water table such that flooding is no deeper than 100mm and drains away within 3 days.
- on which the nature and/or design of waterways thereon is such that it protects the waterway hydrology while providing for visual amenity by maintaining base water flow in a naturalised channel.

(ii) Location
Being land:
- on the site of the subdivision and/or development, or identified elsewhere for purchase through the expenditure of cash contributions.
- of at least 20m wide fronting a local street which immediately adjoins a living zone or zones.
- on which existing natural features such as streams, wetlands and mature trees (for their species) are co-located.
- adjoining or linking through to existing land for open space and recreation purposes.
- within 5 – 10 minutes walk from both the living and business areas they are intended to serve.
- which, for district parks, is within 400m walking distance of the nearest bus stop.
- safely accessed by pedestrians via an on-site public car park, or an immediately adjoining public car park, or a pedestrian crossing or pedestrian islands on the road or roads immediately adjoining it.
- located in an area of low rural and/or urban amenity values and/or bio-diversity.

(iii) Size
Being land:
- on which that part suitable for surface water management use is at least 300m2 (i.e. excluding the property access and/or casual recreation use functions).
- on which that part suitable for casual recreation use is at least 2000m2 (i.e. excluding the property access and/or surface water management functions).

(iv) Function
Being land:
- capable of multiple use, including for walking, cycling and other passive and casual recreation.

(v) Design
Being land:
- of a topography that is natural, and not engineered, looking.
- of a topography such that the boundary between private and public land can be identified without the need to erect fences.

development contributions policy

- with an entrance through which access is possible by every person, including those in wheelchairs and with pushchairs, etc, but not those in or on vehicles (except for maintenance purposes) or motorbikes.
- with paths and tracks of a gradient no steeper than 1:20, on which access is possible by every person including those in wheelchairs and with pushchairs, etc.
- on which there is good visual and a physical separation of at least 5m between paths and tracks and the waterway.
- on which the species of planting between paths and tracks is of mixed height and density, to allow views from them through to the waterway.
- on which the planting encourages bio-diversity with respect to avian and aquatic ecology (e.g. planting which provides birds with food, nesting places and security and which provides fish with spawning places, shade and invertebrate habitat).
- suitable in terms of accessibility and topography for development with street furniture such as seats, picnic tables and children's play equipment.
- which will enhance both rural and/or urban amenity values (which the Resource Management Act 1991 defines as "those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes") and/or bio-diversity.

2.4 Esplanade reserves or strips

As a general consideration, the provision of land and/or cash for esplanade reserves or strips and open space and recreation reserves will be treated as two separate entities in terms of assessment of development contributions upon subdivision and/or development.

However, it is desirable in many instances that provision of these two requirements is combined to provide enhanced open space and recreation facilities which reflect conservation, public access, recreational, landscape, heritage, drainage, cultural and ecological values.

The attributes and effects of such open space and recreation areas are:

- Esplanade reserves or strips and open space and recreation functions being achieved within one area. Such open space and recreation areas will provide for the more efficient use of natural and physical resources.
- Open space and recreation areas of a more diverse size. Where the combination of esplanade reserves or strips and open space and recreation functions result in larger open space and recreation facilities, these may contribute to the rural and/or urban amenity of both the local and city-wide environment and compensate for adjoining smaller residential lot sizes and/or higher density residential development.
- Open space and recreation areas of a more diverse type, with more diverse and quality natural features. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment and provide green pedestrian and cycling linkages/corridors between streets.
- Open space and recreation areas of a greater bio-diversity with respect to plant species and avian and aquatic ecology. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment and Christchurch's 'Garden City' image in particular.
- Open space and recreation areas that are natural, and not engineered, looking. Such open space and recreation areas may contribute to the rural and/or urban amenity of both the local and city-wide environment by restoring, maintaining and enhancing natural features.
- Multiple open space and recreation functions being achieved within one area. Such open space and recreation areas provide more, and a variety of, passive recreation opportunities.
- Open space and recreation areas in which natural features are restored,

development contributions policy

maintained and enhanced. Such open space and recreation areas contribute to recognising the importance of, and providing for, the relationship of Maori, their culture and traditions with ancestral lands, waters, sites, waahi tapu and other taonga.

- Wider than standard esplanade reserve provision. Such open space and recreation areas provide more opportunity for landscaping and protection of both landscaping and waterways from inappropriate subdivision, use and development.
- Open space and recreation areas which provide an environmentally acceptable means of avoiding, remedying or mitigating the adverse effects of inundation or flooding, by protecting the natural functioning of floodplains, retention basins and ephemeral waterways, maintaining their natural water storage capacity and enabling regulation of the rate of discharge of floodwaters.

Where the provision esplanade reserves or strips also goes some way to achieve the required provision of land development contributions for reserves, it is considered reasonable that the latter requirement be remitted in part according to the circumstances.

A remission of development contributions for reserves will, therefore, be given where the provision of esplanade reserves or strips fulfils some or all of the following circumstances:

(i) Water environment

Being land:

- subject to no more frequent flooding than a 2 - 5 year event return period of flooding on the flat and a 10 - 20 year return period of flooding on the hills.
- of soil type/s and a water table such that flooding is no deeper than 100mm and drains away within 3 days.
- on which the nature and/or design of waterways thereon is such that it protects the waterway hydrology while providing for visual amenity by maintaining base water flow in a naturalised channel.

(ii) Location

Being land:

- on the site of the subdivision and/or development, or identified elsewhere for purchase through the expenditure of cash contributions.
- adjoining the sea, a river whose bed has an average width of 3m or more, or a lake whose bed has an area of 8ha or more.
- of least 20m wide, except as provided by any rule in the City Plan or a resource consent which waives or reduces the width of the esplanade reserve or strip, immediately adjoining a living zone or zones.
- on which existing natural features such as streams, wetlands and mature trees (for their species) are co-located.
- adjoining or linking through to existing land for open space and recreation purposes.
- within 5 – 10 minutes walk from both the living and business areas they are intended to serve.
- which, for district parks, is within 400m walking distance of the nearest bus stop.
- safely accessed by pedestrians via an on-site public car park, or an immediately adjoining public car park, or a pedestrian crossing or pedestrian islands on the road or roads immediately adjoining it.
- located in an area of low rural and/or urban amenity values and/or bio-diversity.

development contributions policy

(iii) Size

Being land:

- on which that part suitable for esplanade reserve or strip use is at least 20m wide (i.e. excluding the reserve or strip access and/or casual recreation use functions), except as provided by any rule in the City Plan or a resource consent which waives or reduces the width of the esplanade reserve or strip.

(iv) Function

Being land:

- capable of multiple use, including for the protection of conservation values, public access to or along and public recreational use of the land and adjoining sea, river or lake; where use is compatible with conservation values.

(v) Design

Being land:

- of a topography that is natural, and not engineered, looking.
- of a topography such that the boundary between private and public land can be identified without the need to erect fences.
- with an entrance through which access is possible by every person, including those in wheelchairs and with pushchairs, etc, but not those in or on vehicles (except for maintenance purposes) or motorbikes, where access is compatible with conservation values.
- with paths and tracks of a gradient no steeper than 1:20, on which access is potentially possible by every person including those in wheelchairs and with pushchairs, etc, where access is compatible with conservation values.
- on which there is good visual and a physical separation of at least 5m between paths and tracks and the waterway.
- on which the species of planting between paths and tracks is of mixed height and density, to allow views from them through to the waterway.
- on which the planting encourages bio-diversity with respect to avian and aquatic ecology (e.g. planting which provides birds with food, nesting places and security and which provides fish with spawning places, shade and invertebrate habitat).
- suitable in terms of accessibility and topography for development with appropriate street furniture, such as seats.
- which will enhance both rural and/or urban amenity values (which the Resource Management Act 1991 defines as "those natural or physical qualities and characteristics of an area that contribute to people's appreciation of its pleasantness, aesthetic coherence, and cultural and recreational attributes") and/or bio-diversity.

2.5 Retention of historic buildings, objects or places, vegetation / trees, natural / ecological or habitat values

A credible objective for any city is to develop a distinctive identity based on its own inherent characteristics. Characteristic natural and physical features of Christchurch that contribute to its identity and serve as reminders of its past include, either individually or in groups:

- around 600 historic buildings, objects or places;
- over 1400 heritage / notable trees; and
- areas of ecological significance

which have historical, social, cultural, spiritual, architectural, artistic, group, setting, landmark, archaeological, technological and craftsmanship significance. Such features are constantly being placed under threat of removal or damage as more intensive land uses are sought in response to development pressures. Their conservation is sought for the enjoyment and education of future residents of, and visitors to, the City.

A remission of development contributions for reserves will, therefore, be given where the subdivision and/or development will result in the retention of historic buildings,

development contributions policy

objects or places, vegetation/trees, natural/ecological or habitat values in some or all of the following circumstances:

(a) Heritage

- the site contains a building, object or place that is listed in the City Plan, or by the New Zealand Historic Places Trust, and the group/category of the listing (with particular reference to the reasons for listing the building, object or place);
- the heritage elements of the building, object or place are to be retained;
- the heritage elements of the building, object or place are to be retained, having regard to the extent to which they are to be altered and the intrusiveness of any alterations;
- the setting/context of the heritage element(s) is/are to be retained, enhanced or protected;
- the heritage elements of the building, object or place contribute to private and public amenity in terms of the character and streetscape qualities of the local or City environment;
- the building, place or object is subject to a Heritage Order or Heritage Covenant, or the owner will agree to a Heritage Covenant or some other agreement with the Council to protect the heritage elements.

In considering the appropriateness of any such remission, the Council will have regard to:

- the extent to which retention of the heritage elements of the building, object or place would constrain the form of development able to be undertaken on the site (with reference to the relevant planning documents);
- the additional cost to the developer / subdivider of retaining the heritage elements of the building, object or place as opposed to incorporating them into or building a new structure of similar quality and proportions (with reference to the relevant planning documents), and keeping in mind the value likely to be added to the proposed development as a result of retaining the heritage elements;
- whether the developer / subdivider has received, has applied for, or is eligible for, funds for retaining the heritage elements, and the amount of any such grant.

(b) Vegetation / Trees

- the trees on the site are listed as protected trees in the City Plan;
- the application provides for the long term retention and good health of any tree(s) listed as protected trees in the City Plan;
- it is proposed to retain vegetation / trees on the site that would maintain the amenity of the wider neighbourhood;
- provision is to be made for landscape links through the site;
- the vegetation / trees on the site are subject to a Covenant, or the owner will agree to a Covenant or some other agreement with the Council to protect the vegetation/trees.

(c) Natural Features / Ecology / Habitat

- the site contains natural/ecological or habitat values, such as Ecological Heritage Areas, including those identified in the City Plan;
- the natural/ecological or habitat values are to be retained;
- the natural/ecological or habitat values are to be retained, having regard to the extent to which they are likely to be affected by any development/activity on the site;
- the site contains waterways or wetlands;
- the waterway or wetland is to be maintained and enhanced as a natural feature;
- the natural/ecological or habitat values on the site are subject to a covenant, or the owner will agree to a covenant or some other agreement with the Council to protect those values.

development contributions policy

In considering the appropriateness of any such remission, the Council will have regard to:

- the additional cost to the developer/subdivider of retaining the natural/ ecological or habitat values;
- whether the developer/subdivider has received, has applied for, or is eligible for, funds for retaining the natural/ecological or habitat values on the site, and the amount of any such grant.

2.6 The provision of art works in public places

The Council's 'Artworks in Public Places Policy' recognises that one way to enhance Christchurch's public spaces, city and community identity is through the introduction of artworks into the city environment. Development contributions comprise cash/or land, of which the cash may be used for the development of community or recreational facilities associated with the use of a reserve. Community facilities includes community infrastructure, which itself includes development assets on land owned or controlled by a territorial authority to provide public amenities.

A remission of development contributions for reserves will, therefore, be given where the subdivision and/or development results in the provision of artwork/s in suitably located public spaces, in the following circumstances:

- the provision of artwork/s in suitably located public spaces, which:
  - are appropriate;
  - are permanent;
  - are not transferable (except where relocated at the Council's discretion);
  - increase the central city's role as the heart of the city; and/or
  - enhance the unique qualities of Christchurch, particularly the physical characteristics such as parks, gardens, riverbanks and buildings which contribute to the city and local community identity of Christchurch.
- registration by, and copyright in the artwork being vested in, the Council.

'Public places' are any areas under the control of the Christchurch City Council including parks and reserves, streets, squares, riverbanks, bridges and buildings, sites and airspace, and other locations by agreement between the Council and property owners, and in which people can, where appropriate, interact with the artworks located thereon.

'Artwork/s' are the original concepts of professional artists, of both contemporary and traditional art forms, executed in any visual art/craft medium including sculpture, carved, cast, constructed; paintings, light works, projected or illuminated, prints, drawings, photographs, murals, banners, wall hangings, ceramics, assemblages or combinations of media; which may have auditory and/or tactile dimensions as well as visual elements; and which comprise either one or both of the following:

Urban and Environmental Artworks

- Stand alone artworks located in an urban or natural environment.
- Usually created for the space concerned or in special circumstances transferred to it.
- Not necessarily an integral element of the space but has a contextual relationship to it.
- Created by a professional artist.

Integrated Artworks

- Artworks created as part of the development of a site/building or functional artworks (e.g. seats, lampposts, water fountains) for a site/building.
- Conceived especially for, or as part of, the site and forms part of the built environment.
- Has a physical connection to the space concerned and may be integral in the building/site (i.e. there may be no separate artwork as such).

development contributions policy

- Created by a professional artist in collaboration with the project team for the site or building (e.g. architect, landscape, urban designer, engineer).

2.7 The provision of social / affordable housing

The City's population has different needs, which require a wide range of housing forms and tenure to satisfy them. Housing is one of the most significant costs and anything that limits these costs contributes to a better quality of life. The Council itself provides housing for people on low incomes and with a housing need, including beneficiaries, elderly persons, the disabled and single adults with or without children. The City Plan also signals an intention to investigate means of providing low cost housing in the Central City by Central Government, the Council, or other providers, or in conjunction with community groups.

A remission of development contributions for reserves will, therefore, be given where the subdivision and/or development results in the provision of social / affordable housing, in the following circumstances:

- the household units are subsidised and/or built and managed by the Council and/or by another public housing agency (e.g. Housing New Zealand, Southern Regional Health Authority and their successors) and/or by a private social housing agency (e.g. Habitat for Humanity) as social/affordable housing, and which:
    - is subject to a covenant or appropriate legal restriction:
    - restricting occupancy to people with a personal income of less than National Superannuation x 1.5 and associated asset levels as specified below; and
    - restricting the payment of rent to 70% of the average local market rent or no more than 25% of the occupant's income, whichever is the lesser; and
    - of quality and energy efficient unit design, construction and appearance suited to the occupants needs; and
    - provides communal recreation facilities, such as a communal residents' lounge; and
    - is located within 500m walking distance from the central city, or a district (business), centre; and
    - is located within 500m walking distance of a bus stop on public transport routes.

National Superannuation levels from 1 December 2003 as below will be adjusted periodically in accordance with movements in the rates of National Superannuation and asset levels will be adjusted annually in accordance with the rate of inflation, linked to the income levels in the policy:

Family type	Annual Income
Single person – living alone	$19,133
Single person – sharing	$17,661
Married couple (combined income)	$29,436
Married couple (2 x combined income)	$29,436

Income type	Asset Level
Single person – living alone	$20,000
Married couple	$30,000

Assets include:

- All motor vehicles
- Cash-in-hand
- Bank deposits
- Private superannuating schemes

development contributions policy

- Bonus bonds
- Family Trusts
- Other investments
- Boats
- Other items of value in excess of $1000.00
- Real estate, except where occupant is unable to utilise real estate due to marriage/dissolution settlement subject to solicitors confirmation and statutory declaration process.

2.8 The provision of elderly persons' housing

Elderly persons housing is strictly defined in the City Plan. The trend towards enabling people to remain in their previous housing and community for as long as possible has resulted in the average entry age to such housing tending to be high (the 'very elderly'). Given that the proportion of the population considered 'very elderly' is growing, the average needs for land and facilities for open space and recreation by the occupants of elderly persons housing are not considered to be as high and widespread as the needs of the general population of the City. A remission of the standard development contribution requirements is therefore considered to be reasonable with respect to elderly persons' housing.

A remission of development contributions for reserves will, therefore, be given where the subdivision and/or development is for the provision of elderly persons' housing, in the following circumstances:

- the residential subdivision and/or development is for elderly persons' housing in terms of the following definitions:

'Elderly persons' housing' is a group of residential units each with a gross floor area less than 80m^2 developed or used for the accommodation of elderly persons, which may in addition include a care home and/or associated studio units for the care and accommodation of elderly persons, and where the group is either held under one title or unit titles under the Unit Titles Act with a body corporate and which is encumbered by a bond or other appropriate legal instrument which ensures that the use of the unit is confined to elderly persons.

'Elderly persons' are people over the age of 60 years or a person who qualifies for a permanent invalid's benefit on health grounds and extends to include the partner, spouse, dependents or caregiver of such a person, notwithstanding that the partner, spouse or caregiver may be under the age of 60 years.

2.9 Central City housing

The Council has a strong policy of encouraging the continued use and redevelopment of much of the Central City (within the Four Avenues, including the area bounded by Moorhouse Ave, Hagley Ave and Antigua St) for housing.

This policy includes different provisions for development contributions for reserves and public amenities for residential and non-residential developments. For residential development, the cash equivalent of 20m^2 of land for every new residential unit is sought as a development contribution towards reserves. Where a subdivision occurs, 7.5% of the value of the additional allotments is sought. For a non-residential development, a cash contribution is sought towards community infrastructure (to provide public amenities on Council land) at the rate of the cash equivalent of 2m^2 of land for every 100m^2 of new non-residential building development.

The Council considers that the open space and recreational needs of people living in the Central City are no less than people living in the outer areas of the City. The lack of space available on their own Central City properties makes the availability of public open space and recreation areas even more important.

For these reasons, the Council does not consider that it is justifiable to exempt Central City housing development from all development contributions for open space

development contributions policy

and recreation. However, in order to provide direct encouragement for Central City housing to support Central City revitalisation initiatives of the Council (as identified in the Christchurch Central City Strategy Stage I (2001) document), a 25% remission is supported by the Council for development contributions for reserves from residential unit development undertaken as part of, or in conjunction with, business subdivision and development in the Central City Zone and Central City Edge Zone.

A remission of development contributions for reserves will, therefore, be given where the subdivision and/or development is for the provision of Central City housing, in the following circumstances:

- where the residential unit development is undertaken as part of, or in conjunction with, business subdivision and development in the Central City Zone or Central City Edge Zone and where at least the ground floor is in business use.

Note: Although a remission of development contributions for reserves from residential subdivision and development within the living zones of the Central City is not considered necessary in the current housing market, it will be applied or not as required in the future to stimulate Central City housing as the future housing market dictates via the three yearly LTCCP review.

Appendix 3

Contributions of Cash or Land

The Council will take development contributions of either cash and/or land towards providing public reserves for open space and recreation from subdivision and/or development, depending on which will more effectively add to the quality and diversity of open spaces and recreation areas in the City.

The basis for the reserve development contributions is the additional, actual or potential demand anticipated for open space and recreational land consequent to subdivision and/or development; that is, its “effects” in terms of land and use intensification. Contributions are not to be imposed as a tax on development, but can be in the form of land (where provision is practicable such as from larger “greenfield” sites) or cash, according to an equivalent value if land were taken in the locality.

Previously, the Council preferred to take cash, instead of land, contributions. This enabled the Council to decide itself which land it acquired to meet open space and recreation requirements throughout the city, rather than being forced, as the future manager, to accept land of an inappropriate size and/or nature from any particular subdivision and potentially having to provide further more suitable land in the future from general ratepayers’ funds. The Council acknowledges, however, that in designing a subdivision, the subdivider has a good understanding of the needs of the potential occupiers and has a financial stake in ensuring that the subdivision is attractive and satisfies those needs. In addition, as the City grows both in population and housing areas, there is a continuing need for more land to satisfy open space and recreational needs, new areas of which will inevitably become more difficult to acquire in appropriate locations as the City becomes more intensively developed. The Council no longer therefore has a preference for taking cash instead of land. The resource consent process instead provides the opportunity for the Council and the subdivider to reach agreement on whether a cash and/or land contribution is appropriate in the

development contributions policy

circumstances, so that it is possible for the Council to acquire suitable land as, where and when opportunities arise.

The Council will seek cash contributions where they will provide for one or more of the following:

- the purchase of land for district parks and sports fields in areas where there are existing or potential deficiencies in the provision of them;
- the purchase of land for local neighbourhood parks in areas where there are existing or potential deficiencies in the provision of them;
- the purchase of land of ecological or conservation value where there is a need to protect such areas by way of public ownership;
- the development of land purchased or acquired as development contributions to a usable state for local neighbourhood and district parks, sports fields and open space;
- the purchase and development of land for amenity purposes within or adjoining business areas;
- any other purpose permitted by Sections 205 and 206 of the Local Government Act 2002.

The Council will seek land contributions where they will provide for one or more of the following:

- a relatively flat, useful area of land for a local neighbourhood park, accessible to the user population and of a size (at least 2-3,000 sq m) adequate to accommodate children's play equipment, substantial tree plantings and open space;
- a linkage or potential linkage along or to significant natural features, or between other areas of public open space and community facilities;
- protect or enhance significant mature trees, significant areas of indigenous vegetation, margins of waterways or other significant natural features;
- protect or enhance historic or cultural features of significance to the City's population;
- a usable area of open space for planting as visual relief from a built or highly developed environment; or
- a flat usable area of land for district sports fields, accessible with full road frontage and a size (at least 4ha) adequate to accommodate at least two sports fields, tree planting and other open space. To accommodate sports clubs, at least 4ha, ideally more, would be needed.

development contributions policy

Schedule A: Existing Cost Share Areas

Name/Locality	Reference	Type of Service	Year Established	Contribution (incl. GST) as at 1.07.03	Nature of Works	Area Application
Wastewater Treatment Plant Capacity Upgrade	TW-001-36	Sewage Treatment	1999	$607.50 per lot	Upgrading Central Wastewater Treatment Plant	Applies to whole urban reticulated area
Wastewater Reticulation Capacity Upgrade	PG-001-279	Sewage Transport	2002	$477.00 per lot	Trunk System Upgrading and wet weather storage in central and western suburbs	Applies to reticulated urban area except Eastern catchments (see plan Appendix 3)
Water Supply Headworks Capacity Upgrade	WS-003-003-11	Water Extraction and Pumping	1991	$562.50 per lot	New wells, increased pumping capacity, new pump stations and extension to existing stations	Applies to whole urban reticulated area except Brooklands, Kainga and Spencerville.
Huntsbury	PG-001-244	Water Supply	1996	$2,193.76 per lot	Water mains, reservoir and pump station	Defined area (see plan Appendix 3)
Mt Pleasant	PG-001-243	Water Supply	1998	1: $2,214.55 per lot 2: $3,800.96 per lot	Water mains, reservoir and pump station	"
Worsleys Spur	WS-003-003-12	Water Supply	1999	$3,161.94 per lot	Land purchase, pump station, rising main, tank re-location	"
Aidanfield (privately funded)	SU-001-4375	Sewerage	2002	A: $7,959.21 per hectare B: $5,776.83 per hectare C: $3,846.31 per hectare	Sewer pipeline	"
Alpine View: Burwood (privately funded)	SU-001-0899	Sewerage	1999	$8,586.66 per hectare (as at 26.08.03)	Sewer pipeline, rising main, pump station	"
Avonhead Road	JHS 1532	Sewerage	1974	$248.53 per metre run	Sewer installation	Defined area (see plan Appendix 3)
Clearbrook Palms 3,4,5,6,7	SU-001-4004	Sewerage	2001	3: $630.64 per lot 4: $861.36 per lot 5: $811.67 per lot 6: $811.67 per lot 7: $811.67 per lot	Sewer pipeline, rising main	"

development contributions policy

Schedule A: Existing Cost Share Areas cont.

Name/Locality	Reference	Type of Service	Year Established	Contribution (incl. GST) as at 1.07.03	Nature of Works	Area Application
Halswell	PG-001-272	Sewerage	2000	$404.74 per lot	Pump station upgrade, rising main, soil filter	"
Halswell Junction Road	JHS 6855	Sewerage	1974	$5991.33 per hectare	Gravity main and rising main	"
Maffeys Road	JHS 2508	Sewerage	1981	$5948.30 per lot	Sewer pipeline	"
Mt Pleasant (privately funded)	SU-001-825	Sewerage	1998	1: $1,713.55 per lot 2: $3,241.29 per lot 3: $4,980.61 per lot 4: $7,190.00 per lot 5: $10,094.31 per lot 6: $10,564.06 per lot 7: $12,982.07 per lot	Sewer pipeline extension	"
Milns Road/Milns Estate	SU-001-4147	Sewerage	2000	$2795.53 per hectare	Installation of pump station and sewer pipeline	"
Yukon Place	SU-001-00054	Sewerage	1986	$6548.24 per hectare	Sewer pipelines	Defined area (see plan Appendix 3)

development contributions policy

Augusta Street/Main Road	SU-001- 0032	Stormwater	1974	A $9277.25 per hectare B $4106.20 C Excluded D $8803.93 E $6214.53 F $10251.74	Installation of stormwater pipeline	"
Bower Avenue/ Palmers road	JHS 7322	Stormwater	1974	$29,383.29 per hectare	Installation of stormwater pipeline	"
Barnett Park	LO-17-2 -41	Stromwater	2004	Rifle Range Drain Catchment $2985.16 per lot Cliff Street Catchment $1492.58 per lot	Construction of flood detention basin	Defined Area (see plan appendix 3)
Buchanans/ Carmen Roads	S52 0044	Stormwater	1987	$39,124.57 per impervious hectare[1]	Installation of stormwater pipeline	" Area factor 0.8

Note 1 (applies to all tables in schedule A)

The area on which the calculation is based is the total area of the development multiplied by the area factor shown in the last column.

If no area factor is shown it is 1.0 and the calculation is based on the total area of development.

Schedule A: Existing Cost Share Areas cont.

Name/Locality	Reference	Type of Service	Year Established	Contribution (incl. GST) as at 1.07.03	Nature of Works	Area Application
Epsom Road	JHS 7515	Stormwater	1979	$36,819.15 per impervious hectare[1]	Installation of stormwater pipeline	" Area factor 0.42
Halswell Junction Road	JHS 7298	Stormwater	1974 to 78	$23,922.79 per hectare	Installation of stormwater pipeline	Defined Area (see plan Appendix 3)
Heathcote Valley Drainage	PG-001-196	Stormwater	2002/03	Floodplain $2934.83 West $5116.42 Canon Hill $5493.05 East $5550.91 per lot or subsequent dwelling	Upgrade waterways, construction of detention ponds, installation of stormwater detention tanks	"
Maces Road - Area A	JHS 8154	Stormwater	1977	$19,080.27 per hectare	Installation of stormwater pipeline	"
Maces Road/Newton Street	JHS 3957	Stormwater	1973	$5183.09 per hectare	Installation of stormwater pipeline	"
Maces Road – Area B	S52 0052	Stormwater	1974	$17,667.24 Resident $35,334.48 Industr'l.	Installation of stormwater pipeline	"
Madeley Road	JHS 7598	Stormwater	1974	$24,435.97 per hectare	Installation of stormwater pipeline	"
Marylands - Area 1	JHS 4919	Stormwater	1974	$7714.20 per hectare	Installation of stormwater pipeline	"
Marylands Place - Area 2A	JHS 6082	Stormwater	1985	$26,654.09 per hectare	Installation of stormwater pipeline	"
Merrin Street - area A	JHS 2667	Stormwater	1975	$25,108.29 per impervious[1] hectare	Installation of stormwater pipeline	Defined area (see plan Appendix 3) Area factor 0.4
Merrin Street - area B	JHS 2667	Stormwater	1981	$20,137.94per impervious[1] hectare	Installation of stormwater pipeline	Defined area (see plan Appendix 3) Area factor 0.4
Nicholls Road/Rearsby Drive	JHS 3832	Stormwater	1974	$991.24 per hectare	Installation of stormwater pipeline and regrading of Nottingham Stream	Defined area (see plan Appendix 3)

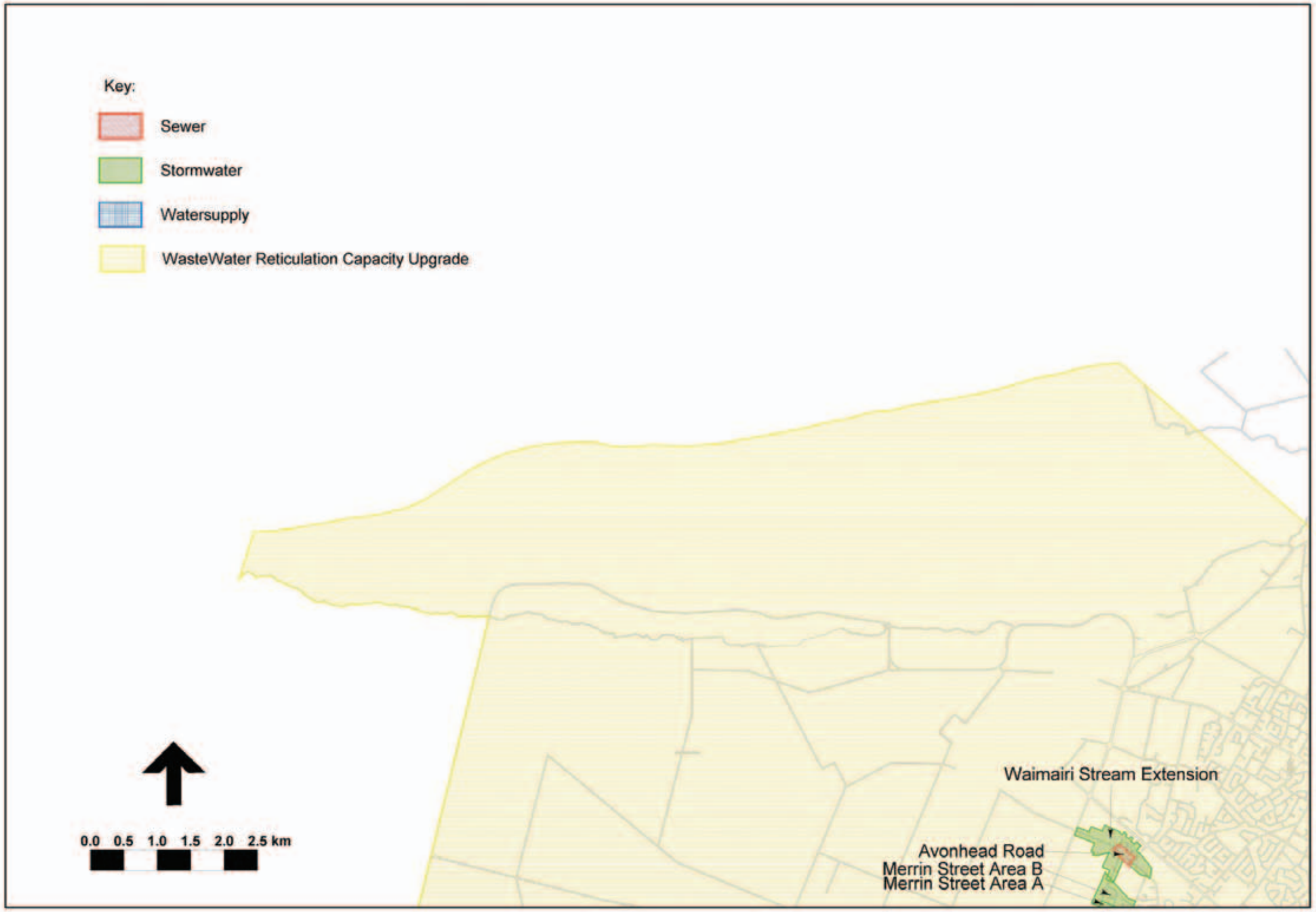
development contributions policy

Scarborough	JHS 7267	Stormwater	1987	$29,915.67	Concrete channel and stormwater piping	"
Snellings Drain	PG-001-280	Stormwater	2003	Preston's Catchment $2400.42/lot Burwood sub Catchment $690.40/lot	Ponding and open swales with in-line storage	"
St John's Street	JHS 8188	Stormwater	1977	$24,508.74 per hectare	Installation of stormwater pipeline	"
Waimairi Stream	JHS 1532	Stormwater	1975	$25,766.32 per impervious[1] hectare	Extension of Waimairi Stream	Defined area (see plan Appendix 3) Area factor 0.4
Waterloo Road	JHS 6081	Stormwater	1972	$44,592.08 per impervious[1] hectare	Installation of stormwater pipeline	Defined area (see plan Appendix 3) Area factor 0.4
Carmen Road/Yaldhurst	S52 0020	Stormwater	1974	$25,635.88 per hectare	Installation of stormwater pipeline	Defined area (see plan Appendix 3)

Schedule B: Development Contributions for Road Upgrading Adjacent to Development

Existing Situation	Upgrading Required	Developer's Contribution
1. Fronting flat k&c/footpath/berm/streetlight (no change to kerb alignment).	Upgrade existing footpath berm and streetlight to comply.	50%
2. Fronting flat k&c/footpath/berm/streetlight change to kerb alignment due to increased traffic or safe entry into development.	- Upgrade k&c and widened roadway plus traffic management. - Upgrade existing footpath, berm and streetlight to comply	100% 50%
3. Fronting dished k&c/footpath/berm/streetlight	Upgrade to new flat k&c, new footpath, new berm and upgrade streetlights to comply	50%
4. Fronting sealed road without k&c or footpath.	Extension of roadway width to comply with construction of new k&c, new berm and new streetlighting	50%
5. Fronting unformed road.	Roadway width to comply. New safety/traffic features. New k&c New footpath New berm New streetlights	50% of 6m wide roadway plus 100% of any additional width required to meet City Plan requirements 100% 100% 100% 100% 100%
6. Access constructed along unformed road.	Access width to comply Safety/traffic features. New streetlights	50% of 6m wide roadway plus 100% of any additional width required to meet City Plan requirements 100% 50%
7. Developments which have significant impact on existing network - usually dealt in resource consent process	Traffic signals, traffic management, safe pedestrian and cycle facilities, road realignments, pavement strengthening. Other frontage improvements may also apply	Broad Principles - % increase to existing traffic flow, pedestrian and cycle movements - 100% for safe access to and from site
8. New road or road extension is to be vested in the council as part of subdivision or development	Manufacture and erection of all necessary nameplates to comply with the Ministry' of Transport's Guidelines for Street Name signs 1990	$ 300 per nameplate adjusted annually in accordance with the consumer price index from a base of 1 July 2004

development contributions policy



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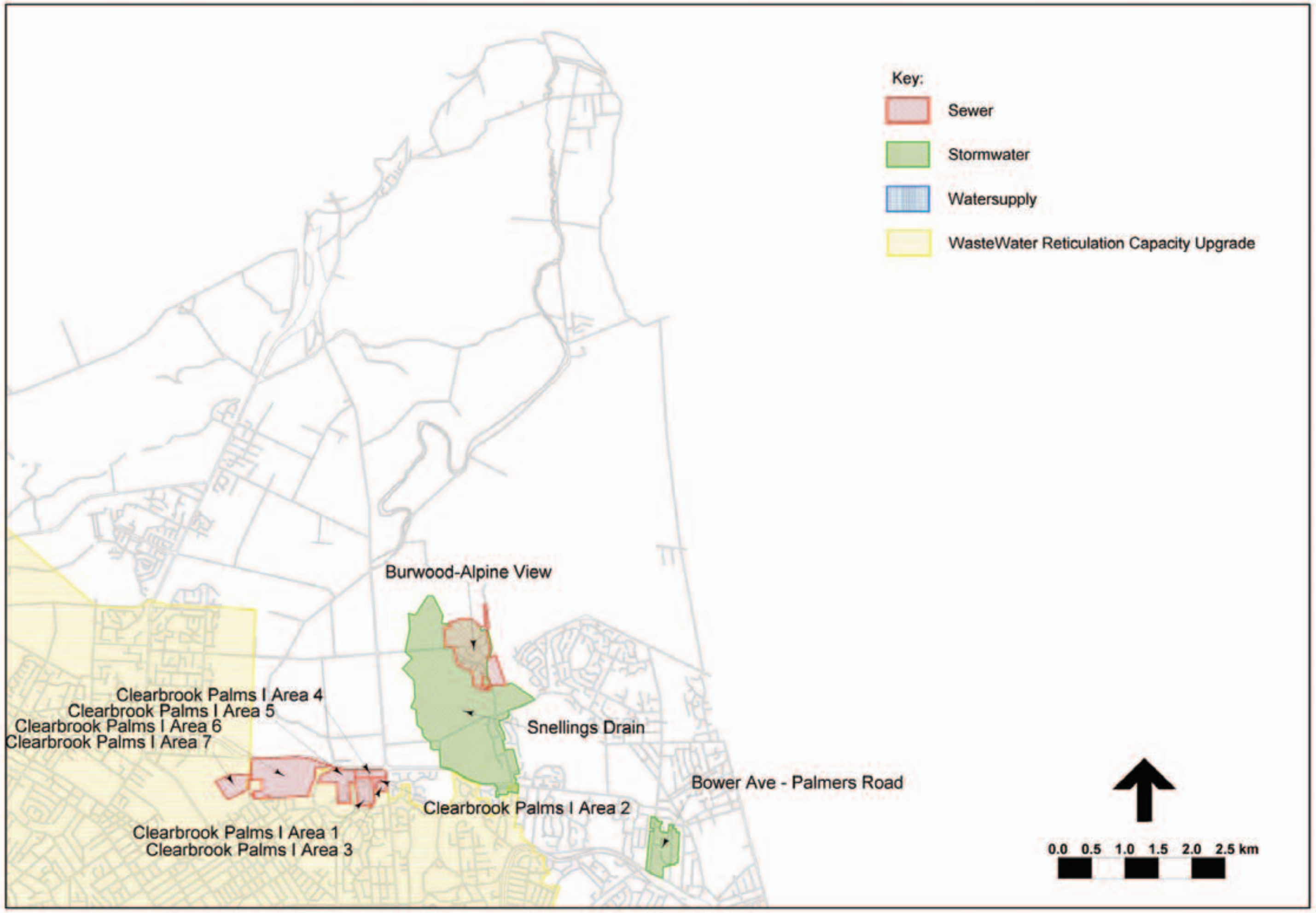
Appendix 4 : Existing Cost Share Areas : 1 July 2004

Map : ad000109b.gws
Layout : a4-1
Date : 17/02/2004

development contributions policy



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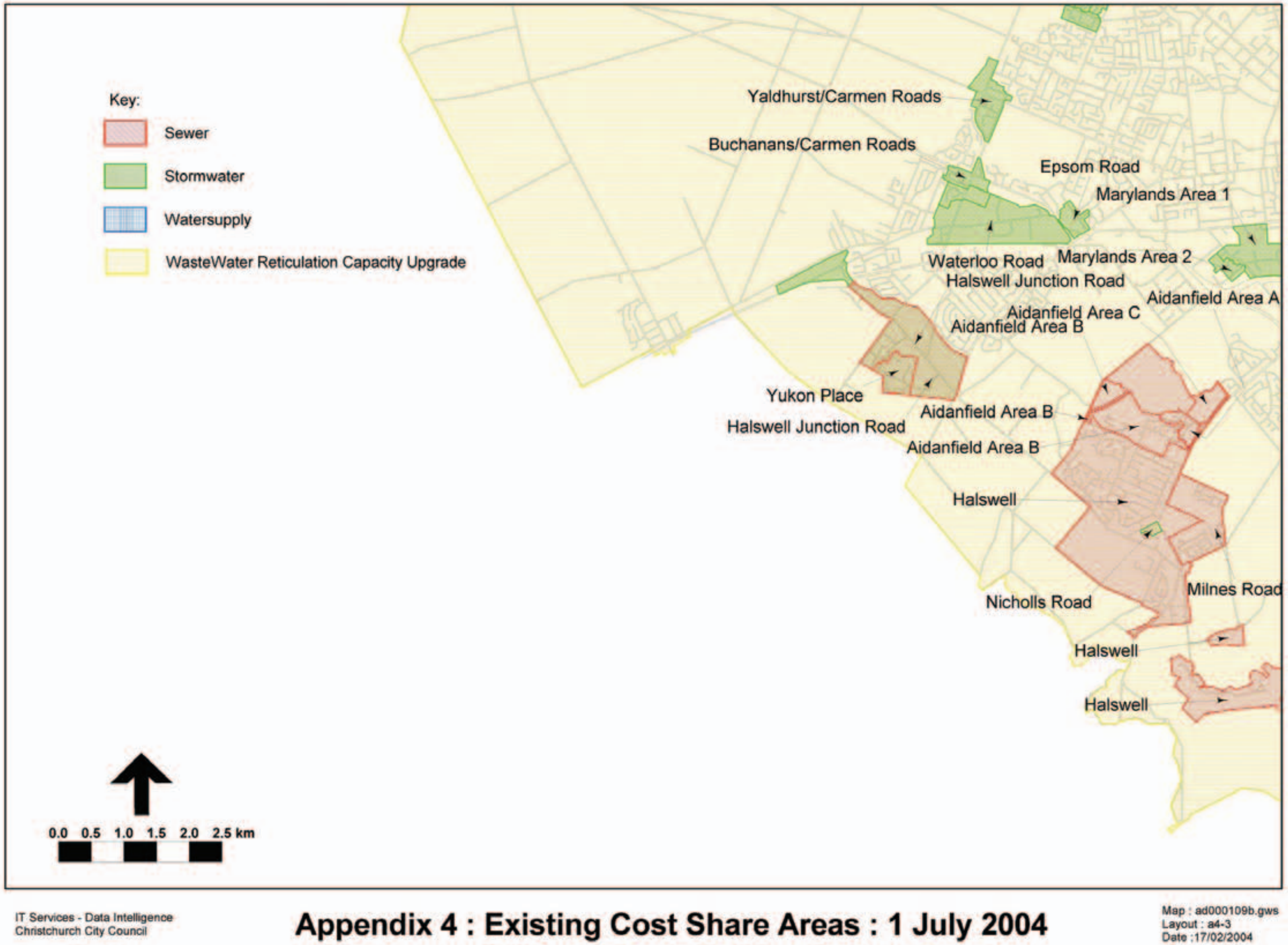
Appendix 4 : Existing Cost Share Areas : 1 July 2004

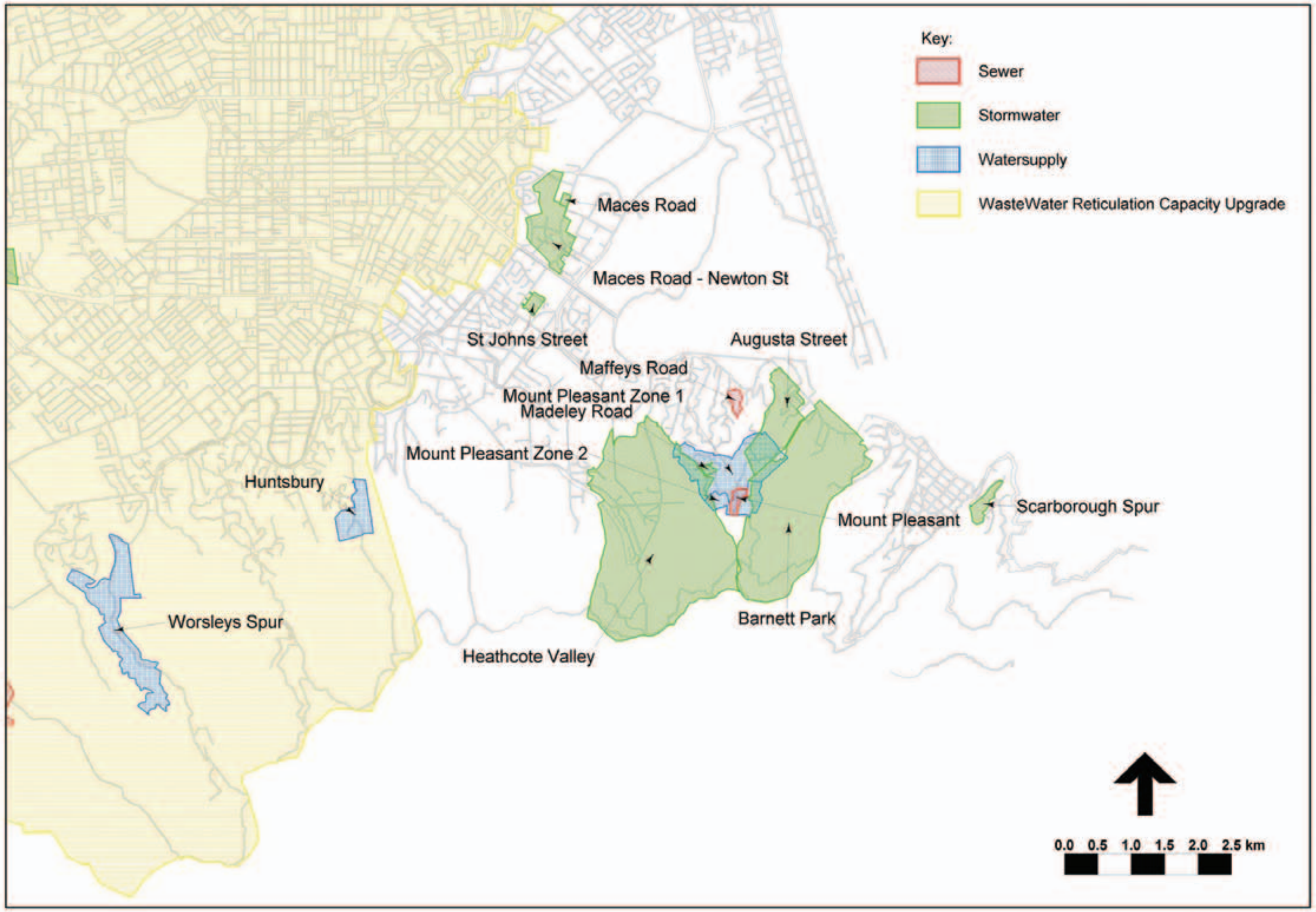
Map : ad000109b.gws
Layout : a4-2
Date : 17/02/2004

development contributions policy



Appendix 4 : Existing Cost Share Areas : 1 July 2004

development contributions policy



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Appendix 4 : Existing Cost Share Areas : 1 July 2004

Map : ad000109b.gws
Layout : a4-4
Date : 17/02/2004

partnerships with the private sector policy

Policy Objective

To ensure that when the Council enters into partnerships of a business nature with the private sector that it acts prudently to ensure the Council's interests are protected and the desired outcomes are consistent with the Council's strategic objectives.

Context

From time to time the Council has opportunities to work in partnership with the private sector interests to deliver its strategic outcomes. These opportunities can be quite diverse in nature and for this reason this policy is broadly based.

The Local Government Act 2002 (Sections 102(4)(d) and 107) requires that a policy be prepared on Public Private Sector Partnership (PPP's) and adopted by the Council as part of its Long Term Council Community Plan (LTCCP).

Section 107 of the Act states that this policy applies to:

"…. any arrangement or agreement that is entered into between one or more local authorities and 1 or more persons engaged in business; but does not include:

(a) any such arrangement or agreement to which the only parties are:

(i) local authorities; or

(ii) 1 or more local authorities and 1 or more council organisations; or

(b) a contract for the supply of any goods or services to, or on behalf of, a local authority."

All references to PPP's in this policy are made in the context of the above definition. The focus is on commercial relationships with entities engaged in trading activities undertaken for the purpose of making a profit.

The nature of the entity's activities, rather than its legal form, is the relevant consideration in determining whether this is a partnership with "persons engaged in business". This could include charitable trusts.

The term engaged in business means "engaging in a commercial activity".

Circumstances in which the Council will enter into a PPP

The Council may consider entering into a PPP where:

- The PPP will contribute to the achievement of outcomes identified in the Council's LTCCP and
- It will promote the social, economic, cultural or environmental well-being of the city; and
- It is a prudent, efficient and effective use of the Council's resources.

Conditions

The Council will only enter into a PPP where:

- There is a partnership agreement which defines the objectives of the partnership and the obligations of all parties
- The benefits to the community of the proposed partnership will exceed the costs
- The proposed partner has demonstrated the ability to meet the terms of a proposed agreement between the Council and the private sector partner
- The partnership and its proposed business are lawful
- There are clear financial forecasts of the partnership arrangements
- The Council's financial and resource obligations under the partnership are defined
- A clear exit/termination strategy is agreed
- Roles, responsibilities and liabilities of each partner are clearly defined
- Such other conditions as the Council may wish to impose

partnerships with the private sector policy

The Council will not enter into a PPP where:

- The activity is primarily speculative in nature
- The cost or risk of the PPP is judged by the Council and its advisors to be greater to the community than the benefits that would accrue to the community from the PPP.

Types of PPP Participation

The Council can consider the following methods of participating in a PPP:

- Grants
- Loans
- Investments
- Guarantees

The form of contribution to a PPP will be determined based on the nature of the partnership project, the availability of resources and the assessed risks.

Process of Approval

A PPP may only be entered into following a resolution of the Council or under a delegation from the Council to a committee or sub committee. Where the issue is deemed to be significant in terms of the Council's Policy on Significance the decision shall not be delegated by the Council. Before making a decision, to enter into a PPP, at any level of delegation, consideration must be given to a comprehensive report which addresses the following issues:

- The specific strategic objectives and community outcomes which the proposed partnership will contribute to.
- A full description of the Council's resources (physical and financial) which will be contributed to this partnership.
- An explanation of the nature of the transactions to be entered into, and key performance measures.
- Details of the financial projections of the PPP for a minimum of 5 years.
- An analysis of the financial implications for the Council (both capital and revenue) over the life of the PPP, including an independent assessment from the Director of Finance or delegated staff.
- An analysis of why the PPP structure is preferable to other service delivery options.
- An assessment of the risks and the Council's potential liabilities, and proposed procedures for mitigating these.
- An analysis of potential partners, and the reason for selecting the proposed partners.
- Details of the conditions and milestones that must be met before the Council commits funding or other resources to the PPP.
- The form of a Partnership agreement to be entered into which reflects the intentions and obligations of all parties.
- Details of the proposed monitoring regime of the PPP, including internal and external audit requirements.
- The degree of delegated authority to be given to the partnership arrangement to act on behalf of the Council.
- Details of how the PPP is to be administered and accounted for and the estimated resource requirements and cost to the Council (if any) for administration and accounting.
- An exit strategy and how and when this could be commenced.
- A summary of professional or other advice taken.

partnerships with the private sector policy

Form of Consultation

Where practicable the Council will consult on PPPs through the Annual Plan, LTCCP process or other formal plans

Generally where the Council decides to enter into a PPP in accordance with this policy and on matters which are provided for in the Council's LTCCP or Annual Plan there will be no further requirement for the Council to consult

However, further public consultation may be undertaken where it is appropriate in the context of the Council's "Policy on Significance"

The Council will undertake additional consultation where:

- A PPP is assessed as being greatly beneficial, but falls outside the conditions or circumstances identified in this policy
- Where financial provision has not been made in the Annual Plan and LTCCP
- The partnership will result in significant changes in service levels not already reflected in the Annual Plan or LTCCP
- Ownership or control of a significant asset is to be transferred away from the Council
- There is expected to be considerable public interest in whether the PPP should proceed and the proposal is regarded by the Council as being significant

Assessment and Management of Risks

An assessment of risks and their management is required before the Council will enter into a PPP. This shall be included in a report to the Council or delegated decision maker before any commitment to enter into the PPP is made

Where the risks are considered to be significant the assessment will weigh up the risks against the benefits and the risk management strategies which are proposed

Risks to be assessed will fall into the following categories:

- Design and Construction Risk
- Commissioning and operating risk
- Service and under performance risk
- Financial Risk to the Council
- Risk to the capacity of the Council to carry on its activities (whether associated with this partnership or not)
- Risk to the reputation of the Council and the city from failure

The staff and standing committee charged with monitoring the Council's involvement in a PPP must specifically include and report on risk assessment and management in their monitoring process.

partnerships with the private sector policy

Monitoring and Reporting Provision of Funding and Other Resources

Monitoring must be performed on an ongoing basis, with formal reports being brought to the appropriate standing committee at regular intervals, depending on the significance of the Council's involvement in the PPP and the maturity of the partnership.

Formal monitoring reports will be at no less than twelve monthly intervals. However, monitoring and reporting requirements will vary, depending on the level of resources the Council has committed to the PPP and the minimum level of monitoring shall be determined by the Council as part of the process of approval (see Clause 4).

In the case of major business partnerships the Council may choose to delegate its monitoring role to Christchurch City Holdings Limited.

Assessing, Monitoring and Reporting Community Outcomes

An outline of the requirements for assessment of the extent to which community outcomes will be furthered by the proposed PPP before a commitment is made is set out in Clause 4 (Process for Approval).

Regular monitoring of the partnership arrangements will be required to ensure that community outcomes are being achieved.

The following points shall be considered for inclusion in a monitoring regime to assess how Community outcomes are being achieved by the PPP:

- The partnership agreement shall state how the PPP might contribute to the Council's outcomes as defined in its LTCCP
- Measurable and auditable performance outcomes and objectives should be included where appropriate in partnership documents and reported on as part of the regular monitoring reports to the Council or its delegated monitoring committee
- Annual Financial reports from the PPP will be required to be produced, reported to the Council or committee of the Council for the duration of the arrangement or period of perceived benefit
- The performance of PPPs will be reported on in the Council's Annual Report where it is of significance

Exclusions from this Policy

For the sake of clarity it should be noted that this policy does not apply to:

- Grants to community organisations
- Investment of funds solely for the purpose of financial return. These are subject to the Council's adopted Investment Policy
- Normal contractual arrangements for the supply of goods and services
- Commercial arrangements made by Council controlled trading companies and their subsidiaries
- Contracts of less than $100,000 in total over the period of the contract where officers have delegated authority from the Council and there has been a specific line item provision in the Annual Plan

rates setting and rates policies

Rates Setting and Rates Policies

The Rating System to be used for 2004/05 and the rate requirement is detailed below. The rates have been set as part of the adoption of the LTCCP for 2004/05 and follow the Revenue and Financing Policy and Funding Impact Statement.

The Valuation System used for rating

The valuation system used for rating is the Capital Value system. The value of each rating unit is set by independent valuers and based on values as at 1 September 2001. A rating unit is the property which is liable for rates and is generally a separate property with its own certificate of title.

Inspection of Rates Information for each Rating Unit

The Capital Values, the District Valuation Roll, and the Rate Information Database information and the estimated liability for rates for 2004/05 for each rating unit are available for inspection on the Council's Internet site under the heading 'Ratesinfo' or at any Council Service Centre.

Rates to be Set as part of the LTCCP

Rates are set under Section 23 of the Local Government (Rating) Act 2002 and Clause 10 of Schedule 10 of the Local Government Act 2002.

The following rates have been set for 2004/05:

	Cents in the Dollar of Capital Value 2004/05 Rating Unit	Revenue Sought from Intended Rates (GST Included)
		$
General Rate by Differential Sectors		
Sector A - Business	0.57644728	34,623,590
Sector B - Residential	0.36069228	80,625,889
Sector C - Rural	0.27051921	2,011,190
Uniform Annual General Charge	$115	17,363,850
Targeted Rates		
Water Supply Targeted Rate		
Full Charge	0.05019704	14,600,460
Half Charge	0.02509852	262,276
Land Drainage Targeted Rate	0.04302419	12,285,372
Sewerage Targeted Rate	0.07890977	23,591,298
Water Fire Connection Targeted Rate	$100	70,300
Total revenue sought from rates 2004/05		**185,434,225**

rates setting and rates policies

Details of each rate are provided below:

Detailed Information about Rates

General Rates

General Rate by differential sector:

Sector A - Business

Sector B - Residential and Other

Sector C - Rural

The General Rate is set under Section 13(2)(b) of the Local Government (Rating) Act 2002.

Purpose of General Rate:
To fund the general operations of the Council beyond that funded by user charges, other revenue, the Uniform Annual General Charge, and targeted rates as detailed below. The detail of the requirement is contained within the Financial Summary and the Funding Impact Summary.

Uniform Annual General Charge (UAGC) of $115

The Uniform Annual General Charge is assessed on each separate rating unit or if relevant on each separately used or inhabited part of a rating unit.

The UAGC is set under Section 15(1)(b) of the Local Government (Rating) Act 2002.
Purpose of the Uniform Annual General Charge:

To fund the general operations of the Council beyond that funded by user charges, other revenue, general rates, and targeted rates as detailed below.

Targeted Rates

Water Supply Targeted Rate – Full Charge:

Rate Factor used - Assessed on every separately rated property to which water is supplied. The Water Supply Targeted Rate is set under Section 16 (3)(b) and 18(1) of the Local Government (Rating) Act 2002.

Purpose of Water Rates:
To recover the water supply costs.

Water Supply Targeted Rate – Half Charge:

Rate Factor used - The half charge is assessed to every rating unit situated within 100 metres from any part of the waterworks where a connection is not made.

The Water Supply Target Rate - Half Charge is set under Section 16(3)(b) and 18 (1) of the Local Government (Rating) Act 2002.

Purpose of Water Rates:
To recover the water supply costs.

Land Drainage Targeted Rate:

Rate Factor used - on every separately rated property, which is in the serviced area. The Land Drainage Targeted Rate is set under Section 16(3)(b) of the Local Government (Rating) Act 2002.

Purpose of Land Drainage Targeted Rate:
To recover the land drainage costs.

Sewerage Targeted Rate:

Rate Factor used - Assessed on every separately rated property, which is in the serviced area.

rates setting and rates policies

The Sewerage Targeted Rate is set under Section 16(3)(b) of the Local Government (Rating) Act 2002.

Purpose of Sewerage Targeted rate:
To recover the sewer drainage and sewage treatment costs.

Water Supply Fire Connection Targeted Rate:

Assessed as a uniform charge of $100 per connection.

Rate Factor used - Assessed on every separately rated property which has one or more of these connections.

This Targeted Rate is set under Section 16(3)(b) and 18(1) of the Local Government (Rating) Act 2002.

Purpose of the Water Supply Fire Connection Targeted rate:
To recover costs of water supply fire connection on a per-connection basis.

Excess Water Supply Targeted Rate

Assessed as the water meters are read on liable rating units – see below for the full text.

The Excess Water Supply Targeted Rate is invoiced after each reading.

Rate Factor used - Assessed on every separately rated property within the defined group, which has a water metered supply.

This Targeted Rate is set under Section 19 of the Local Government (Rating) Act 2002.

Purpose of the Excess Water Supply Targeted rate:
To recover water supply costs beyond those in the water-supply rates.

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

The scale of charges for the Excess Water Supply Targeted Rate is:

- Water used in excess of the water allowance, be charged at the rate of 38 cents per cubic metre to all consumers having an extraordinary supply, as defined in the Christchurch City Water Related Services Bylaw 2001. These are the liable rating units.
- The water allowance is determined annually by dividing the Water Supply Targeted Rate assessed on the rating unit by an allowance factor. The allowance factor unit rate will be determined by Council resolution from time to time and is now 38 cents. The water allowance is 1 cubic metre for each complete 38 cents (the factor) of the targeted water rate assessed.
- The water allowance is determined following the annual rates assessment and is expressed as a daily allowance, that is the total water allowance for the rating unit divided by 365 with a minimum of .6986 cubic metres per day.
- The daily allowance shall continue until the next rates assessment is issued for the rating unit.
- Rating units having an "ordinary supply" as defined in the Christchurch City Water Related Services Bylaw 2001, ie non-commercial consumers being principally residential single units on a rating unit, will not be charged an excess water supply targeted rate.
- Where two or more rating units share a water meter and have, in the opinion of the Council, a common usage, the readings and allowances may be aggregated, not withstanding the charge is payable by the ratepayer of the rating unit to which the meter is attached.

The annual rates assessment will identify and inform the ratepayers who are potentially

rates setting and rates policies

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

The total revenue to be collected from rates is $185,434,225 inclusive of GST.

Differential System Used

Differential rating will be used for general rates only. Each rating unit is assigned to a category, based on land use, and the sum of all capital values within each categories is the basis of allocating rates in the Funding Impact Statement. Targeted rates are set without differentials.

The quantum of general rates required from each differential sector is based on the Revenue and Financing Policy and Funding Impact Statement calculations on an activity-by-activity basis and added up to the Council wide-rate requirement.

The rating differential categories used are:

Sector A - Business Properties

Any rating unit which is:

(a) used for a commercial or industrial purpose (including travellers and special-purpose accommodation, offices and administrative and associated functions, and commercially owned and operated utility networks); or

(b) land zoned commercial, industrial or rural-industrial under the transitional district plan administered by the Council situated anywhere in the city except where the predominant use is residential.

Sector B - Residential and Other Properties

Includes any rating unit which is:

(a) used for residential purposes (including home-ownership flats); or

(b) land zoned residential or rural-residential under the transitional district plan administered by the Council, and is within the sewered area and used other than for a commercial or industrial purpose (including travellers and special-purpose accommodation, offices and administrative and associated functions); or

(c) a Council operated utility network; or

(d) land not otherwise classified under sectors A, or C.

Sector C - Rural Properties

Includes any rating unit which is: zoned rural under the transitional district plan administered by the Council, or zoned residential or rural-residential under the transitional district plan administered by the Council and situated outside of the sewered area, and where the rating unit is:

(a) used solely or principally for agricultural, horticultural, pastoral or forestry purposes or the keeping of bees or poultry, or

(b) Vacant land not otherwise used.

Does not include any rating unit which is:

(i) used principally for industrial (including quarrying) or commercial purposes (as defined in sector A above); or

(ii) is used principally for residential purposes (including home-ownership flats).

Multiple Uniform Annual General Charge per Rating Unit

The Council will charge multiple uniform charges against each separately used or inhabited part of a rating unit provided such UAGC will not be subject to a rate remission under the policy.

rates setting and rates policies

The basis of a unit of occupancy is that which can be separately let and permanently occupied. For the purposes of this charge, where the occupancy is an accessory one or is ancillary to another property or part thereof no separately used part exists.
For example:

- Not separately used parts of a rating unit:
  - A residential sleep-out or granny flat without independent kitchen facilities
  - Rooms in a hostel with a common kitchen
  - A hotel room with or without kitchen facilities
  - Motel rooms with kitchen facilities -Individual storage garages/sheds/ partitioned areas of a warehouse
  - Individual offices/premises of partners in a partnership
- These are separately used parts of a rating unit:
  - Flats/apartments
  - Flats which share kitchen/bathroom facilities
  - Separately leased commercial areas even though they may share a reception

Uniform Annual General Charge (UAGC) for Common Usage Rating Units

Section 20 of the Act precludes the Council from charging UAGCs where contiguous land is in common usage and in the same name.

The Council has resolved on a remission policy that will allow it to remit the additional UAGCs on contiguous land in common usage where the rating units are not in the same name.

Remission of the charge will be considered where the Council has determined that a building consent will not be issued for the primary use of the land (under the City Plan).

Rating Units - Divisions and Transitional Arrangements

The Act has redefined the basis of rating to a 'rating unit', generally based on a certificate of title.

There are transitional arrangements and some limited capacity for the lessee of the whole rating unit to remain the ratepayer.

Applications to the Council are expected to be based on a statutory declaration from the owner that transitional arrangements apply. Also there is capacity under section 27(5) of the Local Government (Rating) Act for a single rating unit to be split into two or more parts to allow for the different rating treatment of each part eg business on one part and residential for the other.

Such a split would be based on information supplied by the ratepayer, but determined by the Council.

Due Dates for Payment of Rates

The instalments due dates are:

Area One	Instalment One	15 August 2004
Area One	Instalment Two	15 November 2004
Area One	Instalment Three	15 February 2005
Area One	Instalment Four	15 May 2005
Area Two	Instalment One	15 September 2004
Area Two	Instalment Two	15 December 2004
Area Two	Instalment Three	15 March 2005
Area Two	Instalment Four	15 June 2005
Area Three	Instalment One	31 August 2004

rates setting and rates policies

Area Three	Instalment Two	30 November 2004
Area Three	Instalment Three	28 February 2005
Area Three	Instalment Four	31 May 2005

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

Area 1: includes generally the Central City and the suburbs of Street Albans, Merivale, Mairehau, Papanui, Riccarton, Addington, Spreydon, Sydenham, Beckenham and Opawa;

Area 2: includes generally the suburbs of Shirley, New Brighton, Linwood, Woolston, Mt Pleasant, Sumner, Cashmere and Heathcote;

Area 3: includes generally the suburbs of Belfast, Parklands, Harewood, Avonhead, Bishopdale, Ilam, Fendalton, Hornby, Templeton and Halswell.

Where a due date falls on a day that is not a working day then the next working day convention applies ie Interpretation Act 1999 applies.

The due date for excess water supply rates will be the 20th of the month following the invoice date. The due date for any amended rates invoice issued outside of the normal dates shall be specified on that rate invoice as determined by the Council.

The imposition of the current penalty occurs one business day after the due dates above.

Rate penalties

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

- 'Current penalties' - A penalty of 10 per cent on so much of any instalment that has been invoiced after 1 July 2004 and which is unpaid after the due date plus two working days;
- 'First arrears penalty' - A further penalty of 10 per cent on so much of any rates (including penalties) assessed in any previous financial year and which are unpaid as at 1 October 2004; and
- 'Second arrears penalty' - A further penalty of 10 per cent on any rates to which the 'first arrears penalty' has been added and which remain unpaid as at 1 April 2005.

Penalties will not be imposed on rates postponed or on current years rates where payment is being made by monthly direct debit on any excess water supply targeted rate, or where the Council believes a remission will be granted.

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

Payment of Rates

- The Council has resolved on the acceptable payment methods.
- Payments by cash will be accepted at any Council service centre office.
- Rates are payable at any Council service centre during normal business hours by cash, EFT/POS cash flow, or cheque made out to the Council.
- Cheques may be posted to the Council prior to the due date as evidenced by the postmark
- Payment by credit card will not be accepted.
- Payments by direct debit will be facilitated and encouraged.
- Payment by direct credit or automatic payment will be facilitated.
- Rate payments will be allocated pro rata to the oldest rates due to the Regional Council and City Council unless specifically directed in writing by the ratepayer.

rates setting and rates policies

Remissions and Postponement Policy

Rates remissions may apply where there is significant public good in the use of the land. In addition there are grounds for remission where penalties have been imposed but there is a reasonable excuse for late payment, or it is just and reasonable to do so.

Postponement will be considered where the ratepayer is experiencing financial hardship.

Rates Remission Policy

1. Remission of current year's rate penalties due to one-off non-payment or where there are timing mis-match issues

Remission statement

Commercial ratepayers may be allowed one current year rate penalty remission in five years and all other ratepayers may be allowed one current year rate penalty remission in two years where the ratepayer can illustrate that a genuine error or oversight has occurred.

Objective of the remission

To avoid penalising ratepayers incurring penalties on current rates:

(a) who have paid their rates late due to a genuine mistake, or

(b) who are paying by regular bank transaction and where minor penalties occur due to timing differences.

Conditions and criteria for the remission

(a) Written applications will generally be required for other than the minor timing mismatch issues.

(b) Staff may waive the written application provided they are satisfied the full details of the application are recorded.

(c) The reason for the late payment must be stated and must not be deliberate non-payment.

(d) It is appropriate that the Council show consideration to ratepayers who have made genuine mistakes provided that it is not a repetitive omission.

(e) Business ratepayers will be allowed one remission in five years and all other ratepayers will be allowed one remission in two years.

(f) It is expedient to remit penalties where there are minor mis-matches of payments and due dates eg direct debit mis-matches. In these circumstances written applications are not required.

(g) The outstanding rates (excluding the penalties to be remitted) must be paid in full for the remission to be granted.

Remission applies to

All ratepayers, although with different criteria.

2. Remission of rates penalties imposed where there is an inability to pay

Remission statement

The remission may apply to properties which are the residence of the ratepayer, and applies to penalties which have been imposed in the last two-year period, and/or where payment has been overlooked due to sickness, death or significant financial hardship or generally where it is considered to be just and equitable to do so.

Secondly for any ratepayer, remission of penalties where such action would facilitate immediate payment of all outstanding rates.

Thirdly for any ratepayer, remission of penalties where there is an acceptable arrangement to pay existing arrears and annual rates over an agreed time frame.

rates setting and rates policies

Objective of the Remission

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date. Conditions and criteria for the remission

(a) Remissions shall be based on written applications. This may be waived in limited circumstances at the discretion of officers.

(b) Remission of penalties in the latest two-year period in the case of residential properties where payment has been overlooked due to sickness or death or generally where it is considered to be just and equitable to do so.

(c) Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of arrears penalties in addition to remission of the current penalties. This would apply where there are substantial arrears.

(d) Remission of penalties incurred during the agreed payment time.

Remission applies to

All ratepayers where the rating unit is the primary residence.

3. Remission of current penalties where there is payment in full for the year

Remission statement

Remission of current year penalties where there is payment in full for the year once the full year's rates have been assessed.

Objective of the remission

To encourage payment of current rates in a lump sum or the balance of the current rates where non payment of an instalment has occurred.

Conditions and criteria for the remission The remission applies where a ratepayer chooses to make payments different from the instalment due dates, typically paid in full on an annual one-payment basis:

(a) Where the total current year's rates are paid on instalment 2;

(b) Where instalment 2 has been missed and the balance of the current year's rates is paid by instalment 3 subject to instalment 1 having been paid by the due date.

(c) Rates must be paid in full.

Remission applies to

All ratepayers.

4. Remission of rates where the land is used by 'not-for-profit' clubs, associations and churches, for sport or for community benefit other than horse or dog racing

Remission Statement

A. 100% remission of all rates (except excess water supply targeted rate) may be made for 'not-for-profit' organisations occupying Council land under lease where there is predominant community benefit.

B. Remission of rates on other than Council-owned land where it is used by 'not-for-profit' community or sports organisations may be granted on the basis of:

(a) Up to 100% remission of general rates and uniform annual general charge, and

(b) Up to 50% (ie of the rates that would be payable if they were fully rateable) remission of targeted rates for water supply, sewerage, and land drainage rates

(c) The remission does not apply to any excess water supply targeted rate or targeted water supply fire connection rate.

rates setting and rates policies

Objective of the remission

To encourage the sustainability of community-based organisations and the benefit they provide to community good by part-remitting rates.

Conditions and criteria for the remission

(a) All remissions are at the discretion of the Council and will be assessed on a case-by-case basis.

(b) The remission applies where the land is used by qualifying entities, predominantly those that are fully or partially non-rateable under Schedule 1 the Local Government (Rating) Act.

(c) The remission may include land over which a liquor licence is held provided this is incidental to the primary purpose of occupancy.

(d) The distinction between those occupying Council land and those on their own land recognises the benefits of independent ownership that accrue to the private land owners.

(e) The rates payable after the remission are 50% of the full service rates of water, sewerage and land drainage if the rating unit is in the serviced area.

(f) Applications for the remissions must be in writing. The Council reserves the right to require annual applications to renew the remission or require certification from the applicant that the property is still eligible for the remission and that the land use has not changed.

(g) It is a precondition of remission that the residual rates are paid in full.

(h) Qualified applicants who face a significantly lower remission (as compared to the previous policy) as a result of the criteria above may be granted an additional remission to allow an adjustment over several years.

Remission Applies to:

All incorporated sport and recreation clubs, associations and community organisations (which includes places of religious worship or used for any branch of the arts) which have within their constitution appropriate clauses to qualify them as charities or where there are clauses which ensure they are 'not-for-profit' and where there is, in the opinion of the Council, significant public good which results from the occupation of the land for the purpose of their sport or recreation.

The Council (at its absolute discretion) shall determine the extent of public benefits that are provided to the community. This determination shall be the basis of the extent of the remission.

The remission does not apply to rating units owned or occupied by:

(a) Chartered clubs – except that a sports area may qualify provided it is significant and is set aside exclusively for that use;

(b) Political parties;

(c) Trade unions and associated entities; and

(d) Any other entity where the benefits are restricted to a class or group of persons, and not to the public generally.

rates setting and rates policies

5. Remission of all rates on land occupied and used by the Christchurch City Council for community benefit

Remission statement

The Council may remit all rates other than excess water supply targeted rate or targeted water supply fire connection rate on land owned by or used by the Christchurch City Council and which is used:

(a) For a public garden, reserve, or children's playground;

(b) For games and sports (except galloping races, harness races, or greyhound races);

(c) For a public hall, community centre, library, art gallery, or other similar institution;

(d) For swimming pools;

(e) For public conveniences; and

(f) For any other community benefit use excluding infrastructural asset rating units.

This remission does not apply to land leased to others where in that case the use is not by the Council.

Remission of all rates on land owned by or used by the Christchurch City Council which is used for rental housing.

Objective of the remission:

To encourage the sustainability of such facilities in the community by remitting rates.

Conditions and criteria for the remission:

To all Council-owned and/or used land where the use is for the purposes above.

Remission applies to:

All land owned and/or used by the Council and used for the purposes outlined.

The remission does not extend to land used as Council offices or yards, infrastructural asset rating units, or leased for commercial purposes.

6. Remission of uniform charges and excess water supply targeted or any rate where the Council considers it just and equitable to do so

(Note: Generally the rates discussed below would not be assessed for the affected properties.)

Remission statement

Remission of additional uniform charges where section 20 of the Act would apply except for the prerequisite of common ownership.

Remission of any uniform charge where the Council has determined that a building consent will not be issued for the primary use of the land (under the City Plan).

Remission of any excess water supply targeted rate that would be offset by unused water allowance from contiguous properties in common usage.

Remissions of any rate where the Council by specific resolution considers it just and equitable to do so.

Objective of the remission

To allow an equitable application of uniform charges and excess water charges where several rating units are used as one, but where there are several different ownerships. Also remission of the UAGC where because of some significant impediment, the rating unit cannot be used for the primary use under the City Plan.

Remission of any rate will allow the Council to correct anomalies.

Conditions and criteria for the remission

The remission applies where ratepayers are related parties and the land is contiguous

rates setting and rates policies

and is used in common or where the rating unit suffers from a "natural" feature which renders it unsuitable for building.

The balance of the rates must be paid in full without arrears.

The remission of any rate under the latter objective will be by specific resolution of the Council after ratepayer application.

Remission applies to

All ratepayers.

Rates Postponement Policy

Postponement policy

Postponement of rates on land which is the private residence of the ratepayer where the ratepayer is experiencing financial hardship.

Postponement statement

Up to 100% of rates may be postponed for a period determined by the Council where the ratepayer is experiencing financial hardship.

Objective of the postponement

To encourage the owner-occupation of land used in whole or part as the primary residence of the ratepayer where the ratepayer does not have the financial capacity to meet the rates as assessed or the payment of the rates assessed would create financial hardship.

Conditions and criteria for the postponement

The postponement applies:

(a) where the land is the primary residence owned and occupied by the ratepayer; and

(b) the ratepayer can demonstrate financial hardship; and

(c) the ratepayer is over 65 years (generally but not exclusively)

(d) Younger ratepayers may apply and will be considered on their merits

(e) Where the applicant, being generally over 65 years of age, has experienced a significant increase in rates following revaluation causing hardship.

Postponement will be considered on individual merits following a written application.

A postponement fee expressed as an annual percentage will be applied to the rates outstanding. The fee will be treated as a rate assessed. The fee will be the Council's 'cost of capital' as published in its Annual Plan. Rates penalties will not be applied or will be remitted for any rates that have been postponed.

Rates remain a charge against the property until the property ceases to be the place of residence of the applicant or the criteria no longer applies, at which time the outstanding rates must be paid.

There must be a written application and declaration of eligibility.

The postponement will continue to apply until:

(a) the ratepayer ceases to be the owner or occupier of the rating unit; or

(b) the ratepayer ceases to use the property as their residence; or

(c) until a date specified by the Council –

whichever is the sooner.

rates setting and rates policies

Postponement applies to

Any land owned and occupied by the ratepayer as their primary residence.

Transitional arrangements imposed by statute will continue.

Transitional postponements

There are transitional postponement provisions provided for in the Act:

(a) Urban farm postponement continue until change of circumstances.

(b) Business land in rural areas – the special rateable values and rates postponement of the balance continue until the next revaluation.

(c) Residential land in commercial areas - the special rateable values and rates postponement of the balance continue until the next revaluation.

Once the time period for the properties end or the circumstances change the transitional provisions cease.

Postponement – general issues

The postponed rates will remain a charge against the property and must be paid either at the end of the postponement term or when the property is sold. Postponed rates may include rate arrears owing from a previous financial year.

A fee (effectively interest) will be charged annually where rates have been postponed at the end of each rating year on the accrued rates postponed (including any fees) outstanding at the beginning of that financial year, at the Council's estimated cost of capital, currently 6.9% for 2003/04 and 6.50% for 2004/05. This percentage is published every year as part of the Amended Plan.

Maori Land Rate Remission

The Local Government Act 2002 requires the Council to adopt a policy for the remission and postponement of rates on Maori Freehold Land. There is only one rating unit in the city that is defined as Maori Freehold Land. It is currently rated as Rural.

The Council has resolved that no additional remission or postponement be granted to this land. All other remission and postponement policies of the Council for rating units generally are applicable to this rating unit.

significant forecasting assumptions

City Growth

Population

Planning for activities, and thence the likely cost of providing those activities, considers that the population of Christchurch will increase at the medium growth rate projected by the Department of Statistics.

The Department is currently projecting the future population to be:

2006	2011	2016	2021	2026	2031	2036	2041	2046	2051
339,900	347,100	353,400	359,400	364,900	368,200	368,800	366,800	363,100	358,100

Growth in the Rating Base

The capital value of Christchurch on 1 July 2005 is expected to be approximately $29.2 billion, up $855 million from 1 year ago and generating an additional $4.2 million in rate revenue. The projected percentage increase in rates for years beginning on or after 1 July 2006 include the assumption that growth in the capital value of the City will generate an additional $2 million in rate revenue per annum. This is a conservative figure.

Inflation

All projections of costs and revenues are based on 2004 dollars. An adjustment for inflation of 2% has been applied globally..

Interest Rates

It is assumed the Council will be able to borrow at 6.75% throughout the period covered by the plan. This figure is based on independent advice and on the Council's retaining at least an AA credit rating from Standard and Poors.

It is assumed the Council's investments will yield an average of 5.5% throughout the period covered by the plan. This figure is based on independent advice, and is conservative.

Operating Assumptions

The transportation component of the cost of disposing of solid waste will increase significantly when the Burwood landfill closes and waste has to be delivered to the new regional landfill.

The amount of solid waste being sent to landfill will decline by 21.5 kg per person per year until 2020.

The number of registered motor vehicles in Christchurch will increase by between 40% and 50% over the next 20 years. The population, in contrast, is projected to increase by only 5% or so.

Life of Assets

Council assets are considered to have the following useful lives listed below. These estimated useful lives are used to calculate depreciation rates.

Operational Assets	
Buildings	15-100 yrs
Office and Computer Equipment	4-5 yrs
Mobile Plant including Vehicles	2-30 yrs
Sealed Surfaces (other than roads)	30-100 yrs
Leasehold Land Improvements	10-100 yrs
Library Books	3-10 yrs
Infrastructural Assets	

significant forecasting assumptions

Pavement Sub-base	Indefinite
Base course	50-90 yrs
Surface	2-63 yrs
Streetlights & Signs	25 yrs
Kerb, Channel, Sumps & Berms	80 yrs
Bridges	70-150 yrs
Bus Shelters & Furniture	20-40 yrs
Water Supply	55-130 yrs
Stormwater Drains	30-120 yrs
Waterways	15-120 yrs
Sewers	50-130 yrs
Sewage Treatment Plant	10-50 yrs
Sewage Pump Stations	10-80 yrs
Heritage Assets	
Historic Buildings	100 yrs
Artworks and Heritage Assets	1000 yrs

Sources of Funds for Replacing Significant Assets

The Council has four sources of funds available to it for replacing strategic assets. These are projected operating surpluses plus depreciation charges, transfers from reserves and, when these are insufficient, borrowing. The financial summary tables earlier in this document show the values for each of those sources for the period of this Plan.

The Council's financial performance ratios, summarised in the graphs in the Financial Overview at the beginning of this Volume, show clearly the Council has sufficient funds to not only replace strategic assets as required, but also carry out its entire capital programme, and still remain within its self-imposed financial performance parameters.

policy on determining significance

Introduction

This policy on significance has been prepared to meet the requirements of section 90 of the Local Government Act.[1] It is designed to reflect the requirements of the Act and the Christchurch City Council's commitment to conducting its business in an open, transparent and democratically accountable way.

Significant Activities[2]

A significant activity is one that has a high degree of significance in terms of its impact on either: the well being of Christchurch; and/or persons likely to be affected by or with an interest in that activity; and/or the costs to or capacity of the Christchurch City Council to provide for the well-being of the city.

The Council considers each group of activities as they are identified in the Long Term Council Community Plan (LTCCP) or Annual Plan as a significant activity. The current groups of activities are:

- Art Gallery, Museum and "Our City"
- City Development
- Community Services
- Democracy and Governance
- Economic Development
- Library Services
- Parks and Open Spaces
- Refuse Minimisation and Disposal
- Regulatory Services
- Streets and Transport
- Wastewater Collection, Treatment and Disposal
- Water Supply
- Waterways and Land Drainage

Within each group it regards as a decision to alter significantly the intended level of service provision to include the decision to cease or add a major component to that significant activity.[3] Such decisions will be made only after they have been included in a statement of proposal in an LTCCP (or an amendment to the LTCCP).

A decision altering the mode of delivery of a major component of a significant activity is considered by the Council as a decision altering the mode of delivery of the significant activity.[4] Such decisions will only be made using the Special Consultative Procedure either within the framework of an LTCCP or Annual Plan where that is practical or on its own where necessary.

Significant Decisions

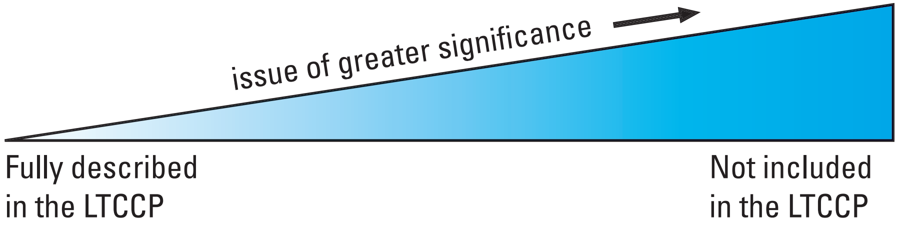
A significant decision is one that has a high degree of significance either in terms of its impact on: the well-being of Christchurch; and/or persons likely to be affected by or with an interest in that decision; and/or the costs to or capacity of the Christchurch City Council to provide for the well-being of the city.

Council policy is that in making significant decisions the decision maker should consider information on the reasons for the decision, the options and their relative costs and benefits, and the views of those that are affected by or with an interest in the decision that is commensurate with the significance of that decision. It is the responsibility of the maker of the substantive decision (usually the full Council, a standing committee or a community board) to satisfy itself that the requirements of this policy are complied with.

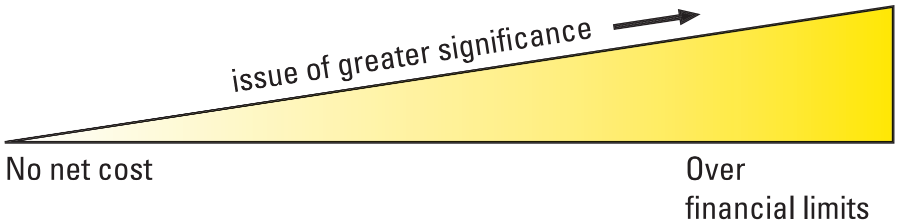
policy on determining significance

Criteria that will be considered in determining the significance of the decision will include:

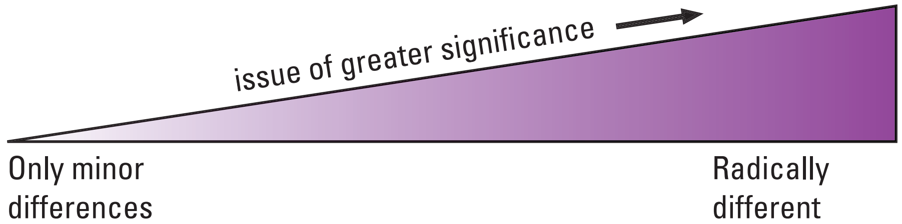
1. The extent to which the decision flows logically and consequentially from a significant decision already made or from a decision in the LTCCP (as amended) or the Annual Plan. If it does, then its significance depends principally on the variations between the identified options, because the decision to do something has already been taken.



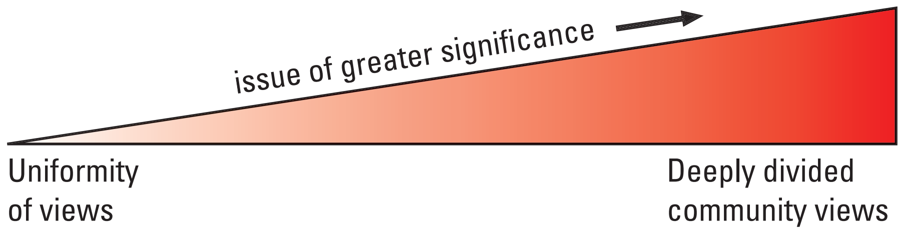
2. The magnitude of the decision in terms of its net cost to the Council. Most major spending decisions should be made in the context of the LTCCP or Annual Plan, so decisions involving unidentified and unbudgeted expenditure should receive at least as much scrutiny as they would have received if they had been included in the LTCCP or Annual Plan. For guidance budget decisions involving more than $5,000,000 in capital expenditure or more than $500,000 in operating costs will be regarded as having greater significance.



3. The extent to which the options identified (including the 'do nothing' option where appropriate) have radically different effects in terms of, amongst other things: their costs; their benefits; the extent to which they impact on members of the community and which members they impact upon. The greater the variation the greater the degree of significance.

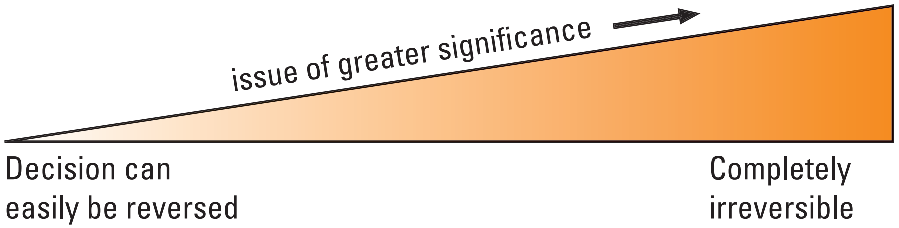


4. The extent to which the matter under consideration is controversial within the community. A high level of controversy mitigates in favour of the decision being treated as more significant and subject to greater rather than lesser evaluation and community scrutiny.

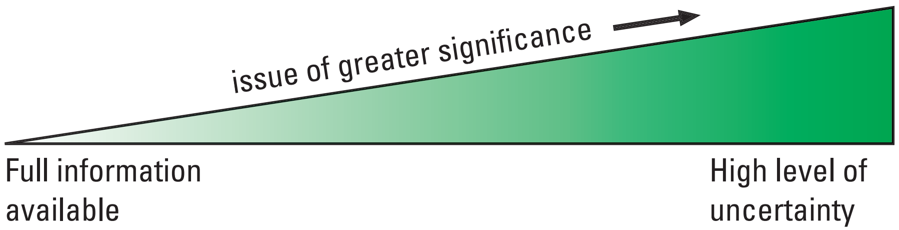


policy on determining significance

5. The Reversibility Test. The more difficult it is to reverse a decision, in general, the greater its significance. A decision which leads to a once and for all outcome has greater significance than one where the outcome can be largely reversed albeit in a different form.



6. Precautionary Principle. Where the significance of a matter being considered or a decision being made is unclear then the Council will err on the side of treating the issue as of more rather than less significance.



7. Practicality. The Act provides for the Council to take into account the circumstances under which a decision is taken and what opportunity there is to consider a range of options or the views and preferences of other people. In circumstances in which failure to make a decision urgently would result in loss of opportunities which are assessed as able to contribute to achieving the outcomes being sought by the Council then the Council will tailor its decision processes to allow as much evaluation and consultation as is practicable while achieving the timeline required.

The more to the left in the above assessments the decision is judged to be, the greater its significance and the greater the thoroughness with which the proposal will be evaluated and the views of those likely to be affected or with an interest in the proposal will be researched.

For the avoidance of doubt, administrative decisions made by officers under delegated authority that flow from Council policy (eg the issuing or exempting from traffic infringement notices, the issuing of dog licences, the decision on the notification of a resource consent) are not significant in terms of this policy. The significance rests with the policy that guides these decisions and not with each decision made in administering the policy. The degree of importance to be attached to each criterion will be considered decision by decision.

It follows that a high level of significance in one or more of the criteria may or may not result in the decision itself being assessed as having a high level of significance.

Strategic Assets

Section 90 (ii) requires the Council to identify and list the assets it considers to be strategic assets.

The assets and groups that the Christchurch City Council considers to be strategic assets includes:

- Its equity in Christchurch City Holdings Limited and its equity holdings in:
- the Lyttelton Port Company
- Christchurch International Airport Limited
- City Care Limited
- Orion Group Limited.
- Its equity in Jade Stadium Ltd
- Its equity in Red Bus Ltd

policy on determining significance

- The City Art Gallery and its permanent collection
- The Library network as a whole including the central library, the suburban libraries and the mobile library service.
- The Christchurch City Roading network as a whole
- The water supply network as a whole including reservoirs, pump stations and reticulation.
- The sewage collection, treatment and disposal system as a whole including the sewers, pump stations and the treatment works.
- The land drainage system as a whole including the stormwater pipe network, the open river system, waterways, wetlands and retention basins.
- The reserves lands as a whole including land held under the Reserves Act and land used for parks, gardens, sports fields, recreational areas and cemeteries.
- The Council's built recreational facilities including its suburban swimming pools (Waltham, Halswell and Sockburn) and indoor pool complexes.
- The system as a whole of off-street parking facilities owned or operated by the Council.
- The public transport infrastructure system as a whole including the Bus Exchange, bus shelters and other bus related facilities.
- The Town Hall and the Council's equity in Christchurch City Facilities Limited.
- The land and buildings as a whole owned by the Council for its public rental housing provision.
- The Council's equity in Transwaste Limited.
- The Council's portfolio of Heritage Assets as a whole (excluding assets specifically acquired for on-selling after providing them with protective covenants).

Section 97 of the Act requires that decisions to transfer the ownership or control of a strategic asset to or from the Council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for by a statement of proposal in the Council's LTCCP.

Strategic assets as defined above are the assets in total and not the separate elements of the assets. The requirements of section 97 are only triggered if the proposal relates to the asset as a whole or a major sub-part of the asset.

[1] Section 90 of the Act states:

(90) Policy on significance

1. Every local authority must adopt a policy setting out -

(a) that local authority's general approach to determining the significance of proposals and decisions in relation to issues, assets, or other matters; and

(b) any thresholds, criteria, or procedures that are to be used by the local authority in assessing the extent to which issues, proposals, decisions, or other matters are significant.

2. The policy adopted under subsection (1) must list the assets considered by the local authority to be strategic assets.

3. A policy adopted under subsection (1) may be amended from time to time.

4. A local authority must use the special consultative procedure both in relation to -

(a) the adoption of a policy under subsection (1); and

(b) the amendment, under subsection (3), of a policy adopted under subsection (1).

[2] The Act has the following definition of "significant".

Significant, in relation to any issue, proposal, decision, or any other matter means that the issue, proposal, decision, or other matter has a high degree of significance. (Part I Section 5).

The same section defines significance as follows:

Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -

(a) the current future social, economic, environmental or cultural wellbeing of the

district or region;

(b) any persons who are likely to be particularly affected by, or interested in the issue, proposal, decision or matter;

(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

[3] eg: A proposal to stop funding events and festivals (being an element of the Sports Leisure and Events significant activity) as a group would be a proposal that significantly altered the intended level of service of a significant activity. However, decisions on the exact mix of festivals and events supported would not be considered to significantly alter the intended level of service.

[4] To continue with the events and festivals example, a proposal to provide all festivals 'in house' would be considered as the alteration of the mode of delivery of a significant activity. However, a change of provider for an individual festival would not.

schedule of changes to fees and charges

CHANGES TO FEES AND CHARGES

Listed below are proposed changes to fees and charges or new fees and charges for 2004/05 together with the comparative from 2003/04. All charges shown are GST inclusive.

Description	2003/04	2004/05
Community and Recreation - Community		
CHILDCARE FACILITIES		
QEII Preschool – Fees	$3.60 per hour	$3.90 per hour
	$26.00 per day	$30.00 per day
	$115.00 per week	$130.00 per week
Tuam Street Early Learning Centre – Fees	$3.70 per hour	$3.90 per hour
	$28.00 per day	$30.00 per day
	$125.00 per week	$130.00 per week
Pioneer Early Learning Centre – Fees	$3.60 per hour	$3.90 per hour
Community and Recreation - Recreation		
SPORTS GROUNDS – ASSOCIATION & CLUBS		
Ground Markings	$80.00	$82.00
Hockey, Rugby, League, Soccer		
Tournaments – daily charge per ground	$33.00	$34.00
Softball		
Tournaments – per Diamond per Day	$33.00	$34.00
Cricket		
Grass Prepared – Season	$985.00	$1,010.00
Junior/Secondary School Prepared Wicket	$492.00	$504.00
Daily Hire – Club prepared/artificial	$33.00	$34.00
Artificial – Council Owned – Season	$425.00	$435.00
Hagley Park Wickets – CCC Prepared Rep Matches	$72.50	$74.00

schedule of changes to fees and charges

Casual Hires – Not Affiliated Clubs		
Hockey, Rugby, League, Soccer	$72.50	$75.00
Touch	$36.00	$37.00
Softball	$72.50	$75.00
Cricket – Prepared Wicket	$88.00	$90.00
Daily Hire – Club Prepared – Plus Payment to Club	$33.00	$34.00
Artificial Wicket	$33.00	$34.00
Samoan Cricket	$33.00	$34.00
Korfball	$33.00	$34.00
Athletics		
Training Track Season	$323.00	$330.00
Athletic Meetings (Hansens Park)	$46.50	$47.50
Fun Runs		
Sponsored Commercial Runs	$151.00	$155.00
Club Runs – Hagley Park – Per Day	41.50	$42.50
Band and Marching Practice	$151.00	$155.00
Ribbon Parades	$72.50	$75.00
Bottle Lake Forest Park		
Mountain Bike Events – 1 Off	$41.50	$42.50
Mountain Bike Events – Series	$83.00	$85.00
Fun Runs/Orienteering – per day	$41.50	$42.50
MISCELLANEOUS		
Picnics – General Public		
Large Groups – 300 people plus bond (new fee)		$200.00
SWIMMING POOLS		
Queen Elizabeth II Park		

schedule of changes to fees and charges

Multisensory Facility		
Child Combo – Southern Centre Session plus QEII Swim		$5.00
Adult Combo – Southern Centre Session plus QEII Swim		$7.00
RAWHITI GOLF COURSE (as from 1/1/2005)		
Round Fees (No discount)		
18 holes Weekends/Stats	$16.00	$17.00
18 holes (Mon – Fri)	$13.00	$14.00
9 holes	$11.00	$12.00
Round Fees (Discounts)		
Concession Card (x 5)	$55.00	$60.00
Concession Card (x 10)	$100.00	$115.00
City Transport - Parking		
OFF-STREET PARKING		
Lichfield Street Car Park		
Basic Charge	First Hour free, 70c per half hour part thereof thereafter	First Hour free, $1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Reserved Parking	$20.00 to $40.00 per week	$87.00 to $172.00 per month
Tuam Street Car Park		
Basic Charge	70c per half hour or part thereof	$1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Manchester Street Car Park		
Basic Charge	First Hour free, 70c per half hour or part thereof thereafter	First Hour free, $1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Reserved Parking	$15.00 to $25.00 per week	$69.00 to $112.50 per month

schedule of changes to fees and charges

Oxford Terrace Car Park		
Basic Charge	70c per half hour or part thereof	$1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Reserved Parking	$27.50 to $59.00 per week	$137.00 to $191.00 per month
Kilmore Street Car Park		
Basic Charge	70c per half hour or part thereof	$1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Reserved Parking	$25.00 to $35.00 per week	$93.95 to $127.00 per month
Farmers Car Park		
Basic Charge	First hour free, 70c per half hour or part thereof thereafter	First hour free, $1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00
Reserved Parking	Up to $55.00 per week	Up to $129.00 per month
Hospital Car Parking		
Basic Charge	Up to 70c per half hour	Up to $1.00 per half hour
Rolleston Avenue Car Park		
Reserved Parking	$20.00 to $30.00 per week	Up to $99.00 per month
Downs Estate Car Park	Up to $20.00 per week	Up to $72.00 per month
The Crossing Car Park		
Basic Charge	First hour free, 70c per half hour or part thereof thereafter	First hour free, $1.00 per half hour or part thereof thereafter
Reserved Parking	$19.50 to $50.00 per week	Up to $207.00 per month
Art Gallery Car Park		
Basic Charge	70c per half hour	$1.00 per half hour or part thereof thereafter
Early Bird	Up to $7.00	Up to $8.00

schedule of changes to fees and charges

Reserved Parking	$45.00 to $55.00 per week	Up to $270.00 per month
City Transport - Streets		
Trenches		
Intersections Trenching		$112.50
Structures on Streets and Application Fees		
Retaining walls for driveways, parking platforms etc	$300.00	$375.00
Preparation/Transfer of lease Document	$100.00	$150.00
Street Site Renewals		
Garage Sites	$90 per Single, $180 per Double	$100 per Single, $200 per Double
City Water and Waste		
WATER SUPPLY		
Supply of Water		
Water Consumption Charges (Charges as an excess targeted rate under section 19 of the Local Government (Rating) Act 2002 to other than private residential consumers)	Pre-paid allowance based on one cubic metre for every 27c of water rate levied. With a minimum of 255m^2	Pre-paid allowance based on one cubic metre for every 38c of water rate levied. With a minimum of 255m^2
	Water used above allowance charged at 33c per m^2	Water used above allowance charged at 38c per m^2
	Consumers not paying a water rate 33c per m^2 Flat	Consumers not paying a water rate 38c per m^2 Flat
WASTEWATER		
Trade Wastes		
Annual Charges - for flow rate up to 5m^3/day	Varies from $150.88 pa to $455.55 pa	Varies from $177.55 pa to $542.00 pa
Quarterly Charges – for flow rate over 5m^3/day		
Volume	$0.40399/m^3	$0.42255/m^3
Suspended Solids	$0.28384/kg	$0.31838/kg
BOD	$0.21082/kg	$0.22444/kg
SOLID WASTE		
General Refuse		

schedule of changes to fees and charges

General Refuse (Refuse Stations and Landfill)	$97.00/tonne	$99.25/tonne
Landfill Direct		
General Refuse	$97.00/tonne	$99.25/tonne
Special and Treated Hazardous Waste (01/02 included in General Waste)	$119.50/tonne	$121.75/tonne
Green Waste		
Organic Waste	$58.20/tonne	$59.50/tonne

Environmental Services		
RESOURCE CONSENTS		
Proposed Fees: Pursuant to Section 36 of the Resource Management Act		
Additional processing. All staff time will be charged at the hourly rate established by the formula	Hourly rate determined by Officer's salary x 2 + GST 1350 hours	Hourly rate determined by Officer's remuneration x 2 + GST 1267.5 hours
For any limited notification application or any application required to be publicly notified (including any requirement for a Designation or Heritage Order and requests for Plan Changes).	$1,200 minimum fee for notified applications $800 minimum fee for limited notified applications (Paid upon Lodgement)	$3,000 minimum fee for notified applications $1,500 minimum fee for limited notified applications (Paid upon Lodgement)
Cost of preparing officer reports	Hourly rate determined by Officer's salary x 2 + GST 1350 hours	Hourly rate determined by Officer's remuneration x 2 + GST 1267.5 hours
Cost of Officers attending the hearing	Hourly rate determined by Officer's salary x 2 + GST 1350 hours	Hourly rate determined by Officer's remuneration x 2 + GST 1267.5 hours
Miscellaneous		
Admin Fee: Co-ordination Colour Prints	New 2004/05	Co-ord $10.00
SUBDIVISION APPLICATIONS		
Category 1		
Boundary adjustments, rights of way, amalgamations, Fee simple of 3 additional allotments or less, Unit Titles/Cross Lease of 5 units/flats or less Controlled Activity (minimum fee)	$550.00	$600.00

schedule of changes to fees and charges

Discretionary and non-complying activity (minimum fee)	$850.00	$900.00
Additional fees for Category 1		
Where in the circumstances the minimum fee is exceeded, the Council will reserve the right to charge an additional Fee at the Scheduled hourly rate	Scheduled hourly rate - $80/hour	Scheduled hourly rate - $90/hour
Category 3		
Additional fees for Category 2 and 3		
The schedules for these categories are to be regarded as a minimum fee. The final fee will be assessed at the time of request for Section 224 RMA Certificates and will be based on actual officers time by the scheduled hourly rate	Scheduled hourly rate - $80/hour	Scheduled hourly rate - $90/hour
Notified Applications		
Minimum Fee	$1,200	$3,000
If hearing necessary	plus additional fees as per other resource consent	plus additional fees as per other resource consent
Bonding Fees		
(a) Works - Investigation and administration of bond	$275.00	$300.00
- Engineering clearance	$160.00	$180.00
Where additional inspections are required, additional fees will be charged at the scheduled hourly rate	Scheduled hourly rate $80/hour	Scheduled hourly rate $90/hour
CITY PLAN		
Proposed Fees		
All "Staff time" will be charged at the hourly rate established by formula	Hourly rate determined by Officer's salary x 2 + GST 1350 hours	Hourly rate determined by Officer's remuneration x 2 + GST 1267.5 hours
ENVIRONMENTAL EFFECTS & SALE OF LIQUOR		
Gambling		
Application fee under the Gambling & TAB Venue Policy		$150.00
Offensive Trades Licences		
(i) Annual Premise Registration	$133.03	$225.00

schedule of changes to fees and charges

(ii) New Application (incl Annual Registration if granted)	$277.96	$395.00
(iii) Change of ownership	$39.52	$80.00
BUILDING CONTROL		
Prepaid Fees		
Solid Fuel and Liquid Fuel Heater	$110.00	$140.00
Accessory Buildings (Residential use only):		
- Non Habitable	$206.00	$249.00
- Habitable/No Reticulation	$258.00	$307.00
- Habitable/With Reticulation	$361.00	$424.00
Garage and Garage Workshops (Residential only):		
- Single < 25 square metres	$258.00	$307.00
Swimming Pool Fence	$110.00	$170.00
Plumbing and Drainage Alterations for Single Dwelling only	$110.00	$165.00
Residential Demolition - Single Dwelling	$110.00	$135.00
Minor Internal Alterations - Residential	$198.00	$224.00
Building Consent Applications		
Minimum fee (paid upon lodgement)		$400.00 minimum fee
Accept and Issue Fee		
- Additions - Minor Works < $10,000	$90.00	$110.00
- Additions 10,000 - 50,000	$110.00	$130.00
- Additions > 50,000	$115.00	$135.00
- Dwellings	$125.00	$145.00
- Apartments	$135.00	$155.00
- Commercial/Industrial	$135.00	$155.00
Annual Building Warrants of Fitness		
Annual fee for administering a Warrant of Fitness	New 2004/05	$54.00

schedule of changes to fees and charges

Other Fees			
Document storage fee for consents issued by other Building Consent Authorities		New 04/05	$50.00
Building Consent List (monthly publication)		$11.00/copy	$16.00/copy
Greenspace			
CEMETERIES			
Plot Purchases			
Child's plot	.76m x 1.50m	$210.00	$216.00
Ashes Plot	.76m x 1.37m	$110.00	$113.00
Ashes Beam	.76m x 1.37m	$221.00	$227.00
Full size plot	1.22m x 2.74m	$626.00	$643.00
Side x Side	2.44m x 2.74m	$1,253.00	$1,286.00
Plot Maintenance Fee	Full sized plot	$107.00	$110.00
	Ashes plot	$32.00	$33.00
Burial Fees			
Birth -1 Year		$110.00	$113.00
2 Years - 9 Years		$221.00	$227.00
10 Years and Over	Single Depth	$475.00	$488.00
	Double Depth	$615.00	$631.00
	Triple Depth	$721.00	$740.00
Ashes (burial)	Attended	$88.00	$90.00
	Unattended	$36.00	$37.00
Burials	Public Holiday	$360.00	$370.00
	Saturdays	$360.00	$370.00
Poor & Destitute		$61.00	$63.00
Disinterment	Over 12 months	$543.00	$557.00
	Within 12 months	$881.00	$904.00

schedule of changes to fees and charges

Reinterment	Over 12 months	$543.00	$557.00
	Within 12 months	$881.00	$904.00
Use of lowering device		$61.00	$63.00
Less than 6 hours notice		$161.00	$165,00
Burials after 5.00 pm		$161.00	$165.00
Ashes Interment on Saturday		$109.00	$112.00
Memorial Work			
New plots		$43.00	$44.00
Renovating work		$22.00	$23.00

capital endowment fund

Background

In April 2001, the Council set up a Capital Endowment Fund. This fund was established using a share of the proceeds from the sale of Orion's North Island gas company.

A sum of $75M was set aside in the Fund in order to provide an ongoing income stream which can be applied to economic development and civic and community projects.

(The policies relating to the Capital Endowment Fund are contained within the Investment Policy (see the Investment Policy in volume 3 for details).

Capital Endowment Fund Movements

	2004/05 $'s
Inflation Adjusted Capital	78,979,194
Total Projected Opening Balance 1 July 2004	**78,979,194**
Plus Net Interest Earnings	4,162,431
Less Drawdowns for Projects (Funding Allocations)	(2,582,847)
Projected Closing Balance 30 June 2004	**80,558,778**

Capital Endowment Fund - Funding Allocations

	2004/05 $'s	2005/06 $'s	2006/07 $'s
Estimated Total Available Income from Fund after management expenses	2,582,847	2,638,132	2,694,524
Less not to be allocated until later years (25%)		(659,533)	(673,631)
Total available for allocation this year	**2,582,847**	**1,978,599**	**2,020,893**
Economic Development 70%	1,807,993	1,385,019	1,414,625
Less already allocated			
Unspecified Economic Development - Canterbury Economic Development Fund	(1,707,993)	(1,285,019)	(1,314,625)
CDC - New Economic Development Initiatives	(100,000)	(100,000)	(100,000)
Balance available for Economic Development Projects	**-**	**-**	**-**
Civic and Community 30%	774,854	593,580	606,268
Less already allocated			
Unspecified Community Projects	(42,354)	138,920	126,232
Canterbury Museum Trust Board Building and Development Project Grant	(732,500)	(732,500)	(732,500)
Balance available for Civic and Community Projects	**-**	**-**	**-**

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